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What Can Go Wrong

*Payroll & Human
Resources*

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. An employee used her department manager's login ID to adjust her overtime hours after her time had been approved. She increased her time worked to as much as 137 *overtime* hours during a 2-week pay period. Over 17 years, she was paid \$1.4 million for hours not worked.
3. A payroll clerk for a major airline used the names of crew members who did not fly on various flights to pay false travel allowances to his own bank accounts. In all, he siphoned off almost \$35 million over 13 years.
4. The owner of a payroll processing company embezzled over \$70 million in client funds intended for their payrolls. The fraud was discovered when two financial institutions realized he was kiting checks, and floating clients' payroll money to cover his embezzlements.
5. 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.
6. 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.
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 received their \$160,000 bonus 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. The VP of Human Resources created a fictitious recruiting firm. If a candidate was hired and was not already represented by a recruiting firm, the VP would invoice her company a recruiting fee for the new hire.
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.

13. 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.
14. 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.
15. The controller of a company perpetrated a multi-million dollar fraud against their employer—the exact same fraud they had perpetrated against a previous employer. The former employer had filed a lawsuit against the person. When HR went back to see why the lawsuit hadn't appeared on the controller's background check, the HR department figured out that one page of the controller's background check had never been submitted.
16. A telecommunications company hired consultants with no telecommunications experience, but paid them hundreds of thousands of dollars because their relatives were high-ranking officials.
17. A construction firm placed their dog on the payroll, to bill clients for "Rusty, Compliance Officer."
18. An organized crime group sent emails to HR personnel, under the guise of being a legitimate employee whose deposit information had changed. The HR personnel accepted the account information change over email, and send the legitimate employee's next paycheck to the crooks.
19. A major investment bank created a "Sons and Daughters" program to place the children of prospective clients on their payroll.