



## PWYLLGOR ARCHWILIO A SICRWYDD RISG AUDIT AND RISK ASSURANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	16 August 2022
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Counter Fraud Update
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Ben Rees, Head of Counter Fraud

**Pwrpas yr Adroddiad (dewiswch fel yn addas)  
Purpose of the Report (select as appropriate)**

Er Gwybodaeth/For Information

### ADRODDIAD SCAA SBAR REPORT

#### Sefyllfa / Situation

This report provides to the Audit & Risk Assurance Committee an update on the Counter Fraud work completed within Hywel Dda University Health Board (HDdUHB). This ensures compliance with the Welsh Government Directives for Countering Fraud in the NHS and the NHS Counter Fraud Authority Requirements of the Government Functional Standard GovS 013: Counter Fraud.

The report will present a breakdown as to how resource has been used within Counter Fraud, alongside an overview of key work areas completed against the 4 NHS Counter Fraud Authority standard areas.

#### Cefndir / Background

To evidence the provision of services within a sound governance framework.

#### Asesiad / Assessment

The Health Board is compliant with the Welsh Government Directives.

#### Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is invited to receive for information the Counter Fraud Update Report and appended items.

### **Amcanion: (rhaid cwblhau) Objectives: (must be completed)**

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	3.2 In particular, the Committee will review the adequacy of: 3.2.4 the policies and procedures for all work related to fraud and corruption as set out in National Assembly for
--	---

	Wales Directions and as required by the Counter Fraud and Security Management Service.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable.
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	3. Striving to deliver and develop excellent services 6. Sustainable use of resources
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	10. Not Applicable

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Counter Fraud Workplan 2022/23
Rhestr Termau: Glossary of Terms:	LCFS – Local Counter Fraud Specialist/s CFS Wales – Counter Fraud Services Wales NHS CFA – NHS Counter Fraud Authority
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	Not applicable.

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Not applicable.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	Not applicable.
<b>Gweithlu: Workforce:</b>	Not applicable.
<b>Risg: Risk:</b>	Not applicable.
<b>Cyfreithiol: Legal:</b>	Not applicable.

<b>Enw Da: Reputational:</b>	Not applicable.
<b>Gyfrinachedd: Privacy:</b>	Not applicable.
<b>Cydraddoldeb: Equality:</b>	Not applicable.



## **HYWEL DDA UNIVERSITY HEALTH BOARD**

### **COUNTER FRAUD UPDATE**

**For Presentation 16<sup>th</sup> August 2022**

The NHS Protect Standards are set in four generic areas:

- Strategic Governance
- Inform and Involve
- Prevent and Deter
- Hold to Account

AREA OF ACTIVITY	Resource Allocated (days) 2022/23	Resource Used (days) as at 31/07/2022
STRATEGIC GOVERNANCE	40	14
INFORM AND INVOLVE	85	27
PREVENT AND DETER	120	35
HOLD TO ACCOUNT	175	62
<b>TOTAL</b>	<b>420</b>	<b>138</b>

Work Area	<i>Summary of work areas completed</i>
<b>Inform and Involve</b>	<ul style="list-style-type: none"> <li>• All new inductees have completed the Health Board’s induction programme and the Counter Fraud mandatory training program.</li> <li>• Counter Fraud content on the Health Board’s Medicines Safety learning days has again been delivered to Nurses by way of virtual sessions.</li> <li>• Three Counter Fraud presentations were delivered to three of the Overseas Nurses Cohort. Raising awareness of Fraud, Bribery and Corruption, in addition to raising awareness of recent scams involving immigration and rental properties.</li> <li>• The summer Newsletter has been prepared and circulated via the global messaging system to all staff. A link to the document will be shared during the CF section of the Audit and Risk Assurance Committee(ARAC) meeting.</li> <li>• Two Fraud Awareness animations have been selected for translation and the work undertaken, with a view of these been circulated to staff in the coming weeks. These animations are currently available in English and are available for viewing on our intranet site.</li> <li>• Since the last report, a total of 6 Global awareness messages / alerts have been issued, raising awareness of: <ul style="list-style-type: none"> <li>- Mandate Fraud,</li> <li>- Cyber Security Advice.</li> <li>- Scam messages linked to working visas.</li> <li>- Rental scam advice – Overseas Nurses and Agency Workers.</li> </ul> </li> </ul>
<b>Prevent and Deter</b>	<ul style="list-style-type: none"> <li>• The CF Department has reviewed its own policy and are awaiting its approval. Changes made are minimal, however, they include additional information around the new Government Functional Standards and the role of the Fraud Champion.</li> </ul>

- In addition to the above, the department has assisted the Governance Team with the review of the HB's Standard of Behaviour Policy, ensuring the policy meets the requirements of the Counter Fraud Standards and promotes the development of an Anti-Fraud Culture.
- A proactive exercise into declaration of interests has been undertaken. The first part looked at those who had not declared an interest and the second looked at whether the employee or the department had procured services from said company. A third part looked at level 5 and 6 Purchase Order authorisers and whether any of these individuals had failed to declare an interest. A report, outlining the findings of the exercises has been appended to this paper for the Committee Members' perusal (Appendix 1).

- During quarter two, the CF Dept have commenced two exercises into overpayments of salary. The first exercise will review the 2021/22 overpayment data and establish which of the directorates / supervisors had the most overpayments linked to them. Having identified the higher risk groups, each will be asked to review a sample of employees taken from the July 22 staff in post data and establish that those listed are currently in post and are allocated to the correct budget code etc.

The second exercise will look to review those staff who were recruited in response to the pandemic and are still showing as in post (as of July 2022). Over 300 such employees were identified as being paid in July 22, as such each of the employee's supervisors will be contacted and asked to confirm that the subject is still in post and on the appropriate contract.

Thus far, relevant data has been obtained and analysed, which has resulted in assurance being sought from relevant directorates. A final paper, which will include the findings, will be presented at the next meeting.

- The CF team continues to engage with Internal Audit, with future meetings planned throughout the year.

<b>Hold to Account</b>	<ul style="list-style-type: none"> <li>• A number of new referrals have been received into the department over the last two months, with significant work being undertaken around these, including interviews under caution. These are noted within in a separate report, for discussion during the closed In-Committee session.</li> </ul>
<b>Strategic Governance</b>	<ul style="list-style-type: none"> <li>• Quarterly statistics (Q1 2022/23) have been submitted to Counter Fraud Service (CFS) Wales and in compliance with WG directions and we are awaiting their report.</li> <li>• CFS Wales have produced their Q4 2021/22 / end of year report, and a copy has been appended to the in-committee paper for the Committee Members' perusal (Appendix 2).</li> <li>• The LCFS attended a quarterly Post Payment Verification (PPV) meeting, during which issues relating to current error trends were raised and discussed, with a view to identifying potential risk areas. These meetings will continue throughout the year.</li> <li>• The Lead LCFS and Fraud Champion continue to meet on a bi-monthly basis, offering both parties the opportunity to raise and discuss areas of concern.</li> </ul>

**Report Provided by:**  
**Ben Rees**  
**Lead Local Counter Fraud Specialist**

**Report agreed by:**  
**Huw Thomas**  
**Director of Finance**

For presentation; 16<sup>th</sup> August 2022



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Hywel Dda  
University Health Board

---

**COUNTER FRAUD, BRIBERY & CORRUPTION**

**Fraud Detection Exercise –  
Declaration Of Interests**

**July 2022**

## Executive Summary

In response to identified risks, the Local Counter Fraud Department have undertaken an exercise to establish whether Health Board employees, identified via the National Fraud Initiative as having an outside interest, have submitted declaration of interests in line with the Health Boards Standards of Behaviour Policy.

Further assurance has been sought with respect to those employees who have permission to generate and approve purchases on the Health Boards Procurement systems. These Level 5 and 6 users are required to submit annual declarations, including NIL returns, ensuring that no conflict arises between any personal interest and any goods or services procured through the system.

The exercise analysed data linked to an employee's personal interest or that of a family member.

The exercise identified 7 employees who were personally linked to another organisation (including Charities) via Companies House and those companies had previously provided goods or services to the Health Board.

The exercise identified 35 employees who had a family link to another organisation via Companies House and those companies had previously provided goods or services to the Health Board.

Of those employees who were either personally or had a family link with another organisation, none were involved in the procurement of goods or services linked to said companies.

The exercise did not identify any Level 5 or 6 Procurement system users with undeclared interests.

## Introduction and Background

The Counter Fraud Department have identified a risk that those with an outside interest could unduly influence a particular procurement process linked to their outside interest. This risk is heightened where the employee has direct access to the procurement system and is able to authorise the requisition and payment of orders.

The risk has been highlighted as a result of historic incidents involving goods and services being procured by Companies linked to Health Board employees, which resulted in criminal prosecution (fraud by abuse of position). These incidents did not occur within Hywel Dda University Health Board; however, the risk could apply, therefore this assurance exercise has been undertaken.

In response, the Local Counter Fraud Department have commenced an exercise to establish if all employees, who were identified via the National Fraud Initiative as having an outside

interest, have submitted a declaration in line with the Health Boards Standards of Behaviour Policy, which states:

All employees and Independent Members must ensure that they:

- Understand this policy and the Standards of Behaviour Framework, consulting their Departmental/Line Manager if they require clarification.
- Are not in a position where their private interests and HDdUHB NHS duties may conflict. Employees and Independent Members must declare all private interests which could potentially result in personal gain as a consequence of their position within the HDdUHB.
- Declare to the HDdUHB for recording in the Register of Interests any relevant interests at the commencement of employment; whenever a new interest arises; or if asked to do so at periodic intervals by the HDdUHB. Relevant interests (including those of close family members or associates) may include:
  1. Directorships, including Non-Executive Directorships held in private companies or Public Limited Companies (PLCs), with the exception of dormant companies.
  2. Ownership or part-ownership, of private companies, businesses, or consultancies likely or possibly seeking to do business with the HDdUHB. This includes shareholdings, debentures, or rights where the total nominal value is £50,000 or one hundredth of the total nominal value of the issued share capital of the company or body, whichever is the less.
  3. A personal or departmental interest in any part of the pharmaceutical/healthcare industry that could be perceived as having an influence on decision making or on the provision of advice to members of the team.
  4. Sponsorship or funding from a known NHS supplier or associated company/subsidiary; A position of authority in a charity or voluntary body in the field of health and social care.
  5. Any other connection with a voluntary, statutory, charitable, or private body that could create a potential opportunity for conflicting interests.
  6. Self-employment or employment by any other body where there could be a perceived or actual conflict with NHS duties. This includes the undertaking of agency working and private practice. Research funding/grants that may be received by an individual or their department.

These requirements, in conjunction with Health Board Policies and Procedures, such as:

- The All Wales No Purchase Order No Pay Policy,
- NHS Wales Procurement rules and Standing Financial Instructions

- The Health Boards Purchase (Procure) to Pay Procedure
- Single Tender Action Financial Procedure.

significantly reduces the risk of criminal activity taking place.

The risk is then reduced further via the use of the current operating systems used to manage the procurement of goods and services, such as Oracle and the Catalogue System, which have inbuilt control mechanisms that ensure that relevant order are authorised by the appropriate persons.

## Scope of Exercise

Previous Pro-Active exercises have looked at compliance in connection with procurement processes, now this exercise will look at who has failed to declare an interest, utilising data supplied by the Cabinet Office / Companies House as part of the National Fraud Initiative.

The data supplied was obtained via the Cabinet Office, who had reviewed and analysed Health Board Procurement Data (details of those who supplied goods and services to the Health Board) and Payroll Data (who we employ) and cross referenced these with data held by Companies House.

This produced a set of data that identified the following:

- Details of Health Board employees who were linked to a business or charity registered with Companies House.
- Details of Health Board employees who were linked by address / relationship to a Business / Charity registered with Companies House.

## Method

Data received from the Cabinet Officer was cross referenced with the Health Boards Declarations of interest Registers to identify:

- Whether a Health Board employee had failed to declare a personal interest.
- Whether a Health Board employee had failed to declare an interest reference a family link to a Business or Charity.

Additionally, the information was also cross referenced with those employees who were identified as Level 5 and 6 Purchase order Authorisers on Oracle, with a view of identifying whether anyone on the register, who had the ability to authorise the requisition and payment of order, had failed to declare an interest.

## Findings

The exercise identified 7 employees who were personally linked to another organisation (including Charities) via Companies House and those companies had previously provided goods or services to the Health Board.

The exercise identified 35 employees who had a family link to another organisation via Companies House and those companies had previously provided goods or services to the Health Board.

Of those employees who were either personally or had a family link with another organisation, none were involved in the procurement of goods or services from said companies, the majority didn't have access to procurement systems.

The exercise did identify Health Board employees who were linked to a Company or Charity that were registered with Companies house, and were Level 5 / 6 authorisers on Oracle, however, they all had appropriate declarations in place and there were no instances where the individuals had procured goods or services from the linked organisations.

The supervisors of all of those identified as not having registered an interest have been emailed, requesting that they discuss the identified interest and appropriately assess the need to submit a declaration.

This exercise has not identified any instances of Fraud, Bribery or Corruption.

## Recommendations

The continued use of existing measures, which have appropriately captured the relevant information.

## Conclusion

This exercise has not identified any instances of Fraud, Bribery or Corruption. It is clear from the data provided that current processes effectively capture the required data, minimising the risk of Fraud, Bribery and Corruption linked to this exercise.

A recent meeting with the Governance Team have identified that work to improve the capturing of interests continues, with a view of further digitising how data is captured and recorded.

It is noted that this exercise has not considered those business who are un-registered, however, these would not be permitted to provide services under existing Policies / Procedures. These types of businesses do pose a risk that persons can potentially fail to declare an outside interest and identifying these conflicts is difficult, however continued

awareness work on the need to submit declarations amongst Health Employees will assist in reducing the risk.

Report Completed by:

Ben Rees

Head of Counter Fraud

Hywel Dda University Health Board.