



Agenda Item 5

JOINT AUDIT COMMITTEE
7 January 2021

**Anti-Fraud, Bribery and Corruption Policy
Annual Review of Effectiveness**

1. **Purpose of the report**

- 1.1 The purpose of this report is to update the Joint Audit Committee on the effectiveness of the Anti-Fraud, Bribery and Corruption Policy of the Police and Crime Commissioner and Force.

2. **Background**

- 2.1 A key role of the Joint Audit Committee is to monitor the policies of both the Police and Crime Commissioner and Chief Constable on 'Raising Concerns at Work', and Anti-Fraud and Corruption. This is to ensure adequate arrangements are in place to safeguard both organisations, as far as possible, against any form of fraud and corruption activity.
- 2.2 The PCC and Force promote a zero tolerance approach towards fraud, bribery, corruption and other malpractice for personal gain. To that extent, dishonesty, lack of integrity, avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 2.3 The Anti-Fraud, Bribery and Corruption Policy and Fraud Response Plan are key to promoting a strong ethical and counter fraud culture. The Policy was last reviewed in September 2020 and was subsequently considered by Joint Audit Committee at its meeting on 28 September 2020. The next review is due in September 2022.
- 2.4 The Anti-Fraud, Bribery and Corruption Policy is supported by the Governance Framework and a number of interrelated policies, including:
- Confidential Reporting Policy/Whistleblowing
 - Gifts and Hospitality Policy
 - Financial Regulations
 - Business Interest Policy
- 2.5 This report provides:
- an update on the counter fraud work undertaken by Internal Audit since the previous report to Joint Audit Committee on Anti-Fraud, Bribery and Corruption in December 2019.

- highlights of the outcomes of work performed within the National Fraud Initiative (NFI) data matching exercise administered by Internal Audit; and
- provides an investigations update report from the Professional Standards Department summarising the results arising from significant internal fraud investigations carried out by Professional Standards, along with an update on the work by the Professional Standards Department to reduce issues of fraudulent conduct. This report is attached at Appendix 1.

3 Internal Audit contribution to Counter Fraud Work

- 3.1 Internal Audit contribute to the anti-fraud and corruption arrangements by providing assurance that internal controls are effective to maximise the deterrence and prevention of fraud. The internal audit plan includes time to devote to specific counter fraud activities, including time to investigate matches identified by the National Fraud Initiative data matching exercise, although fraud risks are considered when planning all audits, particularly those audits of financial systems and processes.
- 3.2 The outcome of Internal Audit's work informs the Head of Internal Audit's annual opinion on risk, governance and the internal control environment, and will help determine areas for future internal audit plans.
- 3.3 A number of internal audits completed over the last 12 months have had a specific emphasis on fraud. Examples include financial processes and systems such as bank reconciliation, payroll, asset management and supplier and contract management, as well as ensuring recommendations relating to key financial processes such as creditors and expenses have been actioned to prevent risk of fraud and error etc. Whilst the audits completed to date this year have not identified any frauds, for some reviews there were weaknesses identified where the control framework is not as robust as it could be; or, is not being operated effectively to prevent or detect fraud. Any significant control issues resulting in a 'Limited' or 'Minimal' assurance opinion have been reported to Joint Audit Committee as part of Internal Audit's regular activity update report, and where control weaknesses have been identified, action plans have been agreed with management to address the weakness, with updates on progress also being reported to Committee. Internal Audit have been considerate of the Covid-19 pandemic when assessing the strength of controls which may have been altered on a temporary basis to accommodate changes in working regimes.
- 3.4 Risk of fraud, corruption or general dishonesty have also been considered in wider audits such as vetting arrangements and in access controls to systems, which is key to preventing fraud and unauthorised activity by ensuring access to key systems is only granted to those who require it to fulfil their role and to ensure appropriate segregation of duty is applied. System Database and administration access controls within IT&D have been reviewed since the previous fraud update and we have also followed up on audit recommendations from previous audits of access controls to financial systems and Intelligence systems to confirm appropriate action is taken by management to identify weaknesses in the process that may grant inappropriate access.
- 3.5 For the remainder of 2020/21, Internal Audit will place further emphasis on auditing systems and processes, e.g. MyTime, commissioning arrangements, covert funds etc. where fraud risks are greater. The Committee will be updated on significant findings arising from these reviews in due course. We will continue to assess progress against the recommendations made and provide updates on high and medium rated recommendations that pose greatest risk.

4 National Fraud Initiative (NFI)

- 4.1 Both the Police and Crime Commissioner and Chief Constable are required to participate in a biennial data matching exercise, facilitated by the Cabinet Office, to assist in the prevention and detection of fraud. Internal Audit undertake the Key Contact role on behalf of both organisations and as such are responsible for co-ordinating and monitoring the overall exercise and providing feedback on the outcomes of the exercise.
- 4.2 The 2018/19 Data Matching exercise has largely come to an end and data has been submitted for the 2020/21 exercise. Audit submitted the relevant data sets to Cabinet Officer in October 2020. The data provided includes information extracted from Payroll, Creditor and Pension systems. Results of the data matches will be reported in January 2020.
- 4.3 Outcomes of the 2018/19 data matches investigated are reported on the NFI website. These matches are primarily investigated by Internal Audit, with some matches related to deceased pensioners being investigated directly by the Pensions Section. Access to data matches on the NFI website is restricted to selected staff within Internal Audit and within the Pensions Section (for pension matches only).
- 4.4 As the overall process is monitored by the Cabinet Office, match investigation results are input onto the NFI website and are categorised appropriately, e.g. Closed - error, Closed – fraud, Closed – already known. If an overpayment due to a fraud or error is established the savings identified are also input on the website. This enables the Cabinet Office to report on the overall results. The result of the NFI exercise from April 2018 to July 2020 have been released which shows a total of £245 million in fraud, overpayments and error has been detected and prevented across the UK. The Force and Office of the Police and Crime Commissioner (OPCC) total savings amount to £38,074 at the time of writing this report.
- 4.5 In addition to the biennial NFI exercise, the Pension Section subscribed to an additional Mortality Screening exercise offered by Cabinet Office in July 2020. The matches for the data mortality screening are added to the existing matches for the biennial exercise. A combined total of 1,655 data matches were received across all data sets for the Force and OPCC. Data is matched across a number of criteria and a risk dial is applied indicating the strength of the match, the higher the figure on the risk dial the greater potential of fraud and error.
- 4.6 437 of the recommended matches related to deceased persons for whom a pension was potentially still being paid. In most instances these matches appeared due to timing differences between the data being submitted to Cabinet Office and matches being released for investigation and were therefore already known cases with recovery already in progress. For those few not already known, the investigations have currently identified £27,081 of overpayments in pensions relating to deceased pensioners. In addition, £7,443 overpayments have been identified for individuals in receipt of an enhanced injury pension who have failed to declare relevant state benefits that may remove or reduce entitlement to the enhanced pension.
- 4.7 The remaining recommended matches relate to payroll and creditors. No frauds have been identified from the investigations completed to date, although two duplicate creditor payments totalling £3,549 were identified and are being recovered.

5 Professional Standards Department

- 5.1 The Professional Standards Department undertake investigations into suspected fraud or irregularity. The work of Professional Standards also helps promote an effective anti-fraud culture by raising awareness of misconduct cases, and by publicising sanctions on the Force's intranet. As required within the Anti-Fraud, Bribery and Corruption Policy, the Head of Professional Standards has prepared his update report attached at Appendix 1, which

explores complaints (externally/public generated) and conduct matters (internally generated) relating to fraud. The report also describes the proactive work of the Prevention and Intervention Team within Professional Standards to reduce and prevent corrupt practice.

6 Conclusion

- 6.1 The Internal Audit Plan includes elements of counter fraud work and work reviewing controls intended to deter and prevent fraud. This work is supplemented by the biennial national fraud initiative exercise, with the latest exercise identifying total overpayments of £38,074 to date.
- 6.2 The Force and OPCC have a range of detailed policies and guidance which provide a framework to ensure that employees are aware of what is expected of them. This reduces the risk of inappropriate behaviour/conduct. However, despite this, isolated incidents of misconduct do occur and the Professional Standards Department has in place robust arrangements to investigate any suspected fraud and irregularity.
- 6.3 In addition to the misconduct investigations undertaken, Professional Standards have embarked on a number of proactive activities during the year, including continuing to develop training packages and briefings for staff on a wider range of topics, and developing the mandatory annual integrity checks. Further work is planned to incorporate the integrity health checks and business interest forms onto the My Services Portal and provide a management dashboard allowing managers to monitor completion rates.
- 6.4 Members can therefore be assured that prevention and detection of fraud, along with promoting high standards of conduct, are given high priority within the OPCC's and the Force's operations.

7 Recommendations

- 7.1 The Committee is asked to note the contents of this report.

CONTACT OFFICER

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BACKGROUND DOCUMENTS

None



west midlands
police and crime
commissioner



INVESTIGATIONS UPDATE

1. INTRODUCTION

- This report has been developed by the Professional Standards Department (PSD) for the consideration of the Joint Audit Committee (JAC) and explores complaints (externally/public generated) and conduct matters (internally/West Midlands Police generated) relating to fraud as described within the responsibilities of the Head of Professional Standards, within the Anti-Fraud, Bribery and Corruption Policy.
- N.B. the allegation criteria as recorded in PSD which are mandated by national guidance, are not directly analogous to the terms of reference provided by the Office of the Police and Crime Commissioner (OPCC). This has necessitated a manual trawl of the system via key word searches which have returned several results which are not relevant to the scope of this report, and have therefore been removed.
- Allegations of fraudulent expenses or overtime claims continue to be relatively low and do not form one of the most common complaint types. Please note that the data below refers to all cases that have been recorded in a 12 month period between 1st November 2019 and 31st October 2020.
- Fourteen allegations have been identified involving fifteen subjects. Of these subjects, twelve are officers and three are staff.
- Five of the cases were related to Business Interests and four related to 'Change of Circumstances', three related to 'Overtime fraud', two 'Misuse' of staff rates and one 'Fraud by False Representation' case.
- During the reporting period five cases have been finalised. Two of the finalised cases had an outcome of 'Case to Answer Retired Resigned' and 'Referral to proceedings - Case to Answer'. There are currently nine on-going cases.
- Individual officer and staff details are not disclosed in this report.

2. CASES

- As noted in section 1, allegations of fraudulent expenses or overtime claims continue to be relatively low and do not form one of the most common complaint types. For this report, two of the fourteen investigations relate to such matters. The cases were investigated and the outcomes for both were 'No Case to Answer' and 'No Further Action'.

Cases of Note:

- PSD currently has an on-going case where the subject admitted to theft of cheques & subsequent fraud by false representation. The subject (Police staff) admitted the offence and has accepted a conditional caution for theft and signed the MG14.
- Of the two finalised 'Case to Answer' outcomes mentioned in the previous section, one member of staff resigned whilst under investigation. The allegation related to a PCSO failing to inform the organisation that he had a 2nd Job. It appears he was dismissed from that 2nd Job. This case did not go to a Disciplinary Hearing as the PCSO resigned due to a criminal allegation being raised. He was sentenced to 6 months in prison in January 2020.
- The second case was a 'Referral to proceedings - Case to Answer (Stage 3)' the officer failed to notify West Midlands Police of a business interest. The Subject also failed to inform supervision/Professional Standards that, as a result of their actions whilst undertaking the duties linked to business interest, that they had been arrested for a serious criminal offence. This is being investigated by CCU.

Counter Corruption Update

- Theft and Fraud is one of the categories for which Counter Corruption receive intelligence allegations but only five were received within the strategic period. One was passed to PSD, one to an AA and three were filed as intelligence only. There has not been an increase in this type of allegation over the past year.
- Theft and fraud do not currently feature in the CCU Control Strategy however this will be reviewed in the next month or so, once the strategic document has been signed off.
- Having said that, the most recent NCA document, 'The Threat Assessment to UK Law Enforcement from Corruption 2020' reported that in some forces theft and fraud are an emerging threat. This is largely as a result of agile working and includes false timekeeping, abuse of sickness policy, false or exaggerated overtime/expense claims or engaging in secondary business interests.

3. WORK BY PSD TO REDUCE ISSUES OF FRAUDULENT CONDUCT

- PSD have now established the Prevention and Intervention Team which endeavours to identify organisational learning at an early stage so that endemic issues likely to lead to corrupt practice can be prevented.
- PSD have developed a comprehensive series of training packages and inputs for new staff and front line supervisors that discuss several issues. Fraud and honesty related offences are a central theme in the training, and case studies are presented to challenge the ethical alignment of staff and practitioners. There are also five '60 Second Standards' videos which are short cartoon briefings giving staff/officers a brief overview of a range of topics, including Business Interests, Vulnerable Associations and drugs and alcohol misuse. These will be easily accessible by staff/officers, and can be disseminated widely through Message of the Day, Newsbeat, and/or training packages.
- The Vulnerability Interview/Conversation process also plays a part – i.e. PSD identify a financial vulnerability and then, by talking and intervening with the individual, we can prevent fraud/corruption developing in the workplace later down the line.
- In addition to the above, PSD have instituted an annual integrity health check, which touches upon changes of circumstances, vulnerability and other issues. This mandatory

annual check provides supervisors an opportunity to discuss matters pertaining to clocking in and out, duties and other identified issues.

- The Annual Integrity Health Check is now live on My Services Portal where it will be joined by online Business Interests Review forms, online New Business Interests forms, Management Vetting and change of circumstances forms. The Prevention and Intervention Team are in the process of drafting content for the portal which will also include links to each relevant policy. Upon approval, these will be forwarded to the Digital Team. Communications and publicity are expected around the first week of January 2021 in relation to launching the Integrity Health check online. Confirmation is anticipated from Dean Sweet with regards to uploading the forms onto WMP Conversations, where they will sit each year. PSD and the AA's will also have access to the Management Information dashboard allowing them to monitor completion rates for their relevant departments.
- The Force's Whistleblowing policy has now been published, and is available on the policy page. This policy provides a formal framework for the duty that WMP owes its staff who have the courage to come forward and report matters.

4. RECOMMENDATIONS

- Any identified fraud to be flagged on Centurion using a key word ****internal audit**** marker on Centurion allowing this data to be easily extracted from the system and identified by the Joint Audit Committee.
- Business Interests and Change of Circumstances appear to be the main drivers of the allegations (9 out of 14). Online integrity health check portal to include Business Interests and Change of Circumstances policies with an emphasis on the need for officers to self-disclose any relevant changes.

5. CONCLUSION

- The number of allegations relating to fraud remain low however have increased from 10 allegations in 2019 to 14 allegations in 2020. Of these allegations, 5 relate to Business Interests, 4 to Change of Circumstances and 3 to fraudulent overtime.
- Fraudulent overtime and expenses claims remain rare. Work done around organisational culture suggests that colleagues feel empowered to challenge and report corrupt practices where they are identified.

APPENDIX A

2020/2021					
Allegations Against	Summary	Case Type	Action Taken	Investigated By	Conclusion
PCSO	A PCSO failed to inform the organisation that he worked at a chemist in Wolverhampton. It appears he was dismissed from the pharmacy.	Conduct	Investigated by PSD	PSD	Finalised - Case to Answer Retired Resigned
Police Officer	Honesty & Integrity - dishonestly conducting a business interest while on duty.	Conduct	Investigated by PSD	PSD	Ongoing
PCSO	Providing false or misleading information on a change of circumstances form	Conduct	Investigated by PSD	PSD	Ongoing
STAFF	It is alleged that STAFF has represented that she had conducted intelligence checks which she had not in fact conducted.	Conduct	Investigated by PSD	PSD	Ongoing
Police Officer	Concealing a change of circumstances following conviction for excess speed.	Conduct	Investigated by PSD	PSD	Ongoing
Police Officer	Failed to notify West Midlands Police of a business interest. Also failed to inform supervision/Professional standards that, as a result of their actions whilst undertaking the duties linked to business interest, that they had been arrested for a serious criminal offence. Also failed to provide the true reason as to why they were unable to attend work on 19/07/2019 and allowed supervision to believe that you were suffering from chest pains.	Conduct	Investigated by PSD/CCU	PSD	Finalised - Referral to proceedings - Case to Answer
Police Officer	Officer has sought a financial advantage by failing to adhere to policy and minimised her free use of public transport.	Conduct	Investigated by PSD	PSD	Ongoing

2020/2021

Allegations Against	Summary	Case Type	Action Taken	Investigated By	Conclusion
Police Officer	It is alleged an officer has failed to follow conditions of working overtime, failed to clock in and out and made a fraudulent claim for more hours worked.	Conduct	Investigated by PSD	PSD	Finalised - No Action - No Case to Answer
Police Officer	It is alleged an officer has abused his position to negotiate IBIS staff rates in order to stay overnight in the IBIS hotel whilst off duty and failed to declare it.	Conduct	Investigated by PSD	PSD	Finalised - No Action - No Case to Answer
Police Officer x2	Honesty and Integrity - Allegation that PC ** and PC ** have submitted an overtime claim for hours they have not worked.	Conduct	Investigated by PSD	PSD	Ongoing
STAFF	Honesty & integrity - admitted to theft of cheques & subsequent fraud by false representation.	Conduct	Investigated by PSD	PSD	Ongoing
Police Officer	Allegation that PS has carried on a business interest, despite being refused authority to do so, and denying in a police interview that he operated any business interest.	Conduct	Investigated by PSD	PSD	Ongoing
Police Officer	Allegation that ex-PC whilst on secondment to another Police Service from WMP that he has received a salary from both organisations.	Conduct	Investigated by PSD	PSD	Finalised - No Action - No Case to Answer
Police Officer	Anonymous and uncorroborated information an Officer has claimed overtime that was not worked.	Miscellaneous	Investigated by PSD	PSD	MISCONDUCT NFA
STAFF	Orders & instructions - failure to notify WMP of a business interest.	Conduct	Investigated by PSD	PSD	Ongoing