

Fraudulent Payments due to Supplier Database Changes

Background

During Q4 2011, one of Brink's subsidiaries was notified by a vendor that a payment to the vendor recorded by Brink's in May 2011 was not received by the vendor. As a result, the Brink's subsidiary underwent an investigation to determine the actual recipient of the payment as well as the root cause of the incorrect payment.

Upon completion of the investigation it was determined that the payment was made to an individual as opposed to the vendor identified in the supplier database. The supplier database was inappropriately updated with bank account information that corresponded to an individual as opposed to the vendor. Although the Brink's subsidiary had identified a control that all changes to the supplier database must be approved by a 3rd party, proper tracking of changes requiring approval was not in place; therefore, allowing the Account Payable Accountant to make the change without an approval.

Lesson Learned

As a result of the identification of this fraudulent activity, the AP Accountant is no longer employed by Brink's, action was taken to recover the inappropriate payment, and management has implemented additional controls and reinforced existing controls around changes to the vendor database, including the following:

- Any changes to the supplier database must be approved by the AP Manager or Controller;
- Changes requiring approval are subject to monitoring controls after the change. On a weekly basis, an automatic email is sent to the AP Manager, Controller and SOX Coordinator with all of the changes for that week so they can ensure the changes were properly approved; and
- Calls should be made to suppliers in case of doubt regarding any information in the database.

It is important to note that the Brink's subsidiary identified this inappropriate payment given their system controls preventing duplicate payments to vendors for the same invoice number. In addition, the system used by the Brink's subsidiary had adequate tracking of changes, allowing Brink's to identify when the change was made and who made the change.