



OFFICE OF NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER

ANTI-FRAUD AND CORRUPTION POLICY

MAY 2015

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VERSION CONTROL			
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1. INTRODUCTION AND SCOPE

1.1 Fraud and corruption can have a severe impact on the operation, status and reputation of an organisation, particularly the Northamptonshire Office of the Police and Crime Commissioner (OPCC), and should be countered at every opportunity. There is untold damage that can be caused to our reputation by any of our employees being involved in fraud or corrupt practices, as it can be seen by our public as a diversion of public funds for personal gain.

1.2 The Police and Crime Commissioner is committed to a culture of honesty, integrity and propriety in the holding of public office and the use of public funds.

Fraud and Corruption are ever-present threats to our organisation. They undermine our ability to operate in a professional and cost effective way and may affect the way we utilise our finite resources.

1.3 In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the Commissioner by suppliers, contractors, the public or from within the Office of the Police and Crime Commissioner or Constabulary, the Commissioner is committed to an effective fraud and corruption policy based around the following:

- Honest culture
- Encourage prevention
- Promote detection and timely reporting
- Identify a clear pathway for investigation
- Training
- Provide support and guidance for staff that may be in financial difficulty. These staff members are most at risk of fraudulent or corrupt practices
- Record of OPCC Staff who have been subject of any County Court Judgements or who have been declared bankrupt for example.

1.4 The Commissioner's expectation on propriety and accountability is that the Commissioner and staff within the Office of the Police and Crime Commissioner at all levels will lead by example in ensuring adherence to relevant rules and standards, and that all procedures and practices are above reproach. To be explicit this policy applies to the Police and Crime Commissioner, the Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive.

1.5 The Commissioner also demands that individuals and organisations (e.g. partners, suppliers and contractors and service providers) it comes into contact with will act towards the organisation with integrity and without thought or actions involving fraud or corruption.

1.6 The OPCC has a range of interrelated policies and procedures that provide an effective deterrent to fraudulent activity and provide a means for reporting or detecting fraud or corruption. These have been formulated in line with the appropriate legislative requirements, and include:

- Financial Regulations
- Contract Procedure Rules
- Accounting procedures and records
- Sound Internal Control systems
- Effective Internal Audit
- Effective recruitment and selection procedures
- Disciplinary Procedure
- Confidential Reporting Policy

The Commissioner offers reassurance that any concerns will be treated in confidence and properly investigated without fear of reprisal or victimisation in line with the confidential reporting policy.

2. KEY LEGISLATION

2.1 Theft Act 1968

The basic definition of theft under the Act is that “a person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it; It is immaterial whether the appropriation is made with a view to gain, or is made for the thief’s own benefit”.

Those found guilty under the Act are liable for a fine or imprisonment, with a maximum custodial sentence of seven years.

2.2 Fraud Act 2006

The Act provides a statutory definition of the criminal offence of fraud, as classified under three main headings

- **Fraud by false representation** – dishonestly and knowingly making an untrue statement with the intention of making a gain or causing another to make a loss. This includes anything said, written or entered into a system or device.
- **Fraud by (wrongfully) failing to disclose information** – dishonestly failing to disclose information that should legally be disclosed with the intention of making a gain or causing another to make a loss; and
- **Fraud by abuse of position** – someone in a post in which they are expected to protect the interests of another dishonestly doing something or failing to do something with the intention of making a gain or causing another a loss.

Those found guilty under the Act are liable for a fine or imprisonment, with a maximum custodial sentence of ten years.

2.3 Bribery Act 2010

Corruption is defined as “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.

The Act strengthens pre UK anti-bribery and corruption legislation and creates a new corporate offence which can be committed by organisations. If a person associated with the organisation is found guilty of bribery then the organisation is deemed guilty of an offence unless it can show it had adequate procedures in place to prevent bribery. Offering and requesting a bribe for financial or other advantage does not have to go direct to the person being influenced and there is no materiality threshold in the Act. Individual offences under the Act are as follows:

- Bribing another person;
- Receiving a bribe; and
- Bribery of foreign public officials.

Government guidelines lay down six principles that should govern procedures to prevent bribery being committed on the organisations behalf:

- Proportionality
- Top level commitment
- Risk assessment, including bribery risk assessments
- Due diligence
- Communication
- Monitoring and review

The corporate offence of failing to prevent bribery means that senior management may be held accountable. An organisation's only defence is to show it had adequate procedures in place. These include:

- Establishing policies which define acceptable behavioural limits
- Procedures to record all related events
- A means to obtain approval in uncertain cases
- Training and briefing for all staff

3. DEFINITIONS

3.1 For the purposes of this policy, Fraud and Corruption have been defined as follows:

- **Fraud:** The intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain. This may include: falsifying travel and subsistence claims, falsifying overtime or flexi claims, and obtaining employment through false qualifications.
- **Corruption:** The offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person. This may include: hospitality, computer misuse, pecuniary interests of the Police and Crime Commissioner, the Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive, and disposal of assets.

4. ANTI-FRAUD AND CORRUPTION POLICY

4.1 The aim of the Policy

The aim of the policy is to prevent fraud and corruption within the OPCC. The policy will assist individuals and their line managers in ensuring that their actions can withstand scrutiny. The overall aim is to maintain the reputation and integrity of the OPCC.

4.2 Responsibilities

Senior officers and senior managers of the organisation are required to deal swiftly and firmly with those who defraud or who are corrupt. All members of the OPCC (including commercial partners on business for Northamptonshire OPCC) have a duty to report any suspected fraudulent or corrupt practice affecting the OPCC at the earliest opportunity. For guidelines on reporting irregularities see **Appendix 1**.

Members of outside bodies and members of the public are also encouraged to report any suspected fraudulent or corrupt behaviour. Individuals and organisations such as suppliers, contractors, service providers that the OPCC conducts business with, will act towards the OPCC with integrity and a total absence of fraudulent or corrupt practices.

The OPCC Chief Finance Officer has statutory duties and overall responsibility for the financial administration of the Force and PCC (s.151 of the Local Government Act 1972, s.112 of the Local Government Finance Act 1988 and the Financial Management Code of Practice issued under section 17 of the Police Reform and Social Responsibility Act 2011) and therefore must be informed of any initial report, giving rise to any suspected fraud or corruption.

In those cases where sufficient evidence is available, criminal and/or disciplinary action will be taken by the organisation. Civil recovery (including civil court action) of funds lost by fraud and corruption will be considered in all established cases.

Senior officers and senior managers of the organisation will ensure that effective procedures, practices and controls are in operation in their areas of responsibility to minimise the opportunities for fraud and corruption. The OPCC will demonstrate that it is creating a strong deterrent effect by publicising successful cases of fraud and corruption and any successful recovery of losses.

4.3 Motivators/Driving Force

The prevention of Fraud and Corruption is an essential element in maintaining the reputation of the OPCC. The OPCC needs to ensure that through its policies and procedures, behaviours that affect the integrity and reputation of the OPCC, are highlighted and addressed appropriately.

The Bribery Act 2010 requires organisations to have in place adequate procedures to prevent bribery occurring.

4.4 General Principles of the Policy

The policy aims to address corruption and fraud within the OPCC by compliance with The Bribery Act 2010. The policy also sets out a clear pathway for prevention, reporting and investigation of such issues.

4.5 Anti-Fraud and Corruption Policy

The Commissioner's Anti-Fraud and Corruption Policy is based on a series of comprehensive and inter-related systems that provide a framework to counter fraudulent activity. These include:

- Culture
- Training
- Prevention
- Detection and investigation

These are documented in more detail in the following sections of this policy

There is also a high level of external scrutiny of organisational affairs by a variety of bodies including:

- The Police and Crime Panel
- Her Majesty's Inspector of Constabulary (HMIC)
- HM Revenue and Customs
- The Joint Independent Audit Committee
- External Audit
- Internal Audit
- National Audit Office
- Local Communities
- The Media

Application of this policy applies to, and the detection, prevention and reporting of fraud and corruption is the responsibility of, the Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive.

The Commissioner offers reassurance that any concerns will be treated in confidence and properly investigated without fear of reprisal or victimisation in line with the confidential reporting policy.

5. CULTURE

5.1 The Commissioner is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption.

5.2 There is an expectation and requirement that all individuals and organisations associated in any way with the Office of the Police and Crime Commissioner will act with integrity, and that staff of the Office at all levels will lead by example in these matters. They are positively encouraged to raise any concerns they may have as it is often the alertness of such individuals that enables detection to occur and the appropriate action to be taken against fraud or corruption. Concerns may be about something that:

- Is unlawful
- Is against the organisation's Scheme of Corporate Governance
- Falls below established standards or practices
- Results in waste or loss to the organisation
- Amounts to improper conduct.

5.3 The Commissioner's Chief Finance Officer is responsible for following up any allegation or suspicion of fraud or corruption received and will do so through clearly defined procedure. These procedures are designed to:

- Deal promptly with the matter
- Record all evidence received
- Ensure that evidence is sound and adequately supported
- Ensure security of all evidence collected
- Notify relevant bodies
- Implement internal disciplinary procedures where appropriate.

5.4 There may be circumstances where a person may prefer to contact an external agency through the following contacts:

- Audit Commission Fraud Line
- National Audit Office
- Internal Audit
- External Audit
- Public Concern at Work – independent charity offering free advice on fraud or other issues of malpractice
- Crimestoppers Integrity Line (Tel: 0800 111 4444)

If a person decides to take the matter outside the organisation, they should ensure that they **do not** disclose "Official" information.

5.5 The Public Interest Disclosure Act 1998 protects employees who report suspected fraud or corruption activities from any reprisals or detrimental treatment, as long as they meet the rules set out in the Act. Put simply, the rules for making a protected disclosure are:

- The information disclosed is made in good faith.
- The person making the disclosure must believe it to be substantially true.
- The person making the disclosure must not act maliciously or make false allegations.
- The person making the allegation must not be seeking any personal gain

Under the Act, the designated officer required to receive disclosures is the Chief Executive and Monitoring Officer.

5.6 Members of the public are also encouraged to report concerns through any of the avenues referred to in paragraph 5.4 of this policy.

5.7 Allegations/concerns can be made anonymously; however, it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:

- The seriousness of issues raised
- Credibility of the concern
- Likelihood of confirming the allegation from attributable sources.

5.8 The Commissioner can be expected to deal swiftly, thoroughly and robustly with any person(s) who attempts to defraud the organisation or who are corrupt.

5.9 Guidelines for reporting irregularities are detailed in **Appendix 1**

6. TRAINING

- 6.1 The Commissioner recognises that the continuing success of this Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of the Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive.

- 6.2 To facilitate this, the Commissioner supports the concept of induction and training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

- 6.3 The possibility of disciplinary action against staff that wilfully ignore such training and guidance is made clear.

7. PREVENTION

- 7.1 The Commissioner is alert to the possibility that they or the Office of the Police and Crime Commissioner may become the subject of an attempt to involve them in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained. Any act of money laundering must be reported to the Commissioner's Chief Finance Officer.
- 7.2 Money laundering is defined as the process of transforming the proceeds of crime into ostensibly legitimate money or other assets.
- 7.3 Under the Bribery Act 2010 there are a range of issues and offences for organisations to consider including a duty for organisations to put procedures in place to prevent persons associated with them from participating in bribery. The Commissioner will ensure that adequate procedures exist to comply with the requirements of the Act.
- 7.4 The Nolan Committee set out the seven guiding principles that apply to people who serve the public (**Appendix 2**). The Commissioner will seek to develop their working behaviour around these principles and has sworn an oath of office and agreed to adhere to a code of conduct.
- 7.5 The Specified Information Order 2011 requires the Commissioner and Deputy Commissioner to register any paid employment or other financial interests. All such declarations will be recorded in a public Register maintained by the Chief Executive and made available to the public on request.
- 7.6 Similarly, the Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive are also required by the order to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the organisation. The Register will be held by the Chief Executive and made available to the public on request.
- 7.7 Staff of the Office of the Police and Crime Commissioner are expected to follow the Code of Conduct for staff and any Code of Conduct related to their personal professional qualifications.
- 7.8 It is recognised that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to

establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made. In this regard temporary and contract staff should be treated in the same manner as permanent staff. Vetting and security clearance are therefore a prerequisite to an appointment.

7.9 Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the organisation's financial systems is independently monitored by both Internal and External Audit. Senior management places great weight on acting on audit recommendations.

7.10 Arrangements are in place to continue to develop and encourage the exchange of information between the Office of the Police and Crime Commissioner, and relevant police forces and other agencies on national and local fraud and corruption activity.

7.11 The Commissioner will assess the possibility of fraud within their risk management processes. This will include consideration of the following:

- Three key fraud risk factors (opportunity, motive and rationalisation)
- Likelihood, significance and pervasiveness of fraud risks
- The risk of management over-ride of control
- Mitigating programmes and controls to each identified fraud risk.

7.12 Fraud Risk Indicators: The following are warning signs that fraud/corrupt practices may be occurring:

- Employees under stress without a high workload
- Always working late or arriving early
- Reluctance to take leave
- Refusal of promotion
- Unexplained wealth
- Sudden change in demeanour or lifestyle
- Cosy relationship with suppliers/contractors
- Suppliers/contractors requesting to deal with one particular staff member
- Improper use/access of computer records

8. DETECTION AND INVESTIGATION

8.1 The arrays of preventative systems, particularly internal control systems within the organisation, have been designed to provide indicators of any fraudulent activity, although generally they are designed to be sufficient in themselves to deter fraud.

8.2 It is the responsibility of management to prevent and detect fraud and corruption. However, it is often the alertness of staff and the public that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.

Despite the best efforts of managers, supervisors and auditors, many frauds are often discovered by chance or 'tip-off' and it is important that the Commissioner has arrangements in place to enable such information to be properly dealt with.

8.3 Depending on the nature and anticipated extent of the allegations, the provider of the organisation's Internal Audit function will normally work closely with the management and the investigating agency to ensure that all allegations, suspicions and evidence are properly investigated and reported upon.

8.4 The relevant misconduct/disciplinary procedures concerning the suspected individual will be initiated where the outcome of the Audit Investigation indicates improper behaviour. In addition, civil legal action may be taken for the recovery of money or property misappropriated from the organisation.

8.5 All managers and supervisors should ensure that controls are in place to prevent and detect fraud and error. There is a need to be aware of the possibility of fraud when reviewing or presented with, for example, claims, forms, and documentation. Issues that may give rise to suspicions or allegations are:

- Documents that have been altered, use of correction fluid, or different pens and different handwriting.
- Claims that cannot be checked, particularly if prior authorisation was not given.
- Confused, illegible, text and missing details.
- Delays in documentation completion or submission.
- Lack of vouchers or receipts to support claims.

9. CONCLUSION

- 9.1 The Commissioner will sustain a clear network of systems and procedures to assist in maintaining high standards of conduct. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 9.2 To this end, the Commissioner maintains a continuous overview of such arrangements through, in particular, their Chief Finance Officer and Chief Executive, through the Scheme of Corporate Governance, Codes of Conduct and Accounting Instructions, and via Internal and External Audit arrangements.
- 9.3 This Policy Statement will be subject to review to reflect any amendments to the Scheme of Corporate Governance, or changes in legislation and working practices. This review will be at least annually and be conducted by the Director for Resources, Governance and Transformation.
- 9.4 The Chief Finance Officer has overall responsibility for the proper application of the policy and is responsible for deciding, in respect of all disclosures, whether there will be formal investigation, what form it will take and who will carry it out, though they may consult, at their discretion, other officers as appropriate.
- 9.5 This policy document is for general guidance only. If you need further advice on the application of this policy please use the following contact addresses:

By Mail: Chief Finance Officer,
Northamptonshire Office of the Police and Crime Commissioner,
West Wing,
Force HQ,
Wootton Hall,
Northampton.
NN4 0JQ

By Phone: 03000 111 222

By E-mail: Commissioner@northantspcc.pnn.police.uk

9.6 Independent advice on “whistleblowing” can also be obtained from the charity Public Concern at Work, whose contact details are:

By Mail: Public Concern at Work
3rd Floor
Bank Chambers
6-10 Borough High Street
London
SE1 9QC

Helpline: 020 7404 6609

By E-mail: whistle@pcaw.org.uk

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A1 GUIDELINES FOR REPORTING IRREGULARITIES

A1.1 Suspected fraud or corruption alleged to have been committed by an OPCC officer or a contractor should be immediately reported to the OPCC Chief Finance Officer or, in the case of an allegation being made about the Chief Finance Officer or in his/her absence, to the OPCC Chief Executive.

A1.2 Attention is drawn to the information contained within the 'Culture' section of the policy document, which identifies potential avenues of bringing suspected wrong-doing to the attention of others. Individuals intending to report irregularities should normally give consideration to the following issues:

- Do not approach, interview or accuse anyone suspected of being involved.
- Assemble all the facts and documentation available from the sources immediately to hand.
- If the information has come from a member of the public by telephone, then information notified should be written down, date and time noted, and the name and address of the supplier of the information recorded, and if they are willing to make it available.
- Prepare a briefing note of the circumstances.
- Do not make further enquiries without authorisation.

A2 HOW THE PCC WILL RESPOND

A2.1 In instances where an allegation of fraud or corruption is made the action taken by the organisation will depend on the seriousness of the concern. The matters will:

- be investigated internally by an appropriate manager;
- be referred to the police force if there is evidence of a criminal offence;
- be referred to the External Auditor if there is evidence of financial impropriety; and
- form the subject of an independent external or internal enquiry.

A2.2 In order to protect individuals and the organisation, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns and allegations which fall within the scope of existing procedures will normally be referred for consideration under those procedures.

A2.3 Some concerns may be resolved by agreed action without the need for investigation.

A2.4 Within 10 working days of the concern being received, the PCC will respond by:

- acknowledging that the information has been received;
- indicating how it intends to deal with the matter;
- giving an estimate of how long it will take to provide a final response;
- telling the complainant whether any initial enquiries have been made; and
- letting complainants know whether further investigation will take place and if not, why not.

A2.5 If additional information is required from the complainant, they have the right to be accompanied by a professional association, trade union or a friend who is not involved in the area of work to which concern relates.

A2.6 The organisation will take steps to minimise any difficulties which complainants may experience as a result of raising a concern.

A2.7 Where there are no legal constraints and confidentiality issues, the complainant will receive information on the outcome of any investigation.

THE SEVEN PRINCIPLES OF PUBLIC LIFE (NOLAN COMMITTEE)

The Committee on Standards in Public Life is an independent public body which advises government on ethical standards across the whole of public life in the UK (also known as the Nolan Committee). The Committee believes that 'Seven Principles of Public Life' should apply to all in the public service. The Commissioner will seek to develop working behaviour around these principles (see below). All such declarations will be recorded in a public Register maintained by the Chief Executive and made available to the public on request.

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other 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 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 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.

The Police and Crime Commissioner, Deputy Police and Crime Commissioner (if appointed), the Chief Executive and all staff employed by the OPCC under the direction and control of the Chief Executive are also required to declare in a public Register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the organisation. The Register will be held by the Chief Executive and made available to the public on request.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the organisation's financial systems is independently monitored by both Internal and External Audit. Senior management places great weight on being responsive to audit recommendations.

Arrangements are in place to continue to develop and encourage the exchange of information between the PCC, police force and other agencies on national and local fraud and corruption activity in relation to PCCs.