

POLICE AND CRIME COMMISSIONER FOR CLEVELAND

Failure to Prevent Fraud Review

FINAL Internal Audit Report 13.25/26

11 September 2026

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EXERCISE SUMMARY

Background:

This review assessed the Police and Crime Commissioner for Cleveland (OPCC) fraud prevention framework against the principles set out in the Home Office's Guidance to organisations of the offence of failure to prevent fraud (November 2024, ECCTA s199). It should be noted that police forces are explicitly excluded from the scope of this offence – the guidance states it applies to large, incorporated bodies, subsidiaries, partnerships and incorporated public bodies, but does not apply to police forces or government departments. Accordingly, the OPCC has not statutory obligation to comply with s199. This review and its findings should therefore be read as a good practice approach which is undertaken on a voluntary risk-based basis and not as a test of statutory compliance. Any recommendations are indicative of opportunities to strengthen the OPPC's fraud prevention arrangements against a recognised external benchmark

Key scope areas covered as part of the review were aligned to the reasonable procedures detailed within the published guidance to organisations on the FTPF offence[1]:

- Top level commitment
- Risk assessment
- Proportionate risk-based prevention procedures
- Due diligence
- Communication (including training)
- Monitoring and review

In line with the outlined principle relating to risk assessment, as this is a key and fundamental element of the principles, we reviewed the current internal fraud risk assessment processes, and the associated controls aligned to identified fraud risks of the OPCC. This is just one element to contribute to a review of the PCC's journey to good practice, as some elements would not be in a position to be reviewed or assessed until the risk assessments have been undertaken, as the outcomes of that feed into many other areas.

It is only when the OPCC applies the principles of the guidance and the learnings from a comprehensive assessment of their risk exposure through the procedures, controls and governance structures in place, that they will be in a position to demonstrate its alignment and work towards good practice with the reasonable procedures.

This review has focused on the policies and procedures in place at the OPCC, as such the OPCC may wish to seek assurance from the Force that they also have relevant policies and procedures in place.

As this is an advisory review, no assurance opinion is provided, and we have made suggested actions for consideration aligned with good practice.

Key findings:

Top level commitment

Top-level commitment to preventing fraud was demonstrated through the Public Interest Disclosure Policy, Code of Conduct, Gifts, Gratuities & Hospitality Policy, however these require updating to reflect the legislative requirements of the failure to prevent fraud offence (aligned with suggested action 4 below).

While the undertaking of this review demonstrates the OPCC's commitment to invest in understanding their requirements and areas of prioritisation, being able to demonstrate an ongoing clear and committed approach to the fulfilment of this principle will be reflected by the investment and implementation of the related management actions identified, contributing to a longer-term fraud prevention strategy, where commitment from the 'top level' is clearly visible. **Suggested action (SA) 1**

[1] Guidance to organisations on the offence of failure to prevent fraud

Fraud risk assessment

The OPPC does not have in place a fraud risk assessment that clearly defines the types of fraud the OPPC may be at risk from either as a victim or a beneficiary, in line with the requirements of the FTPF offence.

The OPCC should implement a comprehensive register which identifies and articulates all the fraud risks in each area of the OPCC, with specific articulation as to whether the OPCC could potentially be the victim or beneficiary. This would help the OPCC clearly identify the fraud risks faced and facilitate a more effective monitoring and proactive targeting of the higher risk areas.

Furthermore, the fraud risk registers should illustrate how they identify and articulate specific frauds where the OPCC could potentially be the beneficiary, would help the OPCC clearly identify the fraud risks faced and facilitate a more effective monitoring and proactive targeting of the higher risk areas. **SA 2a & 2b**

Proportionate risk-based prevention procedures

In the absence of a robust fraud risk assessment, there is opportunity for improvement in relation to the OPCC's procedures to prevent fraud. A strategy will allow senior management to have a clear fraud prevention framework and demonstrate a commitment to preventing and identifying fraud within the OPCC. **SA 3**

Due diligence

While we were provided with information about existing due diligence undertaken with employees and suppliers for the OPCC, in order to demonstrate that they have taken a proportionate risk-based approach, due diligence procedures need to be reviewed once the risk assessment has been updated, in order to ensure that all associated persons are appropriately captured and that the due diligence procedure applied is adequate. **SA 4**

Communication

The OPCC's Anti-Fraud & Corruption Policy (section 7) covers anti-fraud and bribery training, advising that the local policing body 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. We were not provided with training material for review.

Demonstrating communication of prevention policies and procedures and demonstrating they are embedded and understood not only contributes towards the mitigation of the risk of staff committing fraud or failing to identify, report or respond to fraud appropriately, but supports the OPCC in demonstrating that it has adequately communicated and embedded it's prevention policies, fostering a culture within the OPCC in which fraud is never acceptable. A programme of training and awareness is recommended for all staff, which is to be updated and reviewed periodically for effectiveness. **SA 5**

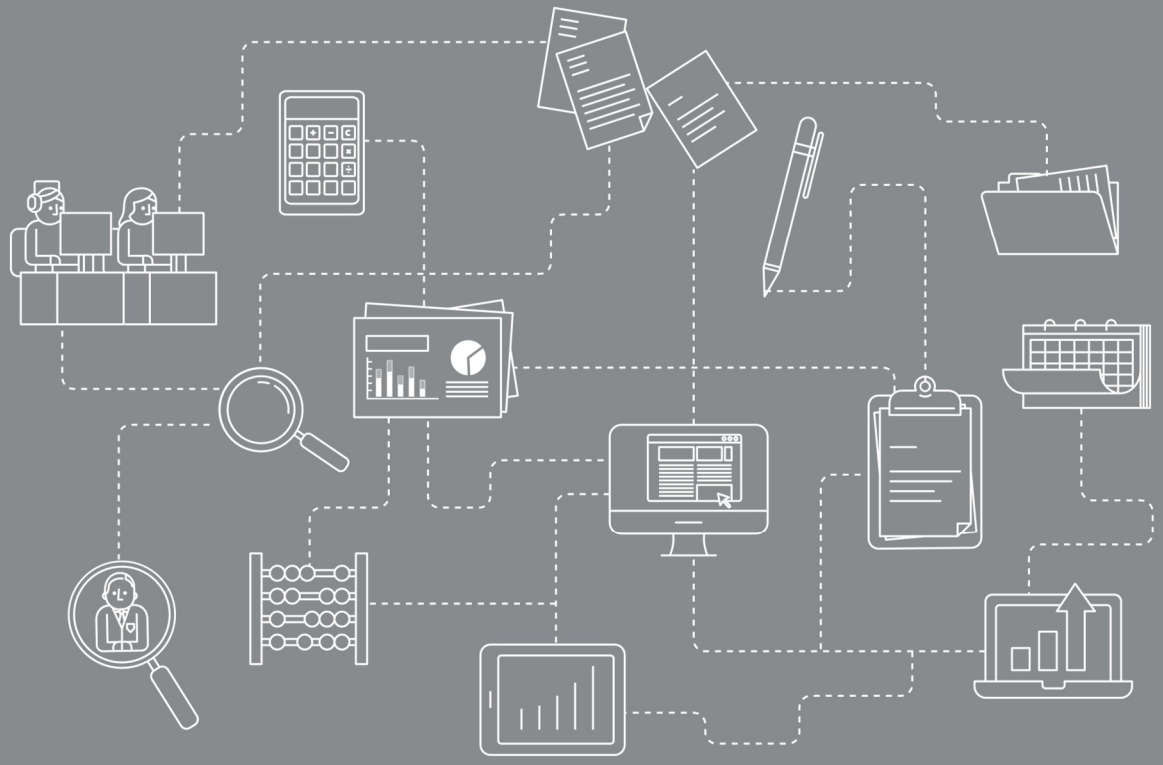
Monitoring and review

At the time of undertaking this review, limited evidence was provided to demonstrate that the OPCC actively monitor and review its fraud detection and prevention procedures.

In order to demonstrate that the OPCC's response to identified fraud risks remains proportionate, the OPCC need to demonstrate that they actively monitor the detection of fraud and attempted fraud, investigations and the effectiveness of fraud prevention measures. Without an effective programme of monitoring and review, actions taken against the first five reasonable procedures are quite diminished, as the effectiveness of the fraud prevention measures cannot be assessed. It is essential that all work undertaken in support of the reasonable procedures to mitigate the FTPF offence is overseen by senior staff or committees, and that action is taken to address any concerns identified, and / or escalate non-compliance. **SA 6**

SUMMARY OF MANAGEMENT ACTIONS

01



SUMMARY OF SUGGESTED ACTIONS

Ref	Management action
Top level commitment	
1	The OPCC will take action to ensure its Board members and senior managers are aware of the legislation, and the preventative activity program in place (longer term fraud prevention strategy), exploring opportunities to demonstrate the commitment to this area of legislation.
Fraud risk assessment	
2A	The OPCC will identify, articulate and assess the fraud risks relevant to each department onto a risk register, inclusive of frauds where the OPCC is a potential victim and also intended beneficiary.
2B	The OPCC will regularly update and review the Fraud Risk Assessment to enable new and emerging risks to be identified and responded to appropriately and ensure adequate periodic objective oversight.
Proportionate risk-based prevention procedures	
3	The OPCC will implement procedures to prevent fraud by persons associated with it, proportionate to the risks it faces and to the nature, scale and complexity of the OPCC's activities. A strategy will be developed to allow senior management to have a clear fraud prevention framework and demonstrate a commitment to preventing and identifying fraud within the OPCC.
Due diligence	
4	The OPCC will identify their associated persons and following identification of associated areas of risk, in line with the failure to prevent fraud offence', will clearly articulate the respective due diligence procedures undertaken.
Communication	
5	The OPCC will undertake a review of the induction training to ensure that training covers the below areas; • Anti-Fraud and Anti-Corruption; • Code of Conduct; • Whistleblowing; • Conflicts of Interest, Gifts and Hospitality, specifically fraud awareness and obligations for declarations of interest; and • Economic Crime and Corporate Transparency Act, specifically the failure to prevent fraud elements. If training does not cover the above areas, the training will be uploaded to sufficiently incorporate these areas.
Monitoring and review	
6	The OPCC will develop and implement a range of measurement criteria to be monitored and reported periodically to the Joint Audit Committee.

Ref	Management action
	The OPCC should consider inclusion of the following criteria: ▪ Changes to relevant policies and assessment of staff understanding; ▪ Fraud risk scores; ▪ Actions taken to address fraud risks including periodic review activity; ▪ Training provided, inclusive of compliance rates; ▪ Fraud attempts detected; ▪ Investigation activity; and ▪ Lessons learned
Fraud and Bribery Policy	
7	The OPCC will update the Anti-Fraud & Corruption Policy to included reference to the Economic Crime and Corporate Transparency Act (ECCTA).

DETAILED FINDINGS AND SUGGESTED ACTIONS

02



DETAILED FINDINGS AND SUGGESTED ACTIONS

1. Top level commitment	
Requirement:	The top-level management of the OPCC are committed to preventing fraud by persons associated with it. They foster a culture within the OPCC in which fraud is never acceptable. Responsibility for the prevention and detection of fraud rests with those charged with the governance of the OPCC.
Findings/ implications:	Top-level commitment to preventing fraud was demonstrated through the Public Interest Disclosure Policy, Code of Conduct, Gifts, Gratuities & Hospitality Policy, however these require updating to reflect the legislative requirements of the failure to prevent fraud offence. The policies and procedures, however, require updating to reflect the legislative requirements of the failure to prevent fraud offence (aligned with management action 4 below). While the undertaking of this review demonstrates the OPCC's commitment to invest in understanding their requirements and areas of prioritisation; being able to demonstrate an ongoing clear and committed approach to the fulfilment of this principle will be reflected by the investment and implementation of the related management actions identified, contributing to a longer term fraud prevention strategy, where commitment from the 'top level' is clearly visible.
Suggested action 1	The OPCC will take action to ensure its Board members and senior managers are aware of the legislation, and the preventative activity program in place (longer term fraud prevention strategy), exploring opportunities to demonstrate the commitment to this area of legislation.

2. Risk assessment	
Requirement:	The OPCC have a comprehensive local fraud risk assessment process, methodology and resultant risk register for the purpose of identifying, capturing, assessing, managing and reporting on fraud risks. The risk register adequately captures the nature and extent of the OPCC's exposure to potential internal and external risks of employees, agents and other associated persons committing fraud in scope of the offence. The risk assessment is dynamic, documented and kept under regular review.
Findings/ implications:	The OPCC does not have in place a fraud risk assessment that clearly define the types of fraud the OPCC may be at risk from either as a victim or a beneficiary in line with the requirements of the FTPF offence. The OPCC should implement a comprehensive register which identifies and articulates all the fraud risks in each area of the OPCC, with specific articulation as to whether the OPCC could potentially be the victim or beneficiary, would help the OPCC clearly identify the fraud risks faced and facilitate a more effective monitoring and proactive targeting of the higher risk areas. Where a fraud risk is not clearly identified, the OPCC cannot ensure they are effectively mitigating against it occurring, nor demonstrate that its risk assessment process adequately captures the nature and extent of the OPCC's exposure to frauds in scope of the FTPF offence.
Suggested action 2A	The OPCC will identify, articulate and assess the fraud risks relevant to each department onto a risk register.
Suggested action 2B	The OPCC will regularly update and review the Fraud Risk Assessment to enable new and emerging risks to be identified and responded to appropriately and ensure adequate periodic objective oversight.

3. Proportionate risk-based prevention procedures	
Requirement:	The OPCC's procedures to prevent fraud are proportionate to the risks it faces and to the nature, scale and complexity of the OPCC's activities. They are also clear, practical, accessible, effectively implemented and enforced.
Findings/ implications:	RSM are the appointed Internal Audit provider at the OPCC and as such there is a programme of ongoing proactive review into mandated and higher risk areas as determined by the Executive team. However, it is not the remit of Internal Audit to specifically cover fraud risk reviews. Once the risk assessments have been updated or implemented, the OPCC should update the fraud prevention plan which seeks to reduce the opportunities for fraud, reduce the motive for fraud and reduce the rationalisation of fraudulent behaviour. The plan should seek to capture all preventative and regulatory compliance work across the OPCC and incorporate activity to test the fraud prevention measures in higher fraud risk areas as identified from the risk assessment process.
Suggested action 3	The OPCC will implement procedures to prevent fraud by persons associated with it, proportionate to the risks it faces and to the nature, scale and complexity of the OPCC's activities. A strategy will be developed to allow senior management to have a clear fraud prevention framework and demonstrate a commitment to preventing and identifying fraud within the OPCC.

4. Due diligence	
Requirement:	The OPCC applies due diligence procedures, taking a proportionate risk-based approach in respect of persons who perform or will perform services for or on behalf of the OPCC, in order to mitigate identified fraud risks.
Findings/ implications:	As part of the review, we were provided the OPCC's new supplier set up procedure form and contract renewal procedure, however in order to demonstrate that the OPCC has taken a proportionate risk-based approach, due diligence procedures will need to be reviewed once the risk assessment has been updated in order to ensure that all associated persons are appropriately captured and that the due diligence procedure applied is adequate. While the OPCC may undertake a wide variety of due diligence procedures, both mandatory and in response to identified risks, it should be noted that applying existing procedures tailored to a different type of risk will not necessarily be an adequate response to tackle the risk of fraud.
Suggested action 4	The OPCC will identify their associated persons and following identification of associated areas of risk, in line with the failure to prevent fraud offence', will clearly articulate the respective due diligence procedures undertaken.

5. Training, awareness and reporting routes	
Requirement:	The OPCC seeks to ensure that it's prevention policies and procedures are communicated, embedded and understood throughout the organisation. Staff are provided with the appropriate training and messaging to identify types of fraud that the organisation may be vulnerable to, including those where the organisation may benefit, in line with the FTPF offence.

5. Training, awareness and reporting routes	
Findings/ implications:	The OPCC Anti-Fraud & Corruption Policy (section 7) covers anti-fraud and bribery training, advising that the local policing body 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. We were not provided with training material, for review. The OPCC should ensure that training provided covers the below key areas: • Anti-Fraud and Anti-Corruption; • Code of Conduct; • Whistleblowing; • Conflicts of Interest, Gifts and Hospitality, specifically fraud awareness and obligations for declarations of interest; and • Economic Crime and Corporate Transparency Act 2023. Demonstrating communication of prevention policies and procedures and ensuring they are embedded and understood does not only contribute towards the mitigation of the risk of staff committing fraud or failing to identify, report or respond to fraud appropriately, but supports the OPCC in demonstrating that they have adequately communicated and embedded it's prevention policies, fostering a culture within the OPCC in which fraud is never acceptable. It is essential that staff understand and recognise the fraud risks faced by the OPCC and the standards of behaviour that are not acceptable, specifically including where an 'associated person' commits a specified fraud offence which benefits the organisations, and to set the tone from the top that the OPCC has a zero-tolerance approach to fraud. Without this message being clearly and regularly articulated to staff, not only is the risk of staff committing fraud or failing to identify, report or respond to fraud appropriately increased, the OPCC will be unable to demonstrate that they have adequately communicated nor embedded its prevention policies or fostered a culture within the OPCC in which fraud is never acceptable.
Suggested action 5	The OPCC will undertake a review of the induction training to ensure that training covers the below areas; • Anti-Fraud and Anti-Corruption, • Code of Conduct; • Whistleblowing; • Conflicts of Interest, Gifts and Hospitality, specifically fraud awareness and obligations for declarations of interest; and • Economic Crime and Corporate Transparency Act, specifically the failure to prevent fraud elements. If training does not cover the above areas, the training will be uploaded to sufficiently incorporate these areas.

6. Monitoring and review	
Requirement:	The OPCC monitors and reviews its fraud detection and prevention procedures and makes improvements where necessary. This includes learning from investigations and whistleblowing incidents and reviewing information from its own sector.
Findings/ implications:	At the time of undertaking this review, evidence provided to demonstrate that the OPCC actively monitor and review its fraud detection and prevention procedures was limited.

6. Monitoring and review

In order to demonstrate that the OPCC's response to identified fraud risks remains proportionate, the OPCC will need to demonstrate that it is actively monitoring the detection of fraud and attempted fraud, investigations and the effectiveness of fraud prevention measures.

Without an effective programme of monitoring and review, actions taken against the first five reasonable procedures are quite diminished, as the effectiveness of the fraud prevention measures cannot be assessed. It is essential that all work undertaken in support of the reasonable procedures to mitigate the FTPF offence is overseen by senior staff or committees, and that action is taken to address any concerns identified, and / or escalate non-compliance.

Suggested action 6

The OPCC will develop and implement a range of measurement criteria to be monitored and reported periodically to the JAC. The OPCC should consider inclusion of the following criteria:

- Changes to relevant policies and assessment of staff understanding;
- Fraud risk scores;
- Actions taken to address fraud risks including periodic review activity;
- Training provided, inclusive of compliance rates;
- Fraud attempts detected;
- Investigation activity; and
- Lessons learned.

7. Fraud and Bribery Policy

Requirement:

The top-level management of the OPCC are committed to preventing fraud by persons associated with it. They foster a culture within the OPCC in which fraud is never acceptable. Responsibility for the prevention and detection of fraud rests with those charged with the governance of the OPCC.

Findings/ implications:

The OPCC has in place an Anti-Fraud & Corruption Policy. The policy makes it clear that the OPCC will not tolerate fraud or bribery in the administration of its responsibilities, whether from inside or outside their organisation.

Overall responsibility of managing the risk of fraud and corruption is delegated to the Chief Executive, arrange for any suspected incidents of fraud or bribery to be reported in line with the policy. The Chief Executive is responsible for following up any allegation or suspicion of fraud or corruption received and will do so through clearly defined procedures. 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; and
- Implement disciplinary procedures where appropriate.

7. Fraud and Bribery Policy	
	The sections were appropriately detailed and outlined the OPCC's approach to reporting and dealing with fraud and corruption when identified and expectations for staff/officer's conduct, however it was noted there is no specific reference to the Joint Audit Committee providing an independent and objective view of the internal control environment by receiving and considering audit plans, reports and management letters and reports as appropriate to the Commissioner and Chief Constable a sound system of internal control that supports the OPCC's policies, aims and objectives, and that is designed to respond to and manage the key risks of the OPCC. Furthermore, the Anti-Fraud and Corruption Policy does not make reference to the Economic Crime and Corporate Transparency Act (ECCTA).
Suggested action 7	The OPCC will update the Combined Financial Regulation to included reference to the Economic Crime and Corporate Transparency Act (ECCTA).

APPENDICES

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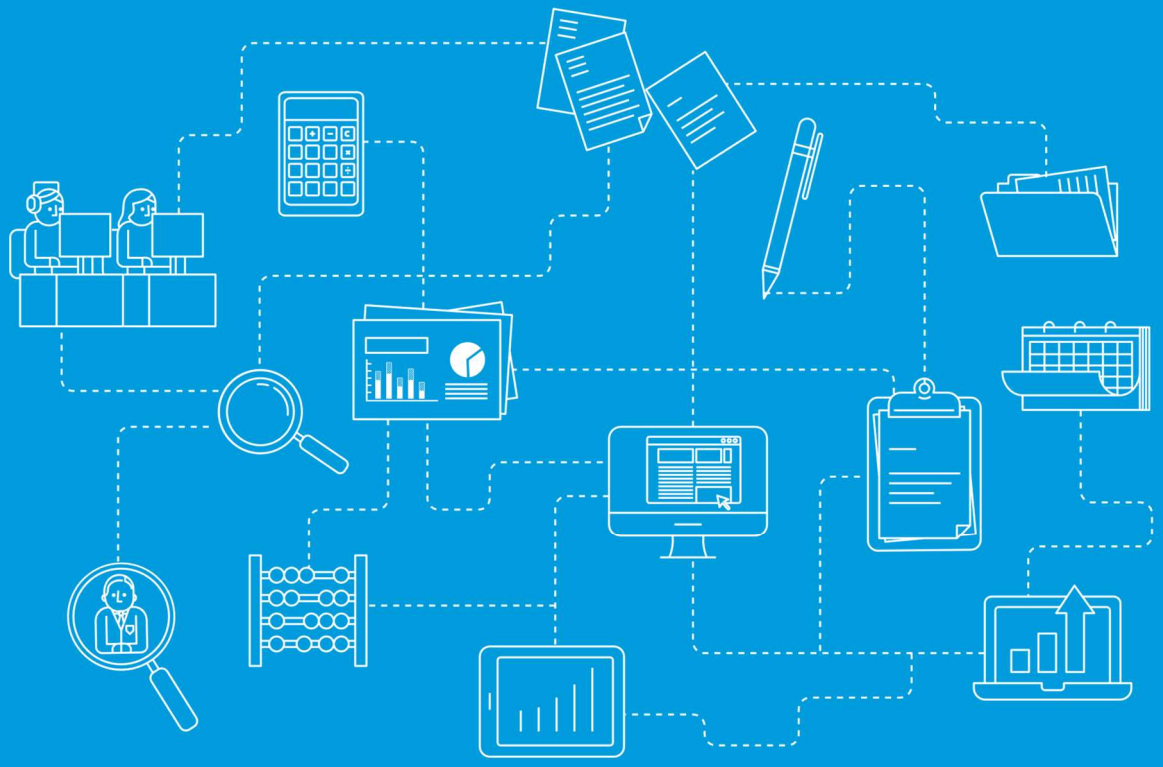

APPENDIX A: AUDIT INFORMATION

Debrief held	10 March 2026
Draft report issued	19 March 2026
Revised draft report issued	12 August 2026
Responses received	7 September 2026
Final report issued	11 September 2026

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