



County government battles payments fraud with technology, training and tone

The executive team for Wisconsin's Dane County takes every reasonable precaution to safeguard the funds the county collects and administers. "We rely on the public trust and this isn't our money," says Donna Vogel, deputy treasurer.

With an annual budget of about \$570 million, Dane County has 500,000 plus residents and encompasses numerous schools, including the University of Wisconsin-Madison, and 61 cities, villages and towns. Its diligence is warranted. In 2015, nearly three-quarters of U.S. businesses were targets of payments fraud, according to the 2016 AFP Annual Payments Fraud and Control Survey.

Clearly, all organizations need to take steps to reduce exposure to payments fraud. Vogel and her colleagues take a comprehensive approach. "We believe it takes many players to reduce the risk of fraud," Vogel says. To that end, the county treasurer's office has forged a strong partnership with its internal IT department in order to stay abreast of technology-based threats.

Vogel and her colleagues also leverage the robust security offered by U.S. Bank, the county's banking partner. Dane County has deployed dual authorization for electronic payments, Positive Pay reconciliation for check disbursements, and other protections offered by the bank. The county also limits the number of employees with access to SinglePoint®, the U.S. Bank online treasury management system, to only those who truly need it to do their jobs. What's more, only a few are authorized to initiate funds transfers using the system.

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Securing payments through training

Employee training also is critical to keeping funds secure, Vogel says. All employees who handle cash, credit or checks, along with their managers, receive training. The county prefers to conduct these sessions in person rather than online. “We know who shows up, and who’s paying attention,” she says.

The training addresses several common misperceptions about fraud. Employees often assume “it’s always big money, it’s always a single event, and it’s always a hacker,” Vogel says.

Few employees want to think their colleagues are involved in fraudulent activity, but internal fraud is a reality. The goal of training isn’t to foster suspicion, but rather to drive awareness of the ways in which fraud often occurs, and of the damage even smaller incidences can inflict, she adds.

Teaching sensitivity to patterns

A key component of training is helping employees focus on patterns among transactions, including when payments tend to occur, the amounts, the methods — say, check versus wire — and the parties involved. That way, employees can be alert to transactions that veer from the norm, such as a spike in the amount of a monthly lease payment. Occasionally, these variances can indicate criminal activity. Thus, employees should understand their responsibility to question transactions that appear unusual before allowing them to proceed.

As an example, this discipline can help safeguard against business email compromise (BEC) scams, where a criminal sends an email, purportedly from one of an organization’s top executives, commanding an employee to transfer funds immediately to a certain account. Often, the employee is told to keep quiet about the transaction.

“Employee awareness training is critical,” says Steve Helgen, vice president, U.S. Bank Global Treasury Management. BECs are particularly dangerous, he says, because when employees are fooled and initiate the fraudulent payment, the payment instructions to the bank arrive fully authenticated. Nothing appears out of the ordinary.

Employees need to recognize that such a transaction is so outside the norm that it warrants further investigation, Vogel says. Just as important, they need to know they can bring any questionable transactions to their manager’s attention without fear of reprisal. “Our policy is, ‘if something bothers you, tell me,’” Vogel says.

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Tone at the top

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Donna Vogel,
Wisconsin Dane County
Deputy treasurer

A “tone at the top” that conveys integrity is key in conveying this message, Vogel says. Employees need to hear management emphasize that no theft is trivial, and fraud will be vigorously prosecuted.

Management also needs to demonstrate this commitment in interactions with employees. For instance, Dane County understandably expects employees to report their hours correctly. In return, Vogel says, employees must be able to count on managers not asking them to work off the clock.

At Dane County, along with employees, managers participate in training. They learn how to recognize subtle behavior that might indicate an employee is engaged in fraudulent actions. One example: a worker who won’t go on vacation, or accept help from coworkers at busy times. While the employee simply may be a hard worker, he or she could be covering up fraudulent activity.

During their training, managers also receive instruction on the appropriate steps to take when learning of a discrepancy that might indicate fraud. The goal is to handle simple mistakes simply, Vogel says. “Most people want to do better and aren’t nefarious.”

At the same time, Dane County will take action if it suspects criminal activity. “Mistakes are corrected, and fraud is investigated,” Vogel says.



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