

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

PAPER MARKED

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Report of	CHIEF CONSTABLE
Subject	INTERNAL STRUCTURES AND PROCEDURES IN PLACE AS COUNTER FRAUD AND COUNTER CORRUPTION MEASURES
Date	THURSDAY 14 th SEPTEMBER 2017
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Purpose of Report

1. This report provides the Panel with updated 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 is recommended to note the content of the report.

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 by 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 in relation to fraud 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. HMIC's 2015 Legitimacy inspection noted: -

The force had a well established set of values that promote ethical behaviour that had been championed by the chief officer team. The approach the force was taking to the Code of Ethics was positive, and there was appropriate information available to the workforce.

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 Forces and OPCCs, local Probation Trusts and Community Rehabilitation Companies, fire and rescue authorities as well as local councils and a number of private sector bodies.
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. However, other key areas for the Police Service that are mentioned as threats within the revised NFI 2016¹ document and may impact on the organisation are state benefits, personal budgets and fraudulent identity data. 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.
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.

¹ Home Office National Fraud Initiative 4 November 2016
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/565216/nfi_national_report_2016.pdf

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

Policies & Procedures

16. 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
 - Internet Access & Social Networking Procedure
- Vetting Policy and Guidance

Advice is also given to staff with regards Abuse of Authority and in particular in relation to abuse of power for sexual gain, computer misuse, theft and fraud and social media.

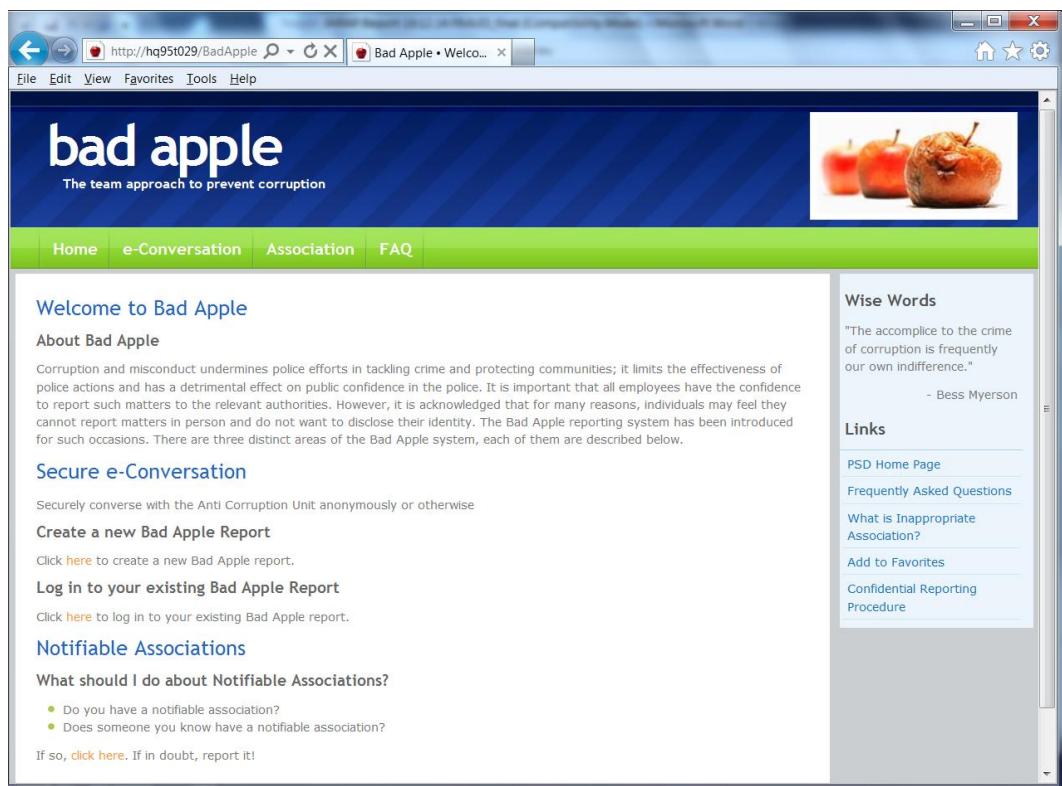
All policies, procedures and guidance are available to staff on the recently updated internal website pages for the Counter Corruption Unit and on the Professional Standards Department website.



17. The Force's Integrity Development Plan, developed by the Professional Standards Department seeks to address and monitor the threats and emerging patterns of potential corruption. The risks are managed and minimised through effective intelligence processes, preventative activity, investigation and enforcement.

The way we operate has moved on significantly in recent years, particularly in relation to the use, and misuse, of social media and the impact that this had had on the world in which we live. Whilst it is deemed a highly useful tool for communicating with the communities we serve, there are inherent risks that are associated with Social Media and indeed computer misuse that could have an impact on the threat of corrupt and fraudulent activity within and against the organisation.

18. Training is available through a Counter Corruption package on the Managed Learning Environment. Due to the significant updates in abuse of power for sexual gain and social media usage, the learning pages are currently being redesigned and a mandatory learning programme will be rolled out towards the end of summer 2017
19. Supporting the Counter 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 Counter Corruption Unit within the Professional Standards Department.



Procurement standards

20. The Procurement Policy effective from May 2017 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; and
- 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.

Internal and external audits

22. Internal financial audits which would highlight any potentially fraudulent activity are conducted by Mazars LLP throughout the year on a cyclical basis, looking at different thematic strands.
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 Ernst & Young annually, with preliminary, interim and final reports being submitted.

Her Majesty's Inspectorate of Constabulary (HMIC) Inspections

24. During w/c 03/07/2017 HMIC undertook this year's 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 in the 2016 inspection and is awaiting the results of the more recent 2017 inspection.

How well does the force monitor and understand outputs, outcomes and costs?

We found that the force has effective ways of monitoring its performance. The performance delivery group which is chaired monthly by the deputy chief constable has access to a range of data and information on which it can base its understanding of outputs, such as the costs of investigations.

The force currently understands its costs based on different functions, using the existing departmental budgets. It is planning during this financial year to understand better the cost of providing services through an outcome-based budgeting (OBB) exercise, which will start with the professional standards department. This approach will enable the force to understand the cost of providing services which in turn will allow it to compare the costs of services in other areas of the force.

How well does the force control expenditure?

Both HMIC and the force's external auditors have previously credited the force with having strong financial management and controls in place. This continues to be the case and appropriate governance arrangements are also in place for the force's change and savings plans.

26. 2015 was the first year to provide a graded judgement from HMIC on legitimacy, i.e. whether the Force acts with integrity and provides a service the public expects.
27. Leicestershire Police was graded GOOD overall for legitimacy. However, the inspection focused specifically on areas other than fiscal probity and financial fraud, such as ethical treatment around BME, best use of stop and search and best use of Taser.

Update on Assurance in Relation to Seized and Found Property and the 2015-17 Property Review

29. *Operation Ultima*, *Operation Untimely* and *Operation Pipe* refer. A series of internal audits and related staffing issues have highlighted that our organisational provision and processes relating to Property (Found and Other than Found / POTF) are in need of comprehensive review.
30. In April 2015 a substantial amount of cash and jewellery was discovered to be missing from a safe stored at Tigers Place. A criminal investigation was launched and an audit of all safes held by Leicester Police was conducted. This was managed under the banner of *Operation Ultima*. The perpetrator was brought to justice and is currently detained at Her Majesty's pleasure.
31. In 2016, a further series of thefts from the property store were uncovered and an employee arrested as part of *Operation Untimely*. That person is currently awaiting trial, having stolen in the region of £10,000.
32. *Operation Pipe in 2017* uncovered the theft of items which should have either been sent for sale on Ebay or destroyed. Again, an individual was identified and a case file for a prosecution has been sent to the Crown Prosecution Service.
33. As a result of the review, the property procedures and policy were reviewed and updated. A 'Force Safes Procedure' has also been introduced. New guidelines in relation to the recovery, storage and disposal of cash have also been published.
34. Between 14th and 16th March 2016, the Force was the subject of an internal audit by Mazars. Their remit was to audit the processes around the storage and movement of property held within safes. No further auditing in relation to property has been completed as of July 2017.

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

Background Papers

N/A

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