

Anti-Fraud, Bribery and Corruption Policy

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1. Introduction

- 1.1 South Yorkshire Pensions Authority is responsible for the stewardship of the pensions savings of a large number of individuals. These funds have largely been derived from the public purse and consequently the Authority aims to operate with the highest standards of probity in relation to these funds.
- 1.2 The Authority is committed to protecting the funds it administers and consequently will not tolerate any form of abuse. The Authority is determined to pursue, deter, and detect all forms of fraud, bribery and corruption committed against it, whether that be internally or from outside the organisation.
- 1.3 The Authority is determined that the culture and tone of the organisation should be one of honesty and rigorous opposition to fraud, bribery, and corruption. Thus, the Authority is committed to ensuring all its business is conducted in an open, honest, equitable and fair manner and that it is accountable to all stakeholders (scheme members and scheme employers).
- 1.4 The Authority will not tolerate fraud, bribery, or corruption committed or attempted by its members, employees, suppliers, contractors, scheme employers or scheme members and will take all necessary steps to investigate allegations of fraud, bribery or corruption and pursue the sanctions available in each case, in particular the recovery of the Authority's assets or funds.

1.5 Definitions

- **Fraud** - any irregularity or illegal act characterised by intentional deception with the intent to make a personal gain, or to cause loss, or to expose another to the risk of loss.

The term fraud is used to describe many acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, the concealment of material facts and collusion.

- **Bribery** - an inducement or reward offered, promised, or provided to gain personal, commercial, regulatory or contractual advantage. Bribery may take the form of:
 - Active bribery: Promising or giving a financial or other advantage.
 - Passive bribery: Agreeing to receive or accepting a financial or other advantage.
- **Corruption** - Dishonest or fraudulent conduct by those in power, typically involving bribery. It has also been described as dishonesty and illegal behaviour by people in positions of authority or power.

Corruption is the deliberate misuse of your position for direct or indirect personal gain. It includes offering, giving, requesting or accepting a bribe or reward, which influences your actions or the actions of someone else.

All are criminal offences under various pieces of legislation.

2. Policy Objectives

- 2.1 The Authority is committed to promoting an environment that actively encourages the highest principles of honesty and integrity. It is committed to implementing and enforcing effective systems to counter fraud, bribery and corruption.
- 2.2 The objectives of the Authority's policy are to:
- i. Limit the Authority's exposure to fraud and corruption, and to minimise financial loss and the potential adverse effects of such loss.
 - ii. Create and promote an anti-fraud culture and zero tolerance of fraud, bribery, corruption and theft.
 - iii. Understand the fraud risks facing the Authority and implement measures to deter, prevent and detect fraud.
 - iv. Promptly and professionally investigate alleged or suspected fraud or corruption and impose appropriate sanctions where proven.
 - v. Provide appropriate training and development to employees to support the aims of this policy.

3. Scope

- 3.1 This policy applies to:
- i. All Authority employees.
 - ii. Members of the Authority and of the Local Pension Board
 - iii. Third party service providers to the Authority / Fund – including custodian, fund and investment managers.
 - iv. Professional advisers
 - v. Authority / Fund suppliers, contractors and consultants.
 - vi. Scheme Employers and Scheme Members of the South Yorkshire Pension Fund

4. Culture

- 4.1 Responsibility for an anti-fraud culture is the joint duty of all those involved in giving strategic direction, determining policy, and management. The policy should be directed against fraud and corruption whether it is attempted against the Authority from outside or from within its own workforce.
- 4.2 The prevention and detection of fraud/corruption and the protection of public funds are everyone's responsibility. The Authority expects that members and officers at all levels will lead by example in ensuring adherence to legal requirements, Contract Standing Orders, Financial Procedure Rules, Codes of Conduct and best (professional) practice.

- 4.3 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:
- i. A criminal offence
 - ii. A failure to comply with a statutory or legal obligation.
 - iii. Improper, unauthorised use of public or other funds
 - iv. A miscarriage of justice
 - v. Maladministration, misconduct, or malpractice
 - vi. Deliberate concealment of any of the above.
- 4.4 The Authority expects all its employees (whether permanent or temporary), members, and all its contractors and suppliers to:
- Act honestly and with integrity at all times and to safeguard those assets of the Authority for which they are responsible.
 - Comply with the spirit as well as the letter of the law and regulations in respect of the lawful and responsible conduct of business.
 - Ensure that any allegations received in any way, including by anonymous letters or phone calls, will be taken seriously and followed up promptly.
- 4.5 When fraud or corruption have occurred because of a breakdown in systems or procedures, the Authority will ensure the appropriate improvements are implemented to prevent reoccurrence.

5. Roles and Responsibilities

- 5.1 Everyone within the scope of this Policy has a general responsibility for the prevention of fraud and corruption. This section sets out the specific roles and responsibilities.
- 5.2 **Director (Head of Paid Service)** – Overall responsibility for the management and co-ordination of employees, accountable for the effectiveness of the Authority's arrangements for countering fraud and corruption.
- 5.3 **Assistant Director – Resources (Chief Finance Officer)** – Statutory responsibility for the proper administration of the Authority's financial affairs and responsible for the development and maintenance of an anti-fraud and corruption strategy.
- 5.4 **Head of Governance and Corporate Services (Monitoring Officer)** – Statutory responsibility to ensure that the Authority operates within the law. Responsible for the Members Code of Conduct and the maintenance and operation of the confidential reporting procedure for employees (i.e., Whistleblowing Policy).
- 5.5 **Audit and Governance Committee** – Monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
- 5.6 **Authority and Local Pension Board Members** – Comply with the Members Code of Conduct, be aware of the possibility of fraud, corruption, bribery and theft, and report any genuine concerns accordingly.
- 5.7 **External Audit** – Obtain reasonable assurance that the Authority has appropriate controls in place to prevent, detect and investigate fraud and corruption and the financial statements are free of material misstatement or irregularity whether caused by fraud or error.

- 5.8 Internal Audit** – Carry out audit reviews to provide assurance on the Authority’s system of internal control. Support the Authority in carrying out investigations where required.
- 5.9 Assistant Directors, Heads of Service, Service Managers** – Promote staff awareness and ensure that all suspected or reported irregularities are immediately referred as per the Authority’s procedures. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.
- 5.10 Employees** – Comply with the Authority’s policies and procedures, including the Employee Code of Conduct, be aware of the possibility of fraud, corruption, bribery and theft, and report any genuine concerns to management, the Monitoring Officer or to Internal Audit, or via the Whistleblowing procedure.
- 5.11** All others within the scope of this policy are responsible for reporting any genuine concerns or suspicions in accordance with the Authority’s complaints procedure.

6. Deterrence, Risk Management and Loss Mitigation

- 6.1** The publication of this Anti-Fraud, Bribery and Corruption Policy and regular reinforcement that the Authority operates a zero-tolerance approach will help deter those considering fraudulent activity.
- 6.2** Where any loss is incurred due to fraud and corruption, the Authority will take action to recover monies owed.
- 6.3** 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.
- 6.4** The Authority’s Audit and Governance Committee receive regular reports on Internal Audit activity, and these will include summary details of investigations into allegations of fraud and financial impropriety where relevant.
- 6.5** The Audit and Governance Committee may make recommendations to the Authority for any change in its arrangements for dealing with fraud, bribery and corruption identified as necessary at any time.
- 6.6** Sanctions will be applied where fraud and corruption are proven to exist. 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.

7. Detection and Prevention Controls

- 7.1** The table below sets out a range of controls in place for the detection and prevention of fraud and corruption – note, this list is not exhaustive:

Activity	Detail of activity
National Fraud Initiative	<p>The Authority participates in the biennial National Fraud Initiative (NFI) exercise. This matches electronic data within and between public and private sector bodies to prevent and detect fraud.</p> <p>All exchanges of information are carried out in full compliance with Data Protection Legislation and with the codes of practice for the National Fraud Initiative data matching exercises and includes provision of information to other agencies for data matching purposes.</p>
Tell Us Once	<p>A Government service helps to notify most government departments and local authorities know when someone dies.</p>
Mortality Screening	<p>The Authority subscribes to a mortality screening service in order to prevent overpayment of pension in the event of a pensioner death.</p>
Overseas members	<p>The Authority carries out annual 'proof of existence' checks for pensioner members residing overseas.</p>
Address tracing	<p>The Authority uses an address tracing provider in order to trace scheme members resident in the UK with whom contact has been lost.</p>
Contract Standing Orders	<p>The Authority's Constitution includes Contract Standing Orders that comply with relevant procurement legislation and the Governance team are responsible for ensuring that procurement procedures and controls are in place and for providing guidance on their application for employees carrying out procurement activity.</p>
Financial System of Controls	<p>The Finance team ensure that a full suite of protocols and procedures are in place and followed to ensure that the risks of fraud, bribery and corruption are prevented and mitigated. This includes separation of duties and authorisation procedures in all areas, with particular focus at the critical areas of risk including Treasury Management, Accounts Payable and Pensions/Staff Payroll. Additionally, the Authority ensures that CPD is kept up to date for finance staff and circulate all the most recent developments in relation to fraud, bribery and corruption.</p> <p>A risk-based programme of internal audit reviews is undertaken annually to provide assurance that controls are applied and operating effectively.</p>
Investment Processes	<p>Controls to prevent fraud, corruption and bribery in investment dealing include a segregation of duties to prevent any single individual from having excessive control over transactions. There is a strict authorisation procedure in place and a further separation of duties is provided through the finance section being responsible for processing of the payments following documented internal procedures.</p> <p>Internal audit reviews are conducted regularly to provide assurance that controls in this respect are applied and operating effectively.</p>

8. Reporting and Investigation

- 8.1 The Authority encourages and expects its members and employees, as well as scheme members and scheme employers, to report incidents of suspected fraud, bribery, and corruption.
- 8.2 Employees may report issues to their line manager, to the Assistant Director – Resources, the Head of Governance & Corporate Services, HR, internal audit or use the whistleblowing procedure as appropriate.
- 8.3 Members may report issues to the Head of Governance & Corporate Services, Assistant Director – Resources, internal audit or use the whistleblowing procedure as appropriate.
- 8.4 The public are able to use the organisation's complaints procedure in order to raise any concerns of this nature.
- 8.5 Any reported or suspected fraud or corruption must be brought to the attention of the Head of Corporate Assurance (as the Authority's Head of Internal Audit) if not reported directly to internal audit in the first instance.
- 8.6 In normal cases the Authority's Internal Audit Service will undertake, or direct, the investigation of fraud, bribery, or corruption allegations. Matters of a criminal nature will be referred to the Police. The Internal Audit Service has a reporting and liaison protocol in place with South Yorkshire Police.

9. Sanctions

- 9.1 Fraud must not pay; where fraud or corruption is discovered and proven, the full range of sanctions will be deployed, including civil, disciplinary, and criminal action, and referring cases to other law and enforcement organisations.
- 9.2 The Authority will apply realistic and effective sanctions for individuals or organisations where investigation reveals fraud and corruption. This may include legal action, criminal and/or disciplinary action. 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.
- 9.3 A crucial element of the Authority's response to tackling fraud is recovering any monies or assets lost through fraud – this will therefore be rigorously pursued wherever possible. Where money has been lost due to fraudulent activity, the Authority will always seek to recover the money along with any penalties that may have been imposed.

10. Overlap with Other Policies

- 10.1** This policy statement overlaps with several other policies:
- i. The responsibilities of individual employees and Authority members are set out in the relevant **Codes of Conduct**.
 - ii. The responsibilities of elected members set out in the **Conflicts of Interest Policy** within the Authority's Constitution.
 - iii. The responsibilities of scheme employers are set out in the **Pensions Administration Strategy**.
 - iv. The Authority's **Contract Standing Orders** and associated terms of business set out the expectations on suppliers and contractors and the arrangements applying to employees involved in carrying out procurement activity.
 - v. The Authority has a specific procedure in relation to the receipt of **Gifts and Hospitality** which must be adhered to by all Authority Members and employees.
- 10.2** This policy does not override the detailed requirements set out in the above policy documents.