
News release on behalf of the Accounts Commission

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£1 million fraud at Aberdeen City Council sends a warning across local government

All Scottish councils must learn from the weaknesses that allowed an Aberdeen City Council employee's £1.1 million fraud go undetected over 17 years.

Between 2006 and 2023, the employee transferred 655 council tax refund payments totalling £1.109m into his own bank account. Another staff member acted swiftly and alerted senior colleagues when they became suspicious in September 2023. The council expects to be able to recover the lost funds, with no loss to the taxpayers whose accounts were affected.

But the Accounts Commission is concerned that whilst the council had a system of controls in place, these were not adhered to and lacked scrutiny. This enabled the perpetrator's actions to go unnoticed for nearly two decades.

The council acted quickly to identify improvement actions and take immediate steps. But with a year since the perpetrator was charged, the council needs to increase momentum to complete improvement actions that remain outstanding.

More widely, the Commission's recent report says officers and councillors across all of Scotland's councils have a duty to safeguard public money and protect against fraud. At the heart of this is having and implementing effective systems and checks to monitor, manage and review financial systems. They must also act on recommendations from internal and external auditors to address identified weaknesses and risks in key processes.

Andrew Burns, Deputy Chair of the Accounts Commission, said:

"This is a cautionary tale. All councils in Scotland need to learn from this prolonged and significant fraud. It isn't enough to have controls to counter fraud; checks need to be followed, weaknesses identified, and routine testing of systems carried out. This case shows the risks when internal controls aren't followed.

"The member of staff who identified and spoke out must be praised. It shows the value and importance of whistleblowing policies and procedures. These are critical to ensure staff across the public sector have the confidence to quickly escalate concerns if they suspect fraud."

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Notes to Editor:

1. A significant fraud was identified at Aberdeen City Council in September 2023. A former employee had diverted fraudulent payments totalling £1.109 million to his own bank accounts over a period of 17 years. The perpetrator was charged by Police Scotland in December 2023 and dismissed by the council. The perpetrator received a four-year prison sentence at the High Court in Edinburgh in July 2024.

2. All reports by the Accounts Commission and Auditor General published since 2000 are available at www.audit.scot

- The Accounts Commission is the public spending watchdog for local government. It holds councils and various joint boards and committees in Scotland to account and help them improve. It operates impartially and independently of councils and of the Scottish Government, and meets and reports in public.
- Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.

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