

EXPENSE RECEIPT FRAUD DETECTION

Smart Detection Capabilities & Practical Solutions for
Modern Expense Management

[DATA-BASICS.COM](https://data-basics.com)



SUMMARY

The emergence of AI-generated fake receipts has created new concerns for expense management professionals. However, the reality is more nuanced than the hype suggests. While AI image generators can create convincing fake receipts, the effort required often exceeds the potential gain for typical expense fraud scenarios.

DATABASICS provides comprehensive expense reporting capabilities like OCR receipt matching, a robust auditing module, integration capabilities and partnerships with leading AI detection experts, and prepaid cards for controlling spend before it happens. Our approach focuses on practical, effective solutions that support honest employees while catching genuine fraud attempts through intelligent automation.



How It Works

DATABASICS reviews your policies, data flows, and challenges faced by users to implement improvements such as refining policies, updating labels, enhancing configurations, and training AI. They also assess unusual charges and evaluate policy effectiveness to ensure accurate and efficient audit and validation processes.

TYPES OF FAKE RECEIPTS & FRAUD OVERVIEW

01

Understanding the modern fraud landscape and detection capabilities

Current Fraud Landscape

The digital transformation of business processes has introduced new opportunities and challenges in expense management. The recent availability of AI-generated and digitally altered imagery has expanded the toolkit available to potential fraudsters, but it's important to understand the practical limitations and actual risk levels.

- ▶ AI-generated receipts require significant technical effort
- ▶ Most fraud attempts remain low-tech and easily detectable
- ▶ Advanced forensic tools can identify sophisticated attempts
- ▶ Cost-benefit analysis favors prevention over detection



Can you spot the fake receipt?

Understanding Expenses: Beyond the Imagery

Examining a receipt alone isn't sufficient; it demands context around the expense, including patterns and the time of day. Even AI sometimes fails to recognize these nuances. Interestingly, AI that generates a fake receipt may not even realize it's not real. Therefore, we must look beyond just fake receipts and consider multiple aspects to gain a clearer understanding.

Common Categories of Fraud

Altered Receipts:
Changed amounts,
dates, vendors,
currencies

Fabricated Receipts: Online generators, custom-made, fake thermal prints

Duplicate Submissions: Same receipt used multiple times or reused from others

Personal as Business: Personal meals, travel, fuel, or purchases claimed as work

Inflated Tips/Charges:
Edited handwritten tips or added fees

Mileage Fraud:
Inflated distances or personal trips claimed as business

Phantom Expenses:
Claiming costs for canceled or nonexistent travel

Receipt Splitting:
Breaking purchases into smaller claims

Misclassified Expenses:
Alcohol/entertainment labeled as meals or supplies

Credit Card Abuse:
Personal use of corporate card, refunded items re-claimed

Currency Multiplication:
Inflated exchange rates or double currency claims

Fraud Detection in the Expense Lifecycle



A Note on When To Use Policy vs. System Enforcement

Policy Controls: Per diem rules, allowed expenses, spending limits, approval hierarchies

System Controls: Duplicate receipts, mismatched dates, manipulated images, automated flagging

TRANSFORMING AUDIT & VALIDATION WITH DATABASICS

02

Advanced OCR technology with intelligent matching and validation

OCR Extraction & Normalization

- ▶ Reads receipts in any orientation or condition
- ▶ Normalizes data formats for consistent processing
- ▶ Extracts key data: merchant, amount, date, taxes, currency
- ▶ Handles multiple languages and international formats

Receipt Match Logic

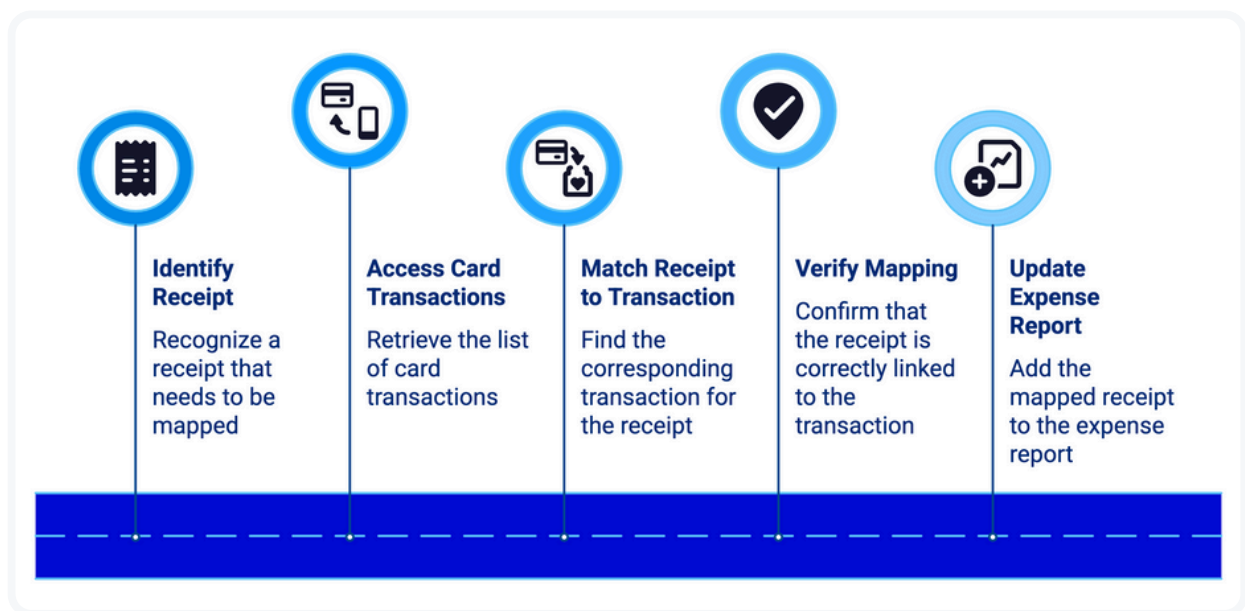
DATABASICS leverages advanced OCR technology to automatically extract key receipt details including date, vendor, amount, and currency, then matches them with corresponding expense entries.

The screenshot shows the DATABASICS software interface. On the left is a sidebar with navigation options: Time Clock, Expense, and Audit Module. The main area is titled 'Receipt EXPRESS' and shows a list of receipts. The selected receipt is from 'Duo Security LLC' with invoice number 11887450, dated 10/30/2025, for an amount of \$210.00 USD. The receipt details include a description of '10 Duo On-Net Hardware Training @ \$200 each and \$10.00 shipping' and a total amount due of \$210.00.

Receipt Match Features



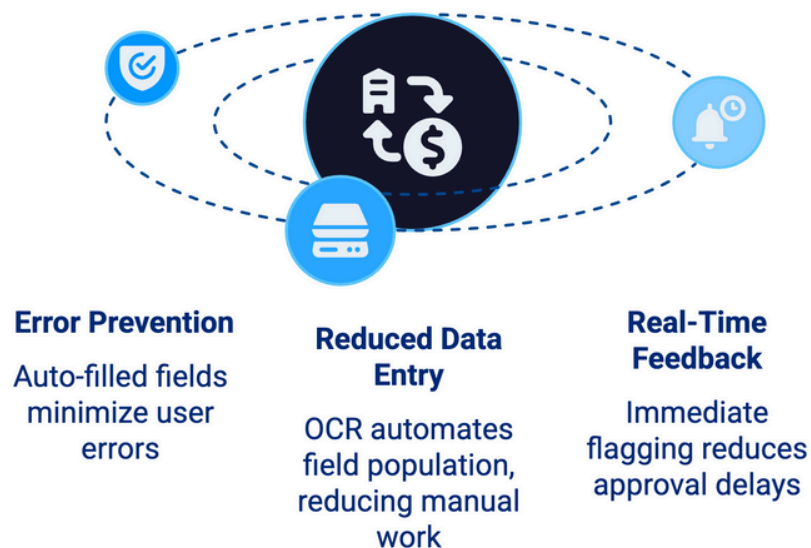
The Receipt Mapping Process



How These Improve The User Experience

User experience improvements are evident through several key features. Error prevention is enhanced by auto-filled fields, which reduce user errors and improve accuracy. Additionally, data entry is minimized as OCR technology automatically populates expense fields, significantly cutting down on manual work. Furthermore, real-time feedback plays a crucial role by immediately flagging issues, thereby reducing approval delays and minimizing the need for rework.

Enhancing Expense Management Efficiency



The Audit Module

Let's review the steps of implementing a process to automate expense reporting and establishing policies:



DATABASICS's Audit Module provides comprehensive oversight capabilities with intelligent AI assistance.

▶ Condition-based audits triggered by specific criteria

▶ Duplicate detection across all expense reports

▶ Missing receipt reports and compliance tracking

▶ Custom rules for flagging expenses based on policies

▶ Unusual spending patterns by employee or department

▶ Reports with amounts exceeding thresholds

▶ Users with unusually high rejection rates

▶ Duplicate attendees or meals across reports

▶ Out-of-policy travel patterns and anomalies

▶ Other configurable options based on customer requirements

DBee AI Assistant

DBee AI Assistant offers you the ability to pose your questions in simple English, allowing you to gain valuable insights from your expense data. With 24/7 availability, you can get continuous support for all your time tracking and expense inquiries, no matter the time of day. Additionally, by examining patterns, you can uncover trends and discover opportunities for optimization, making your data work harder for you.

▶ **NATURAL LANGUAGE QUERIES**

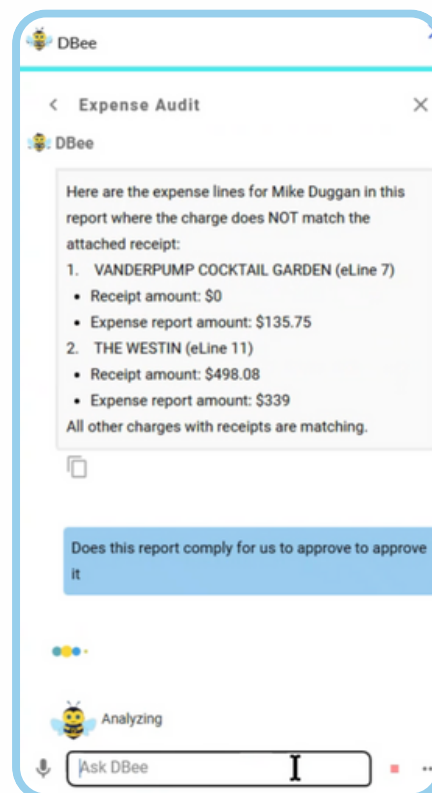
Ask questions in plain English to get insights from expense data

▶ **DATA INSIGHTS**

Analyze patterns to identify trends and optimization opportunities

▶ **24/7 AVAILABILITY**

Round-the-clock support for time tracking and expense queries



💡 Try Asking DBee:

- ▶ "Show me all expenses over \$500 submitted this month"
- ▶ "Which employees have the highest expense rejection rates?"
- ▶ "Find duplicate meal expenses in the last quarter"
- ▶ "What are the most common policy violations?"



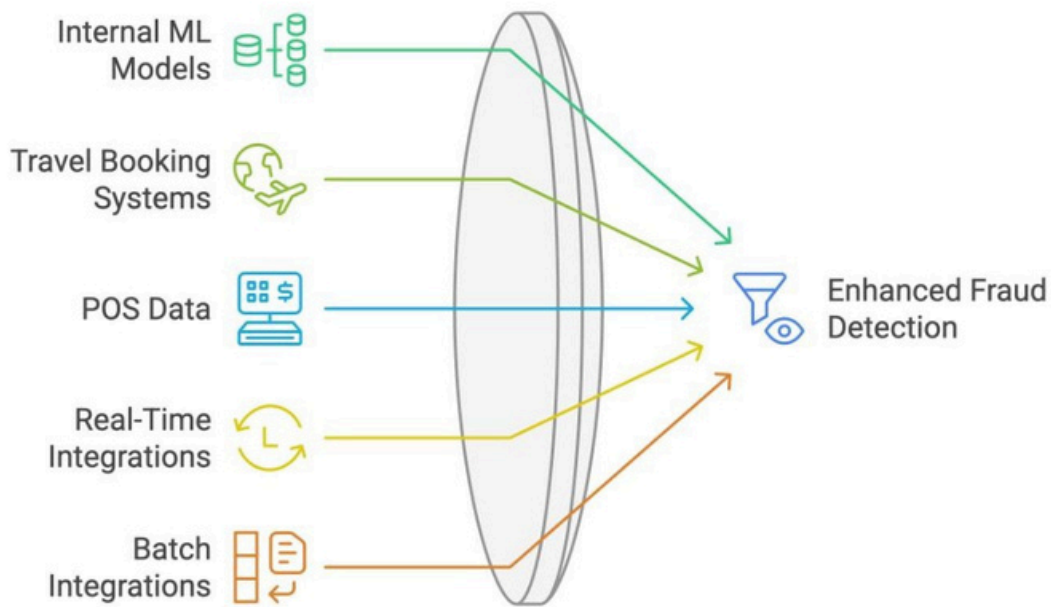
THIRD-PARTY FRAUD DETECTION PROVIDERS

DATABASICS API Capabilities

If you already have an in-house or outsourced detection source, you can utilize our APIs to obtain the necessary data. You can easily extract receipts and information, which can then be flagged. Our database collaborates with your vendors to deliver the ultimate solution. With comprehensive API access, you'll benefit from advanced analytics and custom integrations:

- ▶ Receipt images, OCR data, and metadata fully accessible
- ▶ Support for internal analytics teams and custom reporting
- ▶ Audit flags and validation results available in real-time
- ▶ Webhook notifications for immediate response to flagged items

Unified Fraud Prevention



Partner Integrations – resistant_xai

For organizations that need advanced forensic capabilities, DATABASICS collaborates with the leading fraud detection expert, Resistant AI. Our integration provides you with clear, actionable verdicts rather than ambiguous "risk scores."

What can you do with a 68% risk versus an 82% risk score? Eliminate the confusion and gain a straightforward understanding of your risk levels:

- **High Risk:** This document is likely fraudulent and should be declined.
- **Warning:** This document has been modified and requires review.
- **Normal:** There are no issues with this document, and it can be accepted.
- **Trusted:** This document matches authentically verified ones perfectly.



"As many as 2% of all onboarding and underwriting documents are based on reused or generated documents. Detect the most sophisticated threats to root out waves of crowdsourced first-party fraud and targeted attempts by tech-enabled organized crime rings."

resistant_xai

The original template

Given new textures and backgrounds in yet more customer datasets

Found in different customers datasets with different bank logos

resistant_xai

OUR RECOMMENDATIONS

04

Balanced approach to fraud prevention and organizational culture

Cost-Benefit Analysis

When evaluating fraud detection investments, maintain perspective on actual risks:

- ▶ **Transaction Size Matters:** Analyzing small transactions may not justify sophisticated detection costs
- ▶ **Reality Check:** Creating convincing AI receipts requires significant effort
- ▶ **Industry Context:** Major competitors are also using third- party vendors
- ▶ **Risk Profile:** Investment should align with actual exposure

Best Practice:

The most effective fraud prevention often occurs *before* expenses are incurred through controlled spending mechanisms and clear policies.

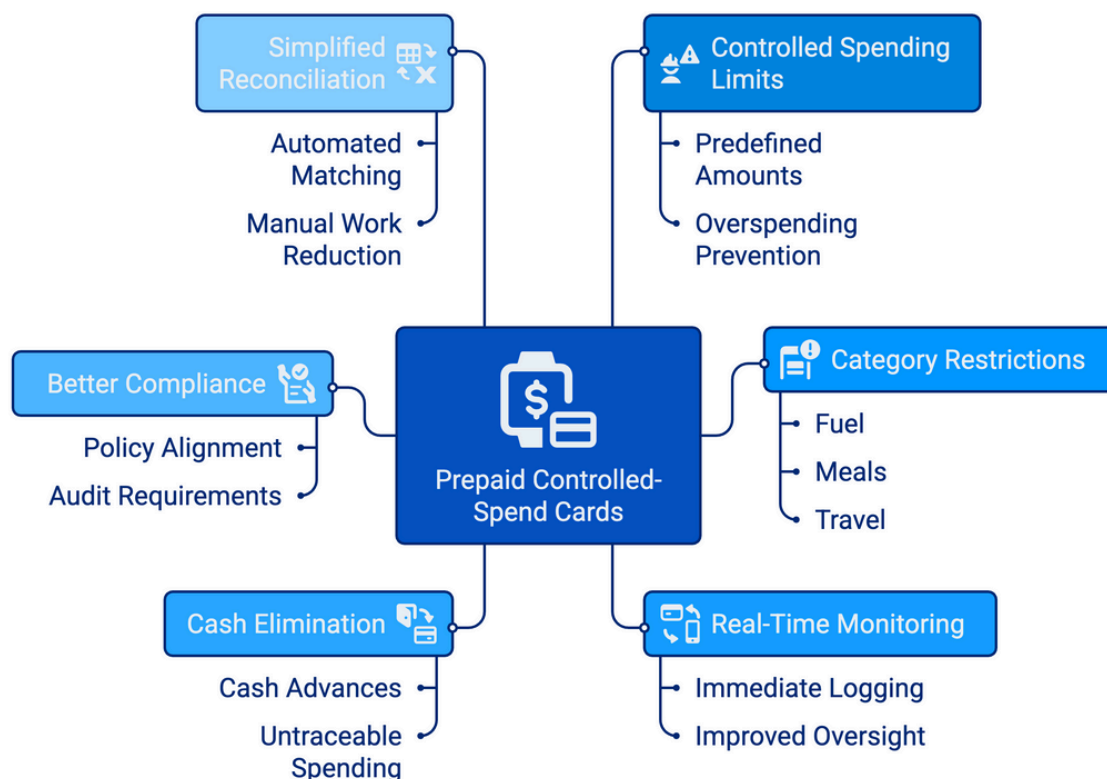
Prepaid Controlled-Spend Cards

To reduce risk, eliminate cash misuse, and improve expense visibility, implement prepaid, limited-value cards. like the DATABASICS Visa® Commercial Card or the DATABASICS Visa® Prepaid Card:

- Controlled Spending Limits: Funds capped at predefined amounts, preventing overspending
- Category Restrictions: Cards limited to approved merchant types (fuel, meals, travel)
- Real-Time Monitoring: Every transaction logged immediately for better oversight
- Cash Elimination: Removes risks of cash advances and untraceable spending
- Better Compliance: Ensures purchases align with policy and audit requirements
- Simplified Reconciliation: Automated matching reduces manual work and errors



Prepaid Controlled-Spend Cards: Benefits and Features



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OUR BALANCED APPROACH

DATABASICS begins by reviewing all your existing policies, data flows, and the pain points identified by your administrators, approvers, and end users. We then evaluate the entire system and implement targeted improvements—whether that means adding or refining policies, updating labels, enhancing product configuration, or training AI to support users, approvers, and administrators. At the same time, we analyze any unusual charges and review policy effectiveness to ensure your audit and validation processes remain accurate, consistent, and efficient.

- ▶ **OCR + Receipt Matching**
- ▶ **Audit Module**
- ▶ **Third-Party Integration**
- ▶ **Prepaid Cards**

About DATABASICS

DATABASICS delivers timesheets, leave tracking, expense reporting, and employee purchasing management solutions that lead the industry in value, performance, and adaptability. Our comprehensive platform integrates seamlessly with major accounting, payroll, and HR providers.

From regional businesses and nonprofits to global enterprises, DATABASICS customers rely on our intelligent automation, advanced analytics, and exceptional support to streamline workforce management while maintaining the highest standards of accuracy and compliance.

Ready to Learn More?

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Questions? CALL US AT 800.599.0434