

What Can Go Wrong in Accounts Payable, Procurement, and Expense Reports

1.	Accounts Payable clerks manually override ERP system controls that flag potential duplicate payments because the exceptions take too much time to research. As a result, they process over \$4 million in duplicate payments to vendors over the course of six months.
2.	A vendor invoices a company twice for the same leased product. Because the vendor has leased dozens of the product to the customer, the vendor knows the customer is unlikely to notice. The vendor over bills the customer \$1 million in one year.
3.	The A/P director receives a mandate from the CFO to reduce payables. To do so, the director posts debit memos disguised as vendor discounts.
4.	A division manager circumvents his approval limit by asking the vendor to split the invoices for a single purchase.
5.	An A/P clerk knows that no one reviews invoices under \$500, so she directs her husband to send the company numerous \$490 invoices which she enters into the system and buries them in a cost center with a huge budget.
6.	The controller authorizes an overpayment to a vendor and they agree to split the difference. The controller deletes the check from the system and covers up the reconciling item.
7.	An IT director with responsibility for purchasing network hardware establishes a shell company, which he uses to purchase the equipment from a legitimate vendor. He marks up the equipment, and then uses his authority to purchase the equipment from the shell company at the marked up rate. The total loss to his company exceeds \$5 million.
8.	A vendor learns a customer's tolerance limit for the amount in which invoices can exceed the purchase order without being subject to review. They slightly increase the price of every item to fall within the tolerance and gain \$10 million.
9.	A manager with a \$10,000 approval limit asks procurement to set up a vendor in the system. She fabricates purchase orders and has her friend mail false invoices from this vendor name for amounts just under her approval limit
10.	The travel team fails to review the travel system for employees who have purchased a refundable, full-fare plane ticket but never took the flight. The result is \$700,000 in unused plane tickets, many of which were cashed in by the employees.
11.	A director submitted his travel expenses three times for reimbursement: once with a legitimate expense report, a second time with the receipts photocopied, and a third time with the credit card statements of the expenses he already submitted.
12.	A salesman purchased expensive one-way, full fare airline tickets and submitted them for reimbursement. He would then get a refund for the ticket, fly to his

	destination on a low-fare ticket, and keep the difference.
13.	An employee requests many manual checks over the course of several months, indicates that each check is a rush job, and asks the preparing clerk to deliver the check to him. The clerk does so, and the perpetrator alters the check and cashes it. He steals \$90,000 in this fashion in less than a year.
14.	A vendor indicates that they never received a check, and the payee company puts a stop pay on the check and sends the vendor another. A year and two days later, the vendor cashes the check that they said they never received. The stop pay has expired.