

FREE PRACTICAL GUIDE

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TRAVEL & EXPENSE

How to Audit Travel & Expense

A practical guide to policy compliance, fraud indicators, approvals and cost discipline

Why this guide matters

How to Audit Travel & Expense

This guide is designed for internal auditors who need a concise, practical way to apply audit travel & expense in real engagements. It focuses on decisions, evidence and common failure points rather than theory.

THE OUTCOME YOU WANT

A practical guide to policy compliance, fraud indicators, approvals and cost discipline.

The six-step approach

- 1 Understand the travel policy, limits and exception rules.
- 2 Map booking, expense submission, approval and reimbursement flows.
- 3 Analyze spend by employee, category, route, merchant and period.
- 4 Test receipts, business purpose, policy limits and approval quality.
- 5 Identify duplicates, split claims, weekend/personal patterns and unusual taxi or hotel usage.
- 6 Assess whether management monitors trends and updates limits for market conditions.

Steps 1-3: Build the foundation

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1

Understand the travel policy, limits and exception rules.

Define the decision, risk or process question before collecting evidence. Write down what a good outcome would look like.

2

Map booking, expense submission, approval and reimbursement flows.

Use actual transactions, system evidence, data and accountable owners to confirm how the process operates in practice.

3

Analyze spend by employee, category, route, merchant and period.

Record assumptions, exceptions and boundaries early so later testing remains focused and reproducible.

AUDITOR PROMPT

Ask: "What evidence would convince another experienced auditor that this conclusion is reasonable?" If the answer is unclear, strengthen the planned work before moving on.

Steps 4-6: Turn work into assurance

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4

Test receipts, business purpose, policy limits and approval quality.

Match the depth of work to the severity of the risk. High-risk conclusions need stronger evidence and clearer documentation.

5

Identify duplicates, split claims, weekend/personal patterns and unusual taxi or hotel usage.

Challenge exceptions for frequency, impact, root cause and management awareness before deciding what they mean.

6

Assess whether management monitors trends and updates limits for market conditions.

Finish with an explicit conclusion and next action: no issue, improvement opportunity, finding, escalation or follow-up.

QUALITY CHECK

Before you finalize, ask whether the work directly answers the original audit question, whether evidence is sufficient, and whether a reader can understand the reasoning without being in the audit team.

PATTERN

Three employees account for a sharp increase in taxi spend.

TEST

Trend by employee/month, route reasonableness, trip dates, approvals and alternative transport availability.

POSSIBLE CONCLUSION

The issue may be policy design, weak challenge, or genuine business need - evidence determines which.

What makes the example useful?

- It starts from a specific risk or audit question.
- It connects evidence and testing to a conclusion.
- It avoids treating process description as proof of control effectiveness.
- It leaves a clear path for management action or follow-up.

Quick reference - use this on your next audit

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Five practical reminders

- Do not audit only receipts; behavior patterns often reveal more than individual documents.
- Compare policy limits with actual market conditions so you can distinguish poor design from deliberate override.
- Repeated exceptions by the same approver deserve attention.

Mini self-check

- ☐ Have I linked the work to a clear audit objective or business risk?
- ☐ Is the evidence strong enough for the importance of the conclusion?
- ☐ Have I distinguished facts, explanations and assumptions?
- ☐ Have I considered root cause and recurrence, not only the immediate exception?
- ☐ Can management understand what decision or action is required?

RESOURCE NOTE

This is a practical learning resource, not formal professional guidance. Adapt the approach to your organization, applicable standards, regulation and audit methodology.