

JOINT INDEPENDENT AUDIT COMMITTEE
9 JUNE 2015

SUBJECT		PCC AND FORCE APPROACH TO ANTI FRAUD, CORRUPTION AND WHISTLEBLOWING
REPORT BY	CHIEF EXECUTIVE AND CHIEF CONSTABLE	
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SUMMARY AND PURPOSE OF REPORT To review the PCC and Force's approach to anti-fraud, corruption and whistleblowing.		
RECOMMENDATION	That the approach is reviewed, considered and noted.	

A. SUPPORTING INFORMATION

1. As agreed in the Committee's Terms of Reference and the associated Forward Plan, members are invited to monitor and review the Commissioner and Chief Constable's approach to anti-fraud, corruption and whistle blowing.
2. There are five main elements to this anti-fraud and corruption report that covers work that is carried out by the Office of the PCC (OPCC) and the Force. They are detailed below.

3. Policies

Anti-fraud and Corruption Policy

- 3.1 The aim of the policy is to prevent fraud and corruption within Lincolnshire Police and the OPCC. The policy will assist individuals and their line managers in ensuring that their decisions and actions are both legal and appropriate, and can therefore withstand review and scrutiny. The overall aim is to maintain the reputation and integrity of Lincolnshire Police and the PCC.
- 3.2 The anti-fraud and corruption policy is reviewed on an annual basis; it is approved by the Deputy Chief Constable, the Force's Head of Professional Standards and the PCC's Chief Executive. The Policy is published on the PCC's and Force's websites. The policy was reviewed and updated in May 2015 and members were invited to provide comment and feedback offline.

Members are formally invited to consider and review the final draft policy, attached at **Appendix 1**.¹

Confidential Reporting (Whistle blowing) Policy

- 3.3 The Commissioner is committed to the highest possible standards of openness, probity and accountability. In line with that commitment he expects officers and others that we deal with who have serious concerns about any aspect of the OPCC's work to come forward and voice those concerns.
- 3.4 The Confidential Reporting ('Whistleblowing') policy is intended to encourage and enable members of staff to raise serious concerns within the OPCC rather than overlooking a problem or "blowing the whistle" externally.
- 3.5 The Policy is published on the Commissioner's website and will be reviewed in November 2015. It is reviewed and monitored every two years by the Chief Executive/Monitoring Officer. It has not changed since the Committee last considered it at their meeting in June 2014. The policy is available at: <http://www.lincolnshire-pcc.gov.uk/Policy/Confidential-Reporting-Whistleblowing-Policy-final-Nov-2013.pdf> .
- 3.6 The Force's Professional Standards (Whistleblowing) Reporting is available on the Force website at: <http://lincs.police.uk/Library/Freedom-of-Information/Publication-Scheme/Our-Policies-And-Procedures/PQR/Prof-Stds-Reporting-Policy.pdf>. The policy was reviewed in July 2014 and will be reviewed in July 2015.

4. Anti-fraud and Corruption Meetings

- 4.1 Representatives from the OPCC, the Force and Internal Audit continue to meet on a quarterly basis to discuss the current and emerging risks and issues in relation to anti-fraud and corruption.
- 4.2 The meeting brings together the Internal Audit Manager, the Chief Finance Officer, the Head of the Professional Standards Unit, the Force Chief Finance Officer, the Research and Performance Officer and a representative from the HR Department to discuss any issues or concerns, updates on relevant cases, best practice/lesson learned, new initiatives/actions for improvements, national issues and other significant risks.
- 4.3 The Chief Finance Officer attends the Confidential Risk Board and raises/discusses issues relating to fraud and corruption as required.

5. Anti-Corruption Unit (ACU)

- 5.1 The Force has a dedicated Anti-corruption unit within the Professional Standards Department. The Anti Corruption Unit (ACU) investigates any allegations of serious misconduct, criminality and corrupt behaviour. Reports of such unethical or corrupt activity can be made via the confidential two-way reporting web page 'Bad Apple' This web page, which is completely anonymous and untraceable allows staff from the Ant-Corruption Unit to converse with concerned individual members of the organisation who wish to report their information into suspected serious misconduct and corruption.

¹ Mr Gallagher's comments will be considered prior to final approval and publication.

5.2 There is also available a confidential answerphone located securely within the ACU for telephone messages to be left.

5.3 A quarterly newsletter, The Standard, is produced by the Professional Standards Department. This is circulated internally with staff and officers to promote and raise awareness of anti-fraud and corruption issues. Furthermore, any emerging trends for example awareness over the use of social media and access to police information.

5.4 The ACU developed an NCALT Counter Corruption Strategy e-learning package around counter corruption. This is mandatory for all members of staff and new employees. The package covers topics including information disclosure, gifts and hospitality, business interests and notifiable associations. This training package has been recognised nationally as good practice and has been adopted by a number of Forces within the UK.

5.5 The ACU are committed to root out corruption across Lincolnshire Police and the objectives are:

- To maintain and protect the reputation and integrity of Lincolnshire Police and the wider policing community;
- To maintain public confidence in policing from a local and national perspective;
- To thoroughly investigate allegations of criminality and corruption against Lincolnshire Police Officers and staff with a view to proving or disproving these allegations;
- To secure sufficient evidence to support a prosecution against Lincolnshire Police Officers and Staff involved in criminality and corruption.

6 HMIC Police Integrity and Corruption Inspection

6.1 This inspection took place between 16 – 18 July 2014. The terms of reference contained the following high level categories of question:

- What progress has the force made on managing professional and personal relationships with integrity and transparency, since HMIC's December 2012² report?
- What progress has the force made in communicating and embedding ethical and professional behaviour to all staff, including the new Code of Ethics?
- How well does the force proactively look for, and effectively challenge and investigate misconduct and unprofessional behaviour?
- How well does the force prevent, identify and investigate corruption?

6.2 The report highlighted that Lincolnshire Police has made excellent progress in reinforcing ethical and professional behaviour across the force. The force had systems in place to enable it to respond to intelligence about corruption or

² In 2012, HMIC conducted a review to track forces' progress against the recommendations of their 2011 report, [Without Fear or Favour](#).

unprofessional behaviour. Information security was identified as a key strength for the force and the force demonstrated the highest levels of information security.

The Inspection report made two recommendations:

1. Within six months, the force should introduce a process to ensure that any secondary employment or business interest applications which have been declined or withdrawn are followed up on to ensure compliance.
2. Within six months, the force should work with the East Midlands Special Operations Unit (EMSOU) to ensure that there are proactive counter-corruption processes in respect of all staff posted to the EMSOU.

6.3 A process has been introduced to ensure that declined or withdrawn; secondary employment or business applications are subject of a quarterly review. To date no such applications have occurred. This action is complete.

In relation to recommendation 2; Derbyshire Constabulary have taken the lead on developing proactive counter-corruption processes in respect of all staff posted to the EMSOU. That work is being supported by the Lincolnshire ACU. In the interim all EMSOU staff posted from Lincolnshire are now required to complete the NCALT Counter Corruption Strategy e-learning package.

A Notifiable Association Policy has been implemented which has enabled the Force to risk assess and manage associations which previously were not required to be declared. As a result of this policy a number of associations have been terminated known as 'determinations' have been made in an effort to protect the organisation and the employee.

Business Interest, Gifts and Hospitality and Misconduct findings are now published on the force internet and intranet.

The ACU due to its resourcing is only able to conduct limited proactive investigations. Despite its size a number of integrity tests have been conducted which have proven effective and essential in detecting criminality. The ACU conduct dip sampling of Internet activity around sites linked to adult themes, and is able to protectively monitor our information network. All systems used within the Force can be audited and further 'ethical hacking' is to be conducted once the software technology is available. Ethical interviews ensure that any unresolved information or intelligence is addressed with employees of the Force. This approach has been welcomed by the Police Federation who have stated it has a positive impact on officers and staff who have been subject of such interviews.

The Force prevents corruption by promoting the NCALT Counter Corruption Strategy e-learning package, triangulation of business interests, gifts and hospitality and procurement. The ACU have access to Chief Officer diaries to establish any links to the triangulation analysis. Regular inputs are made to training courses and new employees to the Force. Educational messages about corruption issues are highlighted in The Standard. The ACU have officers and staff who are trained in the Fraud element of corruption investigations.

7. CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

7.1 CIPFA published the *Code of Practice on Managing the Risk of Fraud and Corruption* in October 2014. The new code builds on CIPFA's previous guidance, *Managing the Risk of Fraud*, commonly known as the 'Red Book'³. It is shorter and provides a set of principles defining the governance and operational arrangements necessary for an effective counter fraud response.

7.2 The Code is available at: <http://www.cipfa.org/services/networks/better-governance-forum/counter-fraud-documentation/code-of-practice-on-managing-the-risk-of-fraud-and-corruption> .

7.3 The Force's Head of Professional Standards has made a written statement that forms part of the Annual Governance Statement in relation to the Code and to managing the risk of fraud and corruption.

7.4 The Police and Crime Strategic Board (Commissioner and Chief Constable) adopted the Code at their meeting on 14 May 2015.

The following statement is included in the Force's AGS about their adherence to the Code; this is signed by the Chief Constable:

An assessment of the force capability has been made against the principles contained within the Code.

Having considered all the principles, I am satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Actions to be taken to manage the risk of fraud

1. Develop proactive counter-corruption processes in respect of all staff posted to the EMSOU, with EMSOU.
2. Create an annual strategic threat and risk assessment in relation to fraud and corruption.
3. Create an anti-money laundering policy.

8. Review

8.1 The Committee is invited to review the PCC and Force's approach to anti-fraud and corruption. Comments from Members of the Committee, External and Internal Auditors are welcomed on ways in which the process could be improved or on any examples of good practice.

B. FINANCIAL CONSIDERATIONS

None.

³ CIPFA's Red Book is a series of 56 fraud and corruption standards which organisations are able to self-assess against.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

None.

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES (including any impact or issues relating to Children and Young People.)

No specific issues arising from this report. The policy applies equally to the PCC, OPCC, all Lincolnshire Police employees, commercial partners and all external persons with whom the PCC and Lincolnshire Police conduct business.

E. REVIEW ARRANGEMENTS

The Policy is reviewed on an annual basis.

F. RISK MANAGEMENT

Fraud and corruption can have a severe impact on the operation, status and reputation of the both the PCC and the Force. The anti-fraud and corruption policy and processes detailed in this report serve to mitigate the risks of abuse of position, fraud and corruption.

G. PUBLIC ACCESS TO INFORMATION

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.