

Counter Fraud Policy

Approved by Audit Risk and Scrutiny Committee on
27 November 2025 with an implementation date of 1 December 2025

Document Control

Approval Date	27/11/2025
Implementation Date	01/12/2025
Policy Number	POL-R-0003
Policy Author/s and Owner	Author: Matthew Dickson Owner: Chief Officer - Finance
Approval Authority	Audit, Risk and Scrutiny Committee
Scheduled Review	Every two years.
Date and Changes: 16/07/2025 – Policy has been largely rewritten from the 2021 version to include obligations under specific legislation; to cover Arms Length External Organisations (ALEOs) and associated bodies; to assign specific responsibilities to Chief Officers; to require all future policies and procedures to evidence that fraud risks have been considered in their development; and to outline the way in which ACC manages fraud risk.	

Table of Contents

1	<u>Why does the Council need this Policy?</u>	Page 4
2	<u>Application and Scope Statement</u>	Page 4
3	<u>Responsibilities</u>	Page 5
4	<u>Supporting Procedures and Documentation</u>	Page 8
5	<u>About this Policy</u>	Page 9
6	<u>Risk</u>	Page 10
7	<u>Environmental Considerations</u>	Page 11
8	<u>Policy Performance</u>	Page 11
9	<u>Design and Delivery</u>	Page 11
10	<u>Housekeeping and Maintenance</u>	Page 11
11	<u>Communication and Distribution</u>	Page 12
12	<u>Information Management</u>	Page 12
13	<u>Definitions and Understanding this Policy</u>	Page 12

1. Why does the Council need this Policy?

- 1.1 As a public sector organisation, Aberdeen City Council must manage the risks of, and risks linked to, fraud, bribery and corruption. These risks are systematic and can affect every area of Council business and service delivery. The management of these risks is required not only to provide assurance to the public and any person or entity which has a relationship with the Council, but is necessary in terms of specific legislation, including:

- Local Government (Scotland) Act 1973;
- Bribery Act 2010;
- Criminal Finances Act 2017;
- Economic Crime and Corporate Transparency Act 2023.

There are numerous fraud-related offences which might affect the Council, but the 2010, 2017 and 2023 Acts impose specific duties on it to respectively prevent bribery, tax evasion and fraud. Failure to do so could lead to criminal sanction. This policy is therefore intended to support compliance with that legislation. In this policy, fraud is used as an umbrella term which encompasses the full range of illicit, deceptive and acquisitive actions which can be committed against the Council by internal or external actors, and which might be civil or criminal in nature. Under this umbrella, money laundering and tax evasion are included because they are frequently related to fraud, and there are similarities in the means used to prevent and detect both. This type of behaviour can materially affect the finances of the Council, as well as having potential compliance, regulatory, or reputational consequences.

- 1.2 This policy details the Council's response to fraud. It outlines how fraud is to be managed throughout the organisation, and in doing so, limit the Council's exposure and liability. It should be read in conjunction with the accompanying Guidance document.

2. Application and Scope Statement

- 2.1 The standards and expectations outlined in this policy will apply to every employee of Aberdeen City Council. For the avoidance of doubt, this includes the Chief Executive, Executive Directors, Chief Officers, Elected Members, teachers and those other employees under SNCT conditions, Council staff employed in Aberdeen Health and Social Care Partnership (AHSCP), contractors, agency staff and agents acting on behalf of the Council. They are further applicable to related parties, including, but not limited to, ALEOs and subsidiaries, with due regard to the fraud policies and financial regulations of those organisations.
- 2.2 The requirement to mitigate fraud risks will be an integral consideration in every relationship between the Council and any associated bodies or subsidiaries (e.g., ALEOs) or suppliers, and in the administration of the services provided to the citizens and businesses of Aberdeen.

- 2.3 Therefore this policy places an obligation upon all staff to consider fraud risk, and to evidence that consideration, throughout their business area.
- 2.4 ALEOs have considerable discretion in how they operate. However, their relationship to ACC could expose the Council to liability under the 2023 Act. Potential exposure will be monitored through the Council's ALEO Hub.

3. Responsibilities

General responsibilities

- 3.1 Senior Leadership (Executive Directors, Chief Officers and Elected Members) are responsible for creating an ethical culture. The behaviour and messaging of senior leadership should reflect a commitment to eliminating fraud in the Council by promoting initiatives which support prevention and early detection of fraud. These leaders are also responsible for ensuring that their staff implement and comply with this policy, including through assessing and mitigating fraud risks.
- 3.2 Managers should mirror this commitment to ethical behaviour and be alert to unethical behaviour within their teams. They should ensure staff know how to report fraud concerns, as well as ensuring their teams are specifically aware of the Whistleblowing procedure and how it can be invoked. Further, they should ensure that they properly apply existing policies, for example Managing Discipline, Managing Grievance, or Managing Performance so that workplace issues are addressed accordingly and timeously.
- 3.3 Employees have a responsibility to familiarise themselves with the contents of this policy. Staff have a general duty to always act to protect the interests of the Council as per the Employee Code of Conduct; this includes alerting the organisation to concerns about the unethical behaviour of colleagues and third parties who pose a fraud risk to the Council.

Specific responsibilities

Responsibility of Chief Officer – Finance

- 3.4 It is the responsibility of the Chief Officer – Finance, or designated officer, to ensure this policy is kept up-to-date and is monitored for effectiveness. The policy will be reviewed every two years.
- 3.5 The Chief Officer – Finance has the authority to lead the Council's counter fraud response. As such, they may make arrangements to:
- Designate officers responsible for operational counter fraud activity (hereafter referred to as Counter Fraud Officers);
 - Oversee National Fraud Initiative activity;
 - Design and implement fraud controls;
 - Integrate fraud prevention and detection into Council policies and processes;
 - Ensure sufficient levels of Counter Fraud Officer resource and training.

- 3.6 Should the Chief Officer – Finance, or their designated officer, be advised of any allegation of fraud activity concerning a member of staff (where occurring in, or facilitated by, their ACC employment, or out with if they consider the matter might adversely affect the Council), they will notify the Chief Internal Auditor at the earliest opportunity. Such reports of suspected fraud include those relating to any ACC staff assigned to the Integrated Joint Board, as well as to the Council's ALEOs.
- 3.7 Chief Officer – Finance is the designated Money Laundering Reporting Officer (MLRO) for any concern of money laundering which comes to the attention of a Council employee, or which is being perpetrated through processes administered by the Council.

Responsibility of Chief Officer – Governance

- 3.8 The Chief Officer – Governance, as Monitoring Officer, is responsible for considering complaints raised under the Whistleblowing Policy. At the earliest opportunity, the Monitoring Officer will forward to Chief Officer – Finance, for further investigation, any complaint and supporting material concerning fraud activity which they have evaluated as falling outside of that Policy.

Responsibility of Chief Officer - Commercial & Procurement

- 3.9 The Chief Officer Commercial and Procurement Services will ensure that the Council's standard Terms and Conditions include provisions which oblige a third party to cooperate with any required due diligence, review or investigation by the Council which relates to fraud within its supply chain. This includes financial records, subcontracts, and payroll.
- 3.10 This officer shall use reasonable endeavours to ensure that all connected bodies apply the policy in their organisations.
- 3.11 This officer will ensure that as part of the Council's due diligence efforts, any party with whom it intends to engage, has provided acceptable evidence that it has measures in place to prevent fraud, and specifically measures which deal with the 'Failure to Prevent Fraud' offence under Part 5 of the Economic Crime and Corporate Transparency Act 2023.

Responsibility of Chief Officer – People & Citizen Services

- 3.12 The Chief Officer – People & Citizen Services will make arrangements for regular triage of staff allegations received by People & Organisation Development (P&OD). This triage will involve a Counter Fraud Officer and a representative of P&OD, with the aim of identifying for investigation serious allegations received through P&OD pathways which might have a fraud component. Additional detail can be found in section 3.2 of the accompanying guidance document.

Responsibilities of Integrity Group and Risk Board

- 3.13 The Integrity Group is subordinate to the Risk Board and has its own Terms of Reference. It acts as a collegial forum in which fraud risks and allegations are explored, managed, and monitored; oversight of the Fraud Risk Register owned by Counter Fraud; sharing best practice; contributing to future iterations of the Counter Fraud Policy. Fraud risks which cannot be managed by the Integrity Group, for instance through a lack of engagement by the affected business unit, will be escalated to the relevant Chief Officer in the first instance, and thereafter to the Risk Board. The Integrity Group is intended to be the engine for organisational counter fraud improvement.

Audit, Risk and Scrutiny Committee

- 3.14 The Committee responsible for oversight of the Counter Fraud function is the Audit, Risk and Scrutiny Committee. The Committee will review and consider approval of the Counter Fraud Policy whenever it is updated or replaced.
- 3.15 The Committee will scrutinise reports from Chief Officer – Finance in relation to counter fraud activity.
- 3.16 The Committee will receive a report at the culmination of each National Fraud Initiative exercise detailing amounts identified through fraud and error, and a narrative of any points of interest.

Responsibilities of Counter Fraud Officers

- 3.17 In creating a comprehensive fraud risk management framework, Counter Fraud Officers will develop, consult on, and implement fraud management tools, as referenced in the policy guidance document.
- 3.18 These officers will create training material to enable colleagues to make best use of these tools. These will be internally hosted on the [Fraud intranet pages](#).
- 3.19 Subject to the direction of the Chief Officer – Finance or his appointed officer, the operational responsibility for receiving and evaluating fraud-related complaints and their subsequent investigation lies with Counter Fraud Officers. Through this policy, Counter Fraud Officers may make specific requirements of Council employees, as described in section 3.1 of the accompanying policy guidance document. These requirements may also be exercised by any internal or external auditor.

Responsibility of Chief Executives/Managing Directors/Trustees/Board Members of Connected Bodies

- 3.20 Persons holding such positions are expected to make arrangements to ensure that the policies and assurance mechanisms in their respective organisations align with the principles of this policy.

Individuals and Third Parties

- 3.21 The Council requires all individuals and organisations with whom it deals to behave toward the Council with integrity. Where legally permissible or required, the Council will liaise with external partners, e.g., Police, His Majesty's Revenue & Customs, or the Department of Work and Pensions, where it has concerns over the legality or compliance of individuals or third parties.
- 3.22 The Council will seek recovery of any funds or items which it believes has been misappropriated by an individual or third party at the Council's expense.
- 3.23 The Council will consider civil or criminal action against individuals or third parties which have disadvantaged it through fraud or theft acts.
- 3.24 These positions will be externally communicated within the text of Privacy Notices, in relevant sections of the Council's website(s), and in application forms for Council services (e.g., for funds, grants, benefits, etc.).

4. Supporting Procedures and Documentation

- 4.1 This policy is informed by the following:
- Statute and common law concerning fraud, bribery and corruption;
 - Legislation and regulation which relates to local authority financial controls;
 - Counter Fraud Policy Guidance (2025);
 - Integrity Group Terms of Reference;
 - Financial Regulations (2025);
 - Risk Management Policy (2019);
 - Risk Appetite Statement (2025);
 - Internal Counter Fraud practice, procedure, and planning documents;
 - Best practice from professional bodies, including the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Risk Management (IRM) and Association of Certified Fraud Examiners (ACFE);
 - Scottish Government Public Finance Manual (including Counter Fraud Strategy);
 - UK Government Counter Fraud standards;
 - Councillors' Code of Conduct;
 - Employee Code of Conduct;
 - Whistleblowing Policy and Guidance;
 - Bond Governance Protocol.

- 4.2 As documentation applicable to this policy may change over its lifecycle, the accompanying guidance document will be updated to reflect any such amendment without recourse to update the Policy.
- 4.3 This policy does not mandate the automation of any Council process, although officers should be mindful to consider fraud risks in plans which automate processes or decision making. Digital templates will be available to all staff, with an expectation that these will be utilised to capture and manage fraud risks. These will be hosted on the [Fraud intranet pages](#).

5. About this Policy

- 5.1 The Council is averse to fraud risks, as indicated in the Risk Management Policy and Risk Appetite Statement. The Counter Fraud Policy reflects that position.
- 5.2 The overall approach taken mirrors that found in the Scottish Government's Counter Fraud Strategy:

Awareness: We will prevent fraud by raising awareness of fraud and its safeguards amongst our staff and associated organisations.

Prevention: We will prevent fraud through improving our systems and controls to support our businesses.

Teamwork: We will prevent fraud by removing silos and working together across the organisation to share information and develop holistic approaches to countering fraud.

Investigation: We will handle fraud by being proactive in analysing data to identify areas at risk of fraud, by being effective and professional in our investigations of specific cases and by maintaining a robust whistleblowing procedure.

Enforcement: We will handle fraud by sanctioning fraudsters and recovering Council money or assets. We will ensure that our stakeholders know that we will uncover any fraudulent behaviour and will seek to punish those responsible.

These objectives relate to the following Council guiding principles:

Pride: We use evidence to drive improvement, and we safeguard Council resources.

Purpose: We step back and ask 'why' in order to find solutions which work, and we act with integrity.

Team: We are open, honest and transparent and we find ways to work together.

Trust: We learn from our mistakes, and we take ownership.

Value: We act in a way which is positive, motivating and encouraging.

6. Risk

6.1 This policy impacts, or helps mitigate, the following risks:

Strategic Risk: Incorporation of fraud risk management methodologies at each level of the Council will aid the early identification of fraud risks which could impact on the viability of the Council's longer-term plans. Additionally, early consideration will enable services to develop contingency plans in the event of these risks being realised, so facilitating greater resilience.

Compliance Risk: This policy and suite of measures provide the elements of a statutory defence against corporate liability in cases of bribery, tax evasion and fraud.

Operational Risk: The application of fraud risk management tools at all levels is expected to increase employee participation in, and hence awareness of, fraud risk planning. Consequently, as the model matures, this policy should result in fewer instances of fraudulent behaviour and less time elapsed before frauds become known.

Financial Risk: As financial consequences frequently follow realised fraud risks, this is limited through the early identification of weaknesses through proactive practices mandated by this policy.

Reputational Risk: Implementation of this policy supports the mitigation of reputational risk and, as a potential exemplar to other local authorities, may positively impact the Council's reputation.

Environmental/ Climate Risk: There is no direct impact on environmental/ climate risk, although teams responsible for energy, waste, recycling, etc., will be required to manage fraud risks which, in turn, may conceivably have environmental or climate implications.

- 6.2 Fraud risks will be monitored through the Integrity Group, but risks of the above categories, identified through the fraud risk management framework, will be shared with the Risk Board and relevant service for action under the Risk Management Policy.
- 6.3 This policy supports the PREVENT obligations under the CONTEST framework through early identification and mitigation of fraud risks, the realisation of which could be used for illicit purposes, including terrorist financing.

7. Environmental Considerations

- 7.1 There are no known environmental considerations arising from this policy.

8. Policy Performance

- 8.1 The efficacy of this policy will be measurable/ observable in:
- The Fraud Risk Register will detail all identified fraud risks and describe how they were mitigated;
 - Whether business units proactively declare fraud weaknesses and ask for assistance;
 - Whether there is an increase in fraud reports through the Whistleblowing procedure or other means;
 - Feedback from stakeholders.
- 8.2 These metrics will be reported via the Integrity Group to the Risk Board on an ongoing basis; and to the Audit, Risk and Scrutiny Committee in the annual report by the Chief Officer – Finance, per section 3.13.

9. Design and Delivery

- 9.1 The policy and accompanying documentation fully support the delivery of strategic outcomes contained in the LOIP as the Council's Counter Fraud response protects the Council from risks and losses that may compromise the delivery of those outcomes.
- 9.2 The Counter Fraud service is part of the Finance cluster, and the service design and service standards are subject to annual reviews by the Strategy Board.
- 9.3 Successful implementation of this policy contributes to the Council's ability to meet its statutory obligations under the legislation referenced at 1.1.

10. Housekeeping and Maintenance

- 10.1 This policy replaces the Counter Fraud policy approved by Committee in 2021. It will be reviewed every two years and updated when considered appropriate.
- 10.2 This policy requires that all new policies, processes and projects demonstrate due regard to fraud risk. The requirements of this are laid out in the accompanying procedural guide.
- 10.3 The documentation supporting this policy will be updated as and when required.
- 10.4 This policy is an associated document of the Financial Regulations under the Scheme of Governance. The policy will be updated to reflect any relevant changes in the Financial Regulations.
- 10.5 This policy has no direct impact on Council IT systems.

11. Communication and Distribution

- 11.1 This policy will be communicated through the Council intranet, and through the Extended Corporate Management Team.
- 11.2 A communications plan will be created to support the promotion of this policy within the organisation.
- 11.3 Compliance with the policy will be monitored by the Integrity Group and reported to Risk Board. Additional training will be provided to teams where such a need has been identified.

12. Information Management

- 12.1 Information generated in the application of this policy will be managed in accordance with the Council's Corporate Information Policy and Supporting Procedures.

13. Definitions and Understanding this Policy

- 13.1 Fraud is the deliberate act, or attempt, of obtaining something through deception or omission, to which there would not otherwise be an entitlement.
- 13.2 Bribery occurs when a person in a position of trust improperly performs their duty in return for some "advantage," which is frequently financial.
- 13.3 Corruption is when a person abuses their position for personal gain or other reason, rather than acting in the interests of the organisation.
- 13.4 Tax evasion is the deliberate attempt to avoid paying the tax due.
- 13.5 Money laundering is the process by which criminal property (the proceeds of crime) is converted into funds or assets which appear lawful. Money laundering offences include laundering money, failing to report that you suspect someone of money laundering, and alerting a person that they are being investigated for money laundering.
- 13.6 Theft is the felonious appropriation of property with the intent to permanently deprive the owner. Within an organisational context, the term "asset misappropriation" can be used when property is removed from organisational control to be used for non-business purposes, e.g. for private gain.