What Can Go Wrong: Purchase to Payment

1. An asphalt and concrete supply company delivered 5,000 truckloads of recycled and watered-down concrete to a construction site over the course of 10 years. Leaks in the structure began soon after completion, and ultimately, a 3-ton ceiling panel detached and fell onto a car, killing a passenger.
2. A hospital executive who oversaw a $50 million expansion project received $500,000 in kickbacks from the contractor, including much work done on the executive's home.
3. The Senior Director of Major Capital Projects set up a bank account in a real construction company's name, stole checks intended for that company on legitimate projects, and deposited the checks into the bank account for his own use. He also hired smaller contractors who were his personal friends, and approved their false invoices to his company in exchange for a kickback. His embezzlements exceeded $2.5 million.
4. The Chief Technology Officer and a computer vendor colluded so the vendor could obtain inside information to win two contracts worth $120 million, and in exchange the vendor took the CTO and his wife on lavish trips and free access to yachts.
5. The VP of Marketing and Operations demanded major suppliers pay a 'commission' to an outside company he had established, unknown to his employer. Over nearly 10 years, suppliers paid him $65 million in kickbacks.
6. A parts supplier collected $20 million over six years for fraudulent shipping costs, including $998,000 for shipping two 19-cent washers and $455,000 to ship three machine screws.
7. An IT manager requested that a major consulting firm send him a bill of $2 million before year end so the manager could use up his budget. The IT manager promised the firm he would apply the amount to projects in the following year.
8. Through a false-invoicing scheme, a procurement contractor, who had the ability to both order goods and approve payments, funneled $142 million from his organization to a company controlled by him.
9. An organization contracted with a national office supply company to provide all office supplies into two discount categories, split roughly 55/45. After some time, it was discovered the supplier failed to apply the discount price to the majority of the goods delivered, resulting in an overbill of nearly $6 million.
10. Accounts Payable clerks manually overrode ERP system controls that flag potential duplicate payments because the exceptions took too much time to research. As a result, they processed over $4 million in duplicate payments to vendors over the course of six months.
11. The vendor peppered the shipment with inferior / counterfeit goods amongst the legitimate products, and shipped smaller quantities than indicated in the contract or purchase order.
12. A vendor invoiced a company twice for the same leased product. Because the vendor had leased dozens of the product to the customer, the vendor knew the customer was unlikely to notice. The vendor over-billed the customer $1 million in one year.

13. An employee with access to the vendor master file coded false invoices to a legitimate vendor, but for the purposes of the false invoice, changed the vendor's address to their home address, and changed the payee field to be printed on the check to their own name. After the check was cut by A/P, the perpetrator switched the altered fields back to normal.
14. Receiving personnel stole the goods and indicated they were never received.
15. A division manager circumvented his approval limit by asking the vendor to split the invoices for a single purchase.
16. An Accounts Payable clerk knew that no one reviewed invoices under $500, so she directed her husband to send the company numerous false invoices for $490 which she buried in a cost center with a huge budget.
17. The controller authorized an overpayment to a vendor and they agreed to split the difference. The controller deleted the check from the system and covered up the reconciling item.
18. An IT director with responsibility for purchasing network hardware established a shell company, which he used to purchase the equipment from a legitimate vendor. He marked up the equipment, and then used his authority to purchase the equipment from the shell company at the marked up rate. The total loss to his company exceeded $5m.
19. An employee requested many manual checks over the course of several months, indicated that each check was a rush job, and asked the preparing clerk to deliver the check to him. The clerk did so, and the perpetrator altered the check and cashed it. He stole $90,000 in less than a year.
20. A vendor indicated that they never received a check, and the payee company put a stop pay on the check and sent the vendor another. A year and two days later, after the stop pay had expired, the vendor cashed the check that they said they never received.
21. A clothing wholesaler learned their major retail customer does not review invoices which exceed the purchase order amount, as long as the invoice is less than 105% of the purchase order amount. Therefore, the wholesaler manipulated the formulas in their invoice calculations such that the subtotals for each line item in their invoice exceed the actual price times quantity. They over-billed the retail customer $10 million.
22. An employee with access to the AP system cut checks to a friend and coded the checks to an inactive vendor. After the following New Year, the vendor called and asked why they received a 1099 even though they did no work for the company in the previous year.
23. A vendor employed a convicted criminal who had regular access to the company's property, and the criminal assaulted a job applicant.
24. A local produce supplier bribed a buyer at a nationwide food distributor to have his products placed into a major grocery chain. The produce contained unacceptable levels of mold.