

Understanding staff fraud

How to keep fraud (and fraudsters) out of your business



A checklist

Ask yourself...

- How confident am I that this applicant is who they say they are?
- Have I done enough to really get to know my staff?
- Have I spoken to my staff recently about our fraud risks and how to reduce them?



Do...

- Be crystal clear with all staff that your business always takes fraud seriously.
- Have a written anti-fraud policy and code of conduct covering all staff at all levels.
- Make everyone aware of the fraud risks to the business and to themselves.
- Have a simple, hassle-free way for staff to raise their concerns about fraud.
- Keep a record of all conflicts of interest, gifts and hospitality (given and received).
- Make sure staff teams are properly supervised and have clear reporting lines.

- Test operating procedures regularly to make sure they work properly and are being followed by everyone.
- Use pre-employment screening of new recruits and in-service checks for established employees. Make sure everyone knows about them.
- Make sure any digital monitoring and surveillance complies with UK privacy laws and other legislation. You might need specialist advice.
- Recover all business assets from departing staff and make sure they no longer have access to systems and buildings.
- Be alert to what is going on in your employees' lives, especially anything that might put them under increased pressure.

Don't...

- Tolerate workplace fraud.
- Rely on trust - it is not a fraud control.
- Take shortcuts when recruiting.
- Simply assume that policies and procedures are being followed.
- Ignore staff fraud risks.



Protecting your business

Some simple steps can make your business safer.

Screen everyone

Do pre-employment checks for all new recruits, permanent and temporary. Insist on original proof of ID. Check qualifications with the issuing body or the Higher Education Degree Datacheck service. Check work history and take up references before they start work. For senior and finance positions consider enhanced checks.

Perform periodic checks and ongoing monitoring

Let existing staff know you will be screening them periodically too, including when they are promoted or given a new role. Think about ways to watch out for unusual and out-of-character behaviour. Consider the need for digital monitoring of staff email, internet and phone use, as well as traditional CCTV and video surveillance (where appropriate).



Separate sensitive staff duties

Try to segregate financial responsibilities like authorising/making payments (including expenses) and changing bank account details. Do bank reconciliations routinely to help you spot anything unusual.



Encourage staff to raise concerns

Make it easy for staff to raise their concerns or suspicions. Have clear policies and promote them with your employees. Posters, videos, quizzes and blogs can all be good ways to do this.

Manage leavers

Have a formal process for managing all leavers (staff and contractors). You might need to vary it according to their reason for leaving, who the new employer is (are they a competitor?), the current role and the access they had to sensitive information. Always include things like:

- returning business equipment and other physical assets (security passes, keys, company phones, laptops, credit cards, files, etc);
- removing access rights to business premises and electronic systems;
- deactivating email accounts;
- cancelling credit cards and bank mandates; and
- removing the person from the payroll.



Thanks to Andrew Herring from Pinsent Masons LLP for kindly writing this guide.

Published September 2022. © Fraud Advisory Panel and Barclays 2022. Fraud Advisory Panel and Barclays will not be liable for any reliance you place on the information in this material. You should seek independent advice.

This work is licenced under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International Licence.



Love business. Hate fraud.

This practical guide highlights some of the potential staff fraud risks to your business. But business fraud comes in many other guises. It makes good business sense to find out more.

Go to lovebusiness-hatefraud.org.uk or follow the campaign on [Twitter](#) and [LinkedIn](#).

