

# Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy 2017

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## 1. Introduction

- 1.1 This is the Anti-Fraud and Corruption Policy of Cambridgeshire Pension Fund managed by Cambridgeshire County Council (the Administering Authority).
- 1.2 This Policy clearly demonstrates that Cambridgeshire Pension Fund will take all necessary steps to prevent fraud and corruption. Every effort will be made to detect any such attempts and will robustly pursue those responsible and recover losses, referring matters to the Police where appropriate.
- 1.3 Fraud and corruption are defined by the Audit Commission as: -
  - Fraud – ‘any intentional false representation, including failure to declare information or abuse of position which is carried out to make gain, cause loss or expose another to the risk of loss’.
  - Corruption – ‘the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person’.

## 2. Policy Objectives

- 2.1 The Funds’ objectives related to this policy are as follows:
  - Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance;
  - Manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund’s stakeholders, particularly the scheme members and employers;
  - Continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate; and
  - Administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.

## 3. Purpose of the Policy

- 3.1 The purpose of the Policy is to –
  - Prevent ongoing losses of funds where fraud has occurred and to maximise the potential for recovery;
  - Minimise the occurrence of fraud by taking rapid action at the earliest opportunity;
  - Minimise the chance of destruction of evidence;
  - Maximise the chances of success in future sanction action, including criminal prosecution; and
  - Minimise adverse publicity

#### 4. Effective date

- 4.1 This Policy was approved by the Pension Committee on XX and is effective from XX.

#### 5. Review

- 5.1 This Anti-Fraud and Corruption Policy is expected to be appropriate for the long-term but it will be reviewed annually, and if necessary, more frequently to ensure it remains accurate and relevant.

#### 6. Scope

- 6.1 This policy applies to -
- members of the Pension Committee;
  - members of the Local Pension Board;
  - employers of the Fund;
  - relevant stakeholders to the Fund;
  - professional organisations that provide services to the Fund (e.g. Custodian, fund managers); and
  - professional advisors.

Officers of the Fund and County Councillors are covered by the LGSS Corporate Anti-Fraud and Corruption Policy.

#### 7. Culture

- 7.1 The administering authority promotes a zero tolerance approach towards fraud, corruption and other malpractice for personal gain. Dishonesty, lack of integrity, avoidance of controls and failure to comply with agreed policies will not be tolerated.
- 7.2 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility.
- 7.3 Concerns must be raised when members or employees reasonably believe that one or more of the following has occurred, is in the process of occurring or is likely to occur:
- a criminal offence;
  - a failure to comply with a statutory or legal obligation;
  - improper unauthorised use of public or other funds;
  - a miscarriage of justice;
  - maladministration, misconduct or malpractice; and/or
  - deliberate concealment of any of the above.
- 7.4 The administering authority will deal firmly with those who commit fraud, or who are corrupt, or where there has been financial malpractice against the Fund. There is, of course, a need to ensure that any investigation process is not misused and all actions are taken in a fair and equitable manner in

accordance with legislation, in particular the Human Rights Act, Race Relations Act and any policies or procedures that may have an impact.

- 7.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the administering authority will ensure that appropriate improvements are implemented to prevent a reoccurrence.

## 8. Statutory Duties

- 8.1 The Head of Internal Audit – The Head of Internal Audit has a duty to monitor instances of financial irregularities within the Council as a whole, and to report certain details to external bodies, such as the Audit Commission. The Head of Internal Audit also has a duty to ensure that appropriate investigations are carried out.
- 8.2 Section 151 Officer – Under section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985 the Section 151 Officer has a statutory duty to ensure that there are proper arrangements in place to administer the Council's financial affairs (as the administering authority).
- 8.3 Director of Finance – The Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the role of the Chief Finance Officer/ Director of Finance (CFO) lists one of the CFO's core responsibilities as 'implementing appropriate measures to prevent and detect fraud and corruption'.

## 9. Deterrence

- 9.1 The publication of this Anti-Fraud and Corruption Policy and regularly reinforcing that the administering authority operates a zero tolerance approach will help deter those considering perpetrating fraudulent activity.
- 9.2 Where any loss is incurred to fraud and corruption the administering authority will take action to recover monies owed.
- 9.3 Managers are encouraged to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.
- 9.4 Pension Committee and Local Pension Board members receive regular reports on Internal Audit activity and these will include summary details of investigations into allegations of fraud and financial impropriety.
- 9.2.7 After an investigation, sanctions will be applied where fraud and corruption are proven to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible sanctions – disciplinary, civil and criminal are considered. For elected members this will include the sanctions available for breaches of the Members' Code of Conduct. The level of sanction pursued will be considered at the end of the investigative process when all evidence is available.

## 10. Detection and prevention of fraud and corruption by the Cambridgeshire Pension Fund.

10.1 The below table demonstrates the activity undertaken by Cambridgeshire Pension Fund to mitigate the likelihood of fraud and corruption occurring –

<b>Member Fraud Prevention</b>			
<b>Activity</b>	<b>Detail of activity</b>	<b>Timescale</b>	<b>Responsibility</b>
Participation in the National Fraud Initiative	The National Fraud Initiative (NFI) exercise matches electronic data within and between public and private sector bodies to prevent and detect fraud.	Every two years.	Officers are responsible for starting investigations into the members identified within one month of the report being received.
Mortality checks for overseas pensioners	<b>Pending Chief Officer approval to procure services:</b> Pensioners living abroad will be required to visit a Western Union Branch in order to complete a life certificate and will also be required to provide identification.	Every two years.	Officers are responsible for overseeing the process with Western Union and ensuring the appropriate action is taken up with relevant teams upon review of the findings.
Returned payslips	Pensioner payslips are sent the first month an individual receives a pension, and then if their net pay changes by more or less than £5 from one month to the next. Payslips are also issued every March, April and May to reflect pensions increase. Returned payslips could be due to a change of address or death of member.	Ad Hoc	Investigations to be carried out by officers within one month of the returned payslip being received. The member payroll record will be immediately suspended until contact is re-established with the scheme member or confirmation of the member's death.
Returned BACS payments	BACS payments returned to the Fund by the recipient's bank/building society shortly after the payment date if the account has closed or an error has occurred. The returned payment could be due to a change of bank details or death of member.	Monthly	Investigations to be carried out by officers within one month of the returned payment The member payroll records will be suspended until contact is re-established with the scheme member or confirmation of the member's death.

Falsification/non submission of documents (Member)	Members may provide incorrect information for financial gain.	Day to day basis	All birth, death and marriage/civil partnership certificates need signing and verifying by the individual submitting them. All benefits need to be claimed via a signed declaration. Officers are responsible to carrying out the necessary checks before benefits are paid.
<b>Employer Fraud Prevention</b>			
Reconciliation of Employer and Employee contributions	It is a statutory requirement for employers to pay both employee and employer contributions to the Fund by the 19 <sup>th</sup> of the month following deduction. If the contributions are not paid it could indicate improper use of employee contributions in addition to the failure to comply with a statutory obligation.	Monthly	Investigations will be carried out by the end of the month following non receipt of contributions and irregularities between payments and schedules. Relevant cases are escalated in line with the Payment of Employee and Employer Pension Contributions Policy.
Falsification/non submission of documents (Employer)	Employers may provide the service with incorrect data in order to gain financially.	Day to day basis	Data verification checks to look for inconsistencies. Data matched against contribution information for the valuation carried out by the actuary.
<b>Administration Fraud Prevention</b>			
Employee maladministration	There is a clear separation of duties between employees and all calculations and payments are checked at a more senior level.	Day to day basis	It is the responsibility of the checker to ensure the payment is of the correct amount and to the correct individual.
Internal Audit Reviews	Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and detect fraud and corruption. They liaise with management to recommend changes in procedures to prevent further losses to the Fund.	Yearly	Internal Audit will conduct an annual review that is then presented to the Pensions Committee and Local Pension Board. Relevant actions will be addressed by the Head of Pensions.

External Audit Reviews	Independent external audit is an essential safeguard in the stewardship of public money. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.	Yearly	External Audit will conduct an annual review that is then presented to the Pensions Committee and Local Pension Board. Relevant actions will be addressed by the Head of Pensions.
Conflicts of Interest	Pension Committee and Local Pension Board members must ensure that they avoid situations where there is a potential for a conflict of interest. Declarations ensure potential conflicts are identified and dealt with appropriately mitigating the risk of fraudulent activity.	Each Meeting/Ad Hoc	Pension Committee and Local Pension Board members are required to declare potential conflicts at the start of each meeting. Democratic Services are responsible for ensuring all declarations are held on the Council's register.

10.2 Many fraudulent activities are discovered by chance or 'tip off' and the administering authority promotes the Whistleblowing policy to encourage and enable these to be reported.

10.3 Members of the public are encouraged to report any concerns which they may have through the external Whistleblowing process or by using the Fund complaints procedure.

## 11 Investigation

11.1 All suspected irregularities are investigated within the Pensions Service in the first instance and will be dealt with in a timely manner. All probable and confirmed cases are required to be reported to Internal Audit by the Head of Pensions.

This is essential to the policy, to:

- ensure the consistent treatment of information regarding fraud and corruption;
- facilitate a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the Human Rights Act 1998.

11.2 Internal audit carries out investigations and follows up appropriately as per the LGSS Corporate Policy.



## 12. Sanctions

- 12.1 It is highly likely that the administering authority will seek to prosecute offenders wherever appropriate. However, the administering authority also recognises that it may not always be in the public interest to refer cases for criminal proceedings.
- 12.2 Any decision to refer a matter to the police will be taken by the Head of Pensions and Audit Manager in consultation with the Council's Section 151 Officer and the Chairman of the Pensions Committee.

## 13. Related Documents

- 13.1 The Cambridgeshire County Council Anti-Fraud Policy and Fraud Response Plan can be found –  
<http://sharepoint.lgss.local/Pages/Anti-fraud-and-corruption.aspx>
- 13.2 Further details of the National Fraud Initiative can be found –  
<https://www.gov.uk/government/collections/national-fraud-initiative>

## 14. Contact details

- 14.1 If you require further details surrounding this policy please contact –

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