



Stop Staff Fraud before it starts



The UK's Fraud Prevention Service

www.cifas.org.uk

Could staff fraud happen in your organisation?

Staff fraud commonly leads not only to financial loss, but also to the unquantifiable loss of reputation. The aftershock of staff fraud can also be damaging, both to staff morale and to customer confidence. In a climate where corporate reputation and the bottom line are inextricably linked, and where ethical behaviour is being pushed higher up the business agenda than ever, responsible employers are increasingly acknowledging that prevention is better than cure.

Research indicates that dishonest staff move freely between employers and, for most organisations, unknowingly recruiting a fraudster represents a risk too far.

No organisation wants to face the fact that staff fraud is a possibility. After all, good working relationships are based on trust. Increasingly, however, organisations of all sizes, across all sectors, are facing up to the fact that this is an issue that needs to be faced head on.

Can your organisation really afford to ignore the risks?

Act now to protect your organisation.

Staff fraud is increasing

Recent reports, widely quoted in the media, show that staff fraud is a growing problem. As the economic downturn bites, and individuals find it harder to make ends meet, this will escalate.

For example:

"Businesses need to be extremely diligent in their recruitment processes, ensuring they have a solid first line of defence against fraud."

BDO Stoy Hayward

"Internal frauds are becoming more prevalent and should set alarm bells ringing within organisations."

KPMG

CIFAS can help

The CIFAS Staff Fraud Database can help you to minimise the risk of employing a fraudster.

How does it work?

The CIFAS Staff Fraud Database is a data-sharing scheme that enables responsible employers to file proven cases of staff fraud in order to prevent the perpetrator moving unchallenged to a new employer to commit further fraud.

An employer accesses the database in order to:

- check staff fraud records filed by other CIFAS Members. This can be done either to pre-screen applicants or to screen current employees.
- file data about identified staff fraud cases.

The CIFAS Staff Fraud database is not limited just to your permanent staff. It can also be used to vet contractors and agency workers, offering additional protection for your organisation in these high-risk areas.



What about the individual's legal rights?

The database and the Members who use it adhere to carefully prepared guidelines. Mere suspicion is not sufficient.

The level of proof needed to file a staff fraudster to the CIFAS Staff Fraud Database requires that:

- the information must be factual and accurate.
- the Member organisation making the filing must have sufficient clear evidence of wrongdoing to have reasonable grounds to press criminal charges, should they decide to do so.
- the criminal offence must be identifiable.

In the interests of transparency, and to comply with the Data Protection Act, employers are also required to inform prospective employees on their application forms, for example, that their details will be checked against the CIFAS Staff Fraud Database. This in itself acts as an effective deterrent to fraudsters.

Those filed on CIFAS Staff Fraud Database include, for example, details of:

- staff who have claimed sick leave by using counterfeit documents and fake letters from GPs.
- staff involved with organised criminal gangs who have stolen customer data, causing losses from hundreds of thousands to millions of pounds.
- job applicants who, to support their application, provided forged and counterfeit educational certificates, driving licences, work permits and passports.
- staff who have stolen thousands of pounds from their employers.
- staff who have stolen customer data for personal reasons.

Validation

"By sharing this data, CIFAS members have been able to prevent suspected fraudsters from re-entering the industry. Intelligence-sharing in this way has proven benefits, so why then aren't all firms signed up to it?"

Sally Dewar, Managing Director, Wholesale,
Financial Services Authority

The CIFAS Staff Fraud Database was also cited as a specific example of best practice by the FSA in their *Data Security in Financial Services* report (April 2008). The Information Commissioner described this report as containing good advice that "all organisations handling individuals' data, in both the public and private sectors, could benefit from."

The NFA's National Fraud Strategy stated that "sharing data within a framework that safeguards people's privacy is critical to identifying and preventing fraud" and described the CIFAS Staff Fraud Database as a success in this area.

The CIFAS Staff Fraud Database was designed in consultation with the Information Commissioner's Office, CIFAS Member organisations, the Confederation of British Industry (CBI), the Trades Union Congress (TUC) and the Chartered Institute of Personnel and Development.

CIFAS - The UK's Fraud Prevention Service

CIFAS - a not-for-profit membership association - has been fighting fraud since 1988, saving Member organisations billions of pounds. In response to demand from Member organisations, CIFAS added to its services by launching the CIFAS Staff Fraud Database in 2006.

Compliance with the Data Protection Act and other legislation

CIFAS understands that responsible employers will be concerned about compliance with the Data Protection Act and employment law. CIFAS has taken detailed legal advice to ensure that the Staff Fraud Database complies with all relevant legislation. As the data controller, CIFAS works closely to support organisations who participate in the Staff Fraud Database to ensure that no problems arise.

Why Responsible Employers Participate in the CIFAS Staff Fraud Database

The benefits to Member organisations from participating are clear. For example:

- by including on application forms a clause informing job applicants that their details will be checked against the Staff Fraud Database, this is a clear signal to serial fraudsters and in itself acts as an effective deterrent to them.
- membership of the Staff Fraud Database helps to prevent the financial losses and reputational damage caused by employee fraud.

- as Members add details of fraudsters to the Database, the value of the Database and the benefits to Members grow exponentially.
- Member organisations are also signalling to their own staff that employee fraud will not be tolerated.

Support from CIFAS

As a membership association, CIFAS puts Members first, providing a personal service to those organisations who participate in the Staff Fraud Database, and working closely to offer support and advice on request.

Hardware and Software Requirements

The only hardware and software requirements are a PC and Internet Explorer.

Search criteria

For ease of use, the data can be searched by surname, by identity document reference number (e.g. passport number or National Insurance Number), date of birth and postcode.

**For further information, please email
staff.fraud@cifas.org.uk or telephone
our Staff Fraud Adviser on 0203 004 3622**



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CIFAS - The UK's Fraud Prevention Service
6th Floor, Lynton House
7-12 Tavistock Square
London
WC1H 9LT

www.cifas.org.uk