POLICE & CRIME COMMISSIONER FOR LEICESTERSHIRE JOINT AUDIT, RISK & ASSURANCE PANEL	

Report of	**CHIEF CONSTABLE**
Subject	**INTERNAL STRUCTURES AND PROCEDURES IN PLACE AS COUNTER-FRAUD AND ANTI-CORRUPTION MEASURES**
Date	**FRIDAY 19 DECEMBER 2014 – 1.00 P.M.**
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Purpose of Report

1. This report provides the Panel with details of the robust processes and procedures Leicestershire Police currently has in place to identify and mitigate the likelihood of fraud. These complement and support the national measures that exist for scrutiny of the public sector and managing integrity across Police Forces in England & Wales.

Recommendation

2. The Panel are recommended to note the content of the report.

Summary

National Standards

College of Policing – Code of Ethics

3. The *Code of Ethics 2014* has been produced by the College of Policing in its role as the professional body for policing. It sets and defines the exemplary standards of behaviour for everyone who works in policing. As a code of practice, the legal status of the Code of Ethics applies to the Police Forces in England & Wales under section 39A of the Police Act 1996 as amended be S. 124 of the Anti-Social Behaviour, Crime and Policing Act 2014.

4. The *Code of Ethics* is about self-awareness, ensuring that everyone in policing feels able to always do the right thing and is confident to challenge colleagues irrespective of their rank, role or position.

5. The *Code*'s *Standards of Professional Behaviour: Section 1 – Honesty & Integrity*

> "I will be honest and act with integrity at all times, and will not compromise or abuse my position."

6.   The expectation is that police employees will act with honesty & integrity at all times – examples of meeting this standard include:

- Ensuring decisions are not influenced by improper considerations of personal gain;
- Neither soliciting nor accepting the offer of any gift, gratuity or hospitality that could compromise impartiality.

7.   The *Code of Ethics* has been embraced by Leicestershire Police with its values being mainstreamed throughout the Force. An awareness campaign was run by the Corporate Communications Department when the *Code* was launched. There are hyperlinks to the College of Policing website and full *Code* and the Summary on the PSD internal website and HR Document Library.
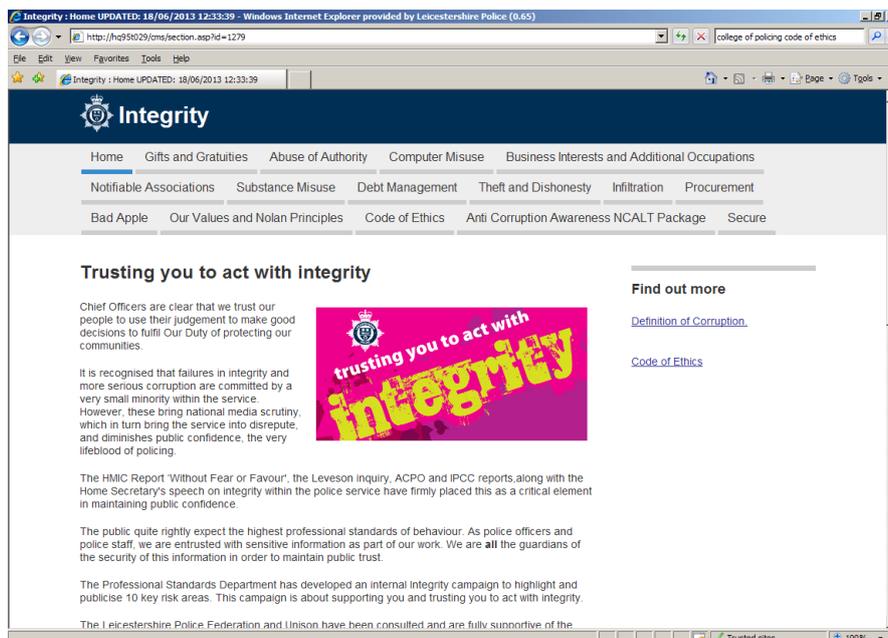
National Fraud Initiative

8.   Since 1996 the Audit Commission has run the National Fraud Initiative (NFI), an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. This includes police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. NFI 2012/13 (*NFI national report – June 2014*) helped trace almost £203 million in fraud, error and overpayment in England, bringing the UK total since its launch in 1996 to £1.17 billion.

9.   NFI data matching plays an important role in protecting the public purse against fraud. For nearly two decades, the Commission has run the NFI exercise every two years to help detect and prevent fraud.

10.   The NFI brings together a wide range of organisations to tackle fraud. Fraud can happen anywhere and fraudsters often target different organisations at the same time, using the same fraudulent details or identities. The NFI can help tackle this by comparing information held by organisations to identify potential fraud and overpayment.

11.   A match does not automatically mean fraud. Often, there may be an explanation for a data match that prompts bodies to update their records and to improve their systems. The Police and Crime Commissioner and Chief Constable of Leicestershire are required by law to provide payroll, pensions and suppliers' data.

12.   The main categories of fraud identified by the NFI in England relate to pensions, council tax single person discounts and housing benefit. Although, during the time the Force has been participating in the NFI, no frauds have been identified against the Force. There has however been one instance where a police officer was fraudulently claiming housing benefit. This led to prosecution at Court and a custodial sentence. The officer was

13.   Data matching showing little or no fraud and error can provide bodies with assurances about the effectiveness of their control arrangements. It also strengthens the evidence for the body's annual governance statement.

14. The use of data for NFI purposes continues to be controlled to ensure compliance with data protection and human rights legislation.

Local Strategies, Policies and Procedures to Promote and Enforce National Standards

<u>Policies & Procedures</u>

15. A number of policies and procedures are in place which relate to managing integrity of Police officers and staff in Leicestershire to which all individuals are required to adhere. These include:

- Police Staff Standards of Professional Behaviour
- Police Officer Standards of Professional Behaviour
- Anti-Corruption Policy supported by the following procedures:
  - Substance Misuse
  - Confidential Reporting
  - Business Interests
  - Debt Management
  - Gifts, Gratuities & Hospitality
  - Notifiable Associations
  - Misconduct Outcomes Publications
  - Protective Monitoring of Leicestershire Police Systems (*not yet completed*)
  - Internet Access & Social Networking Procedure
- Vetting Policy and Guidance

16. The policies and procedures are linked via the Integrity Model and disseminated through publication in the Documents Library on the Intranet and the PSD Website.

17.   The November 2014 HMIC PEEL Report commented on the Force's Integrity Development Plan, developed by the Professional Standards Department.

18.   Training is available through an Anti-Corruption NCALT package.

19.   Supporting the Anti-Corruption Policy and the process of Confidential Reporting is the "Bad Apple" initiative, allowing concerns to be reported anonymously using e-mail, managed by the Anti-Corruption Unit in the Professional Standards Department.

Procurement standards

20. The *Procurement Policy effective from January 2013* is accessible through the internal Procurement & Support Services website. In relation to managing fraud, it covers: -

- Confidentiality and Disclosure of Interest
- Use of Contractors Services, Gifts and Hospitality
- Corporate Supply Arrangements
- Tendering Procedures for the Supply of Goods and Services
- Auditing

21. Credit card quarterly reporting is closely monitored by PSD to ensure that corporate credit cards are not being used to short circuit the correct Procurement processes and that the Force is not incurring costs are higher than they would be through normal audited processes. This is more of a responsibility to the taxpayer than an integrity issue, but the two are linked. In almost every case checked the spending is legitimate. Recently, the issue of USB drives being bought with corporate credit cards when required at short notice has been highlighted because this also links to the need for such devices to be encrypted to fulfil data protection and information security requirements.

Internal and external audits

22. Internal financial audits which would highlight any potentially fraudulent activity are conducted by Baker Tilly Risk Advisory Services throughout the year on a cyclical basis, looking at different thematic strands. They are currently undertaking the planning to conduct the next Cash and Treasury audit.

23. External audits which scrutinise the Force's accounting procedures and which would identify and mitigate the likelihood of fraud are conducted by the accountants PricewaterhouseCoopers annually, with preliminary, interim and final reports being submitted.

Her Majesty's Inspectorate of Constabulary (HMIC) Inspections

24. On 27th November 2014 HMIC published the findings of Leicestershire Police's first PEEL inspection. PEEL is the programme in which HMIC draws together evidence from its annual all-force inspections. The evidence is used to assess the effectiveness, efficiency and legitimacy of the police. HMIC has introduced these assessments so that the public will be able to judge the performance of their Force and policing as a whole. The **effectiveness** of a force is assessed in relation to how it carries out its responsibilities including cutting crime, protecting the vulnerable, tackling anti-social behaviour, and dealing with emergencies and other calls for service. Its **efficiency** is assessed in relation to how it provides value for money. Its **legitimacy** is assessed in relation to whether the force operates fairly, ethically and within the law.

25. Leicestershire Police was rated GOOD for efficiency, i.e. that is how well the Force delivers value for money. There was no graded judgement from HMIC

on legitimacy, i.e. whether the Force acts with integrity and provides a service the public expects. However the HMIC report does note:

"There is clear leadership from the chief constable who has set the tone in relation to standards of behaviour and professionalism using the 'Our duty' statement of values and standards … supervisors and line managers are positive role models, encouraging professional behaviour. Staff are prepared to challenge inappropriate behaviour and feel the organisation will support them when doing so."

Implications

Financial :   See report

Legal :   See report

Equality Impact Assessment :   N/A

Risks and Impact :   See report

Link to Police and Crime Plan :   Policing Protocol

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