# FRAUD AWARENESS - As of 22.03.16

*Directorate/Service: Fraud Awareness, Risk Assessment open, Current Risk version, Risk is open, Final Risk Rating is at or greater than Low Green 1, Final Risk Rating is at or less than High Red 9*

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| **Fraud Awareness** | | | | ***Items in Group: 35*** | | |
| Abuse of email | Staff using email for personal use or sending inappropriate email | a | E | 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 | a | E | Vastly experienced staff in post. | Vastly experienced staff in post. | 6 |
| | | | | 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. | |
| | | | | 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 if 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 | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Theft of income | Theft of income generally, from all income streams | a | E | Issue of receipts for income | Issue of receipts for income | 5 |
| | | | | Two people open post | Two people open post | |
| | | | | CRB checks undertaken | Checks for all new staff and then every three years - cost £32 - £36. | |
| | | | | References taken for new employees | References taken for new employees | |
| | | | | Regular independent reconciliation of income taken to income expected | Reconciling of income anticipated to income received | |
| | | | | Regular banking and banking checks | Regular banking of income to prevent a build up of cash. Bulk checks of cash prior to banking independent check of bankings | |
| | | | | Compliance with cash handling instructions and financial regulations | Training in cash handling instructions issued to staff. Financial regulations detailing council procedures | |
| | | | | Income collection systems - separation of duties | There is separation of duties and responsibilities in all income collection systems | |
| Failure to Recovery Money | Failure to recover money due to suppressing accounts | 3 | 9 | Laid down procedures | Laid down procedures for suppression of recovery action | 5 |
| | | | | Recovery procedures exception reporting | Recovery procedures exception reporting | |
| | | | | Separation of responsibilities | Separation of responsibilities for accounts | |
| Fraudulent benefit claims | Fraudulent benefit claims for housing and council tax benefit. Fraudulent benefit claims by NBC staff | a | E | Verification by benefit assessors | Verification by benefit assessors in line with guidelines | 5 |
| | | | | Checks of details by verification framework officers | Checks of details by verification framework officers | |
| | | | | Benefit investigators | A trained benefit investigator deals with fraud in Benefits. They link directly with DWP. | |
| | | | | Fraud awareness training to all staff | Fraud awareness training to all staff | |
| | | | | 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. | |

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|---|---|---|---|---|---|---|
| Fraudulent invoices or claims from contractors | Fraudulent invoices paid by the Authority | a | E | Agresso 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. | |
| Falsification of performance indicators | Incorrect or manipulated data is used to produce performance indicators | a | E | 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<br><br>Corvu system no longer used by the authority. Spreadsheets are now maintained by the Business Improvement Officer (Procurement & Performance) | |
| Lack of Fraud Awareness | Raising Fraud Awareness throughout Newcastle Borough Council | 3 | 9 | Management Checks | Monitoring reports | 3 |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Corruption in sale of land | Receiving personal gain for sale of land | a | E | 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 | |
| Fraudulent letting or extension of contracts | Fraudulent letting or extension of Council contracts due to collusion or corruption | a | E | 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 | Breifing 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 | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Unauthorised access to computer systems for fraudulent use | Staff can gain inappropriate access to computer systems and alter data for personal gain | a | E | 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. | |
| Fraudulent Bank Notes | Fraudulent Bank Notes | 1 | 7 | 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 | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Fraudulent use of Corporate Credit Cards | Credit cards used for personal use | a | E | 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.<br><br>Procedures updated: February 2013 | |
| | | | | Credit Card - separation of duties | Bills are paid by accounts payable.<br><br>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 same person. | |
| | | | | £5,000 limit per month per corporate credit card | £5,000 limit per month per corporate credit card.<br><br>Procedures updated February, 2013: The upper limit of a card will be determined by the Chief Executive in consulation with the Executive Director (Resources and Support Services) but may not be greater than £5,000 per month per card. | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Fraudulent use of investment money | Fraudulent use of investment money by Treasury Management staff | a | E | 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 | |
| Fraudulent use of council vehicles | Using Council vehicles for non council business | a | E | 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 | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment 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 | a | E | 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 Esecutive 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. | |
| Fraudulently using external funding | Misuse or fraudulent use of external funding or fraudulent claim forms sent to external funding bodies | a | E | 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 | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Theft of cash in transit | Theft of cash whilst being transferred from one establishment to another | c | H | 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 | |
| Subletting of NBC properties | Letting of NBC properties for personal gain | c | H | 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 | |
| Theft from vulnerable people | Theft by staff from vulnerable people e.g. almshouses, welfare funeral homes | b | H | 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 | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Theft or sale of official stocks / equipment | Theft or sale of official stocks / equipment for personal gain | a | E | 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 nventory 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. | |
| Fraudulent non attendance at work | Employees fraudulently not attending work e.g. fraudulent sick leave, extra holidays, flexitime, evening and weekend work, remote working | c | H | 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 | |
| Fraudulent payments for personal gain | Payments made by BACS or CHAPS for personal gain | a | E | Independent reconciliations | Independent reconciliations | 1 |
| | | | | Approval process | Approval process | |
| | | | | Budget monitoring | Budget monitoring by budget holders, management and Accountancy | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Payments to ghost employees | Payments to fictitious employees via payroll | b | H | 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 | |
| Money laundering | Payments by proceeeds of crime | a | H | 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 | |
| Misappropriation of funds | Misappropriation of funds for services provided e.g. handyman, trade refuse, pest control | a | E | 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 | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Inappropriate receipts of gifts / hospitality | Officers receiving inappropriate gifts / hospitality | a | E | 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 | |
| HR policies do not deter fraudulent behaviour | Not enough preventative controls or proactive action taken to deter fraud | b | E | 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 | |
| Fraudulently trading for personal gain | Officers working for personal gain, including unauthorised work and private work. Abuse of position | a | E | 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 | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Fraudulent car loans | Employees claiming fraudulent car loans from the Authority. | d | M | 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 | |
| Fraudulent job application forms | Information contained in job application forms is fraudulent e.g. qualifications, job history, CRB checks | b | E | 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 | |
| Abuse of internet | Staff using internet for personal use and viewing inappropriate sites | d | H | 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 | |
| Abuse of postage system | Abuse of postage by staff | e | M | Management check of postage costs | Monthly recharges done re postage costs to departments - would show on heads of service budget reports - any anomilies 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.<br><br>Postal procedures updated: February, 2013. | |

| Risk | Risk Description | Impact | Risk Rating | Existing Control Measure | Treatment Description | Final Risk Rating |
|---|---|---|---|---|---|---|
| Abuse of telephones | Abuse of landline phones and mobile phones by staff | e | M | Mobile phone provider | Monthly reports provided by Smith Bellaby | 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 | |
| Agency staff claiming hours not worked | Agency staff submitting inaccurate timesheets or claiming hours they have not worked | c | H | Line manager checks hours worked | Line manager checks hours worked | 1 |
| | | | | Use of timekeeper system | Use of timekeeper system | |
| | | | | HR involvement | HR involvement | |