



Agenda Item 07

**JOINT AUDIT COMMITTEE
14 December 2023**

**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 2022.
 - highlights of the outcomes of work performed to date within the National Fraud Initiative (NFI) data matching exercise administered by Internal Audit; and

- 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 other systems such as expense payments, debtors, recruitment processes 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 uniform services.
- 3.4 Robust access controls to systems is also 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 access is 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.
- 3.5 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.
- 3.6 For the remainder of 2023/24, Internal Audit will place further emphasis on auditing systems and processes, e.g. payroll, overtime and treasury management processes etc. where fraud risks are greater. All of these audits are underway and 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 Outcomes of the 2022/23 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).

- 4.3 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 identified to date amount to £187,226.
- 4.4 A combined total of 2,062 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 789 high quality matches to date which resulted in the reported overpayments being identified.
- 4.5 76 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 identified £155,748 of overpayments to deceased pensioners. Attempts will be made by the Pensions team to recover these overpayments by contacting next of kin, banks and solicitors, dealing with estates, where known.
- 4.6 The remaining matches investigated relate to payroll and creditors. No errors have been identified in relation to payroll matches, however £31,478 of creditor overpayments have been identified where duplicate payments were made. This overpayment related to one creditor who has now submitted a credit note for the overpaid amount. Work is continuing on these investigations and any further overpayments identified will be reported to the Committee.

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 £187,226 to date.
- 6.2 The Force and OPCC continue to 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 a prevention and intervention team which focuses on data driven prevention, intervention and engagement to drive down threat, risk and demand. The proactive activities of this team 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. The team are currently setting up PSD Standards Ambassadors who will form a link between departments and PSD. Annual integrity health checks have taken place for a second year, which has helped raise awareness around reporting business interests and change of circumstances.
- 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 2023

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 2022 to 1st November 2023, 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.

Cases

5. There are 30 cases reported in the 12-month period. (Appendix A). Of these 30 cases; eight relate to claims of overtime, fifteen cases relate to matters relating to business interests, four relate to fraud, two relate to theft, and one is an allegation of financial corruption with organised crime.
6. Many of the matters relating to a business interest relate to an alleged 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.

Cases of Note

8. Eight of the subjects have been suspended or placed on restricted or alternative duties due to the allegations, all of these matters remain ongoing. Four of these are managed solely by PSD, two are investigations currently being managed locally, two are managed by other forces.
9. One of the matters will be subject to an accelerated misconduct hearing, date yet to be scheduled. This matter involves an officer engaging in alleged fraudulent activity connected to their role. Another has received charging authority from CPS and is currently being considered for Regulation 13 proceedings in advance of criminal proceedings due to separate admissions made.

10. There are three off duty criminal allegations; an officer involved in alleged fraud (financial investment scheme), an officer involved in money laundering (company director with their partner who is principle subject), an officer alleged to have committed theft (shops and stores).

Preventative Work

11. The confidential reporting line has been routinely highlighted via the force intranet and we have seen increased reporting.

PSD Prevention and Intervention Team

12. 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 team has 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 3000 members of staff since its inception, 830 this year alone. The team have launched the PSD passport, are currently setting up PSD Standards Ambassadors who are department representatives who will form a link between departments and PSD and be supported with additional training and CPD.

Annual Integrity Health Checks

13. In May 2023 PSD launched the online annual integrity health check for the second year. 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 84% 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.
14. 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.
15. In November 2022 PSD launched the business interest hub, providing information for staff and supervisors in relation to policy, applications and frequently asked questions. Business Interests are now fed into the annual integrity health check to provide staff with a chance to review their current one and serves as a prompt when they need to submit one.
16. In the last year there have 12 people granted vetting subject to financial reviews which are at three monthly or six-monthly intervals depending on the amount of debt. 33 applicants failed vetting for financial reasons in the same period.

Op Fairstay

17. In April 2023 Operation Fairstay was launched which was the forces response to the national requirement for all staff to be put through Police National Database. Staffed with specifically trained officers the data was analysed to establish if there was previously unknown information. The team operated closely with PSD creating a referral pathway and ensuring all Op Fairstay referrals were captured on Centurion. The report was completed in August 2023 and saw a number of referrals into PSD. The data led to a proof of concept Integrity Unit being trialled in PSD, where risk management measures are used where staff members have identified risk during their employment, the team is currently managing a number of members of staff in this way.

Overtime App

18. The overtime app is now widely used across WMP and provides an electronic function for supervisors to review and authorise overtime claims. This reduces the risk of fraudulent paper overtime claims. We have seen a reduced number of allegations of false overtime claims during this period.

Policies

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

Continuous Improvement

20. PSD record Organisational Learning to highlight practices and processes that carry risk. An example of this is the learning identified regarding first aid training and access to equipment. This is now being reviewed by Strategy, Delivery and Assurance.

21. Themes and data from PSD performance and AIHC are shared with local Standards Managers to ensure wider understanding and in order to prevent future vulnerability for staff and/or West Midlands Police.

22. Policies are subject to annual review to ensure information is current and fit for purpose.

Counter Corruption Unit (CCU) Update

23. 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. Sixteen allegations of this type were received within the last year compared to seven previously, however, allegations referred to nine separate cases of theft or fraud with multiple pieces of intelligence received for some. To date, three allegations were filed at source, one was developed but was neither proven or unproven and there are two open investigations; one fraud and one theft. Fraud allegations concerning activity such as false time keeping, abuse of sickness policy, exaggerated overtime or expense claims are generally disseminated to PSD for further investigation. This past year three such allegations were passed to PSD.

Conclusion

24. The overall number of fraud or theft allegations remain low. Matters relating to business interests continue to increase linked to the AIHC and increased reporting.

APPENDIX 1

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
1	Officer	Alleged off duty involvement in fraud (not connected to role)	Conduct	Arrested by other force, suspended pending outcome of criminal investigation	PSD and other force	Ongoing
2	Officer	Alleged involvement in fraud by false representation (connected to role)	Conduct	Arrested by PSD suspended pending outcome of investigation	PSD	Ongoing
3	Officer	Alleged fraudulent activity as part of an undeclared business interest with partner	Conduct	Arrested and in restricted role pending outcome of investigation	PSD and ROCU	Ongoing
4	Officer	Reported sick to undertake business interest	Conduct	Restricted role pending outcome of investigation	PSD	Ongoing
5	Officer	Reported as victim of online fraud/scam in relation to intimate images shared	Conduct	Practice Requiring Improvement in relation to conduct increasing risk of bribery	PSD	Finalised
6	Staff	Alleged activity involving undeclared business interest whilst long term sick from WMP	Conduct	Restricted role pending outcome of investigation	PSD	Ongoing
7	Officer	Alleged Fraudulent overtime claims	Conduct	Restricted role pending outcome of investigation	PSD	Ongoing

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
8	Officers	Complaint that officers are colluding with an organised crime gang to profit from car thefts	Complaint	No substance/corroboration, Complaint finalised - service was acceptable	PSD	Finalised
9	Officer	Alleged undeclared Business Interest	Miscellaneous	Business Interest submitted, and granted	PSD	Finalised
10	Staff	Alleged activity involving undeclared business interest whilst long term sick from WMP	Miscellaneous	Resigned when challenged (prior to submission)	PSD	Finalised
11	Officer	Retrospective declaration of involvement in undeclared business interest	Miscellaneous	No further involvement and so no BI submission made	PSD	Finalised
12	Officer	Alleged activity involving undeclared business interest	Miscellaneous	BI submitted	PSD	Finalised
13	Officer	Alleged activity involving undeclared business interest	Miscellaneous	With local Standards Manager for fact finding	BH LPA	Ongoing
14	Officer	Alleged activity involving business interest	Miscellaneous	BI already in existence with no concerns	PSD	Finalised
15	Officer	Alleged activity involving declared business interest whilst long term sick from WMP	Miscellaneous	With local Standards Manager for ethical discussion as part of attendance management	PPU	Ongoing

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
16	Officers	Alleged Fraudulent overtime claims	Miscellaneous	Fact Finding undermined allegation	OPS	Finalised
17	Officer	Alleged Fraudulent overtime claims	Miscellaneous	With local Standards Manager for fact finding	PPU	Ongoing
18	Officer	Alleged Fraudulent overtime claims	Miscellaneous	Fact Finding undermined allegation - accidental error on claim that was also self-referred and rectified	PPU	Finalised
19	Staff	Alleged undeclared Business Interest	Miscellaneous	Standards Manager discussed with staff and case filed, no BI submitted	CAM	Finalised
20	Staff	Alleged Fraudulent overtime claims	Miscellaneous	Fact Finding undermined allegation	OPS	Finalised
21	Officer	Alleged undeclared Business Interest	Miscellaneous	Student officer resigned when challenged	PSD	Finalised
22	Staff	Alleged fraudulent claims/activity	Miscellaneous	Standards Manager discussed with staff and identified undermining material and evidence of malicious allegations	CV LPA	Finalised
23	Staff	Alleged Fraudulent overtime claims	Miscellaneous	With local Standards Manager for fact finding	BH LPA	Ongoing
24	Officer	Alleged undeclared Business Interest	Miscellaneous	BI submitted	PSD	Finalised

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
25	Officer	Alleged Fraudulent overtime claims	Miscellaneous	Fact Finding undermined allegation	L & D	Finalised
26	Officer	Alleged undeclared Business Interest	Miscellaneous	With local Standards Manager for fact finding	WV LPA	Finalised
27	Staff	Alleged undeclared Business Interest	Miscellaneous	BI submitted	PSD	Finalised
28	Officer	Alleged false overtime claims	Miscellaneous	Fact Finding undermined allegation	FCID	Finalised
29	Officer	Alleged off duty involvement in theft (whilst under investigation for separate offence)	Conduct	Arrested and suspended pending outcome of investigation	PSD and PPU	Ongoing
30	Officer	Alleged activity involving declared business interest whilst long term sick from WMP	Miscellaneous	Addressed by local Standards Manager in ethical discussion as part of attendance management	FCID	Finalised