



**Warwickshire**  
POLICE AUTHORITY

*The authority behind the force*

## **Anti-Fraud and Anti-Corruption Strategy**

February 2008

## Introduction

The Authority is committed to ensuring that any opportunity for fraud and corruption is minimised. Where fraud, corruption or related problems do occur, the Authority 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.

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

The Authority requires all members, officers, 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:

- Authority/Force 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 within Warwickshire Police.

## Authority/Force Policies and Procedures

The Authority/Force 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 members and officers are familiar with them.

The most important are as follows:

- Contract Standing Orders
- Financial Regulations
- Code of Conduct for Members of the Police Authority
- Integrity Policy??
- Conditions of Service
- Recruitment and Selection Procedures
- Procurement Strategy
- Disciplinary Procedures
- Code of Conduct for Officers – being produced by the OPDM??

Individual sections within the organisation have also introduced specific measures designed to regulate their activities, including accounting control and operating procedures.

District Commanders and Heads of Department must ensure that all officers have access to these rules and regulations and receive suitable training.

Members and officers 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 officers. In relation to members, it is the responsibility of the Monitoring Officer to report relevant matters to the Standards Board.

## **Required Levels of Behaviour**

The Authority requires everyone associated with it to be honest and fair in their dealings. Members and officers are expected to lead by example in these matters.

The Code of Conduct for Members sets out an approach to work that is both honest and fair. Members must act in line with the Code at all times. Similarly, upon agreement, officers will be expected to act in line with a Code of Conduct.

Members and officers have an important part to play in dealing with fraud and corruption. Under the Code of Conduct, members have a responsibility for reporting to the Standards Board if they have a concern in relation to other members.

The Authority 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.

Members and Officers have an important part to play in dealing with fraud and corruption. Under the Code of Conduct, members have a responsibility for reporting to the Standards Board if they have a concern in relation to other members.

The Nolan Committee sets out the seven guiding principles that apply to people who serve the public. The Authority will develop its working behaviour around these principles, which are set out in Appendix 2.

District Commanders, Department Heads and Managers 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 Treasurer will refer matters to the Professional Standards Department if irregularities are suspected.

District Commanders, Department Heads and Managers 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 Authority'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 Authority
- Liaise with Business Managers to review the reporting of all suspected irregularities

## **Preventing Fraud and Corruption**

The Authority 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 main Authority/Force policies set out above.

District Commanders and Heads of Department must ensure that suitable 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 Authority 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 honest and integrity of potential officers, whether for permanent or temporary posts. The Recruitment and Selection procedures contain detailed guidance which must be followed in connection with securing references.

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

There are confidential facilities available to people to provide information that may prevent and detect fraud and corruption. These include the Professional Standards Confidential Reporting Line, which officers and members of the public can use to provide information about specific issues.

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) and the Memorandum of Understanding between Internal Audit and the Professional Standards Department (Appendix 3).

The Authority'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 Authority

Officers must report any suspected cases of fraud and corruption to the Authority's Internal Audit Section. The Force has also issues procedures for the receipt of complaints by the Professional Standards Department. 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 Force's Professional Standards (Whistleblowing) Policy (See Appendix 4) 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 Treasurer, will work with the Head of Professional Standards to decide on the type and course of the investigation. This will include referring cases to the Professional Standards Department 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)

Any suspected fraud by members will be investigated via the Standards Board and will be referred to the Standards Board of England.

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

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

The recovery of defrauded money will be an essential part of the strategy in order to ensure that fraud does not pay, whatever the legal outcome of the investigation. This is an areas which is often neglected.

## **Awareness and Training**

The Authority recognises that the success of this strategy and its general credibility will depend in part on the effectiveness of programmed training and an awareness of members and officers throughout the Authority/Force.

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

Full copies of this strategy will be circulated throughout the Authority/Force.

## **Conclusion**

The Authority is committed to tackling fraud and corruption whenever it happens. Our response will be effective and organised and will rely on the principles included in this document.

This strategy will be reviewed annually to reflect any amendments to Authority/Force rules or changes in legislation and working practices.

# Appendix 1

## Fraud Response Plan

### Introduction

The Authority 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 Authority'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 Authority's robust approach by setting out ways in which officers or members of the public can voice their concerns about suspected fraud and corruption.

### What does the Authority 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 members or officers 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.

<b>Theft</b>	the dishonest taking of property belonging to another person or organisation with the intention of depriving the owner permanently of its possession.
<b>Fraud</b>	the intentional distortion of financial statements or other records by persons internal or external to the Authority, carried out to conceal the misappropriation of assets or otherwise for gain.
<b>Corruption</b>	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:

<b>Systems Issues</b>	i.e. where a process/system exists which is prone to abuse by either officers or public (eg claims)
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<b>Financial Issues</b>	i.e. where individuals or companies have fraudulently obtained money from the Authority (eg invalid invoices/work not undertaken)
<b>Equipment Issues</b>	i.e. where Authority equipment is used for personal use (eg personal use of computer equipment)
<b>Resource Issues</b>	i.e. where there is a misuse of resources (eg theft of cash/assets)
<b>Other Issues</b>	i.e. activities undertaken by officers of the Authority/Force which may be: <ul style="list-style-type: none"> <li>➤ Unlawful</li> <li>➤ Against the Authority's Standing Orders or policies</li> <li>➤ Below established standards or practices</li> <li>➤ Improper (eg receiving unapproved hospitality)</li> </ul>

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 officers will be supported and protected from reprisals and every attempt made to respect confidentiality in line with the Professional Standards Reporting Policy (see Appendix 4).

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

The Authority 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 should an Officer do if they suspect Fraud or Corruption**

The Force's Professional Standards (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. A full copy of the Whistleblowing Policy can be found at Appendix 4.

Officers 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, officers should refer their suspicions to their manager, unless the manager is suspected of being involved, in which case Internal Audit or Professional Standards.

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

Officers and managers should report all reasonable suspicions promptly as any delays may cause the Authority 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 appropriate officer.

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

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

- Line management
- Human Resources Department
- Professional Standards Department
- Police Authority Internal Audit
- Police Authority Monitoring Officer

### **How will allegations of Fraud or Corruption be dealt with by the Authority?**

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

Internal Audit has a Memorandum of Agreement in place with the Professional Standards Department.

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

The Authority 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 the public or an officer considers it appropriate to take the matter forward outside of these processes, the following are possible contacts:

- **A Police Authority Member** – members details are contained in the Warwickshire Police Authority website
- **External Audit** – which is the organisation appointed to scrutinise the Authority's finances and performance. By law, the external auditor must be completely independent of the Authority.
- **A Staff Association** – officers may invite their representative to raise a matter on their behalf.
- **Public concern at work** – this is a charity which provides free and strictly confidential legal help to anyone concerned about a malpractice which threatens the public interest. They operate a helpline on 020 7404 6609 or can be e-mailed at [whistle@pcaw.co.uk](mailto:whistle@pcaw.co.uk)

## **Appendix 2**

### **The Seven Principles of Public Life (Nolan Committee)**

#### **Selflessness**

Holders of public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of the official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards or benefits, holders of public office should make choices on merit.

#### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

## Appendix 3

# Memorandum of Understanding between Professional Standards Department and Internal Audit for the Reporting of Suspected Financial Irregularities

### Background

Warwickshire Police Authority is required to maintain the highest standards of propriety and regularity in financial matters, as well as meeting statutory requirements. This Memorandum of Understanding (MOU) recognises that both the Professional Standards Department (PSD) and Internal Audit (IA) have roles in financial irregularities involving Warwickshire Police. The MOU formalises current arrangements in place for the notification and investigation of suspected financial irregularities.

The policy of the Authority and the Force in relation to the prevention and detection of fraud is set out in the Anti-Fraud and Anti-Corruption Strategy of the Authority.

### Roles and Responsibilities

PSD has a duty to investigate unprofessional and unethical behaviour, complaints and discipline matters, corruption and dishonesty within Warwickshire Police. All such matters are reported to them for investigation. A number of these matters will involve financial irregularities.

The role of the Authority in financial irregularities is set out in the Financial Standing Orders of the Authority. Any suspected loss or irregularity must be reported to Internal Audit.

For the purpose of this agreement, *irregularity* means actual or suspected fraud, corruption or any significant loss of assets and funds of Warwickshire Police. It also includes any circumstances where systems, procedures or controls have been breached or ignored in an way that would have provided an opportunity for fraud, corruption or loss to occur.

### Aims of Agreement

Our aims are –

- To formalise mutual respect and professional partnership between PSD and the Authority in dealing with financial irregularities so that both parties fulfil their roles effectively and efficiently.
- To promote trust and mutual confidence between PSD and IA to enable the sharing of information.
- To formalise close co-operation by supporting each other's roles.
- To provide arrangements for enabling financial irregularities to be discussed and nominate contact points.
- To ensure that action is taken to address any system weaknesses identified as a result of a financial irregularity.
- To provide assurance to the Authority and External Audit that appropriate corporate governance arrangements are in place to tackle financial irregularities within Warwickshire Police.

## MEMORANDUM OF UNDERSTANDING

It is agreed that:-

1. Internal Audit will notify PSD of all suspected irregularities concerning Warwickshire Police Officers and any relevant Police Staff cases
2. PSD will inform Internal Audit of suspected irregularities that relate to :-
  - Funds or assets of Warwickshire Police.
  - Procurement, contracts, equipment, stores or other assets of Warwickshire Police.
  - Monies or other property in the custody of Warwickshire Police.
  - Private or other funds administered by Warwickshire Police by virtue of their office.
3. The notification will include as much of the following information as is available:-
  - A brief outline of what is suspected or alleged to have occurred.
  - The status of the investigation.
  - The amount or value that is or could be involved.
  - The name and telephone number of the Investigating Officer and an estimated timescale for the investigation.
4. A meeting will occur at the outset of any investigation between PSD and Internal Audit in order to clarify:-
  - A proportionate approach to the investigation.
  - The reporting lines.
5. Following this meeting, PSD will notify the Head of Human Resources of relevant matters as considered appropriate.
6. Both parties will keep each other informed of cases in order to avoid cases either being overlooked or effort being duplicated. The nominated contact points are Superintendent Mick Hayward (Head of PSD) and Garry Rollason (Internal Audit Manager).
7. Internal Audit will ensure all systems implications identified in cases will be appropriately addressed.
8. Internal Audit will provide appropriate assistance to the PSD when requested in respect of any matter covered by this agreement.
9. PSD will afford appropriate access to their facilities to Internal Audit in support of their examinations and investigations relating to matters covered by this Agreement.
10. PSD will inform Internal Audit of the outcome of investigations covered by this Agreement. Similarly Internal Audit will advise PSD of the outcome of any matter referred to them.
11. Internal Audit will notify the Treasurer, as appropriate, of any matter reported under this Agreement.
12. Internal Audit will co-ordinate and complete on behalf of the Authority and Force, the annual fraud return to External Audit. PSD will provide a sufficient level of information on their cases in order that the return can be compiled within the timescale set for its completion.

13. Information or intelligence exchanged under the terms of this Agreement will be secured and handled confidentially and in accordance with appropriate legislation. Disclosure of information in relation to a criminal investigation will only occur after a Case Conference of all interested parties.

Signed

On behalf of Warwickshire Police Authority

Designation

Date

Signed

On half of the Professional Standards Department

Designation

Date