

Warwickshire Pension Fund

Anti-Fraud and Corruption Policy

Draft

[front cover to include WPF logo]

[effective date]

1. Introduction

- 1.1** This is the Anti-Fraud and Corruption Policy of Warwickshire Pension Fund managed by Warwickshire County Council (the administering authority).
- 1.2** This policy demonstrates that Warwickshire Pension Fund will take necessary steps to prevent fraud and corruption. Every effort will be made to detect fraud and to pursue those responsible to recover losses, referring matters (where appropriate) to the Police.
- 1.3** Fraud and corruption are 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 the subject matter of this policy are:
- 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.
 - 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 scheme members and employers.
 - To continually monitor and manage risk, ensuring the relevant stakeholders can mitigate risk where appropriate
 - To 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 act as deterrent for potentially fraudulent activity.
 - To minimise the occurrence of fraud by taking rapid action at the earliest opportunity.
 - To prevent ongoing losses of funds where fraud has occurred and maximise the potential for recovery.
 - To minimise the chance of destruction of evidence.
 - To maximise the chances of success in future sanction actions, including criminal prosecution.
 - To minimise adverse publicity.

4. Scope

4.1 This policy applies to:

- Members of the Staff and Pensions Committee
- Members of the Pension Fund Investment Sub-Committee
- Members of the Local Government Local Pension Board
- Scheme Employers of the pension fund
- Professional organisations that provide services to the Fund (e.g. custodian, fund managers)
- Professional advisors
- Officers of the Fund and Administering Authority.

5. Culture

- 5.1** 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 are not tolerated.
- 5.2** The prevention and detection of fraud/corruption and the protection of public funds are everyone's responsibility and of paramount importance to the authority.
- 5.3** 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.
- 5.4** 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.
- 5.5** The administering authority will take appropriate action with those who defraud the Council, or who conduct corrupt activities, or where there has been financial malpractice.
- 5.6** The Council is alive to the need to ensure that any investigation process is not misused and therefore, any abuse of process (such as raising malicious allegations) will be addressed as appropriate.
- 5.7** When fraud or corruption have occurred because of a breakdown in systems or procedures, the administering authority will ensure the appropriate improvements are implemented to prevent reoccurrence.

6. Responsible Officers

- 6.1** 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.

- 6.2** The 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).
- 6.3** Assistant Director (Finance) (Deputy Section 151 Officer) – The Chartered Institute of Public Finance and Accountancy (CIPFA) statement of 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'.

7. Deterrence, Risk Management, and Loss Mitigation

- 7.1** The publication of the Anti-Fraud and Corruption Policy and regular reinforcement that the administering authority operates a zero tolerance approach will help deter those considering fraudulent activity
- 7.2** Where any loss is incurred to fraud and corruption the administering authority will take action to recover monies owed.
- 7.3** 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.
- 7.4** Pension Fund Committees 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.
- 7.5** Following any investigation, sanctions will be applied where fraud and corruption are found to be present. This will be done in a comprehensive, consistent and proportionate manner whereby all possible and relevant sanctions – disciplinary, civil and/or criminal - are considered. For elected members this will include consideration of the sanctions available for breaches of the Member's Code of Conduct alongside any relevant criminal or civil action.

8. Reporting

- 8.1** Employees may report issues to any line manager or to internal audit, or use the whistleblowing procedure.
- 8.2** Members may report issues to the Assistant Director (Finance) or to internal audit.
- 8.3** Members of the public may report issues using the complaints procedure.
- 8.4** Any reported or suspected issue must be brought to the attention of internal audit if it is not directly reported to internal audit in the first instance.

9. Detection and prevention of fraud corruption by the Warwickshire Pension Fund.

- 9.1** The table below demonstrates the activity undertaken by Warwickshire Pension Fund to mitigate the likelihood of fraud and corruption occurring:

Activity	Detail of activity	Responsibility
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.	Pensions Admin Lead
Tell Us Once	A Government service helps to notify most government departments and local councils know when someone dies.	Pensions Admin Lead
Mortality Screening	The ability to screen pension records for deaths	Pension Admin Lead
Annual Proof of existence for overseas members	Issue life certificates to pensioners living overseas	Pension Admin Lead
Address tracing for UK residents	The ability to screen current addresses for scheme members	Pension Admin Lead
Returned payslips	If a pensioner advice slip is returned investigate possible death of the pensioner	Pension Admin Lead
Returned BACs payments	If a BACs payment is returned for a pensioner investigate possible death	Pension Admin Lead
Falsification/non-submission of documents (Member)	Members may provide incorrect information.	Pension Admin Lead
Reconciliation of employer and employee contributions	Ensure correct contributions are received	Pension Admin Lead / Senior Fund Accountant
Falsification/non-submission of documents (Employer)	Employers may provide incorrect information	Pension Admin Lead
Pension Fund employee maladministration	Employee may provide incorrect information for financial gain	Pension Admin Lead
Destruction of evidence	Data is destroyed for a scheme member or scheme employer	Pension Admin Lead
Payroll reconciliation	Fraudulent addition of new pensioner for payment.	Pension Admin Lead
Payroll reconciliation	Fraudulent non-action when a pensioner dies	Pension Admin Lead
Payroll reconciliation	Bank details amended to redirect payments	Pension Admin Lead
Investment transactions	Payments to and from the Fund – drawdowns	Lead Commissioner Pensions and Investments
Safeguarding assets	Safe keeping of fund assets	Lead Commissioner Pensions and Investments
Buy and Sell lists	Alerts on potential frauds	Lead Commissioner Pensions and Investments
Internal Audit Reviews	Internal Audit plays a vital 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 and controls.	Internal Audit will conduct periodic planned reviews based upon assessment of risk and will conduct targeted reviews or investigations in response to events.
External Audit Reviews	External audit is an essential safeguard in the stewardship of public money.	External Audit may in the course of undertaking the audit of accounts or other commissioned work

Activity	Detail of activity	Responsibility
		identify fraud and report on related issues or risks.
Conflicts of Interest	Members of the pension fund committees and of the local pension board 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.	Members of the pension fund committees and of the local pension board must declare potential conflicts at the start of each meeting. Members of the LPB sign a declaration of pecuniary interest annually. Democratic Services are responsible for ensuring all declarations are held on the Council's register.

9.2 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. In order to meet the requirements of the act, the Council has a whistleblowing policy.

9.3 A 'qualifying disclosure' of information is any disclosure of information that is made in the reasonable belief that it is both in the public interest and 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 danger to health and safety
- Damage to the environment
- A breach of any other legal obligation
- Concealment of any of the above

9.4 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.

9.5 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.

9.6 Members of the public are encouraged to report any concerns which they may have through by using the Fund complaints procedure.

9.0 Investigation

9.1 Suspected irregularities and any fraud related matters reported to the Fund will be investigated within Pension Services in the first instance, unless there is a reason for the investigation to be independent or external, with a target to resolve within three

months of identification/report. All allegations and suspicions of fraud suspected cases are required to be reported to Internal Audit.

This is essential:

- To ensure the consistent treatment of information regarding fraud and corruption
- To facilitate a proper and thorough investigation by an experienced audit team, in accordance with the requirements of the CPIA and PACE codes of practice.

9.2 Internal audit would carry out investigations where independence was required and/or where a matter is of a more serious nature, and follow up appropriately. The Council's Counter Fraud Bribery and Corruption Framework can be found in the link below:

[WCC Counter Fraud Bribery and Corruption Framework](#)

10.0 Sanctions

- 10.1** The administering authority will take actions as appropriate which could include but are not limited to disciplinary action and/or prosecution.
- 10.2** 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 Pension Fund Committee.
- 10.3** Where action has been taken the matter will only be reported publicly to the extent that it is possible having regard to issues such as commercial and personal confidentiality.

11.0 Relationship to the Warwickshire County Council Counter Fraud, Bribery and Corruption Framework

- 11.1** This document provides policy guidance that is specific to the operation of the Warwickshire Pension Fund but it is designed to operate alongside the Warwickshire County Council Counter Fraud, Bribery and Corruption Framework which also applies to the Warwickshire Pension Fund. Should a circumstance arise where the policies are not in alignment the Section 151 Officer shall determine which policy to follow and arrange for the policies to be updated accordingly.

12.0 Related Documents

- 12.1** Warwickshire County Council Counter Fraud, Bribery and Corruption Framework
<https://api.warwickshire.gov.uk/documents/WCCC-752-169>
- 12.2** Further details of the National Fraud Initiative
[National Fraud Initiative - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/national-fraud-initiative)
- 12.3** Fighting Fraud and Corruption Locally
<https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

12.4 CPIA Code of Practice

[Criminal Procedure and Investigations Act Code of Practice - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

12.5 Fraud Act 2006

[Fraud Act 2006 \(legislation.gov.uk\)](http://legislation.gov.uk)

13.0 Review

13.1 Officers will review the policy bi-annually.

14.0 Contacts

14.1 If you require further details about this policy please contact:

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