

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

PAPER MARKED

E

Report of	CHIEF CONSTABLE
Subject	INTERNAL STRUCTURES AND PROCEDURES IN PLACE AS COUNTER-FRAUD AND ANTI-CORRUPTION MEASURES
Date	TUESDAY 22 nd SEPTEMBER 2015 – 09:30 A.M.
Author	PAUL DAWKINS, FINANCE DIRECTOR

Purpose of Report

1. This report is to inform the Panel that there have been no substantive changes to report since the last update in June 2015.

Recommendation

2. The Panel are recommended to note the contents of this report for information.

Summary

National Fraud Initiative

- 3.1 The Audit Commission's National Fraud Initiative has run the data matches. Some anomalies have been identified and are being worked through and prioritised for further investigation. There are in total 990 matches which are contained within 20 reports (11 payroll reports, 9 reports for creditors).
- 3.2 We have reviewed the high priority reports and we will be looking at the medium priority ones after we 'go-live' with the new Agresso finance system on 01/09/2015. Any concerns will be reported to a forthcoming JARAP meeting. A full list of matches is attached as Appendix A.

OP ULTIMA

- 3.3 The Force continues to investigate an alleged theft of Property from one of its storage sites which is managed by a Regional collaborative unit. The OPCC CFO and Force FD met with internal and external auditors (outgoing and incoming) on 9th June 2015 to discuss related issues. This update covers progress and actions taken up to 17th August 2015.
- 3.4 At the start of the investigation there were 111 safes identified as being in the possession of Leicestershire Police. This figure was obtained from the Finance Department which maintains a list of safes based on insurance values. The safes varied in type/use/location/security and insurance levels. 80 safes were identified as being used as cash safes whilst the remaining 31 were used for operational equipment.

3.5 An inspection of all 111 safes was instigated with a phased approach being implemented in order to prioritise high-risk safes. Safes were divided into four phases and allocated timescales for completion, as below:

- a) Cash-held – Insured value over £75k (Completion by: 01/06/15)
- b) Cash-held – Insured value £20k - £75k (Completion by: 15/06/15)
- c) Cash-held – Insured value under £20k (Completion by: 22/08/15)
- d) Computer / Operational Equipment (Completion by: 18/09/15)

Phases 1 and 2 were completed ahead of schedule in June. Phase 3 was also completed ahead of schedule by the 17/08/15. The inspections of Phase 4 safes are currently ongoing. Currently there are 29 safes remaining in Phase 4 and these will be completed ahead of schedule over the next two weeks.

3.6 As part of the inspection the safes are reviewed for their security, use, access and contents. Where appropriate, action plans have been issued to the safe owners with a 4-week deadline for completion. Actions include such things as removal/disposal of safe, introduction of audit regimes and adjusted insurance levels.

3.7 To date there have been 50 action plans issued, of which 10 safes will be removed. A further 20 safes have been identified as already having been disposed of, for example if they were in a building no longer owned by the organisation.

3.8 The inspection phase of Op Ultima will be concluded in September 2015 and all of the actions plans are expected to be completed by October. Upon conclusion of this part of the operation there will be a number of key recommendations regarding the overall management and handling of safes within the organisation, along with further work to ensure that security and insurance levels around the safes are adequate.

3.9 Areas for improvement around process and access to secure storage are being identified. The next OP ULTIMA Gold Group meeting is scheduled for 8th September 2015 and a detailed debrief will be provided to JARAP in due course.

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

Appendices:

Appendix A: NFI 2014/15 Summary All Matches



Copy of Summary of
Matches 140815 JAR.

Person to Contact

Mr Paul Dawkins, Tel 0116 248 2244
paul.dawkins@leicestershire.pnn.police.uk

Summary - All Matches

ID	Report Title	Description	Total Recommended	Total All	Number of Reports Reviewed	Results
52 P	Pensions / Pension Gratuity to DWP Deceased	To identify instances where an occupational pensioner has died but the pension is still being paid Within Bodies	2	7	2	Checked and now closed
54	Pensions to Payroll	To identify pensioners who may have gone back into employment that could result in an abatement of their pension. Generally abatements apply in instances where the pay from the new employment plus the pension exceeds the level of pay at the time of retire Within Bodies	148	154		
55 P	Pensions to Payroll	To identify pensioners who may have gone back into employment that could result in an abatement of their pension. Generally abatements apply in instances where the pay from the new employment plus the pension exceeds the level of pay at the time of retire Between Bodies	10	12		
58 P	Pensions to Injury Benefits	To identify individuals in receipt of an enhanced injury pension who have failed to declare relevant state benefits (industrial injuries disablement benefit, incapacity benefit, employment and support allowance) that may remove or reduce entitlement to the enhanced pension. Within Bodies	0	28	28	Mouchel have been tasked with these and have been chased
65	Payroll to Payroll	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time. Within Bodies	0	7	7	Checked and now closed
66 P	Payroll to Payroll	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time. Between Bodies	0	13	13	All checked 8 closed 5 under review
67	Payroll to Payroll	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time. Within Bodies	1	1	1	Checked and now closed
68	Payroll to Payroll	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time. Between Bodies	1	2	3	Checked and now closed
78	Payroll to Pensions	To identify cases where employees who have gone back into employment after drawing a pension that could result in an abatement of pension. Although investigation of these cases would normally be undertaken by the pension scheme, details of the matches where earnings in excess of £15,000 (for the six months the data submission covers i.e. £30,000 per annum) have been provided to allow you to Between Bodies	0	17		
80 P	Payroll to Creditors	The match identifies instances where an employee and creditor are linked by the same bank account (report 80) or the same address (report 81) to identify employees with interests in companies with which your organisation is trading. This may indicate potential undeclared interests and possible procurement corruption or where a member of staff has set up a creditor with their own bank details in order to receive payments they are not entitled to. Within Bodies	6	54	6	Checked and now closed
81	Payroll to Creditors	The match identifies instances where an employee and creditor are linked by the same bank account (report 80) or the same address (report 81) to identify employees with interests in companies with which your organisation is trading. This may indicate potential undeclared interests and possible procurement corruption or where a member of staff has set up a creditor with their own bank details in order to receive payments they are not entitled to. Within Bodies	6	39		

701	Duplicate creditors by creditor name	To identify instances where the same supplier has been set up with more than one reference number on the system thus increasing the potential for creditors to obscure fraudulent activity.	0	22		
702	Duplicate creditors by address detail	To identify multiple creditors operating at the same address. These may represent simple errors, where the same creditor may have been set up twice using a slightly different spelling, for example LIMITED and LTD, or an attempt to obscure fraudulent activ	0	46		
703	Duplicate creditors by bank account number	This output shows where the same bank account details appear on more than one record. Of particular interest is where the same bank details are shown against suppliers with different names. These may indicate where a supplier has changed trading name but	0	24		
707 P	Duplicate records by reference, amount and creditor reference	This match highlights possible duplicate payments in excess of £500 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	0	10		
708 P	Duplicate records by amount and creditor reference	This match highlights possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff. There are likely to be more matches than in report 707 as this report does not requir	90	513		
710	Duplicate records by name, invoice number and amount but different creditor reference	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	0	2		
711	Duplicate records by invoice number and amount but different creditor reference and name	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	5	27		
713	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.	1	6		
9999	Multiple Occurrence	Report 9999 brings together individuals who appear as a match in more than one of the NFI reports. This can alert investigators that there may be more than one issue to consider and potentially save time avoiding duplication of work on a match found later on.	0	6		

270 990

Note:

High Quality Reports - both sides of the match share the same national insurance number, or same name, date of birth and address

Medium Quality Reports - elements such as the name and date of birth match but the address is different

Address Quality Reports - the address is the same but the other details are different