Effectiveness of Counter-Fraud Arrangements – Aneurin Bevan University Health Board

Contents

The Health Board demonstrates a commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs.

Summary report

Background

1   On 11 June 2019, the Auditor General published <u>Counter-Fraud Arrangements in the Welsh Public Sector: An Overview for the Public Accounts Committee</u>. The report was a high-level, descriptive review of the arrangements in place within the Welsh Government, the NHS and local government (unitary authorities only), and highlighted some important messages:

- losses caused by fraud in the public sector are significant. In a time of austerity, every pound lost to fraud is a pound that could be spent on public services.

- fraud in all its forms is constantly evolving, so counter-fraud measures need to keep pace with the fraudsters.

- resources devoted to counter-fraud activity vary widely across the public sector in Wales.

2   Following publication of the report, the Public Accounts Committee endorsed the Auditor General's proposal to undertake further work across a range of Welsh public sector bodies to examine how effective counter-fraud arrangements are in practice and to make recommendations for improvement. This work was undertaken during December 2019 – February 2020.

3   On 30 July 2020, the Auditor General published a national report called <u>'Raising Our Game' – Tackling Fraud in Wales</u> which summarises the key finding from our review across Wales. It does not describe in detail the arrangements in place in individual bodies, but it identifies a range of opportunities to improve counter-fraud arrangements across Wales.

4   Whilst the national report identified that NHS counter-fraud arrangements are the most developed across the public sector, it identified that there is still a challenging agenda to make counter-fraud fit for the next decade where globalisation and the advent of digital technology have created new risks, and opportunities for the fraudsters.

5   The report calls on NHS bodies to satisfy themselves that:

- counter-fraud resources are determined based on an assessment of local risk factors.

- counter-fraud risk assessments are integrated with corporate risk management arrangements.

- strategies are in place to make greater use of data analytics to both prevent and detect fraud.

- strategies are in place to improve collaboration within the sector and more widely across sector boundaries.

6   This summary report sets out our assessment of the Aneurin Bevan Health Board's
        (the Health Board's) arrangements for preventing and detecting fraud.
        Our assessment is based on document reviews, including board and committee
        papers, and interviews with a small number of staff.

Main findings and areas for improvement

7   Our assessment identified that the Health Board demonstrates a commitment to
        counter-fraud, has suitable arrangements to support the prevention and detection
        of fraud and is able to respond appropriately where fraud occurs. Our key findings
        from the work are set out in more detail in the following section of this report.

8   In undertaking this work, we identified an area for improvement (**Exhibit 1**). The
        Health Board should address this alongside the themes identified in the national
        report. The Health Board's management response to the areas for improvement is
        available in **Appendix 2**.

Exhibit 1: area for improvement to be addressed by the Health Board

Area for improvement
Counter-fraud staff capacity I1   Consider the Local Counter-Fraud Specialist capacity required to resource required levels of proactive and investigative work, including staff training, and build in resilience to the team.

Exhibit source: Audit Wales

Detailed report

Our findings

9   The following table sets out the areas of focus within our work and our findings.

Exhibit 2: areas of work and findings

Areas of work	Findings
We considered whether the top tier demonstrates a commitment to counter-fraud and provides the necessary leadership to fight fraud. We expected to see: • the Board/Executive team promoting a clear commitment to zero tolerance of fraud and championing counter-fraud work. • senior leadership actively promoting and cascading an anti-fraud culture. • all organisation-wide understanding of responsibilities for preventing fraud and reporting suspected fraud. • an organisational commitment to counter-fraud and ethics awareness training, with appropriate and targeted mandatory counter-fraud training for all staff.	We found the following good practice: • the Executive Director of Finance is the Board executive responsible for counter-fraud. The Director of Finance actively promotes a counter-fraud culture. • counter-fraud is a standing item on the Audit Committee agenda. • all fraud related issues are treated as a priority by the organisation, and there is a clear commitment from the Executive Director of Finance and the Chair of the Audit Committee • policies and strategies send out a consistent message that fraud will not be tolerated, and that all steps will be taken to take criminal or disciplinary sanctions against perpetrators. The Health Board ensures that there are effective lines of communication between those responsible for counter-fraud, bribery and corruption work and other key staff groups and managers within the organisation. • attendance at counter-fraud training is mandatory and counter-fraud training is provided as part of induction training.

Areas of work	Findings
	• the Local Counter-Fraud Specialist (LCFS) carries out staff surveys to evaluate the level of staff awareness counter-fraud policies. This includes primary care contractors as well as staff employed directly by the Health Board. The results are evaluated and used to improve counter-fraud arrangements and to address risks. • the Health Board publicises proven frauds and the action taken. We did not identify any areas for improvement:
We considered whether the organisation has a suitable structure and sufficient skilled resources to prevent and detect fraud. We expected to see: • a designated Local Counter-Fraud Specialist (LCFS) with designated responsibility for counter-fraud and the ability to influence the level of counter-fraud resources. • an appropriate level of experienced, trained and accredited counter-fraud staff to undertake investigations and counter-fraud work. • clarity in respect of counter-fraud roles, responsibilities and lines of accountability.	We found the following good practice: • the Health Board has a dedicated LCFS, with the ability to influence the level of counter-fraud resources designated by the Executive Director of Finance. • the Health Board employs accredited and trained counter-fraud staff, who attend training and professional development courses as required. • the whole time equivalent (WTE) of local counter-fraud resources per 1,000 staff is 0.19 WTE, the same as the average for NHS Wales (0.19 WTE), see **Appendix 1**. • the Health Board has clearly articulated counter-fraud roles and responsibilities in the Counter-Fraud, Bribery and Corruption Policy. • the LCFS and counter-fraud staff have access to all systems, records and premises required to do their work. • investment in counter-fraud work is based on existing resource allocations and an evaluation of risk.

Areas of work	Findings
• investment in counter-fraud based on informed decisions derived from a fraud risk assessment which highlights risks and determines the resources needed to address them. • An annual programme of proactive counter-fraud work (fraud prevention work) which covers the risks identified in the risk assessment with ring fenced time allocated to proactive work.	• the LCFS completes the NHS Counter-Fraud Authority Self-Review Tool (SRT) on an annual basis. • the Health Board has an annual counter-fraud plan, which identifies the proportion of days allocated to proactive counter-fraud work. We identified the following area for improvement: • although staffing levels are the same as the average for Wales, staffing levels are just 2.6 WTE. If the level of investigative work increased, or if any member of staff were to be absent, this could impact the ability to deliver the agreed level of proactive counter-fraud work. • during 2018-2019, counter-fraud training was delivered to 1,758 members of staff, this represents approximately 13% of the Health Board's workforce.
We considered whether the organisation has a sound policy framework to support effective counter-fraud arrangements. We expected to see: • a counter-fraud strategy/policy which sets out the organisation's approach to managing fraud risks and defines specific counter-fraud responsibilities. • a Code of Conduct setting out acceptable behaviours and how to report and manage conflicts of interest.	We found the following good practice: • the Health Board has a current Counter-Fraud, Bribery and Corruption Policy. The policy includes a counter-fraud response plan. • the policy was scrutinised and signed off by the Health Board's LCFS, senior management and Audit Committee. • the Director of Finance and the Audit Committee monitor compliance with the policy on a regular basis. • the Health Board has an appropriate Code of Conduct, and whistleblowing and cyber security policies with review and renewal processes in place. • the Health Board has appropriate arrangements to maintain and review registers of interests, gifts and hospitality.

Areas of work	Findings
• sound whistleblowing arrangements which set out mechanisms for reporting fraud. • maintained registers of gifts and hospitalities. • pre-employment screening.	• the Health Board has arrangements in place to ensure that all new staff are subject to the pre-employment checks before commencing employment within the organisation. We did not identify any areas for improvement.
We considered whether the organisation has an effective fraud risk assessment together with appropriate responses to emerging issues. We expected to see: • regular and comprehensive fraud risk assessments discussed and agreed with senior leaders and the Audit Committee. • fraud risk assessments featuring as part of the organisation's overall risk management framework. • fraud risk built into system design to minimise opportunities for fraud.	We found the following good practice: • the Health Board completes the NHS Counter-Fraud Authority's SRT on an annual basis. • annual work plans are based upon intelligence received and identified, a review of ongoing cases, referrals and proactive work priorities identified across Wales. Counter-fraud resource levels are proportionate to the risk level identified. Measures to mitigate identified risks are included in the workplan, which is approved by the Audit Committee. • policies and paper-based procedures are fraud proofed using guidance issued by NHS Counter-Fraud Authority. The LCFS reviews policies and proposes changes where it is deemed necessary. • fraud risk features as part of the organisations overall risk management framework. We did not identify any areas for improvement:

Areas of work	Findings
We considered whether the organisation's internal control environment support effective arrangements for preventing and detecting fraud. We expected to see: • internal controls designed and tested to address identified fraud risks and help prevent fraud occurring. • internal audit reviews of fraud risks and testing of controls designed to prevent and detect fraud. • the organisation acting on recommendations to strengthen controls if internal controls are found to be not operating as well as intended and lessons learned from fraud incidents. • the organisation uses data matching to validate data and detect potentially fraudulent activity.	We found the following good practice: • the Health Board's Internal Audit team review fraud risks and test controls designed to prevent and detect fraud as part of its annual programme of work. Information and intelligence are shared with local counter-fraud services in line with the agreed information sharing protocol. • the Health Board acts upon recommendations to strengthen controls if internal controls are found to be not operating as well as intended and learn lessons from fraud incidents. • the Health Board participates in the National Fraud Initiative data matching exercise, primary care post-payment verification checks and other local checks (such as payroll). • the LCFS works closely with finance and procurement colleagues, providing ongoing advice and evaluation of the potential for fraud. • the Health Board takes part in the National Exercise for Procurement Fraud. • the Health Board uses case management software to record all system weaknesses as identified as a result of investigations and/or proactive prevention and detection exercises. An important aspect of this software is recording lessons learned. • The Counter-Fraud Team makes use of data analytics as part of their operational activities. This includes highlighting outliers through data mining, exception reports and trends and analysis, particularly with regard to the claiming patterns of primary care contractors.

Areas of work	Findings
We considered whether the organisation has an appropriate response to fraud. We expected to see: • a comprehensive fraud response plan which sets out clear arrangements for reporting and investigating allegations of fraud. • action to ensure that all allegations of fraud are assessed Documented procedures for conducting fraud. • investigations which follow proper professional practice and in line with the fraud response plan • consideration of the full range of sanctions available, and redress sought (for example the recovery of money and assets) where appropriate. • an appropriate case management system to record and monitor the progress of potential fraud cases. • collaboration with external partners to tackle fraud.	We found the following good practice: • the Health Board's counter-fraud plan (included in the Counter-Fraud, Bribery and Corruption Policy) follows best practice as advised by the NHS Counter-Fraud Authority. • qualified staff investigate all cases of suspected fraud, in line with the Fraud Response Plan. Outcomes of investigations are reported to the Audit Committee and to the NHS Counter-Fraud Authority. • the Health Board utilises the full range of sanctions available (staff disciplinary action, civil action and criminal action) and seeks to recover monies where appropriate and cost effective to do so. • all investigations are documented on case management software. Learning from fraud is shared with appropriate staff to action and implement changes to systems and procedures where appropriate. • the Health Board liaises proactively and on a regular basis with other organisations and agencies such as NHS Legal and Risk Services, the police, Home Office Immigration Services, local authorities, and regulatory and professional bodies to assist in countering fraud, bribery and corruption. Specialist services can be purchased from the NHS Counter-Fraud Authority where necessary. We did not identify any areas for improvement.

Areas of work	Findings
We considered whether the organisation has proper reporting and scrutiny in place to ensure its counter-fraud culture and framework is operating effectively. We expected to see: • a record kept of fraud losses and recoveries. • the Audit Committee taking a proactive approach to prevent fraud and promote an effective anti-fraud culture. • the Audit Committee challenging and reviewing counter-fraud work, and ensuring it discharges its duties in relation to counter-fraud.	We found the following good practice: • the Health Board maintains a record of fraud loses and recoveries. • counter-fraud is a standing item on the Audit Committee agenda, and the Audit Committee champions a counter-fraud culture. • the annual plan is presented to the Audit Committee along with regular progress reports on delivering the annual programme of work, along with identified fraud risks and actions to minimise them. • case updates are produced for the private session of Audit Committee outlining the case, status, and recoveries of money/assets. We did not identify any areas for improvement.

Appendix 1

Counter-fraud resources

The following exhibit sets out the number of LCFS resources per 1,000 staff.

Exhibit 3: number of LCFS resources per 1,000 staff (in order of highest to lowest)

	LCFS WTE	Total number of staff within the organisation	LCFS WTE per 1,000 staff (headcount)
Health Education and Improvement Wales[1]	0.2	280	0.71
Welsh Ambulance Services NHS Trust	2.0	3,535	0.57
Powys Teaching Health Board[2]	1.2	2,286	0.52
Cwm Taf Morgannwg University Health Board[2]	2.6	11,944	0.22
Hywel Dda University Health Board	2.0	10,032	0.20
Aneurin Bevan University Health Board	2.6	13,659	0.19
NHS Wales (average)	**18.2**	**94,614**	**0.19**
Swansea Bay University Health Board[2]	2.2	12,962	0.17
Betsi Cadwaladr University Health Board	2.9	18,491	0.16
Public Health Wales NHS Trust[1]	0.3	1,903	0.16
Velindre University NHS Trust[1]	0.4	4,411	0.16
Cardiff & Vale University Health Board[1]	1.8	15,111	0.12

[1] The Cardiff and Vale University Health Board LCFS Team also provide services to Health Education and Improvement Wales, Public Health Wales NHS Trust and Velindre University NHS Trust via an annual Service Level Agreement.

[2] The Swansea Bay University Health Board LCFS Team also provide services to Cwm Taf Morgannwg University Health Board and Powys Teaching Health Board via an annual Service Level Agreement.

Source: Counter-Fraud Authority NHS Wales, Operational Performance Report 2019-20 (Quarter 3), and Stats Wales Headcount as at 30 September 2019 (extracted from the NHS Electronic Staff Record system).

Appendix 2

Management response

The following table sets out the Health Board's management response to the areas for improvement (to be inserted after the report and management response has been considered by Audit Committee).

Exhibit 4: management response

Ref	Area for improvement	Management response	Completion date	Responsible officer
I1	Counter-fraud staff capacity: consider the Local Counter-Fraud Specialist capacity required to resource required levels of proactive and investigative work, including staff training, and build in resilience to the team.	Recommendation considered and no improvement considered necessary at this stage, over and above current arrangements. New LCFS appointed on 4 November 2019 and forms part of succession planning. The HB Counter Fraud planned provision is 2.8 WTE, which is in place and considered sufficient to deliver the agreed work plan (535 days).	Completed	Director of Finance and Performance and Head of Counter Fraud Services

Audit Wales

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.