



ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

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Responsible officer	Chief Executive and Monitoring Officer

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Disclosable under the Freedom of Information Act 2000	Yes

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Anti-Fraud and Anti-Corruption Strategy

Introduction

The Police and Crime Commissioner (PCC) is committed to ensuring that any opportunity for fraud and corruption is minimised. Where fraud, corruption or related problems do occur, the PCC will deal with them in a firm and controlled manner. Under Financial Regulations, Internal Audit is responsible for receiving information in relation to all suspected irregularities.

This Anti-Fraud and Anti-Corruption Strategy sets out the PCC's approach to the serious issues of fraud and corruption. Definitions of fraud and corruption are provided in Appendix 1.

The PCC requires his/her staff, consultants and contractors to act in a fair and honest way, and to provide any assistance, information and support necessary to deal with fraud and corruption.

This document gives an overview of our strategy and includes a Fraud Response Plan which provides more detailed guidance on how to deal with fraud and corruption. The strategy itself covers the following areas:

- Police and Crime Commissioner policies and procedures
- Required levels of behaviour
- Preventing fraud and corruption
- Detecting and investigating fraud and corruption
- Awareness and training

This strategy should provide assurances that appropriate corporate governance arrangements are in place to tackle suspected financial irregularities.

Police and Crime Commissioner Policies and Procedures

The PCC has a number of interrelated policies and procedures that provide a framework to counter fraudulent activity. These are an important part of the internal control process and it is important that all staff are familiar with them.

The most important are as follows:

- The Corporate Governance Framework
- Codes of Conduct for staff and the PCC
- Conditions of Service
- Recruitment and Selection Procedures
- Procurement Strategy
- Disciplinary Procedures
- Whistleblowing Policy

Staff must ensure that they read and understand the rules and regulations that apply to them, and act in accordance with them.

Contravention of these rules and regulations may lead to formal action being taken against the parties concerned. This may include dismissal in respect of staff.

Required Levels of Behaviour

The PCC requires everyone associated with his office or acting on behalf of his functions to be honest and fair in their dealings. Staff are expected to lead by example in these matters.

Staff have an important part to play in dealing with fraud and corruption and are expected to act in line with the Code of Conduct. Under the Code of Conduct, the Chief Executive has a responsibility for reporting to the PCC and the Chief Financial Officer if they have a concern in relation to staff.

The PCC will deal with all information fairly and confidentially and will endeavour not to reveal the names of the people who provided the information. The Fraud Response Plan in Appendix 1 gives more advice on this issue.

Senior Officers are expected to deal firmly and quickly with anyone involved in, or suspected of fraud or corruption. The Internal Audit Manager in consultation with the PCC's Treasurer will refer matters to the Chief Executive/Monitoring Officer where irregularities are suspected.

Senior Officers are also responsible for:

- Applying adequate controls to prevent fraud
- Having processes in place to detect fraud
- Dealing effectively and promptly with issues raised by officers (including taking appropriate action to deal with reported or suspected fraudulent activity)

As part of the PCC's overall arrangements to deter the occurrence of financial irregularities, Internal Audit will:

- Review systems and highlight control weaknesses which could increase the possibility of irregularities
- Carry out sample testing on transactions
- Act as a visible deterrent while carrying out the whole range of audit duties
- Use data retrieval techniques to identify possible instances of financial irregularity
- Investigate cases of suspected irregularity and liaise with management to recommend changes in procedures to prevent further losses to the OPCC
- Liaise with the Chief Executive/Monitoring Officer to review the reporting of all suspected irregularities

Preventing Fraud and Corruption

The PCC recognises that fraud and corruption can be costly, in terms of both financial loss and reputational risk. The prevention of fraud and corruption is therefore a key objective.

Clear rules and procedures and sound controls with prevention of financial irregularities as a main objective are the most efficient and effective way of ensuring that such irregularities are kept to a minimum. These include the PCC policies set out above.

Senior Officers must ensure that appropriate levels of internal check are included in working procedures, particularly financial procedures. Management should be aware of any situation or pattern of transactions which may give rise to the suspicion of fraudulent activities, such as:

- Unusual accounting entries
- Unexpected budget/overtime variances
- Lack of separation of duties, particularly any temporary arrangements
- Frequent delays in banking
- Altered or missing documents

- Officers who regularly fail to take annual leave

This list is not exhaustive.

In particular, it is important that duties are organised so that no one person can carry out a complete transaction without some form of check being built into the process.

The PCC recognises that a key preventative measure in the fight against fraud and corruption takes effect at the staff recruitment stage. The taking up of references, including vetting checks is an essential control in establishing, as far as possible, the honesty and integrity of potential officers, whether for permanent or temporary posts. Recruitment and Selection procedures should contain detailed guidance which must be followed in connection with securing references.

The PCC is committed to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, the PCC will be prepared to exchange information with other PCCs and organisations to deal with fraud.

Internal Audit will ensure that details of reporting facilities are widely published to the public, members and officers, and that all information received is dealt with appropriately.

Detecting and Investigating Fraud and Corruption

This section should be read in conjunction with the Fraud Response Plan (Appendix 1)

The PCC's strategy on fraud and corruption is to;

- Deter it in the first place
- Detect it quickly
- Investigate it efficiently
- Prosecute offenders where appropriate
- Recover assets/income of the PCC

Officers must report any suspected cases of fraud and corruption to the PCC's Internal Audit Section. Reporting cases in this way is essential to the anti-fraud and anti-corruption strategy and ensures that:

- Suspected cases of fraud and corruption are properly investigated
- The fraud response plan is properly carried out
- There is a standard process for dealing with all suspected cases of fraud and corruption
- People and interests are protected.

The PCC's Whistleblowing Policy is intended to encourage and enable officers to raise concerns. Officers reporting concerns in this way are afforded certain rights through legislation (Public Interest Disclosure Act 1998).

Internal Audit, after consultation with the PCC's Treasurer, will work with the Chief Executive/Monitoring Officer to decide on the type and course of the investigation. This will include referring cases to the Audit Committee where necessary.

This process will apply to all the following cases;

- internal fraud/corruption
- other fraud/corruption by officers
- fraud by contractors' employees

- external fraud (the public)

External Audit also has powers to request or carry out an investigation into fraud and corruption.

The PCC's policy is to prosecute offenders and undertake disciplinary procedures where appropriate. This procedure does not supersede other internal disciplinary codes implemented by the PCC and internal offenders will be liable to general disciplinary procedures as well as prosecution.

The recovery of defrauded assets will be an essential part of the strategy in order to ensure that fraud does not pay, whatever the legal outcome of the investigation.

Awareness and Training

The PCC recognises that the success of this strategy and its general credibility will depend in part on the effectiveness of programmed training and awareness.

The PCC supports training for officers who are involved in, or managing, internal control systems. The PCC is also committed to training and developing staff who are involved in investigating fraud and corruption and suitable training will be provided.

Full copies of this strategy will be circulated throughout the OPCC.

Conclusion

The PCC is committed to tackling fraud and corruption whenever it happens.

This strategy will be reviewed periodically to reflect any amendments to PCC rules or changes in legislation and working practices.

Appendix 1

Fraud Response Plan

Introduction

The PCC is committed to the highest possible standards of openness, probity and accountability in its affairs. It is determined to develop opposition to fraud and corruption.

In line with that commitment, the PCC's Anti-Fraud and Anti-Corruption Strategy outlines the principles we are committed to in preventing, reporting and managing fraud and corruption.

This Fraud Response Plan reinforces the PCC's robust approach by setting out ways in which staff or members of the public can voice their concerns about suspected fraud and corruption.

What does the PCC need to know about?

This Plan is to be implemented where suspicions of fraud, corruption or irregularity have been raised.

Concerns must be raised when staff reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:

- a criminal offence
- a failure to comply with a statutory or legal obligation
- improper unauthorised use of public or other funds

Financial irregularities usually fall within the following broad categories, which are criminal matters, and are normally for the purpose of personal gain or causing loss.

Theft the dishonest taking of property belonging to another person or organisation with the intention of depriving the owner permanently of its possession.

Fraud the intentional distortion of financial statements or other records by persons internal or external to the OPCC, carried out to conceal the misappropriation of assets or otherwise for gain.

Corruption the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

In addition, failure to observe or breach of Contract Standing Orders or Financial Standing Orders can in some circumstances constitute an irregularity with potential significant financial consequences.

Potential fraudulent or corrupt acts may include:

Systems Issues i.e. where a process/system exists which is prone to abuse by either officers or public (eg claims)

Financial Issues i.e. where individuals or companies have fraudulently obtained money from the PCC (e.g. invalid invoices/work not undertaken)

- Equipment Issues** i.e. where PCC equipment is used for unauthorised personal use (eg personal use of computer equipment)
- Resource Issues** i.e. where there is a misuse of resources (eg theft of cash/assets)
- Other Issues** i.e. activities undertaken by staff of the PCC which may be:
- Unlawful
 - Against the PCC's Corporate Governance Framework or policies
 - Below established standards or practices
 - Improper (eg receiving unapproved or inappropriate hospitality)

This is not an exhaustive list. If you are in any doubt about the seriousness of your concern, advice and guidance can be obtained from Internal Audit.

Safeguards

It is never easy to report a concern, particularly one which may turn out to involve fraud or corruption. Concerned staff will be supported and protected from reprisals and every attempt made to respect confidentiality.

If the person referring a potential irregularity wishes to remain anonymous, then this request will be respected.

The PCC welcomes all genuine referrals, even if after investigation they prove to be without foundation. Managers should be responsive to staff concerns and treat such concerns seriously and sensitively. However, malicious allegations are regarded as a serious matter and may result in disciplinary action being taken.

What Staff should do if they suspect Fraud or Corruption

The PCC's Whistleblowing Policy is intended to encourage and enable staff to raise concerns within the organisation, rather than overlooking a problem or "blowing the whistle" to the media or other external bodies.

Staff should not be afraid of raising concerns but should not approach or accuse any individual directly or try to investigate the matter themselves. In the first instance, staff should refer their suspicions to their manager, unless the manager is suspected of being involved, in which case Internal Audit should be informed.

The member of staff to whom the concern has been raised should note all relevant details and obtain as much information as possible from the reporting staff member, including any notes made by the staff member. As soon as the member of staff to whom the concern has been raised is satisfied that there is a potential irregularity, then Internal Audit should be informed.

Staff should report all reasonable suspicions promptly as any delays may cause the OPCC to suffer further financial losses.

Concerns are better raised in writing. The background and history of the concern, giving names, dates and places where possible, should be set out together with the reason why the individual is particularly concerned about the situation. Those who do not feel able to put their concern in writing can telephone or meet the member of staff.

Individuals may invite their Staff Association or Trade Union to raise a matter on their behalf.

Staff may therefore report a concern relating to a suspected irregularity to one of the following:

- Line management
- PCC Internal Audit
- PCC Chief Executive and Monitoring Officer

How will allegations of Fraud or Corruption be dealt with by the PCC?

The approach to each allegation will depend on the financial value, sensitivity and frequency of similar occurrences. Matters may be investigated by Internal Audit.

In those instances where a contact name has been provided, Internal Audit will contact the complainant to acknowledge the receipt of the concern normally within 10 working days of a concern being received.

The OPCC accepts that those people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Therefore, subject to legal constraints, they will receive information about the outcomes of any investigation.

Alternative Methods for taking a Complaint forward

If either a member of staff considers it appropriate to take the matter forward outside of these processes, the following are possible contacts:

- **PCC** – PCC contact details are contained in the OPCC website
- **External Audit** – which is the organisation appointed to scrutinise the PCC's finances and performance. By law, the external auditor must be completely independent of the PCC.
- **A Staff Association** – officers may invite their representative to raise a matter on their behalf.

Complaints about the PCC

Complaints about the conduct of the PCC should be reported to the Chief Executive who will refer such matters to the Police and Crime Panel; or complaints may be made direct to the Police and Crime Panel, c/o Worcestershire County Council, County Hall, Spetchley Road, Worcester WR5 2NP.