



## Solution Overview

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# Travel and Expense (T&E) Monitoring Overview

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## Travel and Expenses

The Association of Certified Fraud Examiners (ACFE) reports that 15% of all frauds involve expense reimbursements with the average time for detection being 24 months, at which point almost 90% of the proceeds lost are unrecoverable.<sup>1</sup> This can be attributed to the nature of the T&E process which leads to more employees gaining purchasing power and an increasing volume of transactions.

While more traditional disbursement processes within an organization limit spend resources to select individuals, the T&E process enables a greater amount of employees to make expenses. With travel becoming an increasingly necessary business activity, The Global Business Travel Association (GBTA) Foundation has stated that "U.S. business travel spending is expected to rise 7.1% in 2014 to \$293.3 billion."<sup>2</sup> This growth in corporate travel increases the risk of encountering falsified expenses and inflated business expenses such as flying first class, overstated gas mileage and duplicate submissions. Furthermore, a growing use of automated T&E management systems has led to faster processing times resulting in heightened risk of improper approvals. In order to keep up with the pace of business and increase compliance, organizations must be in a position to gain visibility into 100% of T&E transactions and take correction actions before any material loss.

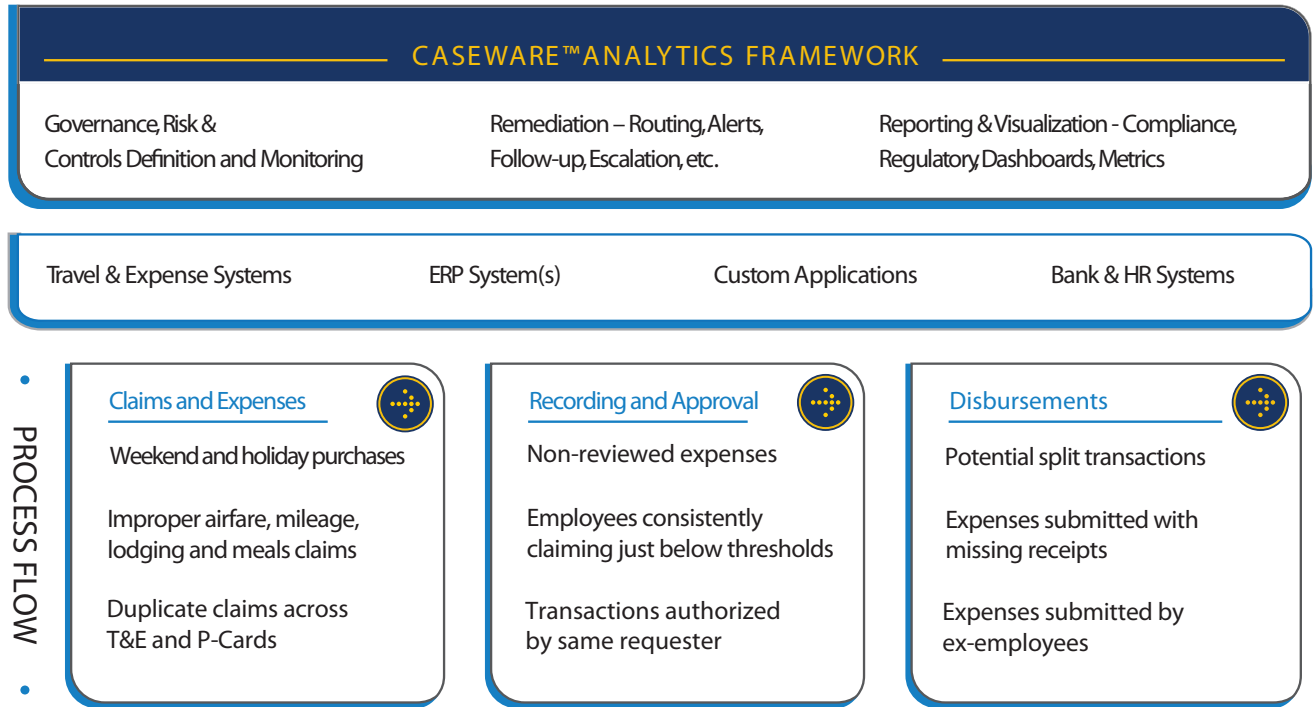
## CaseWare™ Analytics for T&E Monitoring

The solution provides organizations with immediate identification of non-compliant expenses before they are approved for reimbursement. Key components of the solution are automated notifications and workflow that can track all deficiencies as they occur as well as provide the assurance that they are being addressed in a timely manner.

<sup>1</sup> ACFE Report to the Nations on Occupational Fraud and Abuse: 2014 Global Fraud Study

<sup>2</sup> GBTA BTI™ Outlook – United States: 2014 Q1

## Figure 1 - CaseWare™ Analytics T&E Platform



## CaseWare™ Analytics Capabilities

### 24/7 Automated Analysis

Ongoing and automated analysis of all transactions within financial, purchasing, and travel and expense 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:

- Travel and Expense management systems such as Concur®, Appticity®, SutiSoft®, etc.
- ERPs such as SAP®, Oracle®, Infor™, Workday®, Banner®, Microsoft® Dynamics, etc.
- Card Provider data such Bank Of America® Works, J.P. Morgan, U.S. Bank®, Wells Fargo, Citi®, etc.
- Level III data such as Visa®, Mastercard®, AMEX®
- Data analysis scripting tools such as IDEA®, ACL™ and Arbutus™

### Workflow for Managing Issues/Anomalies

Once an anomaly is identified, alerts (with resolution guidelines) are automatically sent to the business stakeholder for remediation. The workflow engine is completely configurable and will result in a streamlined process including multiple levels of escalation, setting deadlines, adding supporting documentation, etc.

## Travel and Expense Management Analytics

### Improper Claims & Expenses

<b>Duplicates</b>	<ul style="list-style-type: none"><li>○ Identify duplicate claims across T&amp;E and P-Cards (i.e. expenses charged as both an out-of-pocket expense and a card expense)</li><li>○ Identify the same claim across multiple employees' expense reports</li></ul>
<b>Airfare Claims</b>	<ul style="list-style-type: none"><li>○ Identify costs outside of policy or costly late bookings</li><li>○ Identify whether appropriate seat class is used</li><li>○ Identify if the employee has refunded a first-class ticket for an economy and not refunded the balance to the company</li><li>○ Identify employees claiming to travel to multiple cities on the same day</li></ul>
<b>Car &amp; Gas Mileage</b>	<ul style="list-style-type: none"><li>○ Match claims for personal vehicle usage and rental car for same time period</li><li>○ Identify instances where mileage claims were made for the same time period as car rental/gas/other transport</li><li>○ Compare mileage claims to distances reported</li></ul>
<b>Lodging &amp; Meals</b>	<ul style="list-style-type: none"><li>○ Identify suites with multiple employees requesting reimbursement for the same room</li><li>○ Identify lodging expenses that are outside the norm (by location, month, etc.)</li><li>○ Identify returning home early and claiming to have stayed in a motel</li><li>○ Identify duplicate claims for meals (i.e. multiple persons, same day, same location)</li></ul>
<b>Suspicious Expenses</b>	<ul style="list-style-type: none"><li>○ Identify weekend and holiday purchases</li><li>○ Identify expense claims for periods when the employee is on vacation</li><li>○ Identify airfare payments/claims for which there are no corresponding hotel or meal charges</li><li>○ Identify travel and entertainment claims that never materialized (i.e. canceled airline tickets, seminars, conferences, conventions, tuition, professional dues)</li><li>○ Identify credits that have not been reported on an expense report but corresponding debits have been reported and reimbursed to the employee</li></ul>
<b>Anti-Bribery &amp; Corruption</b> (FCPA, UK Bribery Act & CFPOA non-compliance)	<ul style="list-style-type: none"><li>○ Determine high-risk countries &amp; locations (Transparency International)</li><li>○ Identify high-risk transactions (i.e. consulting fees, etc.) and/or high-risk personnel (i.e. government officials, agents, consultants, facilitators, etc.)</li></ul>

## Travel and Expense Management Analytics (continued)

<b>Policy Violations</b>	
<b>Recording/ Approval</b>	<ul style="list-style-type: none"><li>○ Identify transactions authorized by same requester</li><li>○ Examine travel expense data to identify employees who consistently claim amounts just below approval thresholds</li><li>○ Identify potential non-reviewed approval of expenses</li></ul>
<b>Disbursements</b>	<ul style="list-style-type: none"><li>○ Identify potential split transactions to circumvent card limits (i.e. same or multiple employee(s), merchant and date)</li><li>○ Identify transactions just below approval limits (i.e. within X% of spend limits)</li><li>○ Identify transactions with missing receipts</li><li>○ Identify transactions made by ex-employees</li></ul>
<b>Profiling</b>	
<b>Spend Profiling</b>	<ul style="list-style-type: none"><li>○ Unusual increase in the cardholder's average spend and/or highest spend amount</li><li>○ Identify patterns of unusually large T&amp;E claims compared to employees in a similar role</li><li>○ Benchmark employee spend against peers</li></ul>
<b>Vendor Profiling</b>	<ul style="list-style-type: none"><li>○ Identify vendors with higher activity than others in same MCC</li><li>○ Identify vendors with high amounts and frequency to determine top vendors</li><li>○ Ensure no vendors are on the OFAC terrorist watch list</li></ul>
<b>Expense Profiling</b>	<ul style="list-style-type: none"><li>○ Identify average expense transaction sizes by business unit/division/ department to identify business divisions with high expenses.</li><li>○ Search for basic keywords and/or phrases in expense descriptions and reports to identify invalid claims</li></ul>



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