10 Ways to Protect Your Company from Expense Fraud
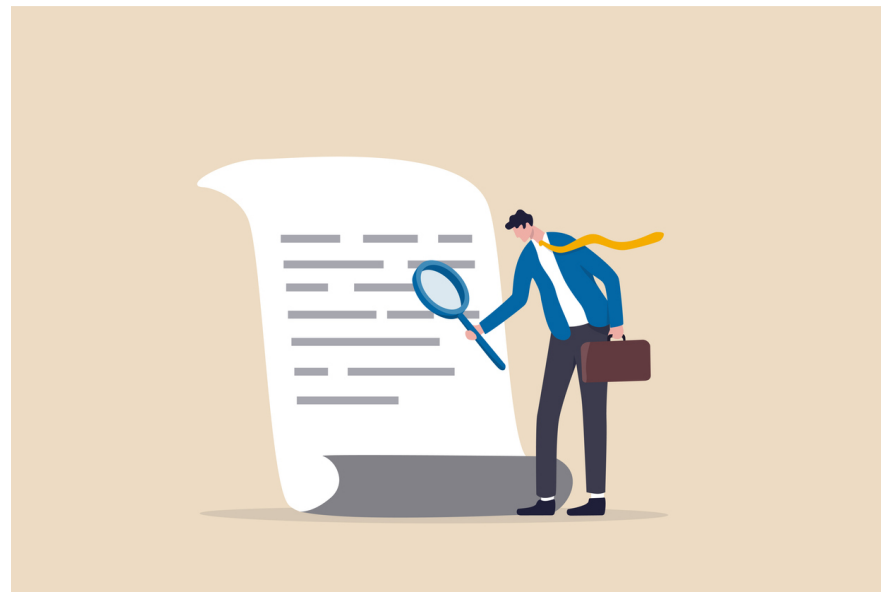
Expense fraud costs US companies $1 billion per year and most cases last a total of two years before being detected. Employ strong prevention and detection strategies to keep your organization safe from this common form of fraud.

1. Have a Company Expense Policy

Distribute the policy to all employees and ensure they have read and understood it. Include information on how the company handles breaches of the policy and fraudulent expense reimbursement claims.

2. Implement Controls at the Submission Stage

Apply them to every expense claim. Executives and upper management are the most frequent perpetrators of expense fraud, so controls must apply to them too.

3. Empower Approvers to Question Employees

This shows employees that submissions are reviewed and checked. Deny any expenses that don't fall within the guidelines of the company expense policy.

4. Implement a Secondary Control

Conduct monthly analysis on average amounts of employee claims, by claim type and by total amounts claimed to spot trends and identify areas that need attention.
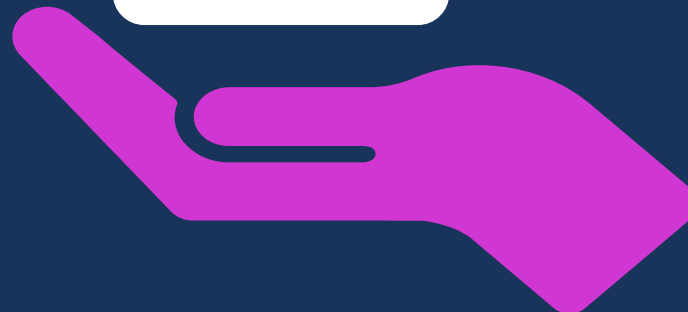
5. Conduct Regular Audits of Reimbursements

This ensures the company policy is being followed by all employees. Inform employees of discrepancies and minor violations to warn them that their expenses are being monitored.

6. Issue Corporate Credit Cards

Give them to employees who travel frequently. Send all statements to the accounting department and ensure that only business-related expenses are charged to corporate credit cards.

7 Discipline Employees Who Violate the Expense Policy

This ensures everyone knows that the company takes compliance seriously. Don't make "special" cases for executives and upper management. Everyone should be following the same rules.

8 Provide Training

Require it for everyone involved in approving expense reimbursements and refresh training regularly to keep the accounting department up to date on policy changes and new types of violations.

9 Consider Software for Managing Expenses

Eliminating the manual aspect of reviewing expenses will save time, reduce mistakes and help generate valuable data for comparison and analysis, allowing you to run reports that ag suspicious transactions.

10 Embed Compliance Into the Company Culture

by ensuring the leadership team demonstrates their commitment to the expense policy. When managers and executives follow the rules, employees will do the same.