



Forensic Accounting

Overview

PCC was retained by the Director of Internal Audit of a \$400M university to identify potentially fraudulent expenses submitted by an employee under investigation. The employee allegedly incurred fraudulent expenses on a university-issued purchase card over a four-year period.

Approach & Methodology

- Obtained database containing four years' worth of purchase card transactions (909) totaling \$128K.
- Determined the most effective way to classify transactions for review
- Utilized electronic auditing tools (ACL and Excel) to assist in the investigation as follows:
 - identification of significant vendors by value and number of transactions
 - stratification of transactions by amount
 - quantification of categories of expenses by type (e.g. hotels, airfare, restaurant, supplies, etc.)
- Reviewed individual transactions and flagged unusual purchases and falsified receipts
- Conferred with supervisor of employee under investigation to review selected transaction to determine if purchases were business related
- Consulted specific vendors for back-up of purchases
- Classified each purchase as business related, non-business-related, not having a receipt, or possessing a receipt which was either fictitious or tampered with

Benefits

PCC reviewed a large volume of transactions, categorized each transaction and identified those that were potentially fraudulent. Based upon PCC's analysis as well as feedback from the employee's supervisor, PCC determined that approximately 36% (\$46K) of the purchases were potentially fraudulent. Assisted University to establish and implement pro-active electronic fraud watch program to more easily detect potentially fraudulent transactions.