

Exemplification

Appendix 3: Exemplification of Fraud Risk Tracker

Ref	Function	Sub Function	Risk	Likelihood	Impact	Pre Mitigated Risk Score	Mitigation	Control test	Outcome and Recommendation	Likelihood	Impact	Post Mitigation Risk Score
1F	Procurement	Supplier Selection	Supplier is given preferential treatment and selected outside the agreed process - potential for bribery	2	3	8	Robust process to select vendors including documented RFP and scoring and selection process for large value vendors, Segregation of duties , both service user and procurement involvement	Review a sample of recent successful vendors at each value within the process to confirm that the relevant selection process was followed.	review. 2 X high value (£75k) contracts reviewed to confirm that procurement process was followed. Laser (Gas and Electricity) and Noahs Ark ( Dog warden services) Barnewood Kennels Ltd (Dog Kennelling and re-homing). Evidenced the ICMD's (INDIVIDUAL CABINET MEMBER DECISION) for both contracts took place. Copy contracts for	1	2	2/3
2F			contract awarded outside of agreed process to companies that employee/council members have an association with	2	2	5						
3F	Gifts and Hospitality		Gifts are used to influence people	2	2	5						
4F	Business Rates		invalid reductions in business rates are allowed where business does not meet required criteria ( e.g. small business, charitable )	2	2	5						
5F	Whistle-Blower		if we do not have an up to date whistle blower policy and process we will not encourage reporting of any fraud issues	2	2	5						
6F	Payroll	Non standard pay increases	collusion between employee and manager resulting in excessive pay increase awarded.	2	1	2/3						
7F		Temp/Contractor payment process	Ghost temps/Contracts are created and paid. Existing contractors continue to be paid after termination	2	1	2/3						
8F		Overtime payments/TOIL	claims/excessive claims for overtime are submitted and paid when no over time has been worked	2	1	2/3						
9F		Sick Pay	Sick pay being claimed employee who is not actually sick	2	1	2/3						
10F		Expense claims-Travel/Subsistence	inflated or invalid expense or mileage claims being submitted paid	2	1	2/3						

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11F	Insurance		Fraudulent claims- payment of compensation for false claims resulting in financial cost to the council or increased premium where the risk is insured	2	1	2/3						
12F	Planning		Potential for bribery to ensure planning permission is granted or	2	2	5						
13F	Bank Account	Compromise of bank account details for online banking	Misuse of the council bank accounts can result in financial loss to the council.	2	3	8						
14F		Unauthorised item paid from bank account	To prevent unauthorised expenditure from Council bank account	2	1	2/3						
16F		DD/Standing order/recurring pays	a recurring DD/standing order could be put in place to divert funds to a fraudulent bank account	2	1	2/3						
17F	Cash Offices	Receipt of payments in on behalf of both Councils for services. Payments processed by cheques, payment card and cash across two sites.	Cash is receipted but not lodged to council account, card details are compromised, cheques are stolen and payee altered,	3	2	7						
18F	Licensing		Theft or misappropriation of payment fees. Granting of licences without fees being paid. Granting of licences without verifying relevant qualification (medical/knowledge etc)	2	1	2/3						
19F	CHAPS/BACS one off emergency payments	transaction not authorised in accordance with mandate	CHAPS transfer being done outside of agreed controls process (i.e. not correctly authorised).unauthorised payments would debit our bank account resulting in financial loss	2	2	5						
20F	Petty Cash	misappropriation of petty cash	Theft of cash. Personal use of cash for non council expenses	2	1	2/3						
21F	Council credit cards	Expenditure review	card being used inappropriately, personal expenditure charged to council	2	1	2/3						

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22F	Tenancy	Right to buy	Property is sold by the council to people who have no entitlement to purchase from the council or who fraudulently obtain a discount they are not entitled to.	n/a	n/a							
23F		subletting	Council provided houses are sublet to third parties by tenants	n/a	n/a							
24F	Parking Revenue		council not receiving full revenue for car parking fees. Fees not being collected, fees being circumvented, fees not being passed on in full from third party, excess fees are charged, refunds are not correctly validated	2	2	5						
25F	Revenue and Benefits	NNRD-reductions in busines rates, council tax , other discretionary discounts (rural rates , Charity, small business etc)	Fraudulent reductions being applied for, payments being misappropriated, credits being granted without correct authorisation,	3	3	9						
26F		Debt collection- Council tax, Sundry billing	Debt not collected in line with policy. Debt on hold, collection and billing suppressed. debt write off. Ageing debt, pending write off pot	2	2	7						
27F	Recruitment	new post authorisation	ghost employee/roles created and salary paid into fraudulent accounts	2	1	2/3						
28F		Vetting and background checking	Risk to the business if qualification are not validated or if career history is not checked and verified. References not being obtained could result in a person of risk being employed tby the council	2	2	5						
<b>Non Core Financial activity</b>												
29F	Charitable Lottery	Promotion by Council of SO Charitable Lottery	Brand damage if the lottery was subject to any fraud issues. Loss of revenue if we weren't paid our rightful share	2	1	2/3						
30F	Permerstone Arts Centre	Ticket Sales	Payment not received. tickets supplied FOC to friends and acquaintances.	3	1	4						

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31F		Café Business	Cash takings not reconciled/banked. Goods supplied FOC to friends and acquaintances. Stock theft. Business has insufficient controls to identify weekly profit/loss to allow it to identify if there are control issues	3	1	4						
32F		Café Business	Cash takings not reconciled/banked. Goods supplied FOC to friends and acquaintances. Stock theft. Business has insufficient controls to identify weekly profit/loss to allow it to identify if there are control issues	3	1	4						
33F	Beacon Wantage	Entertainment centre	Cash not received. Good supplied FOC to friends and acquaintances. Business has not got sufficient controls and sight of profit/loss of café on a weekly basis to allow management to identify if there is any control issues. High value bar stock may be especially prone to loss	3	1	4						
34F	Debt collection	collection process	Debt may not be collected within the agreed policy, incorrect suppression of collections action, Debt may be written off without following due process or remain uncollected outside of agreed terms	2	2	5						
35F	Lyreco-supplier of miscellaneous office supplies to both councils		personal good ordered on council account, goods delivered to non council addresses, goods invoiced but not received	2	1	2/3						
36F	Asset disposal/sale		End of life assets with zero book value are disposed of and payment is not passed back to council	2	1	2/3						
37F	Creditors/Accounts payable	Payments made against invalid invoices	Supplier invoices for excessive amounts, invoices multiple times, invoices for good not supplied etc		2	1	2/3					
38F	Page 88	invoice ammended and excessive payment made			2	2	5					

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39F	Accounts payable	Beneficiary account amended to divert payments	council defrauded of cash amounts			7						
				3	2							