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Small things with big implications

By Gerry Zack, CCEP, CFE, CIA

I recently read about a banker being fired for inflating his expense report to the tune of a sandwich, some pasta, and a coffee.^[1] A judge ruled in the bank's favor in a wrongful dismissal suit filed by the former employee.

Over the years, I have been asked many times why anyone should bother looking for such trivial items, much less fire someone for such low levels of cheating. My response always goes beyond the obvious: "Rules are rules."

I have no idea whether what I am about to say applies to the bank case; however, in almost every large-scale fraud case I have ever investigated, the perpetrators also couldn't resist cheating on their expense reports. In some cases, the crooks started small with their expense reports and moved on to larger forms of theft as the rationalization for dishonest behavior became easier over time. In other cases, the opposite would happen. After stealing large sums, their sense of entitlement or confidence led them to think they should get all they can, so they expanded to expense report fraud.

Cheating on expense reports, no matter how large or small, is an indicator of someone's lack of integrity. Someone willing to lie on a small matter inevitably finds it easier to lie on a more significant matter. Often, the expense report cheating was done by someone with larger frauds going on at the same time. They're such a reliable barometer of integrity; I can't imagine *not* looking at them. Reviewing expense reports is a mini culture assessment.

In some cases, direct evidence of significant fraud can be found in an otherwise trivial finding on an expense report. One example I've used in workshops I've taught involved the discovery of several instances of meals for two people very poorly disguised as legitimate business meals for the employee. I don't have the space to tell the full story here, but some closer inspection of those meals led to the discovery of an affair the employee was having with the company's payroll clerk. And with assistance from the payroll clerk, a significantly larger amount of money was being stolen in connection with a payroll fraud scheme.

Next time someone suggests that looking at expense reports is a waste of time, be sure to review their expense report!

¹ Tom Carter, "A banker was fired after admitting the 2 sandwiches, 2 pastas, and 2 coffees he'd expensed on a work trip weren't all for him," *Business Insider*, October 16, 2023, <https://www.businessinsider.com/banker-fired-over-sandwich-and-pasta-for-two-expenses-claims-2023-10>.

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