



Agenda Item 08

**JOINT AUDIT COMMITTEE
5 December 2024**

**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, is supported by the Governance Framework and a number of interrelated policies are of which are key to promoting a strong ethical and counter fraud culture. The Policy was reviewed in September 2024 and was subsequently considered by Joint Audit Committee at its meeting on 4 September 2024.
- 2.4 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 2023.
 - highlights of the outcomes of work performed within the National Fraud Initiative (NFI) data matching exercise administered by internal audit; and
 - an investigation 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 some 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 payroll and overtime, general ledger, fixed assets processes, as well as ensuring recommendations relating to key financial processes such as accounts payable and expenses payments 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 the use of credit cards and covert funds.
- 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. This was particularly prevalent in the payroll and overtime audit previously reported to the committee and the Force have since undertaken significant work within this area to improve the control framework.
- 3.6 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.
- 3.7 For the remainder of 2024/25, Internal audit will place further emphasis on auditing systems and processes, e.g. Accounts Payable, where fraud risks are greater. The Joint Audit 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.

The 2022/23 Data Matching exercise has largely come to an end and data has been submitted for the 2024/25 exercise. Internal audit submitted the relevant data sets to Cabinet Office in October 2024. The data provided includes information extracted from payroll, creditor and pension systems. Results of the data matches will be released from end December 2024 onwards.

- 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 team. 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 included 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 identified overpayments amounted to £187,226.
- 4.4 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 2,062 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 814 high quality matches which resulted in the reported overpayments being identified.
- 4.5 76 of the recommended matches related to deceased persons for whom a pension was 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 are being 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 creditors. £31,478 of creditor overpayments were identified where duplicate payments were made. This overpayment related to one creditor who has now submitted a credit note for the overpaid amount.

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 include force wide standards of behaviour inputs, vulnerability conversations, management of organisational learning, reflective practice and 'On the Panel' newsbeat articles. The team have also recruited over 100 departmental representatives as Standard Ambassadors since the previous report to this Committee. These representatives form a link between departments and the Professional Standards Department to further increase staff awareness of Professional Standards policies and processes.
- 6.4 An integrity unit has also been established during the year to assess, manage and review the organisational risk posed from staff. 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	BACKGROUND DOCUMENTS
Name: Jane Heppel Title: Chief Finance Officer Name: Chief Superintendent Sam Ridding Title: Head of Professional Standards	None



PSD INVESTIGATIONS UPDATE 2024

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 2023 to 1st November 2024, 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 28 cases reported in the 12-month period. (Appendix A). Of these 28 cases; seven relate to claims of overtime, seven cases relate to matters relating to business interests, 11 relate to theft, two relate to fraud, and one is an allegation of financial corruption.
6. Matters relating to business interests relate to an alleged failure to disclose the business interest or undertaking unauthorised or activity not permitted. 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 updates

8. Fifteen of the cases reported are ongoing, one matter relating to a police staff business interest is deemed to be misconduct however the staff member has resigned. Eleven cases have been investigated and filed no further action. One case has been subject to practice requiring improvement re an allegation of theft.
9. There are four off duty criminal allegations; a staff member involved in theft, criminal investigation ongoing (has resigned), another relating to an officer which has been resolved with no further action. There are two allegations relating to fraud involving officers which are both ongoing criminal investigations.

Preventative Work

10. The confidential reporting line has been routinely highlighted via the force intranet, reporting remains at similar levels to previous years.
11. In March 2024 a national Crimestoppers corruption line was launched. West Midlands Police have seen intelligence reports made via this new initiative additional to internal reporting mechanisms.

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 on the panel newsbeat articles. The P and I team and PSD SLT deliver inputs on the force leadership courses Operation Excellence to Sergeants, Inspectors and senior leaders. In the last 12 months over 100 PSD Standards Ambassadors have been recruited: they are departmental representatives who are volunteers and will form a link between departments and PSD and are supported with additional training and CPD. This should help to further increase staff awareness of PSD policies and processes.

Integrity Unit

13. Following a proof of concept trial, the integrity unit was established in March 2024. This small team is responsible for assessing, managing and reviewing the organisational risk posed from staff. This team work to understand risk, impose and manage risk management measures to ensure high standards, deter misconduct and maintain public trust and confidence.

Annual Integrity Health Checks

14. In June 2024 PSD launched the online annual integrity health check for the third 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 86% of the force have completed these 1:1 conversations with their line managers. As a result of these conversations, PSD have again 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.
15. 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.
16. In the last year there have nine people granted vetting subject to financial reviews which are at three monthly or six-monthly intervals depending on the amount of debt. 38

applicants failed vetting for financial reasons in the same period. There were also 51 financial reviews of existing employees completed.

Overtime App

17. 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

18. Policies are subject to scheduled review to ensure information is current and fit for purpose.

Continuous Improvement

19. PSD record Organisational Learning to highlight practices and processes that carry risk. These are shared with relevant force governance structures/boards and departments.

20. 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.

Counter Corruption Unit (CCU) Update

21. Although theft and fraud do not currently feature in the CCU control strategy this is a category by which CCU records intelligence allegations. Seven allegations of this type were received within the last year compared to sixteen previously. To date, the following results can be outlined; four allegations were filed at source; three were developed but neither proven or disproven.

22. 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.

23. CCU has investigated a matter relating to theft of uniform and equipment by a serving officer (reported last years data). This is an ongoing investigation and the officer has resigned. As a result of this investigation a review has been undertaken and recommendations made include changes to processes for replacement equipment and seized property storage. This work is underway lead by an Assistant Chief Constable and managed by Corporate Asset Management (CAM).

Conclusion

24. The overall number of fraud or theft allegations remain low. Matters relating to business interests continue to be reported linked to the AIHC. Organisational learning processes have highlighted matters of concern that have been subject to review and process change.

APPENDIX 1

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
1	Staff	Alleged fraudulent overtime claims	Conduct	Currently being investigated	PSD	Ongoing
2	Officer	Alleged Working rest day overtime when sick	Miscellaneous	Sent to standards manager for fact finding	Operations	Ongoing
3	Officer	Allegation that team had not completed full tour of duty when working rest day overtime	Miscellaneous	Investigated by standards manager - no issues found both via regulations and checking clocking system	CTU	NFA
4	Officer	Fraudulent overtime + short notice overtime payments	Miscellaneous	Sent to standards manager for fact finding - no conduct issues found	Force contact	NFA
5	Officer	Alleged fraudulent overtime claims	Miscellaneous	No conduct issues found - only performance related conversation	PSD	NFA
6	Officer	Alleged fraudulent overtime claims	Miscellaneous	Sent to standards manager for fact finding	PPU	Ongoing
7	Staff	Alleged fraudulent overtime claims	Miscellaneous	Sent to standards manager for fact finding - no conduct issues found	Force Contact	NFA
8	Officer	Alleged fraud committed (outside of role)	Miscellaneous	Criminal investigation	Criminal investigation	Ongoing

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
9	Officer	Alleged theft/fraud committed (outside of role)	Miscellaneous	Alleged offence committed in other force area. Out of force investigation	Criminal investigation	ongoing
10	Officer	Alleged undeclared business interest conducted abroad	Miscellaneous	Ongoing investigation	PSD	Ongoing
11	Staff	Alleged carrying out of business interest whilst off sick	Conduct	Business interest revoked and case to answer	PSD	Case to answer - No action as staff member had resigned
12	Staff	Alleged undeclared business interest	Miscellaneous	Sent to standards manager for fact finding - no conduct issues found	PPU	NFA
13	Officer	Alleged undeclared business interest	Conduct	Investigated - Business interest had been declared	PSD	NFA
14	Officer	Alleged undeclared business interest	Conduct	Investigated - Officer had not undergone any employed or voluntary work	PSD	Ongoing due to other unrelated allegations
15	Officer	Alleged carrying out of business interest whilst off sick	Miscellaneous	Investigated	PSD	NFA
16	Officer	Alleged carrying out of business interest whilst off sick	Conduct	Currently being investigated	PSD	Ongoing
17	Officer	Named as suspect of alleged theft (not in relation to role)	Miscellaneous	Criminal investigation – other force	Criminal Other force	NFA

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
18	Officer	Allegation of corruption in unit for financial gain	Miscellaneous	Investigated by PSD - NFA	PSD	NFA
19	Staff	Alleged theft in a position of trust in off duty business interest	Conduct	Ongoing criminal investigation	Criminal CID	Ongoing
20	Unknown	Alleged theft of 2 high value watches from property over 3 year period	Miscellaneous	Investigated by PSD - NFA	PSD	NFA
21	Officer	Off duty officer had handcuffs in personal bag	Miscellaneous	PSD investigated as theft.	PSD	RPRP
22	Officer	Officer alleges clothing had been stolen from male shower room	Miscellaneous	Lack of info to investigate	PSD	NFA
23	Officer	Complainant alleges item worth £220 stolen by Police Officers	Complaint	Currently being investigated	PSD	Ongoing
24	Officer	Complainant alleges watch stolen during home search.	Complaint	Currently being investigated	PSD	Ongoing
25	Officer	Complainant Alleges Phone seized and not returned, so belief officer had stolen the phone	Complaint	Complainant further contact states phone had actually been returned and apologises for making complaint	PSD	Service acceptable
26	Officer	Complainant alleges during property search, officers stolen money to value of £150-200	Complaint	Currently being investigated	PSD	Ongoing

	Allegations against	Summary	Case Type	Action taken	Investigated by	Conclusion
27	Officer	Complainant alleges officer has stolen his iPod. Wants officer arrested and charged with theft	Complaint	Currently being investigated	PSD	Ongoing
28	Officer	Complainant alleges officers has stolen necklaces worth £1200	Complaint	Currently being investigated	PSD	Ongoing
29	Officer	Complainant alleges items stolen during house search	Complaint	Complaint investigated. BWV Identified nothing had been stolen	PSD	Service acceptable