Agenda Item No.

10

JOINT INDEPENDENT AUDIT COMMITTEE
22nd February 2023

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 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 second 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 Chief Finance Officer and Force's DoF&CS, the Head of Finance, the Head of the Professional Standards Department (PSD), the Research and Performance Officer (RPO), and senior representatives from HR and Legal Services, to discuss 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 Terms of Reference (ToR) 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. Work can be progressed and approved outside of the scheduled meetings so that workstreams are not reliant on the convening of meetings.

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 2023-24 is **attached at appendix B** to this report and was approved at the December 2022 AFCSG meeting. It is the intention of the group to synchronising the AFCSG workplan with the JIAC agenda to aid the timely review of key documents & policies.
      3.1.2 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 continued in the liaison role, representing both the Force and OPCC within the Lincolnshire Counter Fraud Partnership (LCFP). Membership includes representatives from 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 facilitated the sharing of fraud intelligence regarding potential cyber-enabled fraud attempted locally in council or associated organisations – particularly examples of attempted 'bank mandate' fraud. These 'warnings' have been circulated by the RPO to potential target departments particularly Finance, ICT and HR, for appropriate preventative action and awareness.

3.2.3 Over the year staffing changes at LCC have led to a pause in proactive dissemination of fraud related 'intelligence' to the OPCC / Force. The RPO is investigating the intended future approach of the LCC's Liaison.

3.3 **Review of key policies**

3.3.1 The AFCSG completed its review of all key policies related to counter fraud, corruption, and whistleblowing in accordance with their annual workplan. In addition, the JIAC also routinely review these policies.

3.4 **Training**

3.4.1 A refreshed anti-fraud and corruption e-learning module has been completed to update induction and refresher training across both organisations. This was successfully rolled-out from April 2022.

3.4.2 The AFCSG had planned to oversee the development of new training and guidance targeting specific roles e.g., persons involved in project work with responsibility for procurement or those with devolved budgetary responsibility. The aim being to aid effective management of resources and raise awareness of potential fraud related risks. The additional capacity required for this will be found by using existing CIPFA consultancy days to support both their creation and delivery. However, due to the unprecedented workload arising from the transition from the G4S contract and the resulting restructuring of the finance team this work has been paused. The DoF&CS continues to monitor available capacity for this work and routinely provides status updates to the AFCSG meetings with a view to re-commencing the work at a more appropriate time.

3.5 **Fraud Risk Assessment**

3.5.1 The PCC's Chief Finance Officer (CFO) attends the Confidential Risk Board and raises issues relating to fraud and corruption as does the RPO and DoF&CS who attend the force's Risk Management Board.

3.5.2 During 2022 an organisation wide assessment of fraud risk was revisited encompassing all the key organisational functions. The results of this assessment highlighted the key areas of fraud risk as Procurement, Finance, and Cyber enabled fraud.

3.5.3 A Fraud risk matrix has been developed to help monitor and manage key practical day-to-day fraud risks, without duplicating existing risk management systems. A draft of this fraud risk matrix is attached to this report at **Appendix C** and contains the information gathered so far. The content has been populated following meetings between the RPO and the relevant heads of department / functional leads. Some meetings are yet to be completed. The intention is to have a completed matrix for the March 2023 AFCSG meeting.

3.6 **Progress against internal audit recommendations**

3.6.1 The AFCSG monitor progress against relevant audit recommendations relating to counter-fraud activity. These are also routinely reported to JIAC.

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

4.1 The capacity to deliver the workstreams associated with the AFCSG meetings has been limited by a range of factors, primary amongst these is the unprecedented workloads involved in the transition away from the G4S contract and the resulting impact on AFCSG members and their respective departments.

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.