

To:	Pension Fund Committee
Meeting date:	19 December 2024
Report by:	Michelle Oakensen Governance and Regulations Manager michelle.oakensen@westnorthants.gov.uk
Subject:	Cambridgeshire Pension Fund – Anti-Fraud and Corruption Policy review.
Purpose of the report:	To present the Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy Review to the Committee.
Recommendations:	The Pension Fund Committee is asked to approve the changes to the Anti-Fraud and Corruption Policy.
Reasons for Recommendation:	<ul style="list-style-type: none">• To prevent losses of funds where fraud has occurred and to maximise the potential for recovery.• To minimise the occurrence of fraud by taking rapid action at the earliest opportunity.• To minimise the chance of destruction of evidence.• To maximise the chances of success in future sanction action, including criminal prosecution• To minimise adverse publicity.• To act as a deterrent for potentially fraudulent activity.
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1. Background

- 1.1 The administering authority is responsible for ensuring appropriate policies are in place for the safeguarding of the Fund's assets through appropriate methods of risk management. It is therefore appropriate for the Fund to have in place an Anti-Fraud and Corruption Policy.
- 1.2 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.
- 1.3 The prevention/detection of fraud/corruption and the protection of the public funds are everyone's responsibility and of paramount importance to the authority.

2. Executive summary

- 2.1 The Anti-Fraud and Corruption Policy was last approved by the Committee in March 2022 and subsequently reviewed by Officers in June 2023.
- 2.2 This review has identified five proposed changes to the detection and prevention of fraud within the Cambridgeshire Pension Fund.
- 2.3 Sections 3.2 – 3.5 include developments that are currently in progress that will further shape the policy upon the next review.

3. Proposed changes to the policy

- 3.1 The table below contains the proposed changes to the policy:

	Section	Change	Detail of activity
10.	Annual proof of existence for overseas pensioner members.	To include the updated approach for conducting the proof of existence exercise.	This activity has been updated to reflect the two methods available for completing the proof of existence exercise. This process has also been widened to include all members over the age of 95.
10.	Evidence received suggests pensioner member is no longer at the address held on record.	To include an approach for members who have no fixed abode.	Where a member is unable to provide a current address, confirmation of a previous address and a form of identification will be required.
10.	Evidence received suggests any other type of scheme member is no longer at the address held on record.	To include an approach for members who have no fixed abode. To trace members where contact has been lost.	Where a member is unable to provide a current address, confirmation of a previous address and a form of identification will be required.

	Section	Change	Detail of activity
			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 in line with the pensioner process.
10.	Change of address requests.	To include an approach when an address change is requested.	<p>When a request is received for updating an address, either a new address of the member or a C/O address, internal checks will be made to verify the request.</p> <p>Records with C/O addresses will be appropriately indicated with the legal recipient remaining the scheme member.</p> <p>The preferred method for any updates is via Member Self Service.</p>
10	Requests to act upon someone else's behalf.	To include an approach when a request is made to act on someone else's behalf.	<p>Lasting power of attorney, enduring powers of attorney and deputy court orders are the only documentation accepted when a request to act on someone else's behalf is received. The documents will be checked for validity where appropriate.</p>

Upcoming developments

- 3.2 The LGPS National Frameworks have released a Member Data Services Framework that includes overseas address tracing and mortality screening services. As overseas pensioners are a high-risk area, soft market testing of the range of services provided by the suppliers on the framework will be undertaken and if appropriate a procurement exercise will be added as a business plan activity.
- 3.3 To mitigate against the risk of making a pension payment from the monthly pensioner payroll to an incorrect individual the Fund is seeking to procure bank verification software which is also available on the Member Data Services Framework. It is understood that the administering authority is also in the process of procuring bank account verification software which will cover the payments the Fund makes in respect of retirement grants, death grants, refunds and transfers out.
- 3.4 Notice has been given from the Fund's pensions administration and payroll software, that the current member self-service module (MSS) will reach the end of life as of 31 January 2026, being replaced by an upgraded product, Heywood Engage. As part of the upgrade additional security options will be considered to further protect members where viable.

3.5 The Policy will be updated again once the following action have been undertaken.

Pension Fund Board review

3.6 The Pension Fund Board reviewed the policy on 1st November 2024 and requested the following updates:

- Section 9.4 has been updated to clarify the remit of the Committee and Board.
- Internal Audit Reviews (located in table 10.1) has been updated to add 'and operating effectively' in addition to ensuring ensuing that systems and procedures are in place.

4. Relevant Pension Fund objectives

The following objectives as per the Business Plan have been considered in this report -

- 4.1 To 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.
- 4.2 To 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.
- 4.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.

5. Implications (including financial implications)

5.1 Resources and financial

5.1.1 None.

5.2 Legal

5.2.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

5.3 Consultation with Key Advisers

5.3.1 Squire Patton Boggs conducted a review of the paper for legal implications.

5.4 Risk management

5.4.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below -

Risk	Residual risk rating
Risk of fraud and error	Green
Failure to provide relevant information to the Pension Fund Committee/Pension Board to enable informed decision making	Green

5.4.2 The Fund's executive summary risk register can be found on the Fund's website at the following link:

[Cambridgeshire Risk Register](#)

5.5 Consultation

5.5.1 Not applicable.

6. Background papers

6.1 None.

7. Appendices

7.1 Appendix 1 – Cambridgeshire Pension Fund Anti-Fraud and Corruption Policy

8. Accessibility

8.1 An accessible version of the information contained in this report and appendix is available on request from the report author.