

Gateway - The BBC Intranet

## Gateway

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## Exception Reporting



Spotting items that look unusual or out of place is an important way of detecting fraud.

We all have a responsibility to ensure that exception reporting is used effectively for identifying fraud. In order to ensure this:

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### Looks different?

Do you review the contents of exception reports and take the necessary action to identify the root cause of the exception?

Have you considered areas susceptible to fraud and consulted with your IT advisor about how exception reports could be developed to monitor this?

Do you perform exception reporting regularly enough?

A definition and examples of exception reporting controls follow.

### Exception Reporting

Exception reporting is the selection and highlighting of transactions or events that are in some way different or critical. Systems can identify results that fall outside a set of predetermined threshold values (exceptions) and automatically produce a report of them. This enables appointed individuals to identify any results that deviate from the expected results and may be the result of a fraud.

### Examples include:

Procurement produces exception reports relating to spend via the central booking agents (e.g. hotels and taxis with costs above a fixed threshold). The reports are reviewed by Divisional Finance Directors

Each month the BBC's payroll provider's systems produce an automatic exception report of all salaries over a set threshold for review

Computer Assisted Audit Techniques (CAATs) allow the external and internal auditors to produce various exception reports as required. These may include reports of payments made on unusual dates (such as weekends) or of payments for unusual amounts (e.g. payments just below a particular authorisation threshold)

Annual audits are conducted by external auditors, which include data mining techniques

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