

Solution Overview

Payroll Monitoring Overview

Payroll Fraud

One principal across all businesses is Payroll. It is often the subject of error, fraud and theft, due to changing variables such as complex tax regulations, time tracking, attendance, incentive based pay and changes in contractual salary agreements. Additionally, high volume and frequency of transactions make Payroll an intricate process to assess.

According to the Association of Certified Fraud Examiners (ACFE), companies lose 5% of their annual revenues to occupational fraud schemes¹, with most of these being numerous and varied, such as:

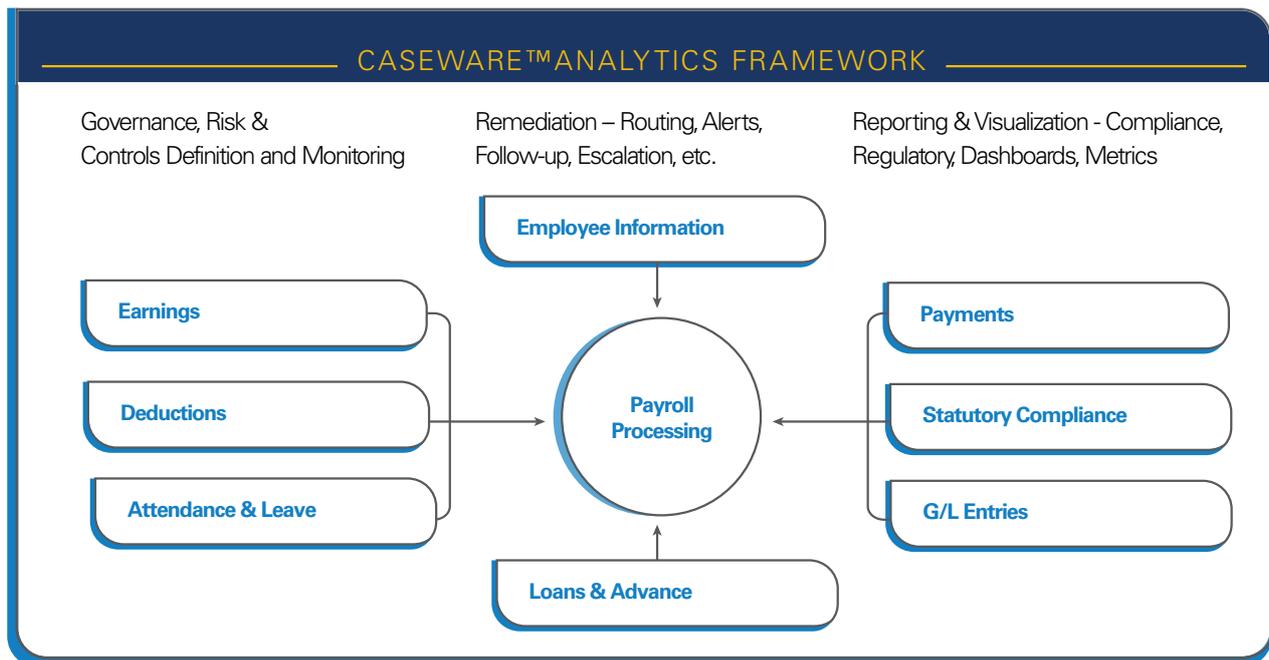
- Ghost employee schemes - adding fictitious (ghost) employees to the payroll
- Overpayment schemes – such as submitting dubious overtime claims
- Commission schemes – inflating amount of sales or the rates of commission
- Modifying employee information - making unauthorized changes to employee records, earnings, rates, etc. to make false claims for compensation

CaseWare™ Analytics Payroll Monitoring

The CaseWare™ Payroll Monitoring solution allows an organization to detect erroneous, suspicious and fraudulent activities before payments are made. The solution provides the facility to define the entire control environment, from employee record creation to final salary payments. Once completed, the monitoring framework examines all electronic activity to detect control breaches and automatically alerts the relevant persons to action the items discovered, in a timely manner. Financial and business process managers can focus on optimizing business performance and maximizing profits while mitigating the risk of fraud.

¹ 2012 ACFE Report to the Nations on Occupational Fraud and Abuse

Figure 1 - CaseWare™ Analytics Payroll Platform



Solution Benefits

Fewer Improper Payments

Detect potential fraudulent or erroneous payments before they are made.

Collaborative Framework

Assign control breakdowns to the right personnel via an integrated workflow and escalation path, to ensure accountability and issue resolution.

Fewer Segregation of Duties (SoD) violations

Identify all potential SoD violations. Prevent unauthorized changes to employee and bank details, as well as to payroll codes.

CaseWare Analytics Capabilities

24/7 Automated Analysis

Ongoing and automated analysis of all data within financial and HR systems allows you to discover anomalies immediately.

Supports Existing Systems

Support any business process on any system and data from any source, without additional infrastructure and integrate easily with any system:

- ERPs such as SAP®, Oracle®, etc.
- Payroll applications such as Ceridian, Intuit®, Paychex®

Payroll Analytics

Suspicious Activities

Active employees not paid	Identify employees that are active and are not receiving a basic salary.
Payments after contract ends	Identify employees being paid after their employment contract has ended.
Ghost employees	Detect payments being made to employees that are not reconciling to other independent employee data sources.
Irregular payments	Identify employees with irregular payments.
Changes in Basic Pay	Detect changes to employee's basic salaries and rates.

Overtime Exceptions

Overtime abuse	Identify employees who have submitted overtime hours that are considered excessive.
Overtime rate exceptions	Identify improper hourly rates used to calculate overtime payments.

Master Data Amendments

Changes in bank account	Identify employees with changes in their bank account number.
Employees added or removed	Check for employees that have been added, removed or made inactive to the payroll over a period.
Payroll codes added	Report all payroll codes that have been added to the payroll over a period of time.
Changes in taxation methods	Identify any differences in the method used to calculate payroll taxes.
Reactivation of payroll codes	Highlight all payroll codes that were not being used for a period and are now reactivated.

Payroll Analytics (continued)

Master Data Exceptions

Duplicate bank account details	Identify all cases of duplicated bank account details.
Missing bank account details	Report all cases where bank account details are missing.
Duplicate payments	Identify all cases where there is a suspected duplicate payment to an employee.
Duplicate Tax ID	Identify all cases where tax data appears to be conflicting and/or duplicated.
Tax ID Errors	Identify all instances where the Tax ID does not conform to the code composition.



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