



Agenda Item 07

**JOINT AUDIT COMMITTEE
15 December 2022**

**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 2022 and was subsequently considered by Joint Audit Committee at its meeting on 29 September 2022. The next review is due in September 2024.
- 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 2021.

- 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.

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 preventing fraud. Examples include financial processes and systems such as Cash Office Functions, Procurement and Pensions Administration, as well as ensuring recommendations relating to key financial processes such as Payroll and Accounts Payable have been actioned to prevent risk of fraud and error etc. The risk of fraud, corruption or general dishonesty has also been considered in wider audits such as Detained Property and the ongoing review of Uniform Services. System access is also considered as part of audits, where relevant, to confirm appropriate action is taken by management to identify weaknesses in the process that may grant inappropriate access.
- 3.4 Whilst the audits completed to date this year have not identified any frauds, for some reviews weaknesses were identified where the control framework was not as robust as it could be; or, was 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 the 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 the Committee.
- 3.5 For the remainder of 2022/23, Internal Audit will place further emphasis on auditing systems and processes, e.g. Expense Payments, Recruitment Processes etc. where fraud risks are greater. The Committee will be updated on significant findings arising in due course.

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 2020/21 Data Matching exercise has largely come to an end and data has been submitted for the 2022/23 exercise. Audit submitted the relevant data sets to Cabinet Office in October 2022. The data provided includes information extracted from Payroll, Creditor and Pension systems. Results of the data matches will be reported in January 2023.

- 4.3 Outcomes of the 2020/21 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 Force and Office of the Police and Crime Commissioner (OPCC) total overpayments amounted to £323,904. £262,463 related to duplicate creditor payments and the remaining £61,441 related to deceased pensioners where pension payments were overpaid.
- 4.5 In addition to the biennial NFI exercise, the Pension Section subscribed to an additional Mortality Screening exercise offered by Cabinet Office. The matches for the data mortality screening are added to the existing matches for the biennial exercise. A combined total of 2,157 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. We have investigated a total of 1063 high quality matches which resulted in the reported overpayments being identified.
- 4.6 64 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 (13 cases), the investigations identified £61,441 of overpayments in pensions relating to deceased pensioners. £12,488 of this has been recovered.
- 4.7 The remaining matches investigated relate to payroll and creditors. No errors have been identified in relation to payroll matches, however £262,463 of creditor overpayments have been identified where duplicate payments were made. These matches relate to 10 creditors and a total of £252,463 has been recovered to date. The remaining £10,000 is undertaking formal debt recovery.

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 her update report attached at Appendix 1, which explores complaints (externally/public generated) and conduct matters (internally generated) relating to fraud. The report also includes matters relating to business interests and 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 £323,904.

- 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 force wide standards of behaviour inputs, vulnerability conversations, management of organisational learning, reflective practice and dilemma of the month learning scenarios. Annual integrity health checks have also been embedded and a business interest hub has recently been launched.
- 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.

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BACKGROUND DOCUMENTS

None



PSD INVESTIGATIONS UPDATE

Introduction

1. This report has been prepared by the Professional Standards Department (PSD) for the consideration of the Joint Audit Committee (JAC) and explores complaints and conduct matters relating to fraud as described within the responsibilities of the Head of Professional Standards within the Anti-Fraud, Bribery and Corruption Policy.
2. The date parameters set are 1st November 2021 to 1st November 2022, unless otherwise stated.
3. To protect the identity of the subject, individual officer and staff details are not disclosed.
4. The report this year includes matters relating to business interests. There are a greater number of allegations this year relating to overtime claims.

Cases

5. There are 28 cases reported in the 12-month period. (Appendix A). Of these 28 cases; nine relate to claims of overtime, nine cases relate to matters relating to business interests, three relate to fraud, four relate to theft, two relate to expenses and two are allegations of bribery.
6. Many of the matters relating to a business interest relate to a failure to disclose the business interest. Some of these have come to notice as a result of the Annual Integrity Health Checks (AIHC) and others have been reported by other parties or anonymously.
7. The majority of the allegations about overtime claims are reported anonymously.
8. There remains one matter outstanding from last year's report. The misuse of the purchase ordering system, failing to adhere to the flexi-time scheme and annual leave policy will be subject to a misconduct hearing on 30th November 2022. There has been a significant delay as a result of sickness of the individual.

Cases of Note

9. Nine of the cases remain subject to ongoing investigation or fact finding. Seven of these are managed by PSD and two are currently being managed locally.

10. One of the matters relating to a business interest will be subject to a misconduct meeting, date yet to be scheduled. This matter involves an officer working for a food delivery company which has not been declared as a business interest.
11. There are two unconnected matters relating to theft within the workplace. These matters are both subject to misconduct investigation, one relates to missing money and the other relates to tools and other property that has been removed from crime scenes.

Preventative Work

12. A marker of Internal Audit Matter has been introduced within the case sub-type, allowing cases to be more easily identified. However, this is not always used consistently and moving forward, it will be enforced rigorously, allowing the department to accurately monitor and easily extract the number of cases for the review of the Joint Audit Committee.
13. The confidential reporting line has been highlighted via the force intranet and a message of the day has been sent out as a reminder to all staff.

PSD Prevention and Intervention Team

14. In line with other areas of policing, the PSD prevention and intervention (P&I) team have been established to shift focus to a plan of data driven prevention, intervention and engagement to drive down threat, risk and demand. The P&I approach had been a temporary measure during 2020/21 during Covid19. Due to the restrictions found during the pandemic the team had not fully embedded this approach. A priority-based budget (PBB) review saw an uplift in staffing for this team who have now delivered a significant amount of work and supportive products since January 2022. This includes NPU/Departmental profiles, force wide standards of behaviour inputs, vulnerability conversations, management of organisational learning, reflective practice and dilemma of the month learning scenarios. The team have delivered inputs to over 2800 members of staff since January 2022. The team have recently developed and launched the PSD passport, are currently undergoing force-wide roadshows/PSD drop in sessions and seek to engage in academic research pieces in the future.

Annual Integrity Health Checks

15. In May 2022 PSD launched the online annual integrity health check. This online hub provides links and video boxes which outline standards of professional behaviour, force policies such as business interests, gifts and hospitality and change of circumstances. To date over 72% of the force have completed these 1:1 conversations with their line managers. As a result of these conversations, PSD have seen an increase in change of circumstances forms and business interest applications. It is not believed that numbers of business interests have increased significantly but that these had not previously been correctly declared. Raising awareness of business interests was a recommendation in last year's report and has been achieved via the AIHC and the online hub.
16. To ensure that matters are not subject to unnecessary delay there are mechanisms in place to identify immediate learning. This is cascaded to the appropriate local senior leadership team (SLT) to prevent further recurrences whilst the matter is being investigated.

17. In November 2022 PSD launched the business interest hub, providing information for staff and supervisors in relation to policy, applications and frequently asked questions.
18. POD have recently launched the cost of living hub for all staff. This hub provides information for all members of staff on discounts, how to save money, secure budgeting advice and a great deal more. With the current cost of living issues this is vitally important for our staff to secure help and support.

Operation Santos

19. In March 2022 Deputy Chief Constable Jardine launched Operation Santos. The ambition of Operation Santos being to ensure that West Midlands Police is an organisation where the highest standards of behaviour are demonstrated by all. Where our values guide us to be the best at everything we do. Where everyone acts with courage and fairness and stands up for the right things. Where unreasonable and unfair behaviour is challenged and the force has a culture which respects all and does the right thing on every occasion.
20. A number of immediate actions of Operation Santos were in direct response to the IOPC learning following the Operation Hotton investigation into poor behaviours in the Met police. This included SLT visibility at remote policing locations and first line supervisor's moral courage training.
21. Operation Santos activity is governed via force monthly leadership conference reporting into DCC Jardine.

Overtime App

22. In time for Commonwealth Games, West Midlands Police launched the 'overtime app' to deal electronically with overtime submissions instead of paper forms. This is in the early stages of use, however will undoubtedly assist moving forward to identify matters of concern. Benefits of the app include:
 - Greater transparency and clarity around reporting on excessive overtime per individual – enabling greater knowledge and management of wellbeing.
 - Time back to payroll to spend on checking duplicate claims and spotting anything that hasn't been authorised by a supervisor (was harder to tell previously due to signature signing). This will have a positive impact on potential fraudulent submissions.
 - All round better reporting and an enhanced way to manage overtime as a force. Saving £200K on the previous paper system.

Policies

23. All policies relating to this area of business, gifts, hospitality and business interests have been reviewed and refreshed in the last 12 months.

Continuous Improvement

24. The internal audit marker should be used more consistently to enable the relevant cases to be extracted. It is important that staff understand the importance of the words used and further work will be undertaken to educate case handlers.

25. West Midlands Police should seek to achieve 100% compliance with the Annual Integrity Health Check each year. The information within the portal should be reviewed annually to ensure it is current and informative.
26. Themes and data from the AIHC should be shared via Operation Santos to ensure wider understanding and in order to prevent future vulnerability for staff and/or West Midlands Police.
27. Policies are subject to annual review to ensure information is current and fit for purpose.

Counter Corruption Unit (CCU) Update

28. Although theft and fraud do not currently feature in the CCU Control Strategy, 'Theft and Fraud' is one of the categories by which CCU records intelligence allegations. Only seven of this type of allegation were received within the last year compared to the three previously. Two were filed at source, two passed to WMP Force Intelligence Bureau (FIB), two were developed but not proven and one remains open. It is rare for CCU to receive allegations where other types of fraud are alleged, including false time keeping, abuse of sickness policy, exaggerated overtime or expense claims.

Conclusion

29. The overall number of fraud or theft allegations remain low. Matters relating to business interests have increased linked to the AIHC.

APPENDIX 1

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
1	No subject	MOP claims police have committed a data breach by sharing information and have been bribed	Complaint	Handled as a complaint	PSD	Finalised no officer or conduct identified
2	PC	MOP claims officer tried to force a bribe during an arrest	Complaint	Investigated by complaints	PSD	Service acceptable no further action
3	PC	Alleges that an officer has knowingly submitted an expense claim that was untrue and inaccurate	Conduct	PSD investigation	PSD	Ongoing
4	PC	Officer reported resignation from BI company, but evidence suggests that he is still involved with the company. Other conduct matters	Conduct	PSD investigation	PSD	Ongoing
5	Sgt	Officer worked for a food delivery service between August 2021 and March 2022 during a period of suspension, but had not declared the BI	Conduct	PSD investigation	PSD	Ongoing Misconduct meeting
6	None specified	MOP alleges theft of money by officers	Complaint	Investigation by complaints	PSD	No Further Action

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
7	PC	Concerns officer committed fraud by using an old parking FPN to allow access to free parking.	Miscellaneous	PSD Investigation	PSD P and I	No Further Action
8	Staff	Anon info that staff member planned to make a fraudulent insurance claim.	Miscellaneous	PSD Investigation	PSD	No Further Action
9	Staff	WMP employee named in multiple fraud allegations by West Mercia Police.	Miscellaneous	Investigation by PSD	PSD	Ongoing
10	PC	Insurance fraud investigation surrounding a RTC that involves a police officer.	Miscellaneous	Local	Force CID	Ongoing
11	Sgt	Anon info that officer posted for mutual aid (Op LONDON BRIDGE) took his family to stay in hotel room at the MPS expense.	Miscellaneous	PSD investigation	PSD	Ongoing
12	PC	Anon info received regarding officer's integrity regarding TIC processes, overtime and expenses.	Miscellaneous	Local	FCID	No further action
13	PC	Anon info that officer is claiming overtime not worked.	Miscellaneous	Local	FCID	No further action
14	Staff	Staff member creating overtime claims with no evidence they were being worked, but when they are	Miscellaneous	PSD Investigation	PSD	Ongoing

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
		declined the staff member does not follow up.				
15	DC	Anon info re officer working CWG claiming a day's more overtime per week than they worked due to dissatisfaction about rest day rates.	Miscellaneous	Local CWG	CWG	No further action
16	Sgt	Concerns raised about officer booking on and off duty and claiming overtime.	Miscellaneous	Local	DY	No further action
17	Sgt	Anon info that an officer is abusing the overtime system.	Miscellaneous	Local	CTU	No further action
18	Sgt	Anon info that two officers are abusing the overtime system.	Miscellaneous	Local	SW	No further action
19	Sgt	Anon info that officer is not working the overtime he is submitting.	Miscellaneous	Local	FCID	No further action
20	PC	Anon allegation that officer has an undeclared BI.	Miscellaneous	Local	WS	Ongoing
21	Staff	Supervision concerns that staff member may have an authorised BI whilst off sick.	Miscellaneous	Local	DY	No further action
22	Staff	Allegation that staff member is carrying out a BI whilst off sick and	Miscellaneous	Local	PPU	No further action

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
		on a career break being managed for performance issues.				
23	None	Concerns staff member conducted checks on a rental address subject of BI application.	Miscellaneous	PSD investigation	PSD	No further action
24	Staff	Alleged member of staff used paternity leave to refurbish a shop and create new undeclared BI.	Miscellaneous	Local	FCC	No further action
25	PC	Anon report officer conducting an undeclared BI	Miscellaneous	Local	FCC	Ongoing
26	PC	Concerns officer is conducting undeclared BI whilst restricted from attending work.	Miscellaneous	PSD Investigation	PSD	Reflective Practice
27	PC	Investigation about theft reported by another officer	Conduct	PSD Investigation	PSD	Ongoing
28	Sgt	Criminal allegation of theft recorded against officer by previous owner of address in relation to post that hasn't been received.	Miscellaneous	PSD investigation	PSD	No further action