

Damage Expense

Topic: Violations of Internal Control

Characters: Chris, New Distribution Supervisor at a large candy manufacturer
Bob, Inventory Control Manager, Chris's immediate boss

Chris has been recently hired as the Distribution Supervisor for an international candy company. The plant is in a rural area and is about to begin a major expansion that will triple its capacity. The company has generous benefits and has paid all moving expenses for Chris and his family. During the move, however, the movers damaged a large piece of oak furniture. Chris has contacted the moving company. The insurance is by the pound and would cover only a small part of the worth of the item. Chris has explained this to the moving company, but it refuses to reimburse him for the item's value.

Chris approaches his supervisor, Bob, about the problem. Chris has been on the job about a month and enjoys the partnership they have developed to date. Chris had originally interviewed with Bob, and Bob's recommendation had been a major factor in Chris's getting the job. Chris has found the types of challenges he was looking for in a new position and is already becoming a major player in planning for the new expansion.

Bob tells Chris that he does not think he can do anything to persuade the moving company to reimburse Chris and suggests that Chris pad his next few expense reports to cover the cost. Chris is surprised at Bob's suggestion, because thus far Bob has dealt with him in a very evenhanded manner and has appeared to have strong business ethical standards.

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