Agenda Item No.

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JOINT INDEPENDENT AUDIT COMMITTEE
2nd March 2022

SUBJECT	ANNUAL REVIEW OF THE ANTI-FRAUD & CORRUPTION STEERING GROUP
REPORT BY	CHIEF FINANCE OFFICER
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SUMMARY AND PURPOSE OF REPORT To review the work of the anti-fraud and corruption steering group (AFCSG).	
RECOMMENDATION	That the work of the AFCSG is reviewed, considered, and noted.

1. **Supporting Information**
   1.1 This report covers the work of the joint anti-fraud and corruption steering group (AFCSG) with a focus on the activity of the preceding 12 months. This is the first such dedicated report on the work of the AFCSG, produced at the request of the JIAC.

2. **Terms of Reference (ToR)**
   2.1 The meeting brings together the Internal Audit Manager, the OPCC's and Force's Chief Finance Officers, the Head of the Professional Standards Department (PSD) and the ICT department, the Deputy Chief Finance Officer, the Research and Performance Officer (RPO), the force Risk Policy and Review Officer (FRPRO) and senior representatives from HR and Legal Services, to discuss any anti-fraud and corruption related issues or concerns, updates on relevant cases, best practice/lessons learned, new initiatives/actions for improvements, national issues and any other significant related risks.
   2.2 The ToR V1.9 for the AFCSG is attached to this report at **Appendix A.** These ToR are reviewed annually by the group. Scheduled meetings are held 4 times per year with the facility to convene additional meetings should exceptional circumstances arise.

3. **Summary of Key Issues Addressed**
   3.1 **Work planning**
      3.1.1 The key topics and issues addressed by the AFCSG are managed by use of a workplan. The workplan for the year ahead 2022-23 is **attached at appendix B** to this report. The key elements dealt with in the preceding 12 months are highlighted in the following paragraphs.

   3.2 **Liaison with the Lincolnshire Counter Fraud Partnership (LCFP)**
      3.2.1 The RPO has maintained the liaison role representing both the Force and OPCC within the Lincolnshire Counter Fraud Partnership (LCFP). Membership includes Lincolnshire County Council - Including Assurance

Lincolnshire and representatives of the 7 district councils. The aim of the partnership group is to raise awareness of fraud, to share resources and expertise, and to pool intelligence.

3.2.2 Membership of the LCFP has allowed the sharing of fraud intelligence regarding potential cyber-fraud attempted locally in council or associated organisations – particularly 'bank mandate' fraud. These 'warnings' have been circulated quickly by the RPO to potential target departments and to ICT, HR for appropriate preventative action.

3.2.3 The circulation of these 'attempted fraud warnings' also helps to keep the risk of fraud uppermost in peoples minds in the departments and roles often most at risk of this type of fraudulent activity.

3.3 **Review of key policies**

3.3.1 The AFCSG completed its review of any key policies related to counter fraud, corruption, and whistleblowing in accordance with their annual workplan.

3.4 **Raising awareness – internal communications**

3.4.1 As a result of intelligence received through liaison with the LCFP the AFCSG have commissioned a fraud awareness article to appear in the Force's "The Standard" (A PSD led publication highlighting lessons learned and good practice across the force). The article will highlight the potential danger of 'salary diversion' fraud and how the likelihood of becoming a victim of this type of fraud can be minimised. It will also provide reassurance that the organisation has controls in place to help protect officers and staff against this type of fraud.

3.5 **Training**

3.5.1 The creation of a refreshed anti-fraud and corruption e-learning module has been completed to update the needs for both induction and refresher training across both organisations. This will be ready for roll-out from January 2022.

3.5.2 New training and guidance for specific roles e.g., persons involved in project work with responsibility for procurement or those with budgetary responsibility is being scoped by the Force's CFO with the hope of utilising existing CIPFA consultancy days to support their creation and delivery. Progress towards completion of these training products is being monitored by the AFCSG.

3.6 **Fraud Risk Assessment**

3.6.1 The PCC's Chief Finance Officer attends the Confidential Risk Board and raises/discusses issues relating to fraud and corruption as required as does the RPO and Force CFO who attend the Force's Risk Management Board. Links to the Future Services Programme were also maintained for awareness of fraud specific risks across the programme of work.

3.6.2 During 2021 an organisation wide assessment of fraud risk was revisited encompassing all the key organisational functions. The results of this assessment highlighted key areas of fraud risk, these being Procurement, Finance, and Cyber enabled fraud.

3.6.3 Discussions between the FRPRO the internal audit manager (IAM) and the RPO have shaped a proposal for how best to monitor and manage key practical day-to-day fraud risks in each department / function, without duplicating existing risk management systems. The RPO is currently creating a draft fraud risk matrix to be presented to the AFCSG for approval prior to subsequent implementation during 2022.

3.7 **Progress against internal audit recommendations**

3.7.1 The AFCSG have monitored the progress against the recommendations made in the 2020 counter fraud internal audit, (also routinely reported to JIAC).

4. **Delivery of new Anti-fraud work streams**

4.1 It should be noted that the capacity to deliver the workstreams emanating from the AFCSG has been limited by a range of factors, primary amongst these is the Future Services Programme (FSP) and its impact on the departments and membership of the AFCSG. Bearing in mind the large amount of change planned for implementation by the FSP, the timing and implementation of some AFCSG work has been impacted.

B. Financial Considerations

None.

C. Legal and Human Rights Considerations

None.

D. Personnel, Equal Opportunities and Diversity Issues

(Including any impact or issues relating to Children & 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

Each of the policies referred to in this report contain a stipulated review date. The scheduled review dates for the OPCC and Force's approach to anti-fraud and corruption are set out in the JIAC's forward plan.

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