The presentation will begin shortly. Audio will be streamed directly via your computer speakers. Enjoy the webcast!

SAP Concur
Fending off Fraud and Keeping Compliance
How to Better Detect, Manage and Prevent Risks at Your Organization

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Agenda

- Setting the Stage on Compliance & Fraud
- The Cost of Non-Compliance
- How Technology Can Help Mitigate Risks
- Q&A
Setting the Stage on Compliance and Fraud

- Employee-initiated spend
- Many channels for potential fraud
- Audits (internal and external)

Rules and regulations:

- Sarbanes-Oxley
- The Sunshine Act
- The Department of Commerce and Consumer Affairs
- Securities industry
- Union regulations
- FCPA
- Dodd-Frank
- Bribery Act
Why is fraud in the spotlight

- **Big data. Better data.**
- **Increase in regulations and compliance.**
- **More checks and balances.**
- **Risk to reputation.**

Fraud is an enterprise risk!
### Top 4 Expense Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual meals</td>
<td>16%</td>
</tr>
<tr>
<td>Car rental</td>
<td>8%</td>
</tr>
<tr>
<td>Hotel</td>
<td>22%</td>
</tr>
<tr>
<td>Airfare</td>
<td>34%</td>
</tr>
</tbody>
</table>

5% Total revenue lost to fraud
Common Travel Fraud Schemes

✓ Profitable per-diems
✓ Mileage padding
✓ Fake expenses
✓ Unused airline tickets
✓ Last-minute flight bookings
Has Your Company Found Any Of These Expenses Submitted?
Common Expense Fraud Schemes

Double-dipping

Pattern identification

Schemes across different financial systems
Mistakes Happen

10% of travelers have at least one duplicate expense. Catching duplicates enables you to highlight actual incidences of fraud.

Mitigating Errors

Mandating a corporate card program makes it possible to prevent and/or flag out-of-policy spend before the money goes out the door.
Adopt a zero-tolerance fraud policy and let employees know that all expense reimbursement claims are open to audits.

Set up proper audit rules, use effective spend reports that identify trends and outliers, and revisit policies and procedures to manage risk.
Jameson Hughes
Solutions Consultant Senior – SAP Concur
The Cost of Non-Compliance

- 37% of business travelers had at least one exception on their T&E reports
- $2,448 average reimbursement amount requested by employees who submit fraudulent claims

Top penalties for Foreign Corrupt Practices Act (FCPA) violations include:

- $965m by a European telco
- $800m by a multinational technology company
- $795m by a global telecom
Proactively Preventing Compliance Risk

1. Understand your business network.

2. Implement the appropriate controls.

3. Maintain clear and correct records.
Proactively Preventing Compliance Risk (continued)

4. **Implement a comprehensive audit process.**
   - Audit receipt types and itemizations
   - Audit cash expenses
   - Conduct random checks
   - Identify location and type of expense and where
   - Verify employment and look for behavior patterns
   - Use a third-party auditor to maintain credibility

5. **Education around clear policies.**
Key Considerations for Building a Scalable Audit Process

When You Should Audit

- Before manager approval
- After manager approval
- After payment

Best Practice Recommendation

- Before expense reports are approved
Building a Scalable Audit Process (continued)

What You Should Audit

- Randomly selected claims
- One global T&E policy
- Specific expense types and duplicates

Best Practice Recommendation

- Audit 100% now, and then get selective
Building a Scalable Audit Process (continued)

Why You Should Audit

• Drive policy compliance
• Control costs
• Identify bad behaviors
• Reduce your risk

Best Practice Recommendation

• Pinpoint problem areas through auditing, and maintain an end-to-end process that keeps you in control and your organization protected
How Technology Can Help Mitigate Risks
Technology for Risk Prevention

1. Visibility and control

2. Policies and workflows

3. Speed and simplicity
Technology for Risk Prevention (continued)

1. Ease of use
2. Visibility into all travel bookings
3. Independent audit
4. Flexible reporting
SAP Concur is Your Partner for Compliance and Fraud Prevention

Audit Service

• Certify each expense against your policy
• Identify non-compliance expenses prior to reimbursement
• Ensure all employees are compliant using independent auditors
• Consult on best practices

Concur Detect

• Reduce expense report errors by up to 66%
• Capture 10 times the amount of errors and fraud before reimbursement
• Shorten auditing time by as much as 90%
• Audit 100% of expense reports
Combating Fraud and Non-Compliance is Not a One-Size-Fits-All Approach
Questions?