

Caerphilly CBC - Fraud Risk Register

No	Business Area	Risk	Root Cause	Consequence	Inherent Risk Likelihood		Inherent Risk Impact		Overall Inherent Risk	Control Measures	Residual Risk Likelihood		Residual Risk Impact		Audit assessed Overall Net Residual	Risk Owner
1	HR	Authority employs worker who does not have the right to work in the UK / has provided false identification documents to demonstrate the right to work in the UK.	Ineffective pre employment checks due to lack of staff awareness / training / policies / procedures. Job advert does not state that applicants must hold the right to work within the UK.	Reputational risk. Fine from Border Agency - £60k per employee. Cost of re-running recruitment process. Cost of interim staff.	Will probably occur	4	Major	4	16	Staff training. Policies / procedures include adequate guidance. Job adverts include wording re right to work in UK. Adequate eligibility checks undertaken. Regular ongoing eligibility checks. Consider as appropriate criminal/civil proceedings.	Remote Possibility	2	Minor	2	4	Head of People Services
2	HR	Authority employs worker who does not have the required experience / qualification for the role, or has provided false or misleading information e.g. false identification, employment history, qualifications.	Ineffective pre employment checks due to lack of staff awareness / training / policies / procedures.	Reputational risk. Cost of re-running recruitment process. Cost of interim staff.	Will probably occur	4	Major	4	16	Staff training. Policies / procedures include adequate guidance. 2 references obtained. Adequate I.D. checks undertaken e.g. BPSS where appropriate. Adequate qualification checks undertaken. Consider as appropriate criminal/civil proceedings.	Remote Possibility	2	Minor	2	4	Head of People Services
3	Payroll	Creation of fictitious or 'ghost' employees.	Lack of oversight / segregation of duties.	Financial loss. Reputational Damage.	Possibly occur	3	Moderate	3	9	Regular payroll internal audits. Segregation of duties upon setting up new employees on the payroll system. Regular staff budget monitoring across departments. Take appropriate action such as appropriate criminal/civil proceedings.	Extremely Unlikely	1	Insignificant	1	1	Head of People Services
4	Payroll	Unauthorised changes to payroll e.g. pay rate alteration.	Lack of oversight / segregation of duties.	Financial loss. Reputational Damage.	Possibly occur	3	Moderate	3	9	Regular payroll internal audits. Segregation of duties for changes on payroll system. Regular staff budget monitoring across departments. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Extremely Unlikely	1	Insignificant	1	1	Head of People Services
5	Payroll	Prolonging the pay of a leaver and/or redirecting their pay into a fraudster's account.	Lack of oversight / segregation of duties.	Financial loss. Reputational Damage.	Possibly occur	3	Moderate	3	9	Regular payroll internal audits. Segregation of duties throughout payroll system. Regular staff budget monitoring across departments. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Extremely Unlikely	1	Insignificant	1	1	Head of People Services
6	All Departments	False sickness claims.	Employees who are disengaged / dissatisfied at work. A workplace culture that tolerates the use of sick leave for non medical issues. Employees using sick leave to address personal issues. Lack of sickness policy / attendance monitoring.	Financial loss. Cost of supply / cover staff. Delay / halt / decline in quality of service delivery.	Will probably occur	4	Minor	2	8	Foster a positive work environment. Clear and well communicated sickness / managing attendance policies. Conducting regular reviews of absence patterns. Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Possibly Occur	3	Minor	2	6	Head of People Services/ Directors and HoS
7	All Departments	False declarations of mileage expenses.	Lack of authorisation process. Lack of expenses policy.	Financial loss. Reputational Damage.	Will probably occur	4	Insignificant	1	4	Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing. Managers authorisation of expenses. Regular checks by Internal Audit. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Remote Possibility	2	Insignificant	1	2	Head of People Services/ Directors and HoS

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8	All Departments	False declarations of overtime hours.	Lack of authorisation process.	Financial loss. Reputational Damage.	Will probably occur	4	Minor	2	8	Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing. Managers authorisation of overtime / additional hours. Regular checks by Internal Audit. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Remote Possibility	2	Insignificant	1	2	Head of People Services/ Directors and HoS
9	All Departments	Employees undertaking alternative work while sick.	Employees who are disengaged / dissatisfied at work. Lack of sickness policy / attendance monitoring. Cost of living crisis.	Financial loss. Cost of supply / cover staff. Delay / halt / decline in quality of service delivery. Reputational damage.	Possibly occur	3	Minor	2	6	Foster a positive work environment. Clear and well communicated sickness / managing attendance policies. Conducting regular reviews of absence patterns. Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing. NFI data matching. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Remote Possibility	2	Insignificant	1	2	Head of People Services/ Directors and HoS
10	All Departments	Employee abuse of flexitime or annual leave systems.	Employees who are disengaged / dissatisfied at work. Lack of policy / leave monitoring.	Financial loss. Cost of supply / cover staff. Delay / halt / decline in quality of service delivery. Reputational damage.	Will probably occur	4	Minor	2	8	Foster a positive work environment. Clear and well communicated flexi / leave policies. Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Possibly Occur	3	Minor	2	6	Head of People Services/ Directors and HoS
11	All Departments	Employee working for a third party on Council time.	Lack of monitoring by management. Cost of living crisis. Disengaged employees.	Reputational Damage. Poor work performance. Decline in service delivery.	Possibly occur	3	Minor	2	6	Regular performance monitoring. Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing. NFI data matching. Take appropriate action such as disciplinary action and appropriate criminal/civil proceedings.	Remote Possibility	2	Insignificant	1	2	Head of People Services/ Directors and HoS
12	All Departments	Abuse of position.	Lack of management oversight. Cultural values and expectations. Bullying.	Financial losses, reputational damage, poor performance and sickness or high staff turn over. Reputational damage.	Possibly occur	3	Minor	2	6	Regular performance monitoring. Officer code of conduct in place and declared by all employees which details expected behaviours, corporate policies and potential penalties of wrongdoing.	Remote Possibility	2	Insignificant	1	2	Head of People Services/ Directors and HoS
13	Insurance	False insurance claims. Exaggerated insurance claims. Duplicate insurance claims.	Ineffective claim checks. Ineffective supporting evidence checks. Lack of procedures / staff training.	Financial loss. Drain on staff resource.	Will probably occur	4	Minor	2	8	Experienced claim handlers. Rigorous authenticity checks. NFI data matching.	Remote Possibility	2	Insignificant	1	2	Head of Financial Services & S151 Officer
14	Grants	Any fraud that involves the false payment of grants, loans or financial support to any private individual, company, charity etc through fake applications / collusion.	Ineffective claim checks. Ineffective supporting evidence checks. Lack of staff training.	Financial loss. Reputational damage. Operational disruption (investigations / remedial action can divert resource away from other services / functions).	Will probably occur	4	Moderate	3	12	Educate / train staff on risks of grant fraud / ethical behaviour. Regular checks by Internal Audit. Well communicated procedures for grant distribution.	Remote Possibility	2	Insignificant	1	2	Head of Financial Services & S151 Officer

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15	All Departments	Theft of assets and equipment.	Financial difficulties. Employer dissatisfaction. Perceived harmlessness. Lack of consequence. Poor inventory maintenance. Lack of cash reconciliation.	Financial loss. Disruption to service delivery. Reputational damage. Negative impact on employee morale.	Will probably occur	4	Moderate	3	12	Regular reconciliation of inventory / cash. Regular stock checking. Segregation of duties. Encourage confidential reporting of suspicious activity. Asset labelling / security marking of equipment. Regular internal audit checks. Restricted access to buildings / asset storage.	Possibly Occur	3	Minor	2	6	All Directors and HoS
16	All Departments	Unauthorised sale of assets and equipment.	Financial difficulties. Employer dissatisfaction. Perceived harmlessness. Lack of consequence. Poor inventory maintenance.	Financial loss. Disruption to service delivery. Reputational damage. Negative impact on employee morale.	Will probably occur	4	Moderate	3	12	Regular reconciliation of inventory / cash. Regular stock checking. Segregation of duties. Encourage confidential reporting of suspicious activity. Asset labelling / security marking of equipment. Regular internal audit checks. Restricted access to buildings / asset storage.	Possibly Occur	3	Minor	2	6	All Directors and HoS
17	All Departments	Theft of Council information / intellectual property.	Insufficient cyber security measures. Phishing attacks. Employees misconduct. Lack of training / awareness. Inadequate security / access controls. Out of date software.	Financial loss. Reputational damage. Large fines / sanctions.	Will probably occur	4	Major	4	16	Security policy. Restricted access to buildings. Encryptions. Password controls. Access controls. Staff awareness / training.	Possibly Occur	3	Major	4	12	All Directors and HoS
18	Procurement	Bid Rigging / Cover pricing.	Lack of competition. Insufficient oversight. Lack of training / awareness. Collusion.	Financial Loss. Reputational damage. Lack of value for money / poor goods / services.	Will probably occur	4	Moderate	3	12	Management checks. Tendering process. Well communicated financial regs / standing orders. Internal audit checks. Encourage whistleblowing.	Possibly Occur	3	Moderate	3	9	Head of Customer and Digital Services
19	Procurement	Bribery / kick backs for Procurement official - collusion.	Financial incentives. Pressure to meet targets. Weak internal controls. Culture. Close supplier relationships.	Financial Loss. Reputational damage. Lack of value for money / poor goods / services.	Will probably occur	4	Moderate	3	12	Management checks. Tendering process. Well communicated financial regs / standing orders. Internal audit checks. Anti bribery policy. Rotation of duties Encourage whistleblowing.	Possibly Occur	3	Moderate	3	9	Head of Customer and Digital Services
20	Procurement	Overcharging.	Insufficient oversight to identify inflated invoicing / falsified cost reports / unapproved charges.	Financial Loss. Reputational damage. Lack of value for money / poor goods / services.	Will probably occur	4	Moderate	3	12	Management checks / Internal Audit checks / well communicated procedures / regulations.	Possibly Occur	3	Moderate	3	9	Head of Customer and Digital Services
21	Procurement	False claims and variations.	Insufficient oversight. Lack of staff awareness / training. Lack of procedures / regulations.	Financial Loss. Reputational damage. Lack of value for money / poor goods / services.	Will probably occur	4	Moderate	3	12	Management checks / Internal Audit checks / well communicated procedures / regulations.	Possibly Occur	3	Moderate	3	9	Head of Customer and Digital Services
22	Procurement	Cheaper materials substituted for those specified in contracts. The use of sub-standard materials may also carry health and safety risks and environmental risks.	Lack of sufficient checks. Lack of staff awareness / training / procedures / regulations.	Financial Loss. Reputational damage. Lack of value for money / poor goods / services. Fines / sanctions.	Will probably occur	4	Moderate	3	12	Management checks / Internal Audit checks / well communicated procedures / regulations. Inspections of materials.	Possibly Occur	3	Moderate	3	9	Head of Customer and Digital Services
23	Finance	Bank mandate fraud.	Lack of staff awareness / training / procedures for dealing with requests to change supplier bank details.	Financial loss. Reputational damage.	Almost certain	5	Major	4	20	Staff awareness - emails / training.	Possibly Occur	3	Moderate	3	9	Head of Financial Services & S151 Officer
24	Finance	Cyber crime including Ransomware, Whaling, hacking and Denial of Service attack. Human error is a high risk factor.	Lack of staff awareness / training / procedures for dealing with attacks. Insufficient cyber security measures.	Financial loss. Loss of access to systems essential to service delivery. Data breaches. Reputational damage. Large fines / sanctions. Operational disruption.	Almost certain	5	Major	4	20	Cyber security training for all staff and members (mandatory) . Multifactor Authentication. Firewalls and Email filtering / anti phishing tools. Restricted access. Continuous monitoring. Penetration testing. Vendor due diligence.	Possibly Occur	3	Major	4	12	Head of Customer and Digital Services
25	Finance	Duplicate invoices.	Weak controls over payment and authorisation of invoices. Lack of staff training / awareness.	Financial loss. Reputational damage.	Will probably occur	4	Major	4	16	Staff training. Robust internal controls. Segregation of duties. Regular internal audit checks. Automated invoice data matching system (AP Forensics).	Remote Possibility	2	Minor	2	4	Head of Financial Services & S151 Officer

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26	Finance	Fictitious suppliers.	Weak controls surrounding the creation, payment of suppliers. Lack of staff training / awareness.	Financial loss. Reputational damage.	Will probably occur	4	Major	4	16	Staff training. Robust internal controls. Supplier verification checks. Segregation of duties. Regular internal audit checks. Automated invoice data matching system (AP Forensics).	Remote Possibility	2	Minor	2	4	Head of Financial Services & S151 Officer
27	Finance	Payments to employee bank accounts / relatives bank accounts.	Weak controls surrounding the creation, payment of suppliers. Lack of staff training / awareness.	Financial loss. Reputational damage.	Will probably occur	4	Major	4	16	Staff training. Robust internal controls. Segregation of duties. Strict authorisation process. Regular internal audit checks. Automated invoice data matching system (AP Forensics).	Remote Possibility	2	Minor	2	4	Head of Financial Services & S151 Officer
28	Finance	Improper use of corporate purchase cards including personal use.	Lack of controls / not adhering to Purchase Card Regulations. Poor authorisation process.	Financial loss. Reputational damage.	Will probably occur	4	Moderate	3	12	Staff must sign Purchase Card User / Authoriser Regulations /Agreements. Segregation of Duties. Regular internal audit checks. Robust controls. Staff must produce receipt / invoice for every transaction.	Possibly Occur	3	Minor	2	6	Head of Customer and Digital Services
29	Finance	Treasury management unauthorised investments and loans.	Lack of policies and procedures, lack of training. Lack of segregation of duties. Poor authorisation controls and inappropriate access to banking and finance systems.	Financial loss, possibly high value. Reputational damage.	Will probably occur	4	Major	4	16	Robust policies, strict access controls, segregation of duties and authorisation policies. Regular Internal Audit reviews.	Possibly Occur	3	Moderate	3	9	Head of Financial Services & S151 Officer
30	Adult Social Services	Non-declaration of capital which can involve the transfer or disguise of property in order to avoid paying for residential or domestic care provision.	Lack of checks. Lack of staff awareness / training / procedures.	Financial loss. Increased resource intensive investigations. Costly legal proceedings. Reputational damage.	Will probably occur	4	Major	4	16	Sound staff understanding of the legal framework and processes.	Possibly Occur	3	Moderate	3	9	Director of Social Services
31	Adult Social Services	Theft of residents cash.	Lack of segregation of duties. Not adhering to Financial Regulations.	Reputational damage. Financial loss. Loss of staff. Cost of cover / re-employment of new staff.	Will probably occur	4	Major	4	16	Well communicated financial regulations. Robust internal controls i.e. segregation of duties / recording of transactions. Regular internal audit inspection.	Possibly Occur	3	Moderate	3	9	Assistant Director of Social Services
32	Adult Social Services	Theft of residents valuables.	Lack of segregation of duties. Not adhering to Financial Regulations.	Reputational damage. Financial loss. Loss of staff. Cost of cover / re-employment of new staff.	Will probably occur	4	Major	4	16	Well communicated financial regulations. Robust internal controls i.e. segregation of duties / recording of transactions. Regular internal audit inspection.	Possibly Occur	3	Moderate	3	9	Assistant Director of Social Services
33	Adult Social Services	Blue Badge fraud.	Appropriate checks not undertaken. Lack of awareness / training / procedures.	Reputational damage. Effect quality of life for disabled residents / visitors.	Will probably occur	4	Insignificant	1	4	NFI participation. Enforcement Officer checks.	Possibly Occur	3	Insignificant	1	3	Assistant Director of Social Services
34	Adult Social Services	Direct payment fraud.	Lack of monitoring of compliance with policies and best practice by management.	Irrecoverable financial loss. Potential for financial abuse of vulnerable adults. HMRC fraud.	Will probably occur	3	Minor	2	6	Monitoring and support, training and guidance.	Possibly Occur	3	Minor	2	6	Assistant Director of Social Services
35	Housing Benefit	Benefit fraud.	Appropriate checks not undertaken. Lack of staff training. Lack of procedures.	Financial loss. Increased costs of investigations. Resource diversion. Reputational risk.	Will probably occur	4	Moderate	3	12	Trained staff. NFI participation. Internal Audit. Documentary evidence. Raised staff and public awareness. Encouragement to report suspected cases of fraud. Share information with DWP and support investigations conducted by DWP. Actively recover overpayments. Take sanction action where appropriate.	Possibly Occur	3	Minor	2	6	Head of Financial Services & S151 Officer
36	Council Tax	Council Tax discount and exemption fraud.	Inadequate checks / evidence requests. Lack of staff awareness / training / procedures.	Financial loss. Increased costs of investigations. Resource diversion. Loss of public trust. Service cuts.	Will probably occur	4	Major	4	16	NFI participation/use of Datatank to verify SPD's. Other revalidation done on a cyclical basis. Trained staff. Regular internal audit. Raised staff and public awareness. Encouragement to report suspected cases of fraud. Proactive recovery of discounts and exemptions wrongly claimed. Identify cases that should attract premiums.	Possibly Occur	3	Moderate	3	9	Head of Financial Services & S151 Officer

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					Likelihood						Likelihood					
37	Council Tax Benefit	Council Tax Benefit (Council Tax reduction scheme) fraud.	Appropriate checks not undertaken. Lack of staff training. Lack of procedures.	Financial loss. Increased costs of investigations. Resource diversion. Reputational risk.	Will probably occur	4	Moderate	3	12	Trained staff. NFI participation. Internal Audit. Documentary evidence. Raised staff and public awareness. Encouragement to report suspected cases of fraud.	Possibly Occur	3	Minor	2	6	Head of Financial Services & S151 Officer
38	NDR	False claim for rate relief, incorrect occupancy information supplied.	Appropriate checks not undertaken. Lack of staff training. Lack of procedures.	Financial loss. Increased costs of investigations. Resource diversion. Reputational risk.	Will probably occur	4	Moderate	3	12	Trained staff. Internal Audit. Documentary evidence. Raised staff and public awareness. Encouragement to report suspected cases of fraud.	Possibly Occur	3	Minor	2	6	Head of Financial Services & S151 Officer
39	Housing	Tenancy Fraud including subletting or manipulation of succession.	Appropriate checks not undertaken. Lack of staff training. Lack of procedures.	Financial loss. Increased costs of investigations. Resource diversion. Reputational risk.	Will probably occur	4	Moderate	3	12	Trained staff. NFI participation. Internal Audit. Documentary evidence. Raised staff and public awareness. Recover properties where tenancy fraud is identified. Undertake criminal prosecutions (Prevention of Social Housing Fraud Act 2013). Encouragement to report suspected cases of fraud.	Possibly Occur	3	Minor	2	6	Head of Housing
40	Property	Sale or lease of high value assets, land or buildings at undervalue.	Appropriate checks not undertaken. Lack of staff training. Lack of procedures. Collusion.	Financial loss. Increased costs of investigations. Resource diversion. Reputational risk.	Will probably occur	4	Major	4	16	Asset registers up to date. Independent valuations obtained where appropriate. Policies and procedures in place. High value transactions subject to member approval. Maintenance of a managed and monitored Corporate Asset management plan.	Possibly Occur	3	Moderate	3	9	Head of Land and Property Services