

## CLWYD PENSION FUND COMMITTEE

<b>Date of Meeting</b>	Wednesday, 29 March 2023
<b>Report Subject</b>	Clwyd Pension Fund Anti-Fraud and Corruption Strategy
<b>Report Author</b>	Head of Clwyd Pension Fund

### EXECUTIVE SUMMARY

The Fund has several policies focussing on good governance. Given the potential risks relating to fraud and corruption, a Fund Anti-Fraud and Corruption Strategy has been developed outlining the Fund's approach to the prevention and detection of, and response to, fraud and related activity.

The proposed Strategy has been developed to be consistent with Flintshire County Council's Anti-Fraud and Corruption Strategy and guidance from CIPFA.

The Committee are asked to consider and approve the proposed Strategy, which will be subject to review at least every three years.

### RECOMMENDATIONS

1	That the Committee review and approve the newly created Clwyd Pension Fund Anti-Fraud and Corruption Strategy.
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## REPORT DETAILS

<b>1.00</b>	<b>PROPOSED FUND ANTI-FRAUD AND CORRUPTION STRATEGY</b>
1.01	<p>As the Administering Authority for the Clwyd Pension Fund (CPF), Flintshire County Council hold and have responsibility for a large amount of personal data and financial assets which put the Fund and our members at risk of potentially fraudulent activities.</p> <p>The Strategy relates to acts of fraud as defined in the Fraud Act 2006:</p> <ul style="list-style-type: none"><li>• Fraud by misrepresentation</li><li>• Fraud by failing to disclose information where there is a legal duty to do so; and</li><li>• Fraud by abuse of position</li></ul> <p>The proposed Strategy also extends to corruption, bribery and collusion and money laundering as well as other unlawful acts which could lead to financial, reputational or other damaging consequences for the Fund and our members.</p> <p>It also includes the Fund's controls and measures to prevent members being the victim of a pension scam.</p> <p>The Strategy applies to: scheme members, employers, officers, Pension Fund Committee members, Pension Board members, advisers, providers and partner organisations.</p>
1.02	<p>The development of this Strategy is in line with best practice and has been identified as good governance by the Fund's governance advisors. The Business Plan also envisaged development of a CPF Anti-Fraud and Corruption Strategy, a draft of which is attached in Appendix 1 for approval.</p>
1.03	<p>The proposed Strategy has been developed in line with the Council's deter, prevent and detect framework and includes the following aims in relation to the management of fraud:</p> <ul style="list-style-type: none"><li>• we will create a culture which deters the committing of fraud</li><li>• we will ensure we have measures in place to help prevent fraud occurring</li><li>• we will ensure we have measures in place to detect fraud should it occur</li></ul> <p>The proposed Strategy also has regard to CIPFA's guidance on managing the risk of fraud and corruption, which is underpinned by five key principles:</p> <ul style="list-style-type: none"><li>• Acknowledge the responsibility of the governing body for countering fraud and corruption</li><li>• Identify the fraud and corruption risks</li><li>• Develop an appropriate counter fraud and corruption strategy</li><li>• Provide resources to implement the strategy</li><li>• Take action in response to fraud and corruption</li></ul>

1.04	<p>The key principles which apply in response to fraudulent incidents include:</p> <ul style="list-style-type: none"> <li>• Seeking to recover monies from those who have defrauded the Fund</li> <li>• Carrying out appropriate recovery action, liaising with the Council's internal audit team where required, and having regard to Council Policy</li> </ul> <p>It is anticipated that the actions required and outcomes are likely to vary and may depend on the nature and type of fraud along with who has committed it. In certain cases recovery may need to be resolved through appropriate civil or criminal proceedings.</p>
1.05	<p>A key element of delivering this strategy will be working in partnership with Flintshire County Council as the Administering Authority for the Fund, whilst ensuring that the Pension Fund Committee and Fund officers have appropriate ownership of the risk and understand where Fund specific action, internal controls and resources are required.</p>
1.06	<p>Updates, as required will be provided to the Committee and the Board on how fraud is being managed in accordance with this Strategy.</p>
1.07	<p>The Committee are asked to consider and approve the Strategy.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>The ongoing prevention and management of fraud is an important task and in the situation where a suspected or actual act of fraud occurs will require CPF Management Team's time with input from Flintshire County Council internal audit and in some cases external expert advice.</p>

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	<p>None directly as a result of this report.</p>

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	<p>This Anti-Fraud and Corruption Strategy and the work associated are key internal controls in managing Governance Risk 1 (Losses or other detrimental impact on the fund and its stakeholders).</p>

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>Appendix 1 – Draft Clwyd Pension Fund Anti-Fraud and Corruption Strategy</p>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer:</b> Philip Latham, Head of Clwyd Pension Fund</p> <p><b>Telephone:</b> 01352 702264</p> <p><b>E-mail:</b> philip.latham@flintshire.gov.uk</p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p>(a) <b>CPF – Clwyd Pension Fund</b> – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region.</p> <p>(b) <b>Administering authority or scheme manager</b> – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) <b>Committee or PFC – Clwyd Pension Fund Committee</b> - The Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund.</p> <p>(d) <b>Board, LPB or PB – Local Pension Board or Pension Board</b> – Each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) <b>LGPS – Local Government Pension Scheme</b> – The national scheme, which Clwyd Pension Fund is part of.</p> <p>(f) <b>SAB – The national Scheme Advisory Board</b> – The national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(g) <b>DLUHC – Department of Levelling Up, Housing and Communities</b> – The Government department responsible for the LGPS legislation</p> <p>(h) <b>TPR – The Pensions Regulator</b> – TPR has responsibilities to protect UK's workplace pensions and make sure employers, scheme managers and pension specialists can fulfil their duties to scheme members. This includes oversight of public service pension schemes, including the LGPS. Specific areas of oversight are set out in legislation and also expanded on within TPR's Guidance and Codes of Practice.</p> <p>(i) <b>CIPFA – The Chartered Institute of Public Finance and Accountancy</b> – CIPFA is a professional accountancy body specialising in public services. Its framework centres around sound public financial management and good governance.</p>