

# Anti-Fraud and Corruption Policy 2024



Administered in partnership

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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 the 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 is defined as: -
- Fraud – ‘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 or otherwise for gain.’
  - Bribery and Corruption – ‘A bribe is a financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity’.

## **2. Policy Objectives**

- 2.1 The Fund’s objectives related to this policy are as follows:
- Has 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.
  - Administers 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 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
  - Minimise adverse publicity.
  - Act as a deterrent for potentially fraudulent activity.

**4. Effective date**

4.1 The policy was first approved by the Pension Fund Committee on 19 October 2017.

**5. Review**

5.1 This policy will be reviewed by Fund Officers annually and by the Pension Fund Committee every three years, and if necessary, more frequently to ensure it remains accurate and relevant.

Date of review	Policy effective date:	Review type
14 January 2020	15 January 2020	Committee
24 March 2022	25 March 2022	Committee
8 June 2023	9 June 2023	Officer
xx	xx	Committee

**6. Scope**

- 6.1 This policy applies to –
- officers of the Fund.
  - members of the Pension Fund Committee.
  - members of the Pension Fund 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.

**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 and of paramount importance to the authority.
- 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.
  - deliberate concealment of any of the above.

7.4 The Council will ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously, and investigated in an appropriate manner, subject to the requirements of the Human Rights Act 1998 and other statutory provisions. The administering authority will deal firmly with those who defraud the Council, or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as raising malicious allegations) may be dealt with as appropriate.

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. Responsible Officers**

8.1 The Head of Internal Audit and Risk Management– 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 External Audit. The Head of Internal Audit also has a duty to ensure that appropriate investigations are carried out.

8.2 The Head of Internal Audit and Risk Management – The Head of Internal Audit is also the Money Laundering Reporting Officer (MLRO) and any suspected grounds of money laundering should be reported to the MLRO who will keep a record of all referrals received. The MLRO will also record any action taken to report concerns on to the National Crime Agency.

8.3 Director of Legal and Governance (CCC Monitoring Officer) – The Monitoring Officer acts as the Deputy Money Laundering Officer.

8.4 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).

8.5 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 expected to conduct risk reviews of the systems and procedures for which they are responsible and proactively update where weakness has been identified.

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- 9.4 Pension Fund Committee and Pension Fund Board members receive annual reports on Internal Audit findings, including summary details of investigations into allegations of fraud and financial impropriety.
- 9.5 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 by the Cambridgeshire Pension Fund

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

<b>Activity</b>	<b>Detail of activity</b>	<b>Responsibility</b>
Biennial 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.	Officers are responsible for starting investigations into the members identified within one month of the report being received. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
Annual proof of existence for overseas pensioner members and members aged 95+	All pensioner members are asked to access their online account to confirm their contact details remain correct or complete and return a proof of existence form.	Officers are responsible for conducting this exercise and suspending the ongoing of pension of payment for nil returns until contact has been made or notification that the scheme member has died. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.

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<b>Activity</b>	<b>Detail of activity</b>	<b>Responsibility</b>
Monthly mortality screening.	Deferred, pensioner and frozen refunds members are screened monthly to identify members that have passed away.	Officers are responsible for overseeing the process with the Fund's supplier of mortality screening services (Accurate Data Services) and are responsible for ensuring that appropriate action is taken where deceased members are identified. The Cambridgeshire Pension Fund subscribes to the Department of Work and Pensions Tell Us Once service and is notified of any deaths of scheme members through this service. Notifications are received shortly after a death has been registered but as it is a voluntary service the Fund cannot rely on the representatives of all members to use it, hence the requirement for a supplier of mortality screening services. The Head of Pensions will be notified of any fraudulent cases identified and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy within one month of escalation.
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.	Investigations by Officers 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. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.

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<b>Activity</b>	<b>Detail of activity</b>	<b>Responsibility</b>
Internal Audit Reviews.	Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place and operating effectively to prevent and detect fraud and corruption. They liaise with management to recommend changes in procedures to prevent further losses to the Fund.	Internal Audit conduct annual reviews from which the findings are presented to the Pension Fund Committee and Pension Fund Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.
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.	External Audit will conduct annual reviews from which the findings are presented to the Pension Fund Committee and Pension Fund Board. Relevant actions will be addressed by the Head of Pensions. The Head of Pensions will be notified if any potential fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.
Managing Conflicts of Interest.	Pension Fund Committee and Pension Fund 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.	Pension Fund Committee and Pension Fund 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 The below table demonstrates the triggers that would instigate action by Cambridgeshire Pension Fund to mitigate the likelihood of fraud and corruption occurring –

<b>Trigger</b>	<b>Detail of trigger</b>	<b>Responsibility</b>
Evidence received suggests pensioner member is no longer at the address held on record*.	Returned post (including pensioner payslips) suggests that the scheme member no longer resides at that address.	The member's record will be immediately marked as gone away as to prevent any further information being sent to that address. The member payroll record will also be immediately suspended. Officers will use the Fund's mortality screening and address tracing provider to obtain either a new address or receive confirmation that the scheme member has passed away. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.
Evidence received suggests any other type of scheme member is no longer at the address held on record*.	Returned post (including pensioner payslips) suggests that the scheme member no longer resides at that address.	The member's record will be immediately marked as gone away as to prevent any further information being sent to that address. Officers will use the Fund's mortality screening and address tracing provider to obtain either a new address or receive confirmation that the scheme member has passed away. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.

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<b>Trigger</b>	<b>Detail of trigger</b>	<b>Responsibility</b>
Change of address requests.	Request received to send correspondence to another address.	<p>The preferred method of update is via Member Self Service where security checks are undertaken to obtain access.</p> <p>For written requests (via post or email) internal checks will be undertaken to verify the request.</p> <p>If the address is not the scheme member's address, internal checks will be undertaken and the member will remain the legal recipient with the address being marked as C/O</p>
Requests to act upon someone else's behalf.	Request received to send scheme member correspondence to another individual.	Processes are in place to check the validity of lasting power of attorney, enduring powers of attorney and deputy court orders. No change to the recipient of member correspondence will be actioned without appropriate documentation.
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 the scheme member.	Investigations to be carried out by Officers within one month of the returned payment. The member payroll record will be suspended until contact is re-established with the scheme member or confirmation of the member's death. Officers will use the Fund's mortality screening and address tracing provider to obtain either a new address or receive confirmation that the scheme member has passed away. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.

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Trigger	Detail of trigger	Responsibility
Falsification/non-submission of documents (Scheme member).	<p>Scheme members may provide incorrect information for financial gain.</p> <p><i>An individual other than the member may have completed the claim forms and inserted their own bank details, for example.</i></p>	<p>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 form. Officers are responsible to carrying out the necessary security checks before benefits are paid. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.</p>
Falsification/non-submission of documents (Scheme employer).	<p>Scheme employers may provide the service with incorrect data in order to gain financially.</p> <p><i>An employer may provide incorrect information to reduce the impact to the employer such as understate an employees pay to reduce strain costs, for example.</i></p>	<p>Data verification checks to look for inconsistencies. Data matched against contribution information for the valuation carried out by the actuary. Electronic signatures are only accepted from a verified email address from authorised personnel. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.</p>
Pension Fund Staff maladministration.	<p>Personal information (e.g. bank details) may be misused by Pension Fund Staff for personal financial gain.</p> <p><i>The bank details used to process the benefits could be different to the ones on the claim form and therefore paying an incorrect individual, for example.</i></p>	<p>It is the responsibility of the Officer releasing the payment generated by another Officer to ensure the payment is of the correct amount and to the correct individual. The Head of Pensions will be notified if any potentially fraudulent activity is suspected and will subsequently inform the Head of Internal Audit and the Section 151 Officer for appropriate action under corporate policy immediately.</p>

<b>Trigger</b>	<b>Detail of trigger</b>	<b>Responsibility</b>
Destruction of evidence.	<p>There is a clear separation of duties between employees and all calculations and payments are checked at a more senior level. The pensions Altair system report can identify all changes/deletions on all member records if required.</p> <p><i>A deletion could be to hide a fraudulent activity such as collusion between a member of staff and member of the Fund to receive enhanced benefits, for example.</i></p>	Officers are responsible for keeping accurate member records. The Altair Pensions Administration and Payroll platform can track changes on all member records and any suspicious activity can be investigated through a system report. The Head of Pensions will be notified of any tampering with records and will subsequently inform the Head of Internal Audit; Human Resources and the Section 151 Officer for appropriate action under corporate policy immediately.

\* for members with no fixed abode, where a temporary address cannot be provided, confirmation of previous address and a form of identification will be required.

10.3 The Public Interest Disclosure Act 1998 (the “Act”) places a legal responsibility on employers to ensure that matters of serious public concern can be addressed.

10.4 A ‘qualifying disclosure’ is any disclosure of information that is made in the public interest and in the reasonable belief of the individual may show that one or more of the following is either happening at the present time, took place in the past or is likely to happen in the future:

- a criminal offence
- a miscarriage of justice
- an act creating risk to health and safety
- an act causing damage to the environment
- a breach of any other legal obligation; or
- concealment of any of the above

10.5 In making the disclosure, an individual must have a reasonable belief that the information disclosed shows one or more of the offences or breaches listed above. The belief need not be correct, but the individual must show that they held the belief and that it was a reasonable belief, in the circumstances, at the time of the disclosure.

- 10.6 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.
- 10.7 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 immediately. 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 CPIA and PACE codes of practice.

- 11.2 Internal Audit carries out investigations and follows up appropriately as per the authority’s corporate policy. Fraud is a serious offence and is covered by the Fraud Act 2006.

## **12. Sanctions**

- 12.1 It is highly likely that the administering authority will seek to prosecute offenders wherever appropriate.
- 12.2 Any decision to refer a matter to the police will be taken by the Head of Pensions and Head of Audit in consultation with the Council’s Section 151 Officer. The Chair of the Pension Fund Committee will be informed.

## **13. Related Documents**

- 13.1 The Cambridgeshire County Council Anti-Fraud Policy and Fraud Policy - [Fraud and corruption - Cambridgeshire County Council](#)
- 13.2 The National Fraud Initiative – [National Fraud Initiative - GOV.UK \(www.gov.uk\)](#)
- 13.3 Fighting Fraud and Corruption Locally – [Fighting fraud and corruption locally | Local Government Association](#)
- 13.4 CPIA Code of Practice - [Criminal Procedure and Investigations Act Code of Practice - GOV.UK \(www.gov.uk\)](#)
- 13.5 The Fraud Act 2006 – [Fraud Act 2006 \(legislation.gov.uk\)](#)
- 13.6 Cambridgeshire County Council Whistle blowing Policy – [Whistleblowing Policy - Cambridgeshire County Council](#)

- 13.7 Cambridgeshire County Council's Anti-Money Laundering Policy in place with access for Officers.
- 13.8 Cyber Strategy in place with access being restricted to officers, relevant consultants committee and board members.

**14. Contact details**

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

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