

FRAUD AWARENESS RISK REVIEW - 30.03.15

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Abuse of email	Staff using email for personal use or sending inappropriate email	Acceptable use policy signed by staff	Acceptable use policy signed by staff	7
		Code of Conduct for Officers and Members	Email policy. Software blocking of certain words & sites.	
		Mail meter reports sent to Heads of Service	Mail meter reports sent to Heads of Service	
		Information Security Policies	The Authority has a suite of 10 Information Security Policies based on professional guidance and best practice to ensure compliance with BS7799 or ISO equivalent.	
Postal voting fraud	Voting fraud for elections	Registrations and applications vetted and scanned	All postal and absent votes are checked and scanned into a signature recognition process. All applications are individually barcoded and must also have a date of birth which is checked against records held.	6
		Review of process	Review of process - process is governed by legislation in the main part.	
		Training of staff for postal opening	Staff are trained to deal with suspected cases of impersonation, and to follow the advice of the electoral commission in taking appropriate measures. Single point of contact at the police to deal with all electoral fraud.	
		Electoral Commission checks undertaken	Electoral Commission check applications downloaded from their website - they track the computers and numbers of applications printed	

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Theft of income	Theft of income generally, from all income streams	Issue of receipts for income Two people open post CRB checks undertaken References taken for new employees Regular independent reconciliation of income taken to income expected Regular banking and banking checks Compliance with cash handling instructions and financial regulations Income collection systems - separation of duties	Issue of receipts for income Two people open post Checks for all new staff and then every three years - cost £32 - £36. References taken for new employees Reconciling of income anticipated to income received Regular banking of income to prevent a build up of cash. Bulk checks of cash prior to banking independent check of bankings Training in cash handling instructions issued to staff. Financial regulations detailing council procedures There is separation of duties and responsibilities in all income collection systems	5
Fraudulent benefit claims	Fraudulent benefit claims for housing and council tax benefit. Fraudulent benefit claims by NBC staff	Verification by benefit assessors Checks of details by verification framework officers Benefit investigators Fraud awareness training to all staff National Fraud Initiative (NFI)	Verification by benefit assessors in line with guidelines Checks of details by verification framework officers A trained benefit investigator deals with fraud in Benefits. They link directly with DWP. Fraud awareness training to all staff The Authority participates in the National Fraud Initiative e.g. benefit claim matches are identified and investigated, cheques are security printed to comply with APACS standard. A copy also goes to Payroll.	5
Failure to Recovery Money	Failure to recover money due to suppressing accounts	Laid down procedures Recovery procedures exception reporting Separation of responsibilities	Laid down procedures for suppression of recovery action Recovery procedures exception reporting Separation of responsibilities for accounts	5

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Fraudulent letting or extension of contracts	Fraudulent letting or extension of Council contracts due to collusion or corruption	Central register of contracts is maintained by the Procurement Officer	Procurement professionals being involved in all major contract letting who work to a strict code of ethics	3
		Code of Conduct for Officers and Members	Email policy. Software blocking of certain words & sites.	
		Procurement Officer in post	Procurement Officer in post	
		Procurement toolkit	Procurement toolkit in place for staff to utilise with assistance from Procurement Officer	
		IDeA training	IDeA training	
		Standing Orders	Standing Orders in respect of contracts	
		Financial Regulations	Compliance with Financial Regulations	
		Final Account Audit undertaken	Internal audit to audit contracts as per all financial regulations	
		Procurement Briefings	Briefing session are delivered to all staff have a responsibility for any procurement matters	
		Anti-Fraud and Anti-Corruption Policy	Anti-Fraud and Anti-Corruption Policy	
Unauthorised access to computer systems for fraudulent use	Staff can gain inappropriate access to computer systems and alter data for personal gain	Network security policy	Network security policy owned by IT. This covers overall access.	3
		Training - on computer security	Training for users on how to avoid others obtaining unauthorised access - turning off PC's, password protected screensavers, complex password protection, access control.	
		Access controls	Controls and passwords on systems	
		Information Security Policies	The Authority has a suite of 10 Information Security Policies based on professional guidance and best practice to ensure compliance with BS7799 or ISO equivalent.	
Corruption in sale of land	Receiving personal gain for sale of land	Valuations of land for sale	Valuations of land for sale	3
		Financial Regulations	Compliance with Financial Regulations	
		Standing Orders	Standing Orders in respect of contracts	
		Capital Asset Accountant	Capital Asset Accountant	
		Capital Asset Working Group	Capital Asset Working Group	
		Cabinet approval of sale of land	Management / member approval of sale of land	
		Robust screening process	Robust screening process	

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Falsification of performance indicators	Incorrect or manipulated data is used to produce performance indicators	Independent check of performance indicator statistics / data	Independent check of performance indicator statistics / data (data auditing)	3
		Password protected performance system	CorVu system in place that is protected	
			Corvu system no longer used by the authority. Spreadsheets are now maintained by the Business Improvement Officer (Procurement & Performance)	
Fraudulent invoices or claims from contractors	Fraudulent invoices paid by the Authority	Civica purchase order processing	Allowing approval from manager up front.	3
		Training for budget holders	Training for budget holders	
		Financial Regulations	Compliance with Financial Regulations	
		Creditors system - separation of duties / responsibilities	Separation between goods being received, invoices paid and authorised certification system	
		Budget monitoring	Budget monitoring by budget holders, management and Accountancy	
		Annual core system audit	This is a core system as decided by External Audit. This is audited annually by Internal Audit	
		Contract monitoring	Contract monitoring through contract register and authorisation etc.	
		National Fraud Initiative (NFI)	The Authority participates in the National Fraud Initiative e.g benefit claim matches are identified and investigated, cheques are security printed to comply with APACS standard. A copy also goes to Payroll.	
		Large cheques have to be signed individually	Large cheques have to be signed individually	
		Regular software checks done re valid list of suppliers.	Regular software checks done re valid list of suppliers.	
Fraudulent Bank Notes	Fraudulent Bank Notes	Scan Coin Machines have detection facilities in place	Scan coin machines have detection facilities in place	4
		UV Marker pens in use	UV marker pens in use	

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Fraudulent use of Corporate Credit Cards	Credit cards used for personal use	Training - on Corporate Credit Card system	Procedures for card holders and secretaries	4
		Compliance with Credit Card procedures	Compliance with Credit Card procedures	
		Review of policies	A review of control processes, in conjunction with management and HR	
		Monthly review of transactions and suppliers	Monthly review of transactions and suppliers by financial control, who review the nature of the transaction, and the types of supplier used.	
		Responsibilities formally allocated and agreed by cardholder	Credit card holders sign an agreement detailing their responsibilities	
		Credit Card - regular review of procedures by Internal Audit	As part of the Audit Plan, Internal Audit review the Credit Card policies, procedures and systems for effectiveness and compliance with statutory and professional guidance and best practice.	
		Credit Card - separation of duties	<p>Procedures updated: February, 2013 Bills are paid by accounts payable.</p> <p>Procedures updated: February, 2013 - It is the responsibility of Authorised Users to complete the Credit Card Payment Authorisation (CCPA) form and to have it approved by the relevant Budget Holder and also by the Cardholder, in the spaces indicated. In the absence of the Cardholder, the form may be approved by an Authorised User, provided that the approver and the person who completed the form are not the</p>	
		£5,000 limit per month per corporate credit card	<p>£5,000 limit per month per corporate credit card.</p> <p>Procedures updated February, 2013: The upper limit of a card will be determined by the Chief Executive in consultation with the Executive Director (Resources and Support Services) but may not be greater than £5,000 per month per card.</p>	

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Fraudulent use of investment money	Fraudulent use of investment money by Treasury Management staff	Annual audit of treasury management	Annual audit of treasury management	2
		Treasury Management meetings	Treasury Management meetings happen weekly	
		Fidelity guarantee insurance for designated officers	Fidelity guarantee insurance for designated officers	
		Treasury Management - statutory / professional guidance	The Authority's policies, procedures and systems comply with and are based on statutory and professional guidance and best practice	
		Use of Broker and Treasury Management advisors	Use of Broker and Treasury Management advisors	
		Carry out periodic reconciliations	Carry out periodic reconciliations	
		Separation of responsibilities for investments	Separation of responsibilities for investments	
Fraudulently using external funding	Misuse or fraudulent use of external funding or fraudulent claim forms sent to external funding bodies	Budget monitoring	Budget monitoring by budget holders, management and Accountancy	2
		External funding - separation of duties	Checks undertaken by external funding team and accountancy	
		Newcastle Borough Council acts on lessons learnt	Newcastle Borough Council acts on lessons learnt	
		Financial Regulations	Compliance with Financial Regulations	
		Standing Orders	Standing Orders in respect of contracts	
		Independent verification of grant conditions	Independent verification of grant conditions	
		Audit undertaken	Audit undertaken by internal and external audit & funding bodies if necessary	

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Theft or misuse of the Authority's information	Theft or misuse of information, including personal data, credit card details and sensitive political information	Clear desk policy	Clear desk policy	2
		Confidential information locked away	Confidential information locked away	
		Confidentiality clauses	Confidentiality clauses	
		Encrypted memory sticks	Proper control of memory sticks	
		Access controls	Controls and passwords on systems	
		Saving data to servers	Saving data to servers	
		Firewalls	Firewalls	
		Information Security Policies	The Authority has a suite of 10 Information Security Policies based on professional guidance and best practice to ensure compliance with BS7799 or ISO equivalent.	
		Managing Information Risks risk assessment	Managing Information Risks risk assessment	
		Information Security Working Group	Information Security Working Group chaired by Executive Director - Resource & Support Services	
		Connected to Government Secure Intranet	Connected to Government Secure Intranet (gsi)	
		Inspire directive for sharing of data across EU	Inspire directive for sharing of data across EU	
Metadata to ISO standards. Use of data for application.	Metadata to ISO standards. Use of data for application.			
Fraudulent use of council vehicles	Using Council vehicles for non council business	Vehicle logs	Vehicle logs maintained for each vehicle detailing journeys	2
		Staff awareness of insurance implications	Staff awareness of insurance implications	
		Driving at work policy	Driving at work policy given to all employees with a driver risk assessment for them to complete	
Inappropriate receipts of gifts / hospitality	Officers receiving inappropriate gifts / hospitality	Code of Conduct for Officers and Members	Email policy. Software blocking of certain words & sites.	1
		Manager approval	Manager approval	
		Register of Interests	There is a central register for gifts and hospitality, and each Directorate keeps it's own register of outside interests and works for staff	
		Audit undertaken	Audit undertaken by internal and external audit & funding bodies if necessary	
		Staff informed of process	Staff made aware of what, when and how to record	
		Annual reminders	Annual reminders	

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Theft or sale of official stocks / equipment	Theft or sale of official stocks / equipment for personal gain	Regular independent checks of stocks / equipment across the council	Regular independent checks of stocks / equipment across the council	1
		Stock records maintained across all service areas within the council	Stock records maintained across all service areas across the council	
		Inventory of all ICT items (numbered)	Secure numbered inventory in place with periodic reviews	
		PCs are tagged/marked	PCs memory sticks, cameras are tagged/marked, security inbuilt in phones traceable through IP address.	
		Annual inventory checks	Annual inventory checks	
		Physical security	Equipment is secured in establishments and where necessary locked away. Ground floor offices have shutters on windows.	
Misappropriation of funds	Misappropriation of funds for services provided e.g. handyman, trade refuse, pest control	Minimising cash payments by debit card and direct payment methods	Minimising cash payments by debit card and direct payment methods	1
		Regular independent reconciliations of funds	Regular independent reconciliations of funds	
		Cash secured	Cash secured	
		Cash and income collection - separation of duties	Cashing up and banking duties separated	
		Budget monitoring	Budget monitoring by budget holders, management and Accountancy	
		Whistleblowing policy	Whistleblowing policy	
		Financial Regulations	Compliance with Financial Regulations	
Fraudulent payments for personal gain	Payments made by BACS or CHAPS for personal gain	Independent reconciliations	Independent reconciliations	1
		Approval process	Approval process	
		Budget monitoring	Budget monitoring by budget holders, management and Accountancy	
Fraudulent car loans	Employees claiming fraudulent car loans from the Authority.	Car Loans - separation of duties	Separation of responsibilities for approving car loans. Authorisation required by Chief Executive, Executive Director and Head of Business Improvement, Central Services and Partnership Services as part of the application process.	1
		Affordability check	Direct payment of loan taken from salary each month	
		Clear procedures for car loan applications	Clear procedures for car loan applications	

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Money laundering	Payments by proceeds of crime	Money Laundering - statutory / professional guidance	The Authority's policies, procedures and systems comply with and are based on statutory and professional guidance and best practice	1
		Audit review procedures and recommendations made	Audit review procedures and recommendations made	
		Cashiers audit	Review of payments of over £5000 in cash	
Agency staff claiming hours not worked	Agency staff submitting inaccurate timesheets or claiming hours they have not worked	Line manager checks hours worked	Line manager checks hours worked	1
		Use of timekeeper system	Use of timekeeper system	
		HR involvement	HR involvement	
Theft from vulnerable people	Theft by staff from vulnerable people e.g. almshouses, welfare funeral homes	CRB checks undertaken	Checks for all new staff and then every three years - cost £32 - £36.	1
		Code of Conduct for Officers and Members	Email policy. Software blocking of certain words & sites.	
		Receipts given for valuables	Receipts given for valuables	
		Proper and safe handover procedures	Proper and safe handover procedures	
Theft of cash in transit	Theft of cash whilst being transferred from one establishment to another	Reducing cash transactions	Encourage people to pay by debit card or direct debit	1
		Audit review procedures and recommendations made	Audit review procedures and recommendations made	
		Cash in transit - staff training	Cash in transit - staff training	
		Varying routes and drop off points, times etc	Varying routes and drop off points, times etc	
		Identicom devices issued to relevant staff	Identicom devices issued to relevant staff - there is an emergency button in case of attack etc	
		Handled by G4S and Kings	Handled by G4S and Kings	
Abuse of telephones	Abuse of landline phones and mobile phones by staff	Mobile phone provider	Monthly reports provided by Smith Bellerby	1
		System in place for identifying personal calls and text messages	System in place for identifying personal calls and text messages	
		Telephone usage policy (corporate) in place	Telephone usage policy (corporate) in place	
		Register of Interests	There is a central register for gifts and hospitality, and each Directorate keeps it's own register of outside interests and works for staff	
		Regular telephone reports to management	Regular telephone reports to management	

Risk	Risk Description	Existing Control Measure	Description	Final Risk Rating
Subletting of NBC properties	Letting of NBC properties for personal gain	Accurate details of premises to let	Accurate details of premises to let	1
		Clear instructions to staff	Clear instructions to staff	
		Reconciliation of income	Reconciliation of income	
		Management checks of properties	Management checks of properties	
Abuse of postage system	Abuse of postage by staff	Management check of postage costs	Monthly recharges done re postage costs to departments - would show on heads of service budget reports - any anomalies would show.	1
		Budget monitoring	Budget monitoring by budget holders, management and Accountancy	
		Protocols set for handling of post	Protocols set for handling of post.	
			Postal procedures updated: February, 2013.	
Abuse of internet	Staff using internet for personal use and viewing inappropriate sites	Acceptable use policy signed by staff	Acceptable use policy signed by staff	1
		Code of Conduct for Officers and Members	Email policy. Software blocking of certain words & sites.	
		Sophos is used for web filtering	Sophos is used for web filtering	
Payments to ghost employees	Payments to fictitious employees via payroll	Budget monitoring	Budget monitoring by budget holders, management and Accountancy	1
		Payroll - Separation of duties	Separation and authorisation of setting new employees on the payroll	
		Review of payroll processes	These are reviewed as part of the restructure - creation of posts on establishment	
		Review of payroll system	The payroll system is subject to regular review and at times when there is a restructure within the Authority including establishment structure	
		Recruitment policy and process	Recruitment policy and process	
		Audit undertaken	Audit undertaken by internal and external audit & funding bodies if necessary	
		NFI checks completed annually	NFI checks completed annually	
Fraudulently trading for personal gain	Officers working for personal gain, including unauthorised work and private work. Abuse of position	Code of Conduct for Officers and Members	Email policy. Software blocking of certain words & sites.	1
		National Fraud Initiative (NFI)	The Authority participates in the National Fraud Initiative e.g benefit claim matches are identified and investigated, cheques are security printed to comply with APACS standard. A copy also goes to Payroll.	
		Register of Interests	There is a central register for gifts and hospitality, and each Directorate keeps it's own register of outside interests and works for staff	
		Checks by management	Checks done on email by Managers	

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HR policies do not deter fraudulent behaviour	Not enough preventative controls or proactive action taken to deter fraud	Review of policies	A review of control processes, in conjunction with management and HR	1
		Disciplinary process	Disciplinary process to be followed, to act as a deterrent to others	
		Relevant stakeholders involved in review of processes	Relevant stakeholders including internal audit, are involved in review of processes	
		Anti-Fraud and Anti-Corruption Policy	Anti-Fraud and Anti-Corruption Policy	
		Whistleblowing policy	Whistleblowing policy	
		Managers Guide on Fraud	Managers Guide on Fraud	
		Related policies in place	Related policies in place - fraud & corruption, whistleblowing, corporate induction	
Fraudulent job application forms	Information contained in job application forms is fraudulent e.g. qualifications, job history, CRB checks	Obtain evidence of qualifications	Obtain evidence of qualifications	1
		Obtain references	Obtain references	
		HR involvement	HR involvement	
		Recruitment policy and process	Recruitment policy and process	
		Identity checks carried out	Identity checks carried out	
Fraudulent non attendance at work	Employees fraudulently not attending work e.g. fraudulent sick leave, extra holidays, flexitime, evening and weekend work, remote working	Checks of time by management	Checks of time by management	1
		Reconciliation of leave	Management reconciliation of leave taken to leave cards and time recording system	
		Compliance with management of attendance policy for sickness	Compliance with management of attendance policy for sickness	
		Review of management of attendance policy	Review of management of attendance policy	
		Audit of management of attendance	Audit of management of attendance	
		Occupational Health to assist return to work	Occupational Health to assist return to work	
		Whistleblowing policy	Whistleblowing policy	