

## **Focus on Expense Account Fraud**

Small business owners have to manage a host of business challenges every day. Often “stretched thin” over many demands, it’s all too easy for the less visible type of problem to escape a business owner’s notice. Expense account fraud is one of these types of problems and it’s worth considering if you’re on top of your game about it.

### **Did You Know ...**

According to the Association of Certified Fraud Examiners (ACFE), expense reimbursement makes up approximately 13% of all company fraud. The median annual loss is \$25,000 and, on average, it takes more than about 24 months before this type of fraud is detected. Further, the ACFE reports that while the overall occurrence and cost of occupational fraud has steadily declined over the past 6 years, thanks in large part to technology-enabled security, expense account (reimbursement) fraud has increased.

### **Why the Problem...**

Any number of factors cause the fraudulent expense account problem. These range from lack of clearly stated and enforced policies and procedures to poor oversight and review of expense reports. It is not necessarily easy to catch an employee who is committed to regularly gouging the company for fraudulent reimbursement - but it does the company’s culture and bottom line no good to ignore it.

### **What To Do...**

We recommend that making a point of discussing and reinforcing good communication with all employees about the importance of honesty and integrity is the place to begin. Having a company culture that expects, and operates with, a high level of integrity is good for business; employees, customers, and the bottom line all benefit. Then, do the work to

demonstrate that this expectation is more than lip service. That work will not necessarily be limited to, but will include, such things as:

- > **Creating and reinforcing a reimbursement policy:** setting and maintaining clear standards is essential;
- > **Implement on-going communication and training:** informed employees and trained (oversight) managers are essential for solid financial operations;
- > **Question expenses:** demonstrate that everyone can have their expenses reviewed – it's a good practice – and that an expense can be denied when necessary.
- > **Conduct internal procedure reviews:** this ensures that company policies and guidelines are being followed and puts everyone on notice that reimbursements are closely monitored.

**Don't hesitate to [call on us](#) if you think it's time to discuss how well prepared (or not) your organization is to identify and manage expense account fraud.**

**The Hechtman Group Ltd.**

5250 Old Orchard Suite 400 | Skokie, IL 60077

Phone: (847) 853-2599 | Fax: (847) 919-3868 | [www.thehechtmangroup.com](http://www.thehechtmangroup.com)