56731 Anti-Fraud Measures

Following the recent 2023/24 audit of Aberdeen City Council (particularly the section 'Lessons for others'), I'm seeking information to understand how your council ensures robust internal controls to prevent and detect similar fraud incidents.

Please provide the following:

Segregation of Duties

What controls are in place to ensure that no single officer can process a transaction from initiation to payment without independent oversight?

<u>Transactions</u>

Invoices are raised by service users and recovery is by Debt Management Team (DMT). Users have different access and only for their own service areas. DMT have access to all service areas.

Council Tax refunds require the input of two people, one to create on the system and the other to authorise. System controls are in place to ensure the same person cannot authorise the refund they have created.

<u>Payments</u>

All transactions are approved by a second officer and over a certain value, by a third officer. The person who requests the payment cannot make a refund. All payments are centralised.

Please provide details of any system access restrictions (including role-based permissions) that are used to enforce segregation of duties.

System access must be approved by the requester's Line Manager and must be appropriate to the job position. For some systems, a secondary approval is also required from an Authorising Officer.

Role-based permissions are in place for the accounts receivable system.

Council Tax system restrictions per financial year are set for creating refunds:

- Up to £2,000 for Transactions Administrator / officer

- Up to £3,000 for Senior Transactions Officer

- Over £3,000 for Transactions Team Leader / Manager

On what date were these segregation controls last reviewed or updated?

A rolling programme of review is in place.

Reconciliations

How does your council ensure that feeder systems (e.g. council tax, benefits, sundry debtors) are reconciled to the general ledger?

Year-end reconciliations and material balances are reviewed by our external auditors and by the Corporate Finance team.

How frequently are these reconciliations carried out, and by which role(s)?

Monthly, quarterly, half-yearly and annually, depending on the size and nature, by a variety of officers. This process requires peer review, particularly for material balances.

Are third-party sources (such as bank statements or suppliers' statements) routinely used to verify transactions? Please provide details.

Yes, bank statements are downloaded and routinely used to verify transactions.

System Documentation

Does your council maintain up-to-date documentation for all key financial systems that sets out the fraud-prevention and error-prevention controls to be applied by staff?

Yes.

Please provide the date(s) this documentation was last reviewed or updated.

There is a continuous rolling review by department to ensure each department is fully reviewed annually.

Training materials are reviewed annually, or as new/amended processes, procedures and system updates require changes to e-learning and the supporting guides.

Training material last updated:

Accounts Receivable - June 2024

Council Tax - February 2025

Monitoring

What reports, exception checks, or scrutiny mechanisms are used to identify unusual or high-value transactions at an early stage?

Finance

Risk-based revenue and capital monitoring and reporting processes are in place.

Monthly system generated reports are automatically sent to the Budget Manager for scrutiny. Risk-based monitoring in place.

Transactions

Accounts receivable – Feeder reports are reconciled to the ledger daily.

Council Tax – This would be flagged by the person who has been passed the refund to authorise. The Compliance team also carry out targeted sampling of refunds and there is also a pre-payment checking process that will select refunds and other Council Tax processes with random selection to ensure the refund has been dealt with in the correct manner.

How often are these reports reviewed, and by whom?

Finance

Monthly finance reports to Budget Managers.

Summary reports to Senior Management Teams.

Overarching reports to Council Management Team, various committees, the Section 95 Officer and Councillors

Transactions

Accounts receivable - Daily reports reviewed by Senior Transaction Officers and Finance.

Monthly, as part of Quality Assurance Framework meetings chaired by the Compliance and Complaints team managers and attended by Council Tax senior staff and managers.

Please provide examples of any specific anomaly detection processes in place.

The City of Edinburgh Council has measures in place, but details are withheld under Section 30(c) – Prejudice to effective conduct of public affairs.

Counter-Fraud Arrangements

When was your council's current counter-fraud policy last refreshed or updated?

29/04/2025

What steps have been taken in the last three years to promote the counter-fraud policy to staff (e.g. training sessions, awareness campaigns, internal communications)?

Policy is publicised on our internal web pages. Along with this, all Council employees must undertake essential learning on this topic on an annual basis.