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Health Board



# COUNTER FRAUD ANNUAL REPORT 2019/20

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## 1 INTRODUCTION

- 1.1 This report has been written in accordance with the provisions of the Fraud, Bribery and Corruption Standards for NHS Wales Bodies (the Standards) which require Local Counter Fraud Specialists (LCFS) to provide a written annual report reflecting the counter fraud, bribery and corruption (economic crime) work undertaken during the financial year.
- 1.2 The Counter Fraud Work Plan for 2019/20 was approved by the Audit Committee in May 2019, and identified a total resource of 630 days for the year. The total cost for the provision of local counter fraud services for the year was **£122,802**.
- 1.3 For ease of reference and in line with the Work Plan, this report is structured under the Key Principles highlighted within the Standards. Any references to investigations have been suitably sanitised.

## 2 STRATEGIC GOVERNANCE

- 2.1 The Standards require each health body to produce a written work plan outlining the LCFS' projected duties for the year. The 2019/20 work plan, agreed by both the Director of Finance and Audit Committee, took due account of the work required to ensure consistent and effective implementation and delivery of the Fraud, Bribery and Corruption Standards for NHS Bodies (Wales). It was designed to ensure a holistic approach to counter fraud work within the Health Board, with flexibility to allow high risk work to be undertaken urgently.
- 2.2 Progress against the plan has been monitored during meetings with the Director and Interim Director of Finance, with update reports produced and presented to the Audit Committee in line with its agreed work programme.
- 2.3 The LCFS Team continue to attend regular Fraud Forum meetings organised by the NHS Counter Fraud Service (CFS) Wales. These meetings provide an invaluable opportunity to share information and identify emerging risks, themes and areas of best practice with NHS Counter Fraud colleagues across Wales. They have also been utilised by the NHS Counter Fraud Authority Training Delivery Leads to deliver key skills development sessions, refreshing fundamental operational skills and providing information and training on any relevant new economic crime matters or legislation. During 2019/20 these have included sessions on:
- Use of warrants and Police power
  - Voluntary interviews under caution involving vulnerable adults
  - Right to work checks within the NHS (delivered by the Home Office Immigration Enforcement Local Partnership Manager (Wales))
- 2.4 As part of the quality assurance process, NHS organisations in Wales are required to complete a self-review of their progress in implementing the Standards, the results of which must be forwarded to the NHS Counter Fraud Authority (NHSCFA) Quality & Compliance Unit. The review utilises a traffic light system, with performance against each Standard being graded as red, amber or green (RAG). This generates an overall RAG rating for each Key Principle, and a final RAG rating for the organisation as a whole. A risk-based decision is then taken by the Quality & Compliance Unit on which organisations are to receive an assessment site visit, and the type of assessment to be undertaken.
- 2.5 The self-review for 2020 was completed by the Head of Local Counter Fraud Services and reviewed by the Director of Finance and Audit Committee Chair, before being submitted to NHSCFA. This year's submission, a copy of which has been included at **Appendix 1** for information, rates the Health Board as 'Green' in each of the four Key Principles, and as an organisation overall.
- 2.6 The above notwithstanding, the following has been highlighted as part of the self-review process:

- Further work to ensure that that economic crime risks are recorded and managed in line with the Health Board's risk management policy and strategy.
- Whilst the Health Board participated fully in NHSCFA-led national procurement fraud exercise, further work is required in order to gain fuller assurance in respect of locally led purchasing.
- Similarly further assurance should be gained in respect of locally-led pre-employment checks, as well as checks being undertaken within medical staffing agencies

Provision for the foregoing has been made within the 2020/21 Counter Fraud Work Plan.

- 2.7 These areas will be considered, alongside the potential need for COVID-19 post-event reviews and other areas of potential risk to the organisation by the newly appointed Head of Local Counter Fraud Services and Interim Director of Finance, in order to ensure that the resource available for proactive work is best utilised.
- 2.8 All statistical reports required by the NHS Counter Fraud Service (Wales) and/or Welsh Government, have been provided in line with the required timetables and deadlines.
- 2.9 The Head of Local Counter Fraud Services was also part of a small working group involved in the production of the NHS Wales Fighting Fraud Strategy, which sets out the Welsh Government's vision of an NHS in Wales which is able to protect the resources needed for front-line patient care, and details key strategic objectives in order to achieve this. A copy of this document has been included at **Appendix 2** for information.
- 2.10 In 2019 the Wales Audit Office (now Audit Wales) published a paper entitled 'Counter Fraud Arrangements in the Public Sector', which included a review of the arrangements in place within NHS Wales (a copy of the report was presented to the July 2019 meeting of the Committee). Phase 2 of this review has now been completed, examining how effective these counter fraud arrangements are in practice and making recommendations for improvement. The Head of Local Counter Fraud Services has participated in this process and the resulting report is expected soon.

### 3 INFORM AND INVOLVE

- 3.1 Work undertaken in this area is designed to raise awareness of the risks of fraud, bribery and corruption within the NHS, and their consequences. Developing a strong anti-economic crime culture within the organisation underpins all other work undertaken, and is closely linked to the creation of a strong deterrent effect.
- 3.2 The Team has delivered 71 face-to-face awareness sessions at venues across the Health Board, attended by more than 2,200 staff members from a range of departments and disciplines. The aims of these sessions are to raise awareness in respect of:
- The effects of economic crime within the NHS, giving examples of high-risk areas and real-life cases that have successfully been prosecuted.
  - The measures put in place within the NHS to combat economic crime, including a summary of the roles of the NHS Counter Fraud Authority, CFS Wales and the LCFS.
  - Key Health Board documents, including the Counter Fraud Policy and Response Plan, Bribery Policy, Policy for NHS Staff to Raise Concerns, Standards of Business Conduct and Register of Gifts and Hospitality
  - How staff are able to report any suspicions or concerns which they may have.
- 3.3 The content of the presentation has been reviewed and updated to ensure that it remains fit for purpose. Feedback forms have been completed by the attendees measuring their satisfaction with the content, and the awareness and knowledge they have gained. An analysis of responses received during the year has been included at **Appendix 3**.
- 3.4 The Health Board also has its own dedicated counter fraud intranet page, which is regularly reviewed and updated to ensure that it remains fit for purpose, and an effective tool in raising economic crime awareness amongst staff. The page has been designed to provide staff with information on the following key areas:
- What is Fraud?
  - What is Bribery?
  - The Role of the LCFS
  - Key Policies and Procedures
  - Examples of Economic Crime within the NHS
  - How to Arrange an Awareness Presentation
  - How to Report Concerns.
- 3.5 Bilingual posters promoting the National Fraud and Corruption Reporting Line have been distributed to healthcare sites throughout the Swansea Bay Health Board area.
- 3.6 Payslip messages were also used during the year to inform staff of the Health Board's participation in the National Fraud Initiative (NFI) data matching exercise.

- 3.7 The team has also worked alongside colleagues within Learning and Development to review and update the local counter fraud entry in the staff handbook.
- 3.8 International Fraud Awareness Week (IFAW), which took place in November 2019, has been established as a dedicated time to raise awareness about fraud. The event is marked by many organisations around the world from both the public and private sectors. Here at SBUHB, the Team set up a stand at Morriston Hospital and distributed awareness-raising materials. We also timed the issue of one of our counter fraud newsletters to coincide with IFAW.
- 3.9 The Counter Fraud Work Plan for 2019/20 included provision to undertake an exercise to measure levels of fraud awareness within the Health Board. It was intended that this work be undertaken during Quarter 4, and would take the form of a questionnaire to be completed by staff. However in light of the burden placed on staff and the organisation as a whole resulting from the response to the COVID-19 pandemic, it was decided that this exercise would be postponed. Provision has therefore been included to undertake this work at an appropriate time as part of the 2020/21 work plan.

## 4 PREVENT AND DETER

- 4.1 Work under this key principle is centred on discouraging individuals who may be tempted to commit fraud, bribery or corruption against the NHS, and ensuring that opportunities for them to do so are minimised.
- 4.2 The LCFS Team produce a biannual Counter Fraud Newsletter which contains articles on proven cases of NHS fraud, designed to deter economic crime and promote awareness amongst Swansea Bay UHB staff and primary care contractors. The 2019-20 editions were both issued via the Health Board's intranet site, with hard copies also being distributed to the main hospital sites. Copies were also e-mailed or posted to GP surgeries, Dentists, Opticians and Pharmacies across the Swansea Bay UHB area.
- 4.3 A key principle in preventing and deterring economic crime is the design, implementation and subsequent review or 'fraud-proofing' of relevant policies and procedures. This process is intended to minimise the opportunity for economic crime to occur, by identifying and addressing potential risks or loopholes, and implementing measures to increase their resilience to such activities. There is no such thing as a completely fraud-proof policy or process; however a commitment to fraud-proofing reduces the risk, and minimises the potential for a policy or procedure to be misinterpreted or for fraudsters to use lack of clarity as a defence. It is also an opportunity to deter fraud, as well as abuse that falls short of actual fraud. As such during 2019/20, activity in this area has focussed on the following key areas:
- Participation in the review of the Standards of Business Conduct.
  - Review and update of the Counter Fraud Policy and Response Plan
- 4.4 The LCFS Team continue to meet and share information with key stakeholders and colleagues in order to ensure that a holistic approach to preventing and deterring economic crime is taken. During 2019/20 this has included:
- NWSSP Primary Care Services Post Payment Verification Team
  - NWSSP Audit & Assurance
  - NWSSP Employment Service
  - NWSSP Procurement Services
- 4.5 Joint working protocols have previously been put in place with both Audit & Assurance and the Post Payment Verification Team. These protocols have been reviewed during the year in order to ensure that they remain fit for purpose.
- 4.6 Where credible information is received regarding a potential fraud threat, it is important that this is promptly and appropriately disseminated within the Health Board (and beyond where necessary) in order to reduce the risk to the organisation. To that end, fraud alerts have been issued during 2019/20, designed to ensure that key staff are kept up to date on developments and fraud risks both locally and nationally covering areas such as:
- Data breaches effecting supply companies
  - Creditor mandate fraud and bogus invoices
  - Employee mandate fraud and spear phishing attacks targeting ESR data.



4.7 No LCFS input was required in respect of risk assessment or measurement exercises undertaken by the NHS Counter Fraud Authority during the course of the year. However the Health Board does participate in the biennial National Fraud Initiative (NFI) data-matching exercise.

4.8 During 2019/20, the NHS Counter Fraud Authority commenced a national proactive exercise on the prevention of procurement fraud. The purpose of the exercise was to:

- Obtain information on fraud risk vulnerability indicators, thus improving the overall intelligence picture of procurement fraud within the NHS at a local and national level.
- To use this information in order to produce updated guidance on procurement fraud, to help organisations address identified vulnerabilities and so help to prevent economic crime in this area.

4.8.1 The exercise itself comprised three phases:

**Phase 1** – This part of the exercise involved gathering data and information on key areas of the procurement cycle around areas such as disaggregated spend, contract management, purchase order compliance etc.

**Phase 2** – This involved an analysis of the information gathered during Phase 1, with additional input required from health bodies in order to clarify queries and anomalies. A series of guides were then produced, which provided additional advice and guidance on reducing economic crime risks identified. These were disseminated to key staff involved in the procurement process.

**Phase 3** – This part of the exercise is intended to gain assurance that the advice and guidance produced as a result of Phase 2 has been implemented, and to measure any savings achieved as a result.

4.8.2 The Health Board has fully participated in Phases 1 and 2 of this exercise, however Phase 3 has been postponed due to pressures on the NHS resulting from the response to the COVID-19 pandemic. It is currently anticipated that Phase 3 will be undertaken at some point during the coming year, and resource has been identified within the 2020/21 work plan in order to accommodate this.

4.9 The LCFS also undertake proactive work designed to address locally identified areas of risk and concern, as well as national issues highlighted by NHSCFA or the Counter Fraud Service Wales. To that end a review has been undertaken within the central payroll processing function, in order to ensure the presence of key controls capable of addressing the following risks:

- The creation of 'ghost' employees
- The generation of false or inflated salary payments by payroll staff
- Inappropriate changes to standing payroll data by payroll staff
- Fraudulent amendments to employee bank details.

No issues of concern were highlighted.

## 5 HOLD TO ACCOUNT

- 5.1 The Counter Fraud, Bribery and Corruption Policy & Response Plan sets out the Health Board's zero-tolerance attitude toward economic crime, its commitment to the rigorous investigation of all reports received, and the consistent application of all appropriate sanctions, focussing on the use of parallel processes where relevant. This includes:
- Criminal prosecution
  - Civil action
  - Internal disciplinary action
  - External disciplinary or regulatory action by a relevant body.
- 5.2 A key aspect of effective counter fraud work is the thorough, impartial and professional investigation of economic crime suspicions as they arise. All investigations are undertaken in line with the requirements of relevant legislation, as well as the guidance contained within the NHS Counter Fraud Manual, in order to ensure that all of the above sanctions remain available.
- 5.3 At the commencement of the 2019/20 year, the Team were dealing with 43 live criminal investigations. 25 new cases were opened during the course of the year, and 18 were closed, resulting in 50 live investigations ongoing at the end of the period.
- 5.4 The Team has also dealt with 28 requests for assistance on issues or concerns identified by staff or stakeholders which did not warrant a full investigation. Appropriate assistance and advice was given in all instances.
- 5.5 Three criminal sanctions have been imposed during the year, ranging from the issue of adult cautions to the imposition of suspended prison sentences.
- 5.6 In addition to the above, close liaison with relevant managers and Workforce & Organisational Development colleagues on cases involving Health Board staff has resulted in two internal disciplinary sanctions being imposed.
- 5.7 The LCFS Team also continue to work with and provide assistance to regulatory bodies including the Nursing & Midwifery Council and General Pharmaceutical Council on cases where it is felt that a breach of relevant Codes of Practice may have occurred. Three such regulatory sanctions have been imposed this year.
- 5.8 The work of the LCFS Team has also resulted in total recoveries this year of £38,873.
- 5.9 The NHS Counter Fraud Service Wales are currently investigating two case on behalf of the Health Board. The LCFS continues to monitor progress and provide assistance where necessary, and update reports are received by the Director of Finance.