

PayChek: Understanding Payroll Fraud Forensic Data Analytics

Large organizations with thousands of employees, multiple office/ plant locations, disparate systems used for payroll processing and tracking attendance/ leaves/ overtime, multiple payrolls running in a month and high attrition rates are some of the possible breeding grounds for Payroll Fraud.

Additionally, if the baseline payroll is miscomputed due to control issues or fraud, there is a likelihood that statutory statements and contributions to concerned authorities are also incorrect. Such slip-ups can expose organizations to regulatory risk, including fines and penalties.

In our experience, some of the most common Payroll Fraud schemes (across various industry sectors) encountered are:

Time sheet abuse

- Falsified hours
- Altered attendance status

Overtime manipulation

- False claims
- Altered entitlements

Ghost employees

- Falsified personnel records
- Untimely records updated for former employees

Inconsistent employee records

- Inconsistent/ missing key fields
- Undisclosed relationships with suppliers or other employees
- Unusual patterns in attendance/ leave records
- Inappropriate/ unauthorized changes to employee records



Leverage the power of your data

Deloitte's Forensic Data Analytics team has significant experience in performing end-to-end analysis of the payroll process, which includes identifying possible fraud schemes, providing proactive solutions to deal with such fraud schemes, reconciling and quantifying exposures, as well as suggesting remediation measures.

Deloitte Forensic offering



End-to-end diagnosis to detect potential fraudulent activities, at each and every stage of the payroll process



Provide data driven insight into potential fraud risk areas before these spiral out of control



Reconcile and quantify financial impact of fraudulent behavior



Share best business practices to combat fraud in the future

Case Study I

Client: Large textile manufacturer with various production units spread across the country required a health check of their payroll system.

How we helped

The Forensic team acquired data from timesheets, payroll and various other source systems. It was filtered, validated, normalized and then loaded onto an Analytical Data Mart. Based on extensive analysis, the team was able to provide the following **data driven insights**.

Several salary payments were being made to different employees even for days when they were absent (i.e. on leave without pay)

- Several instances of employees reporting late to work and working beyond their shift hours to avail the benefits of overtime
- Numerous cases of payroll being processed for former employees

Case Study II

Client: Large logistics company that had expanded through inorganic growth and suspected fraud in their payroll data.

How we helped

The team gathered attendance records, payroll and various other source systems in the last 2 years for over ten thousand employees. After analyzing and processing the data, the following **data driven insights were revealed**:

- 37 sets of employees had the same address
- 14 sets of employees shared the same bank account number
- 17 sets of employees shared the same PAN number
- 88 employees with invalid PAN numbers
- 106 employees with invalid (i.e. care of / post box) addresses
- 5 employees with pay slips but no record in the employee master
- 13 former employees were being paid many months after their exit date
- 24 employees had an attendance record before their joining date

Through our intervention (in both the cases), we were able to avert a situation which would have had a 6 - 8% impact on their bottom line

Deloitte Forensic Data Analytics

Transforming oceans of data into islands of insight



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