

Travel and entertainment expense (T&E) reimbursement fraud accounts for 14% of all employee embezzlement schemes and costs organizations a median of \$30,000 per incident, according to the Association of Certified Fraud Examiners 2014 *Report to the Nations on Occupational Fraud and Abuse*. As business globalization increases, employee travel will, too—meaning a likely uptick in the T&E fraud attempts at many organizations. How effective are you at spotting the warning signs of T&E fraud? Do you know how to protect your organization’s expense reimbursement function from manipulation? Take this quiz to find out.

1. Which of the following is an example of a multiple T&E expense reimbursement scheme?



a. Jamal generates a fake receipt and includes it along with his legitimate expenses on his expense report.



b. Riley charges a hotel stay on the company credit card and later submits a receipt for the hotel reservation for reimbursement.



c. Martha uses photo editing software to increase the price on an electronic receipt, which she then submits for reimbursement.



d. Joanna includes a receipt for dinner with a large group of friends on her expense report and describes the dinner as “client entertainment.”

2. Which of these red flags is MOST indicative of a potential fictitious T&E expense scheme?



a. Sequentially numbered receipts for submitted T&E expenses.



b. T&E expenses submitted for reimbursement long after they were incurred.



c. T&E expenses with dates and times inconsistent with the employee’s work schedule.



d. Claims for T&E expense incurred in exotic locations.

3. Which of the following is NOT a best practice for preventing T&E fraud?



a. Inform employees that their T&E expenses can be subject to audit.



b. Have a T&E expense policy that outlines in detail which expenses are and are not acceptable.



c. Require electronic copies of receipts, rather than paper receipts, for all T&E expenses.



d. Require that expense reports be submitted within a certain amount of time from the date on which the expense was incurred.

4. Rebecca, an auditor for Green Corp., is testing T&E transactions to look for transactions in which legitimate T&E expenses are overstated. Which of these tests would be the MOST helpful in identifying overstated T&E expenses?



a. Comparing expense dates with HR records of employees' paid time off (PTO).



b. Comparing expense descriptions with the merchant codes and expense categories from credit card companies.



c. Comparing total mileage claims to distances of reported business travel destinations.



d. Identifying mileage or airfare charges for which there are no corresponding hotel or out-of-town meal expenses.

5. One of the front lines of defense against T&E expense fraud is ensuring managers effectively review employee expense reports before signing off on them. As part of this

process, managers should do the following EXCEPT:



a. Scrutinize receipts and supporting documents for alterations.



b. Accept, review, and approve expense reports from employees in other departments.



c. Review the reasonableness of dates and times of expenses incurred as part of a single trip.



d. Compare expenses claimed by each employee to those of other employees in the department with similar duties.