

What Can Go Wrong in Energy Production & Distribution

1. A collection agent failed to remit funds collected on behalf of the company. The company did not follow up on the failure to remit for six months because they were behind on their reconciliations. The total loss was \$600,000.
2. Because he wished to provide excellent customer service, a technician agreed to wire a farmer's barn on his own time. The barn burned down, resulting in a claim against the company.
3. So that a job was never short of required cable, installers consistently ordered 20% more cable than was required on the job. They sold the excess for scrap.
4. A contractor employee was paid for 354 hours of sick leave that was taken while the employee was performing outside employment.
5. A contractor installed a substandard piece of equipment, which the company did not properly inspect. A line supervisor touched the equipment that should not have been energized and was killed.
6. At night, someone opened a transformer and ripped out the copper wiring. The transformer was energized with primary voltage, and was secured with bolts and locks that required special tools to open. The same transformer was hit three times.
7. A manager assigned linemen to perform work before they had passed the training course qualifying them to do the work.
8. A crook whose caller ID was blocked phoned elderly and disabled homeowners and threatened to disconnect their power if they did not pay their "past due" bills immediately.
9. Several employees adjusted each other's billing accounts; essentially giving themselves reduced rate electric service.
10. An employee changed the address on suspended (dormant) utility accounts and then filed fictitious claims to obtain the unclaimed deposits.
11. Five contractor employees generated false vouchers and were paid for work not performed. The individuals received in excess of \$80,000 and admitted to using the money for illegal drugs and personal hotel stays.

Langlinais

Defending against Fraud
(214) 235-2457

ScottLanglinais.com

Langlinais@xemaps.com

12. A vendor substituted materials they claimed were "just as good," as those specified in the contract. To avoid detection, they manufactured labels to appear the same as those specified.
13. A vendor substituted lower quality materials, mixing rock, paper, and stumps in with coal, and adding kerosene to gasoline.
14. Customers tampered with meters to reduce their electric bills.
15. Customers raised the amounts on final refund checks. The checks were negotiated in South America. The company could not recover because they were behind on their reconciliations.
16. A foreman approved overtime never worked in exchange for 40% of the overtime pay.
17. An equipment repair contractor made automobile trips to remote areas to do routine maintenance. The employee would do maintenance at one customer's multiple locations on one trip, but billed each location for the full mileage and travel time out and back.
18. A project manager responsible for building offices arranged for the contractor to do work on his own house. The cost of the improvements was billed to the company.
19. Employees filled up company cars at the plant gas tanks maintained for company vehicles. They also stopped by on weekends and filled up family cars, campers, recreational vehicles, boats on trailers and 55-gallon drums.
20. More than 20 employees who claimed shift differential pay never worked the night shift, as required for such pay. When challenged by a new supervisor they said, "It's a perk!"
21. Responding to cost overruns, an audit of the information technology contractor's records determined that ski trips, parties, vacations and other costs were charged to the project. In addition, the project had been charged for travel and labor incurred for other clients. There was a substantial recovery and the client has barred the internationally known consulting firm from future work.
22. A programmer credited his own pay with fractional cents calculated in the payroll system. His scheme was detected by a computer report showing pay in descending order. His annual earnings exceeded all other employees.
23. An employee used Company equipment to dig a personal pool and trench in his backyard.

24. During storm duty, a manager and several employees submitted and were reimbursed for personal alcohol and cigarette purchases. They covered up the fraud by falsifying the receipts to indicate that soda and chips were purchased for business purposes.
25. A contractor overcharged the Company for federal and state unemployment costs that exceeded statutory limits. For three years, the contractor billed these costs on all wages even though they only applied to the first \$7,000. The overcharge exceeded \$350,000.
26. The largest house on the block had no electric bills.
27. Two utility providers compared crew rosters provided by contractors on fixed fee jobs. The companies learned that the crews were being billed to each utility for jobs occurring at the exact same time.
28. A contractor used unqualified staff for routine tree trimming. Their faulty work damaged customer's trees, resulting in claims against the utility.