

What Can Go Wrong: Payroll & Pensions

1. An administrative assistant who input time cards into the payroll system agreed to falsify time worked by college students in exchange for a cut of the overtime. Ten students became convicted felons before their careers began, and the total theft amounted to over \$250,000.
2. A payroll clerk duplicated travel advances, submitting the legitimate one to the actual employee, and a second, identical in every way except the money was directed to his own bank account. Over eight years the clerk stole \$21 million.
3. When a pensioner died, the benefits administrator would not remove them from the system, but rather would re-direct their pension payments to a PO Box where the administrator could collect them, falsify the endorsement, and cash them. The amount stolen was \$2.1 million.
4. Two hourly employees agreed to collude for the purpose of receiving overtime pay for time not worked. One arrived early and clocked in for both, the other left late and clocked out for both. Each employee over the course of several months was paid for hundreds of overtime hours not worked.
5. A group of contractors billed an average of 50 hours per week, including over the Thanksgiving and Christmas holidays, despite working less than 40 on average. In six months, the over-billing totaled \$240,000.
6. A benefactor donated \$1 million to the institution, and in exchange, the institution put the benefactor on the payroll with a \$100,000 salary although the benefactor provided no service and was not employed by the institution.
7. A salesperson received two commissions for a \$6 million sale, resulting in an overpayment of \$300,000. A sales director in the same company failed to report a \$160,000 bonus which was paid twice. Both failed to report the overpayments.
8. A payroll manager left terminated employees in the payroll system and re-directed the payments to their own bank account.
9. A Human Resources recruiter's husband and mother-in-law established a shell recruiting firm. When the employee recruiter brought in a new hire who was not associated with another recruiting firm, she would direct her husband and mother-in-law to create an invoice from their shell firm for recruiting fees, which she would approve for payment by her employer. The shell recruiting firm billed \$3 million over 7 years.
10. Undocumented immigrants received social security cards on the black market, and used these false social security numbers when completing their human resources documents.
11. A manager created a fictitious employee file with his wife's personal and bank account information, and he treated this 'employee' as a new-hire, though she did not work for the company. Payroll set up the information in the system and unknowingly placed the manager's wife on the payroll.
12. A payroll employee input extra paychecks for themselves with 100 percent withheld for Federal Taxes. Because the item netted to \$0, the system did not queue a check to be cut. The withheld taxes were submitted to the IRS. At year-end, the employee showed a large amount of taxes withheld from their pay during the year, and therefore they received a substantial tax refund.

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13. An employee with update access to the Payroll Master File colluded with several employees to increase their wages / benefits received in exchange for a cut of the funds received.