



# **Lancashire Police Authority**

Anti Fraud

And

Anti Corruption

Strategy

## 1. Introduction

- 1.1 The Authority recognises that as well as causing financial loss, fraud is also detrimental to the provision of services and damaging to the reputation of, and confidence in, the Authority and public bodies in general. Thus the Authority is committed to a culture that is one of honesty and opposition to fraud and corruption, and making sure that the opportunity for fraud and corruption is reduced to the lowest possible risk. The Authority will not tolerate fraud and corruption in the administration of its responsibilities from inside or outside of the Authority. Where fraud, corruption and other problems occur, the Authority will deal with it in a firm and controlled manner.
- 1.2 An important part of this approach is introducing and maintaining an effective Anti-Fraud and Anti-Corruption Strategy. This document provides an overview of the Strategy and includes detailed guidance on how the Authority will deal with allegations of fraud and corruption.
- 1.3 This strategy is applicable to Lancashire Police Authority (LPA) and all external staff with whom LPA conduct business. The Authority expects all applicable persons to be fair and honest, and to provide any help, information and support necessary to deal with fraud and corruption.
- 1.4 The Strategy set out in this document covers the following areas:
  - ❖ Authority Policies, Procedures and Rules
  - ❖ Expected levels of behaviour
  - ❖ Definition of Fraud and Corruption
  - ❖ Preventing Fraud and Corruption
  - ❖ Raising a Concern
  - ❖ How allegations of Fraud and Corruption will be dealt with
  - ❖ Detecting and investigating Fraud and Corruption
  - ❖ Searches
  - ❖ Action to be taken against fraudsters
  - ❖ Awareness
  - ❖ Sharing Information
  - ❖ Review Procedures
  - ❖ Contact Details

## 2. Authority Polices Procedures and Rules

2.1 There are a number of procedures and rules to make sure that the Authority's financial, working and organisational procedures are properly controlled. These are an important part of the internal control process, and it is important that all members, staff, police officers and police staff know about them. To ensure transparency, many of these documents are available to view on the internet/intranet.

2.2 The most important of these are as follows:

- **Standing Orders**
  - These are the formal rules made by the Authority to regulate the conduct of business, including the making of contracts.
- **Financial Regulations**
  - These provide the framework for managing the Authority's financial affairs.
- **Code of Conduct for Employees**
  - The code of conduct provides a framework for all employees in terms of official conduct.
- **Code of Conduct for members of the Authority**
  - The code of conduct provides a framework for members of the Authority in terms of official conduct.
- **Local Disciplinary Procedure and Rules**
  - This procedure sets out to address the action of employees who do not meet the expected standards of conduct of performance.
- **Scheme of Delegation**
  - A listing of all the powers and duties that have been delegated to facilitate effective administration of the Authority.
- **Employees' Conditions of Service**
- **Recruitment and Selection Procedures**
- **Transparency Agenda**
  - Publication of all expenditure above £500 from the 31 January 2011.

2.3 LPA members and employees must make sure that they read and understand the rules and regulations that apply to them, and act in line with them.

2.4 Contravention of these rules and regulations may lead to formal action being taken against the parties concerned. This may include terminating employment with the Authority in respect of employees and referral to Standards Board in respect of members. It will be the responsibility of the Monitoring Officer to report matters to the Audit and Standards Committee.

### **3. Expected levels of behaviour**

- 3.1 The LPA expects all people and organisations that are in any way associated with them to be honest, fair and act with integrity in their dealings with the Authority, its clients and customers. Members, employees, and staff are expected to lead by example in these matters.
- 3.2 The Codes of Conduct for members and employees set out an approach to work that is both honest and fair. Members and employees must act in line with the codes at all times.
- 3.3 Members and employees have an important part to play in dealing with fraud and corruption, and the Authority encourages them to act if a fraud case is suspected. Members have a responsibility to report to the Audit and Standards Committee if they have a concern relating to another member.
- 3.4 Members and employees must ensure that they avoid situations where there is potential for a conflict of interest. Such situations can arise with tendering and externalisation of services etc. Effective role separation will ensure decisions made are seen to be based on impartial advice.
- 3.5 All information will be dealt with fairly and confidentially. The Authority operates a whistle blowing policy. An undertaking is given not to reveal personal details (where given) of the whistleblowers who provide the information, unless required by legislation.
- 3.6 The Nolan Committee sets out the seven guiding principles that apply to people who serve the public and these are set out in the Appendix to this Strategy. The Authority will develop our working behaviour around these principles.
- 3.7 The Authority is expected to deal firmly and quickly with anyone who is involved in fraud or corruption. The internal audit in consultation with the Chief Executive to the Police Authority may refer matters to the police if criminal activity is suspected.
- 3.8 The investigative process should not be misused and, therefore, any abuse, such as raising unfounded malicious allegations, will be dealt with as a separate disciplinary matter.
- 3.9 Employees are advised and should understand that they must not be directly involved in the processing of any type of work application, services or other matters relating to Authority business in which they or any close relative or friend, have a personal interest. In this event employees must inform their manager/immediate supervisor, as soon as they are aware of the application or matter in question, and a formal record will then be maintained.

#### 4. Definition of Fraud and Corruption

4.1 Fraud is defined as:

**“The intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets of assets or otherwise for gain.”**

4.2 Corruption is defined as:

**“The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.”**

4.3 Fraudulent or corrupt acts may include:

<i>Systems Issues</i>	i.e. where a process/system exists which is prone to abuse by either employees or public, (e.g. misuse of PNC)
<i>Financial Issues</i>	i.e. where individuals or companies have fraudulently obtained money from the Authority, (e.g. invalid invoices/work not done)
<i>Equipment Issues</i>	i.e. where Authority equipment is used for personal use, (e.g. personal use of Authority telephones)
<i>Resource Issues</i>	i.e. where there is a misuse of resources, (e.g. theft of cash/assets)
<i>Other Issues</i>	i.e. activities undertaken by officers of the Authority which may be: unlawful; against the Authority’s Standing orders or policies, falls below established standards or practices; or amounts to improper conduct, (e.g. receiving unapproved hospitality).

This is not an exhaustive list. Advice and guidance can be obtained from the Authority’s Internal Auditor, if there is any doubt about the seriousness of concerns.

4.4 Concerns or allegations that fall within the scope of other existing procedures (e.g. discrimination issues) will normally be referred for consideration under those procedures.

## **5. Preventing Fraud and Corruption**

- 5.1 The LPA recognises that fraud and corruption can be costly in terms of financial loss and reputational risk. The prevention of fraud and corruption is therefore a key objective.
- 5.2 In order to combat fraud and corruption, it must be prevented from happening in the first place. It is essential that there are clear rules and procedures, within which members, employees, consultants and contractors can work. These include the main Authority policies, which are set out in section 2.
- 5.3 In order to raise awareness of the Strategy and fraud and corruption in general, the Authority will, in conjunction with other police authorities/local authorities/agencies where necessary, actively promote regular publicity campaigns. It will also issue instructions/advice aimed at encouraging fraud awareness and reminding individuals of their responsibilities.
- 5.4 This strategy will be available on the internet and the intranet, and disseminated throughout the Authority.
- 5.5 Where appropriate, the Authority will publicise the results of any investigation to promote awareness, to deter, and to demonstrate the need for preventative measures.
- 5.6 The Chief Executive of the Authority must make sure that suitable levels of internal check are included in working procedures, particularly financial procedures. It is important that duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system.
- 5.7 The Authority recognises that a key preventative measure in the fight against fraud and corruption, take 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 honesty and integrity of potential staff, whether for permanent or temporary employment. The recruitment and selection procedures contain detailed guidance, which should be followed in connection with securing authorities and organisations to deal with fraud.
- 5.8 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 help and exchange information with other police authorities and organisations to deal with fraud.
- 5.9 Internal Audit will ensure that details of reporting are widely published to the public, members and employees and that all information received is dealt with appropriately.

5.10 As part of the Authority's overall arrangements to deter the occurrence of financial irregularities and fraud, Internal Audit, based on an annual audit plan will:

- Review designated systems and highlight control which could increase the possibility of fraud/irregularities
- Carry out sample testing on transactions
- Act as a visible deterrent when performing a range of audit duties
- Use data retrieval techniques to identify possible instances of irregularities
- Investigate cases of suspected irregularity
- Liaise with relevant management to recommend changes in procedures to prevent further losses in the Authority

## **6. Raising a Concern**

- 6.1 Anyone suspecting fraudulent activities or financial irregularities should contact the Chief Executive, the Monitoring Officer, or the Treasurer to the Police Authority whose details are provided below. The nature of the complaint will determine the Authority's course of action.
- 6.2 Individuals are encouraged to put their name to the concern wherever possible. All information received will be treated as confidential. Anonymous concerns will be investigated. However, at the appropriate time it may be necessary for the individual raising the concern to come forward as a witness.
- 6.3 Information must be disclosed in good faith and malicious, false or vexatious allegations must not be made. Appropriate action will be taken against the instigators of such allegations.
- 6.4 Concerns are better raised in writing. The background and history of the concern, giving names, dates and places where possible, should be set out and 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.
- 6.5 The Authority's Whistle Blowing Policy is intended to encourage and enable staff to raise serious concerns within the Authority rather than overlooking a problem or blowing the whistle to the media or other external bodies.
- 6.6 Although staff are not expected to prove the truth of an allegation, they will need to demonstrate to the person contacted that there are sufficient grounds for concern. The earlier the concern is expressed, the easier it is to take action.
- 6.7 Individuals may invite their trade union or professional association to raise a matter on their behalf.
- 6.8 The Authority encourages members of the public who suspect fraud and corruption to contact the Chief Executive to the Police Authority, the Monitoring Officer or the Treasurer in the first instance.

6.9 If either a member of the public or an employee feels it is right to take the matter outside these processes, the following are possible ways forward:

- **The Police Authority Member** – members' contact details are contained on the LPA website.
- **The Audit Commission** – who are the organisation appointed to scrutinise the Authority's finances and performance. By law, they must be completely independent from the Authority.
- **The Trade Union** – employees may invite their trade union to raise a matter on their behalf.
- **The Police** – suspicions of fraud or corruption may be reported directly to the Police.
- **Public Concern at Work** – this is a charity that provides free and strictly confidential legal help to anyone concerned about a malpractice that threatens the public interest.

6.10 If members or staff do take the matter outside the Authority, they need to ensure that they do not disclose confidential information.

## 7. How allegations of fraud and corruption will be dealt with by the Authority

7.1 For issues raised by employees or members of the public, the action taken by the Authority will depend on the nature of the concern.

The matters raised may:

- Be reviewed followed by an investigation by Internal Audit if appropriate
- Be referred to the local police
- Be referred to the External Auditor
- Result in the discipline and/or prosecution of offenders where appropriate
- Result in recovering assets/income for the Authority
- Continue as an internal investigation in some instances whilst police action is being considered.

This list is not exclusive and is indicative only.

7.2 In those instances where the complainant has provided a contact name and address, the Chief Executive, Monitoring Officer or Treasurer will write to the complainant to acknowledge receipt of the concern within 10 working days of the complaint having been received.

7.3 The amount of contact between the body considering the issues and the complainant will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the individual.

7.4 When any meeting is arranged, the complainant has the right, if they wish, to be accompanied by a trade union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

7.5 The Authority will take steps to minimise any difficulties that staff or members of the public may experience as a result of raising a concern. Full protection will be provided to the whistleblower under the Public Interest Disclosure Act. If staff or members of the public are required to give evidence in criminal or disciplinary proceedings, the Authority will advise them about the procedure and offer the appropriate level of support.

7.6 The Authority accepts that those people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Subject to legal constraints, they will receive information about the outcomes of any investigation.

### **Prosecution Strategy**

- 7.7 The Authority is committed to preventing fraud and corruption and has developed the Anti-Fraud and Anti-Corruption Strategy in order to minimise its occurrence.
- 7.8 The Authority will constantly monitor its systems and amend procedures as required.
- 7.9 This Strategy does not supersede other internal disciplinary codes implemented by the Authority and internal offenders will be liable to general disciplinary procedures as well as prosecution.
- 7.10 The Authority's strategy on fraud is to:
- Deter it in the first instance
  - Detect it quickly
  - Investigate it efficiently, and
  - Discipline and/or prosecution offenders when appropriate
  - Recover assets/income for the Authority
- 7.11 In deciding whether a fraud should be reported to the police the following factors will be taken into account:
- Whether offender is a member or staff member.
  - The extent of the fraud/corruption in financial terms
  - The sufficiency and appropriateness of evidence
  - Whether the public interest will be served.
- 7.12 In general, all cases will be reported to the local police.

## **8. Detecting and investigating Fraud and Corruption**

- 8.1 All employees should read this section in conjunction with the Prosecution Strategy set out above and sections 5 and 6.
- 8.2 Under the Codes of Conduct for Members and employees any suspected cases of fraud and corruption should be reported to designated persons. Financial Regulations require that members and employees must report any similar instances to the Treasurer to the Police Authority. Reporting cases in this way is essential for an effective Anti-Fraud and Anti-Corruption Strategy.

## **9. Action to be taken against Fraudsters**

- 9.1 For all instances of fraud, the action taken will follow the prosecution strategy outlined in Section 7. Any suspected fraud by members will also be referred to the Audit and Standards Committee. The Audit Commission also has powers to request or carry out an investigation into fraud and corruption.
- 9.2 All Authority staff and Members accused of internal malpractice and wrongdoing will be subject to a disciplinary investigation. All interviews performed as part of the investigation will be tape recorded. The interviewee will be provided with a transcript of the interview on request. If it is concluded that the matter should be dealt with under the disciplinary procedure, the individual will attend a hearing, where, if found guilty, they will receive a warning, sanction or dismissal. Any member who is subject of allegations of wrongdoing must be referred to the Standards Committee, who will determine what action should be taken. All contractors, consultants and organisations receiving funding from the Authority who are accused of wrongdoing will be the subject of an investigation. If proven, a decision will be taken to terminate the contract/agreement/grant.
- 9.3 The appointed investigator will work with the Authority to decide on the type and course of the investigation. This will include referring cases to the local police where necessary. The Authority's strategy is to prosecute offenders and undertake disciplinary procedures where appropriate. If proven, an independent decision will be taken or terminate the contract/agreement/grant.
- 9.4 The recovery of defrauded money is an essential part of the strategy to emphasise that fraud does not pay. The fraudster will be asked to repay all money illegally obtained. If no agreement is forthcoming, court action will be instigated to recover the outstanding debt.
- 9.5 Police authorities are expected in all cases of fraud to actively consider applying a sanction or prosecution.

## **10 Awareness**

- 10.1 The Authority understands that the key to maintaining an effective Anti-Fraud and Anti-Corruption Strategy will depend on programmed training and the way members and staff respond.
- 10.2 The Authority supports the idea of providing training for members and staff who are involved in managing or reviewing internal control systems, to make sure that their responsibilities and duties are regularly reviewed and reinforced.
- 10.3 The Authority is committed to training and developing personnel who are involved in investigating fraud and corruption, and suitable training will be provided.
- 10.4 The Authority will ensure that any non LPA personnel engaged to investigate fraud and corruption on their behalf have been adequately trained to undertake investigations.

## **11 Sharing Information**

- 11.1 The Authority is committed to working with other agencies in the detection and prevention of fraud. This information will be shared in accordance with the principles of the Data Protection Act (1998).

## **12 Review Procedures**

- 12.1 All completed investigations are reported quarterly to the Audit and Standards Committee.
- 12.2 An annual report detailing the results of all completed investigations and any changes to procedure/introduction of controls will be prepared by Internal Audit for the Audit and Standards Committee. This will enable lessons learned as a result of investigations to be disseminated as best practice across the Authority.
- 12.3 The Anti-Fraud and Anti-Corruption Strategy will be reviewed on a three year basis to reflect and amendments to the Authority's rules, or changes in legislation and working practices

### 13 Contact Details

Chief Executive	Monitoring Officer	Treasurer
Lancashire Police Authority	Lancashire Police Authority	Lancashire Police Authority
PO Box 653	PO Box 653	PO Box 653
PRESTON	PRESTON	PRESTON
PR2 2WB	PR2 2WB	PR2 2WB
Telephone : 01772 532010	Telephone:- 01772 906603	Telephone:- 01772 534757

If you are unsure whether or how to raise a concern or use this Strategy and you would like some impartial advice, you can contact the free, confidential helpline run by public Concern at Work on 020 7404 6609 or at [whistle@pcaw.co.uk](mailto:whistle@pcaw.co.uk).

**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 their official duties.

***Objectivity***

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and 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 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.