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succeed today and prepare for tomorrow

Don't Let Your Employees Pull the Wool over Your Eyes with These T&E Tricks

I must be either a goody-two shoes or completely naïve because I am horrified by a book making the rounds. Entitled *How to Pad Your Expense Report ... and Get Away With It!* Employee X (the author) provides tips to those who want to increase their income by illegally inflating their expense reports.

Accounts Payable Now and Tomorrow has read the slim book and made copious notes—on what companies and their accounts payable departments can do to ensure their employees do not employ the ruses suggested in this book. What follows is a look at some of the more egregious practices advocated, a list of signs you can look for on employee T&E reports that might signal a problem and some recommended best practices.

Danger Signs

Many of the strategies revolve around getting receipts. For example, employees booking airline trips themselves are advised to book several flights for the trip they will ultimately take. Once they have that coveted receipt for an expensive trip in hand, they can cancel that trip and book a less expensive one while submitting the receipt for the most expensive trip. Here are some of the things you should look for to help uncover possible fraud—and, yes, fraud is exactly what these strate-

gies are.

- Sequential numbers on receipts, especially cash receipts. Compare several expense reports for the same employee if you suspect one.
- If there are more than occasional handwritten charge slips, take a closer look at the entire report. ✓ Too many cash receipts, especially if they look like adding machine tape, for low-cost meals.
- Double check the reports of employees traveling together to make sure that they are not both submitting for meal reimbursement for each other.
- Look really closely at the receipts for e-tickets. If you have the slightest doubt that the trip was taken, ask for the boarding passes. Of course even this will not guard against the multiple-booking strategy discussed above.

Proceed carefully. Not everything that looks like a scam *is* a scam. Sometimes a handwritten receipt is legit. But a preponderance of these types of signs on one employee's reimbursement forms is generally a signal that further investigation is required.

Let me point out something else: an employee who cheats regularly on his or her expense account is likely to have other problems. Many a corporate fraud has been uncovered because the individual involved got sloppy with expense reports.

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Scams

In addition to the airfare scheme discussed above, a similar strategy can be used at hotels. Employees entitled to lower room rates, perhaps because of a convention or corporate rate, neglect to mention this when checking in. Then, after they've checked out and gotten that all important receipt, they return to the front desk, make a fuss, and get charged the lower rate. And then, of course, they hold onto that first coveted invoice showing the higher rate.

Have a firm policy, endorsed by management, that makes it clear to all employees that cheating on an expense report will result in termination.

Similar scams involve ordering food service in a hotel and then complaining and having it taken off the bill, taking a friend instead of a business client to dinner (because your boss will never check up with the client), sub-

mitting group receipts where the group members have already reimbursed you etc..

Drawing a Line

Dumpster diving is another practice advocated to get those sought-after receipts! How far is "Employee X willing to go? Here's what he says. "Failing the above methods, there is always the old standby of going through the trash." He goes on to note that no one watches the trash which is unfortunate because this is where

most crooks get credit card numbers.

You'll be happy to know he does not condone this practice. He writes, "For some strange reason, I don't see anything morally wrong with ripping off my company through expense reports, but using someone else's charge card number is not fair to fellow travelers."

There's another dishonest aspect to his practices that he never addresses either. Many of his techniques revolve around bullying or harassing the clerks who work in the hotels and restaurants. Telling the room service staff that the food was poor when you actually enjoyed the meal is despicable.

Some Best Practices

So, what can you do to ensure that none of your employees ask for reimbursements that they are not entitled to? Here are some suggestions:

- 1) Have a firm policy, endorsed by upper management, that makes it clear to all employees that cheating on an expense report will result in termination. We're not talking about someone who makes a small honest mistake. But we are talking about the guy who pays \$178 for a plane ticket but somehow manages to come up with a receipt for \$673 and asks for reimbursement for the \$673!

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- 2) Use a corporate T&E card. Until I read this book I didn't think it was crucial other than for financial cost-saving reasons. Any large company with more than a few employees leaves itself open to this type of fraud if they do not use one.
- 3) If a corporate T&E card is not used, make it clear to employees that you have the right to see the credit card bills for the account they use for business events. When in doubt, ask for the credit card bill and the one for the following month. Sometimes, the dubious refunds will not show up until the following month.
- 4) While we do not advocate thoroughly checking every expense report, randomly select a certain percentage each month and verify every last cent on that report. Make sure your travelers know this is done.
- 5) Should your suspicions be aroused regarding any one employee, put that individual's reports on the to-be-checked-

thoroughly list each month.

- 6) Once a year select a small number of employees who travel a lot and pull all their reports. Look at them in total. Does anything strike you odd? Are there sequentially numbered receipts?

Who Is Employee X?

While we can't say for sure we can tell you the following: in less than five minutes of searching on the Internet we were able to find the Web site of consultant Henry Wolford. On it is a page that lists his books, including this one. We can also tell you this: if we were to find employees using the techniques advocated in this book, we would fire them.

More than an occasional hand written receipt should be a red flag requiring further investigation

Of course, if Employee X had put as much effort into his job as he did into finding ways to scam the company, he might have been more successful. We believe the big majority of employees are honorable. The advice offered above will help you identify the culprits who aren't abiding honestly by the rules. **AP N&T**