

## **WILTSHIRE COUNCIL**

WILTSHIRE LOCAL PENSION BOARD  
18 October 2017

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### **Pension Fund Anti Fraud Policy Update**

#### **Purpose of the Report**

1. Ensuring the Fund has appropriate anti-fraud and corruption policies in place is a key component of the sound administration of the LGPS in Wiltshire. The purpose of this report is to explain the current safeguards that are in place and available to officers, the Pension Committee and the Pension Board to identify and manage fraud in the Wiltshire Pension Fund.

#### **Background**

2. Like other local authority LGPS administering authorities Wiltshire Pension Fund has not implemented its own bespoke anti-fraud policy. Rather it is covered by the overriding Wiltshire Council Anti Fraud and Corruption Strategy that was implemented from May 2014.
3. This Strategy defines the Council's approach to managing the risk of fraud and corruption and ensuring best practice is embedded across all Council service areas. It seeks to reinforce a zero tolerance to fraud, encourage prevention through proactive measures to detection fraud and confirms the Council's commitment to using legal and disciplinary measures where necessary.
4. Additionally the Strategy reiterates the framework and controls already in place across the Council and which would apply to the Fund, including:
  - The Council Constitution and Financial Regulations;
  - Standards Committee;
  - Scheme of Delegation;
  - Registers of Interests;
  - Anti money laundering policy;
  - Whistle Blowing policy;
  - IT Security policy;
  - HR policies.
5. While all of the above Council policies and strategies apply to the Fund it also has a number of additional Fund specific safeguards in place to tackle fraud and these are summarised below.

#### **Fraud detection and prevention in the Wiltshire Fund**

6. The LGPS Regulations require the Fund to have certain policies in place, while others are adopted on the basis of best practice. While some will have specific anti-fraud elements included within them others will form part of an overarching approach to sound working practices which contribute to fraud detection and prevention. In addition the Fund undertakes a number of regular tasks which are specifically aimed at identifying and preventing fraud.
7. The key tools used by the Fund to combat fraud and corruption include:

- **Governance Compliance Statement** – required by the LGPS Regulations, setting out amongst other things the extent to which any element of the administering authority functions are delegated to a committee, sub-committee or officer of the Council. Where delegations exist the Statement is also required to set out their terms of reference and operational procedures.
- **Scheme of Delegation** – This sets out the specific delegations that have been passed to the pension committee and officers, including authority to write off pension overpayments where they arise.
- **Breaches of the law policy** – [Pensions Regulator Code of Practice 14](#) sets out the framework for governance and administration of all public service pension schemes, including the duty for administering authorities, amongst others, to have procedures in place to identify, record and where necessary report any breach of the law (e.g. fraudulent behaviour by scheme members, employers, etc.). In order to address this the Fund has adopted a formal breaches of the law policy, setting out the roles and responsibilities of elected members, pension board members and officers where any breach of the law is suspected. Additionally this policy also covers the specific safeguards where whistleblowing may occur, which sits alongside the Council's overarching whistleblowing policy.
- **Mortality screening/National Fraud Initiative** – The Fund participates in the biennial national fraud initiative exercise run by the National Audit Commission. This involves comparing our deferred and pensioner records with the Department of Work and Pensions database, highlighting and cases that warrant further investigation.

Additionally the Fund undertakes regular mortality screening exercises against our pensioner records to compliment the NFI exercise. We have contracted with a tracing agency Target, who undertake these exercises on the Fund's behalf (along with our regular tracing exercises where we are looking to trace deferred or pensioner members).

We also participate in the Tell Us Once (TWO) initiative introduced by the Department of Work and Pensions. TWO allows the bereaved person to inform central and local government services of the death of a relative at one time, rather than having to write, telephone or even attend each service individually. From the Fund's perspective it enables it to identify deaths of scheme members more quickly than might have been the case and prevent any payments continuing or being made in error. The Fund accesses TWO on a weekly basis, to identify any scheme member deaths which had not already been notified to it directly via another source.

- **Internal controls** – the Fund, as part of the Council, has a number of internal controls in place covering the roles and responsibilities of the Committee, officers and the wider administration team in carrying out the day-to-day functions of the scheme.
- **Overpayments policy** – during the normal course of events overpayments of pension can occur and in the majority of cases this can be shown to be purely innocent. Cases of fraud can, however, be identified in the course of our investigations. The Fund is developing a formal pension overpayment policy, setting out its approach to dealing with the recovery or possible write off of any overpayments identified, either as a consequence of the national fraud initiative or our mortality screening exercises or as a part of normal day-to-day activities.
- **Contribution Framework** – this has recently been developed and rolled out to scheme employers. It seeks to ensure all Fund employers understand their responsibilities to pay over employee and employer contributions within the statutory deadlines, the processes the Fund has put in place to monitor returns on a monthly basis, the steps the Fund will take where persistent failure occurs and the sanctions that can apply where it has been necessary to report an employer to the Pensions Regulator.

- **Risk Register** – The Fund has developed a comprehensive risk register covering all aspects of its management and administration, including the potential for fraud to occur. This document is kept under regular review, being updated to reflect new risks that have been identified or reflect any changes that have resulted where fraud has been identified and resolved.
  - **Administration Strategy** – this sets out the respective responsibilities of both the administering authority and scheme members in relation to the day to day administration of the Wiltshire Fund. This includes respective service standards as well as the steps the Fund can take where poor performance of an employer is directly impacting administration, be that fraudulent or not.
  - **Internal and external audit** – the fund is subject to regular internal and external audits. Audits would consider the adequacy of areas such as contributions, benefits in payment, investments, core financial systems, risk management, governance arrangements and compliance with the Pensions Regulators code of practice 14. Such exercises are primarily to consider the controls the Fund has in place, provide assurance to the Committee, pension board and officers that they are appropriate and where necessary make recommendations to strengthen them where any weaknesses have been identified.
8. Responsibility for identifying potential fraud rest with all staff members engaged in the management and administration of the Fund, as well as members of the Pension Committee and Pension Board. Where necessary any escalation will be in accordance with the Council's Anti Fraud and Corruption Strategy.
9. As well as having its own processes in place the Fund will also seek to ensure all providers and third parties it engages with have adequate anti-fraud and corruption policies in place and can evidence this to the Fund.

#### **Environmental Impact of the Proposal**

10. There is no known environmental impact of this proposal.

#### **Safeguarding Considerations/Public Health Implications/Equalities Impact**

11. There are no known implications at this time.

#### **Financial Considerations & Risk Assessment**

12. There is no financial consideration resulting from this proposal.

#### **Proposals**

13. The Board is asked to note the fraud detection and prevention safeguards currently utilised by the Fund and highlighted within this report.

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Unpublished documents relied upon in the production of this report: NONE