



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

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 June 2026
TEITL YR ADRODDIAD: TITLE OF REPORT:	Counter Fraud Update
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Benjamin Rees, Head of Local Counter Fraud Services

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 and 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

Main Report:

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

Asesiad / Assessment

Main Report:

The Health Board is compliant with the Welsh Government Directives.

Argymhelliad / Recommendation

The Audit and 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.
Parthau Ansawdd: Domains of Quality Quality and Engagement Act (sharepoint.com)	3. Effective 4. Efficient
Galluogwyr Ansawdd: Enablers of Quality: Quality and Engagement Act (sharepoint.com)	4. Learning, improvement and research
Amcanion Strategol y BIP: UHB Strategic Objectives:	1. Striving teams
Amcanion Cynllunio Planning Objectives	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2021-2022	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Counter Fraud Workplan 2026/27
Rhestr Termiau: Glossary of Terms:	LCFS – Local Counter Fraud Specialist/s CF – Counter Fraud CFS Wales – Counter Fraud Services Wales NHS CFA – NHS Counter Fraud Authority NWSSP – NHS Wales Shared Services Partnership LPE – Local Proactive Exercise FRA – Fraud Risk Assessment
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg Parties / Committees consulted prior to Audit and Risk Assurance Committee:	Not applicable.

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Not applicable.
Ansawdd / Gofal Claf: Quality / Patient Care:	Not applicable.
Gweithlu: Workforce:	Not applicable.
Risg: Risk:	Not applicable.
Cyfreithiol: Legal:	Not applicable.
Enw Da: Reputational:	Not applicable.
Gyfrinachedd: Privacy:	Not applicable.
Cydraddoldeb: Equality:	Not applicable.



HYWEL DDA UNIVERSITY HEALTH BOARD

COUNTER FRAUD UPDATE

For Presentation 23 June 2026

For ease of activity reporting, the Counter Fraud workplan has been split into three areas in line with the NHS Counter Fraud Authorities areas of work, namely:

- **Pro-active related activity** (Previously Prevent and Deter, Inform and Involve and Strategic Governance)
- **Reactive related activity** (Previously Hold to Account)

AREA OF ACTIVITY	2026/27 Resource (days)	Resource Used as at 31/05/2026	Resource Used (%) as at 31/05/2026)
PRO-ACTIVE RELATED ACTIVITY	255	34 Days	13%
REACTIVE RELATED ACTIVITY	185	31 Days	17%
TOTAL	440	65 Days	15%

Work Area	<i>Summary of work areas completed</i>
Pro-active related activity	<ul style="list-style-type: none"> • All new inductees are required to complete the Health Board’s induction programme and the Counter Fraud mandatory training e-learning package. • Counter Fraud content was delivered to Nurses by way of presentations on the Medicines Management programme. • Awareness sessions have been undertaken in partnership with Primary Care, providing a counter fraud input to the ophthalmic sector, covering opticians across all three counties. Further work in this area, around the claiming of General Ophthalmic Services (GOS) payments, will continue in June 2026. • Following a request from Hywel Dda Charities and an identification of a risk associated with external charities operating within the Health Board setting, an awareness session was delivered to the Breast Care Unit at Prince Philip Hospital, which was well received by both clinical and non-clinical staff. • Counter Fraud currently sit on the quarterly HDdUHB Local Intelligence Network (LIN), at which advice is provided on current fraud trends associated with Controlled Drugs. Where applicable, relevant advice, including raising awareness of Fraud in the NHS, is provided. • A local proactive exercise / system weakness report was undertaken in relation to the risk of IR35 / Off-Payroll Working non-compliance for registered nurses supplied via nursing agencies under the All-Wales Nursing Agency Framework. The review found that the Health Board has a strong control framework in place through its Tax Status of Workers Procedure and the contractual safeguards within the framework. A targeted assurance exercise involving 10 agencies and a sample of 75 nurses found no evidence of Personal Service Company arrangements or confirmed IR35 non-compliance, with payslips reviewed showing PAYE and National Insurance deductions were being made. One minor control enhancement was identified to strengthen assurance further, and the overall residual risk was assessed as low, with no escalation required at the time of reporting. A written

report has been prepared and appended to this report, Appendix 1 refers. Please note, this report has been shared with the Head of Nurse Bank.

- A local proactive exercise / system weakness report was undertaken in connection with the Petty Cash arrangements in place across the Health Board. The review considered compliance with Cash Procedure (Policy No. 973), the adequacy of local controls, and whether alternative payment or reimbursement mechanisms may now be more appropriate. The sampled locations represented a combined petty cash float of £20,880 as of 31 March 2026.

Overall, the review provides positive assurance that petty cash arrangements at the sites visited are being managed appropriately and in accordance with the relevant policy framework. Petty cash balances reconciled correctly at all but one location, and supporting documentation was generally in place. One exception was identified at Ty Llewellyn Day Unit, Glangwili General Hospital, where a petty cash tin had reportedly been misplaced some years ago, but the account had remained active. The service has been instructed to report the matter through Datix in line with the Health Board's Losses Policy.

The review also identified opportunities to reduce reliance on petty cash and strengthen control arrangements further. These include redirecting some expenditure through the e-expenses system, considering alternative purchasing arrangements for certain services, reviewing infrequently used accounts for closure, and addressing two local key security issues. Subject to management follow-up on these matters, the findings suggest that petty cash arrangements could be further streamlined and rationalised over time, whilst maintaining appropriate support for operational services and patient needs. A written report has been prepared and appended to this report, Appendix 2 refers. Please note, this report has been shared with finance colleagues.

Reactive related Activity	<ul style="list-style-type: none"> • New referrals have been received into the department over the last two months, with significant work being undertaken. A detailed report of all new, existing, and closed investigations has been provided to the Committee via an In-Committee report.
Strategic Governance	<ul style="list-style-type: none"> • The draft SRT submitted for approval to the Committee in April 2026 has now been directly inputted into the NHS Counter Fraud Authority electronic portal and digitally signed by both Mr Huw Thomas and the Audit and Risk Assurance Committee Chair, Cllr. Rhodri Evans. • Quarterly statistics have been submitted to Counter Fraud Service (CFS) Wales and in compliance with Welsh Government directions.

Report Provided by:
Benjamin Rees – Head of Local Counter Fraud Services
For presentation; 23 June 2026.

Report agreed by:
Huw Thomas
Executive Director of Finance

Counter Fraud System Weakness / Risk Identification Report

This report is intended to identify to departments/directorates potential weaknesses or fraud risks that may be present that could be exploited by fraudsters and to make recommendations of ways these weaknesses or risks could be mitigated.

The counter fraud department act as advisors in this area and do not own or control the risks or systems. Risks and the associated systems are owned and managed by the relevant departments/directorates. Risks should be recorded and managed in line with the organisations risk management policy on the relevant risk register. It is for the department/directorate to decide whether they will implement the recommendations made.

Once the report is finalised and discussed with the directorate/department it will be reported to the organisations Audit Committee and via the Counter Fraud Case Management system CLUE to comply with Counter Fraud Standards and Requirements.

Organisation:	Hywel Dda University Health Board	Department:	Nurse Bank
Directorate:	Workforce and OD	Date Form Completed:	09/06/2026

System Weakness / Risk Title
Noncompliance of IR35 regulations linked to Registered Nurses supplied via Nursing Agencies.

Description:
<p><u>Background information</u></p> <p>As an employer, Hywel Dda University Health Board (HDdUHB) is under a legal obligation to declare and pay over to His Majesty's Revenue & Customs (HMRC) income tax and National Insurance Contributions (NIC) in respect of payments it makes to individuals who are its employees for tax purposes.</p> <p>If the health board were to incorrectly treat an individual as self-employed and therefore not make the required declarations, it may face a liability to HMRC for the tax and NIC under-declared and be issued with a penalty for non-compliance. The health board must therefore have robust procedures in place for correctly determining the tax employment status of all individuals providing services to it.</p> <p>As a public body, the health board is also under a legal obligation to determine the tax employment status of certain workers engaged via third party bodies. In doing so, the health board determines whether the Off-payroll Working legislation (a.k.a. "IR35") applies.</p>



The onus to correctly determine employment status for tax purposes typically falls on the client organisation. It is therefore important that all client organisations have robust processes for determining who are and who are not their employees for PAYE/tax purposes.

Client organisations commonly engage for the services of workers indirectly, by entering engagements with third party bodies which in turn engage workers to provide their services to the client organisation. Such third parties may include staff agencies or the worker's own company.

The Off-payroll working legislation puts an obligation on some client organisations to also determine the employment status of workers engaged indirectly in this way, potentially creating an obligation on one body within the supply chain to operate PAYE on payments for the worker's services.

The Off-payroll working legislation was introduced in its original form in 2000 by way of Inland Revenue leaflet number IR35. Consequently, the legislation became more commonly referred to as "IR35" legislation, which continues to be used widely and is now also commonly used to refer to the current "Off-payroll working legislation".

When Off-payroll working legislation applies

The Off-payroll working legislation applies where:

- An individual personally performs services,
- To a client who is a public authority,
- By way of a contract involving an "intermediary,"
- Such that, had the contract been made directly between the client and the worker, the worker would be regarded as an employee of the client.

•

Impact of the legislation

Where the legislation applies, one body in the contractual chain (normally the body which directly engages with the intermediary) will be treated for tax purposes as being the employer of the worker for tax purposes and must operate PAYE when making payment to the intermediary for the worker's services, thereby making payment net of tax and NIC deductions.



Responsibilities of the client organisation

Where a client organisation receives the services of a worker engaged indirectly, it is the responsibility of the client organisation to:

- Determine whether the Off-payroll working rules apply to the engagement.
- Communicate that decision to both the worker and the party engaged with for the worker's services (the immediate supplier). This must be done in the form of a Status Determination Statement sent before the first payment is made under the engagement.
- Operate PAYE on payments to the intermediary if applicable.
- Consider and respond to a status dispute from either the worker or the deemed employer in accordance with an internally established Status Disagreement Process.

The above process therefore applies to those workers, namely, Registered Nurses (RGN's) supplied by Agencies via the All-Wales Nursing Agency Framework, part 37 of which states the following in connection with Payments made to agency workers supplied under the framework:

37 Payment to Agency Workers

37.1 The Supplier shall pay the Agency Worker supplied in the provision of the Services regardless of whether the Supplier has received payment from the Health Boards/Trusts in respect of that Agency Worker

37.2 The Supplier shall pay the Agency Worker supplied in the provision of the Services in accordance with, and shall comply with all requirements of, the Working Time Regulations 1998 and Agency Worker Regulations 2010

37.3 The Supplier shall ensure that for each pay period, the Agency Worker supplied in the provision of the Services is paid at the Hourly Pay Rate for the hours worked (excluding meal or rest breaks), as appropriate.

37.4 The Supplier shall comply with the provisions included under Part 2, Chapter 7 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA 2003"), commonly known as "Agency Legislation". For the purposes of this legislation, the Health Boards/Trusts shall possess a right of supervision, direction, or control as to the manner in which the Agency Worker provides the service.

37.5 The Supplier shall comply with its obligations under Chapter 10, ITEPA 2003, the "Off-Payroll Working legislation" (a.k.a. "IR35" legislation). The Supplier shall note that the



Health Boards/Trusts are “public authorities” for the purpose of the Off-Payroll Working legislation.

37.6 Before an Agency Worker engaged via a limited company (or other “Intermediary” for the purpose of the Off-Payroll Working legislation) is supplied to the Health Boards, the Supplier shall request written confirmation from the Health Boards/Trusts as to whether the Off-Payroll Working legislation will apply to that Agency Worker’s assignment (unless the Supplier’s payment to that Agency Worker’s company or “Intermediary” is to be made subject to PAYE and NIC)

37.7 The Supplier shall not make a payment to an Agency Worker’s limited company (or other “Intermediary” for the purpose of the Off-Payroll Working legislation) without being subject to PAYE and NIC without first receiving written confirmation from the Health Boards/Trusts that the Off-payroll Working legislation does not apply in respect of that Agency Worker’s assignment.

Consequence of non-compliance

Noncompliance of the above legislation by HDdUHB poses a risk to the organisation. If the conclusion of a HMRC Investigation is that the End-Hirer has made inaccurate determinations, the End-Hirer will be liable for 100% of the unpaid tax, National Insurance Contributions and Apprenticeship Levy, plus there will be financial penalties to pay on top of this. The level of the financial penalty is based on the reason for the inaccurate determination. Along with the financial penalties and fines, it is important that we discuss other non-financial risks that an inaccurate determination could have on the End-Hirer’s organisation such as Reputational damage – HMRC may publish details of organisations that are found to have made inaccurate determinations, this could therefore lead to significant reputational damage.

Below is an example of a financial penalty applied to the NHS following a HMRC investigation:

£4.3 Million – The National Health Service “NHS”

The NHS had Incorrectly engaged with contractors from 2017 to 2018. Even with the use of HMRC’s CEST tool, their audit outcomes were incorrect. As a result, they had to pay a £4.3m fine.



RISKS

Under legislation and HB policy, the Health Board is legally required to determine whether IR35 applies to a particular worker and communicate this in a Status Determination Statement.

To assist in the governance of this area, the Section 37 of Terms and Conditions and Specification for the Supply of Registered Agency Nurses, Midwives and Health Visitors, Healthcare Assistants and Operating Department Practitioners to Health Boards/Trusts in Wales sets out what is expected of Nursing Agencies. When agencies act outside these rules, they may:

- Fail to request confirmation as required under the All-Wales Nursing Agency Framework.
- Pay workers before receiving an IR35 determination.

This creates a direct compliance failure and heightens the risk of HMRC categorising the behaviour as negligent, careless, or deliberate, each increasing potential penalty.

In addition, with regards to fraud Through Misrepresentation by Agencies, the report outlines the following key scenario:

- The agency supplies a Registered Nurse to the Health Board.
- The Health Board pays the invoice in good faith.
- The agency then pays the worker via a limited company, outside IR35.
- HDdUHB is unaware that the worker has been paid in a non-compliant manner, creating hidden tax liabilities.

This constitutes a fraud risk because:

- The agency is misrepresenting the true tax / employment status of the worker.
- The Health Board is unknowingly placed in breach of legislation.
- This may constitute a form of Fraud by False Representation, where agencies conceal or distort information to secure payments and or entice workers to their organisation under the promise of higher take home earnings.

Furthermore, there is a risk that some agencies may deliberately route payments through intermediaries to:

- Avoid PAYE deductions.
- Present arrangements as “outside IR35” even when criteria are not met.



- Reduce their costs or increase profit margins.

This behaviour could constitute a fraudulent evasion of tax, with the liability shifted to the NHS. Although this scenario would not be investigated by the NHS Counter Fraud Function, the outcome of such investigations may impact the organisation.

In both scenarios, the Actor would be:

Nursing Agencies and workers, namely, Registered Nurses, supplied by them under the All-Wales framework.

Action associated with the risk

(State what the risk is, breaking it down in simple terms):

- A Nursing Agency, on the NHS Wales Framework, supplies a worker to fulfil a shift vacancy within Hywel Dda University Health Board (HDdUHB).
- An invoice is raised for said activity by the Agency and subsequently paid by HDdUHB.
- The Nursing Agency pays said worker via a limited company or Personal Service Company, who in turn pay the worker outside of IR35 / All-Wales framework compliance.
- HDdUHB are unaware of the fact the employee is being paid in such a manner.

Outcome:

The RGN provided to work a vacant shift is subsequently paid outside of IR35 compliance, resulting in noncompliance of Pay as You Earn (PAYE).

Summary

Agencies failing to comply with IR35 legislation create a Fraud risk to the Health Board:

- Financial losses (unpaid tax, NIC, penalties)
- Regulatory and legal exposure under IR35
- Reputational damage from HMRC publication or media scrutiny
- Misrepresentation and deliberate tax avoidance via PSCs



- Operational disruption, including retrospective audits and resource-intensive investigations

Assessment of control measures in place:

The Health Board has in place a Tax Status of Workers procedure, FP06/06 refers. The procedure contains several strong controls intended to prevent the Health Board from being exposed to IR35 liabilities caused by agency-supplied workers. Below is an assessment grouped by control type.

Control 1: Mandatory determination on whether a tax status assessment is required. Service Managers must complete the Health Board's "Is a tax status assessment required?" form before:

- entering any new engagement,
- extending or altering an existing one,
- and at least every 6 months during delivery.

Control 2: Service Managers must complete CEST for any engagement requiring a formal assessment. They then must:

- complete CEST,
- provide accurate description of engagement,
- send output + supporting documents to Finance (Compliance and Tax).

Control 3: Only Compliance & Tax can issue final official IR35 determination. To do so, they must:

- review the draft CEST and challenge responses,
- issue the formal Tax Status Determination Statement (SDS) when required,
- store determinations and evidence.

Control 4: Prohibition on using NWSSP Procurement pathway if PAYE obligations arise. If a determination is "inside IR35", Managers cannot use Procurement routes that treat worker as a supplier.



Control 5: Mandatory referral of any disputes to Compliance and Tax, this includes any disputes raised by Nursing agencies. Compliance and Tax will then review and assess before re-performing determination if needed and issue a response within 45 days.

Control 6: 6-monthly reassessments, where Service Managers must reconsider IR35 status every 6 months (minimum).

Control 7: Written terms must reflect actual working arrangements and be retained. The Health Board must retain:

- final determination,
- evidence,
- CEST output.

In addition, on-framework agencies who supply workers to the Health Board must operate in compliance with the Terms and Conditions and Specification for the Supply of Registered Agency Nurses, Midwives and Health Visitors, Healthcare Assistants and Operating Department Practitioners to Health Boards/Trusts in Wales. This document provides the following, additional controls:

Preventive controls (before engagement / at booking)

- Explicit acknowledgement that NHS bodies are public authorities under Off-Payroll Working rules - This correctly sets the context that IR35 determinations fall under the public-sector regime, placing status decision responsibilities with the hirer and requiring PAYE/NIC where “inside IR35.”
- Status decision required before supplying PSCs (limited-company workers) - The Supplier must request written confirmation from the Health Board on whether Off-Payroll Working applies before a limited-company (or other “intermediary”) worker is supplied; if not going via PAYE/NIC, the Supplier must have written confirmation that IR35 does not apply. This is a strong frontline control to stop “unknown status” engagements.
- Prohibition on paying PSCs gross where IR35 applies - “No payment to an intermediary without PAYE/NIC” unless the Health Board has confirmed IR35 does not apply. This

directly addresses the most common failure mode (gross payments to PSCs despite SDS indicating “inside IR35”).

- Contractual confirmation of ‘supervision, direction or control’ (SDC) by the hirer - The contract states the Health Board possesses a right of supervision, direction, or control over how the work is done. In practice, this presumption tends to push many clinical agency roles inside IR35, reducing ambiguity and preventing erroneous “outside” calls.

Detective controls (during and after engagement)

- Authorised timesheets and detailed invoicing - Every invoice must be supported by Authorised Timesheets and provide granular breakdowns (worker name/band, shift type, wards/departments, hours, breaks, etc.). This enables robust reconciliation and testing that PAYE was operated where mandated.
- Audit rights covering records, payments, and performance - The Health Board and or NWSSP can audit supplier data, personnel files, and compliance at any time; overcharges must be repaid within seven days; and results can be shared with relevant regulators and counter-fraud bodies. These rights enable targeted IR35 compliance audits.
- Records retention - Seven-year retention and specific categories (identity, right-to-work, tax/PAYE/NIC details, bookings, timesheets) provide an evidential trail to investigate and prove IR35 compliance post-event.
- Contract monitoring & information provision - Regular review/monitoring meetings and an obligation to provide requested information within five working days help surface anomalies (e.g., PSC paid gross despite an “inside” determination) quickly.

Corrective & enforcement controls

- Right to withhold disputed invoice amounts - Where hours/rates (or, by extension, the tax treatment) are in dispute, the Health Board can withhold the disputed portion pending resolution — encouraging swift correction of any PAYE/NIC mis-treatment.
- Default and termination remedies - Failure to deliver services in accordance with the contract (which includes compliance with Off-Payroll Working provisions) enables remedy requirements, step-in/replacement, recovery of excess costs, and termination for material breach.



- Wide indemnities - General indemnities and those tied to statutory compliance place financial responsibility on the Supplier for losses arising from non-compliance (useful leverage where PAYE/NIC was not operated when it should have been).

In line with these controls, Local Counter Fraud have received confirmation from the Deputy Head of Compliance and Tax and the Service lead for Nurse Bank that in 2025 an exercise was undertaken to establish the status of a sample of 35 workers. During said exercise confirmation was received as to the status of each worker, in addition to relevant data, which included Payslips being provided. Following a review, assurance was provided that all current workers were being paid in compliance with legislation.

Risk score with current control measures in place and no action or remedy.
(Use Risk Scores Rationale template at bottom of form)

Likelihood (1) x Consequence (4) = 4

Gaps in Assurance/Control:

Gaps & recommended enhancements (to make IR35 compliance even tighter)

- Onboarding triage & PSC identification - Add a short onboarding checklist obliging the Supplier to identify the pay vehicle (PAYE worker, umbrella, PSC), capture Companies House / UTR references for PSCs, and flag any change in pay vehicle mid-assignment (triggering SDS review).



Recommendations:

What are your recommendations / improved controls. E.g. (be SMART):

Add a short onboarding checklist obliging the Supplier to identify the pay vehicle (PAYE worker, umbrella, PSC), capture Companies House / UTR references for PSCs, and flag any change in pay vehicle mid-assignment (triggering SDS review).

Is there a requirement to escalate:

No.

Proposed Actions to be undertaken by Counter Fraud Team

The Local Counter Fraud Specialist undertook a local proactive exercise, which looked at whether Nursing Agencies were supplying workers in line with the above controls. The outcome of this exercise is as follows:

At the time of the commencement of the exercise, HDdUHB was utilising the service of 10 Nursing Agencies, who supply registered workers to undertake Nursing Duties at various Health Board premises.

A sample of 75 Nurses were selected for review, all of which had undertaken work for HDdUHB between November 2025 and March 2026. Each agency was asked to confirm the following:

Agency Declaration

Please acknowledge and confirm the following statements taken from sections 37.5, 37.6 and 37.7 of the All-Wales Nursing Agency Framework:

37.5 The Supplier shall comply with its obligations under Chapter 10, ITEPA 2003, the “Off-Payroll Working legislation” (a.k.a. “IR35” legislation). The Supplier shall note that the Health Boards/Trusts are “public authorities” for the purpose of the Off-Payroll Working legislation.

Acknowledge and confirm:

Yes

No



37.6 Before an Agency Worker engaged via a limited company (or other “Intermediary” for the purpose of the Off-Payroll Working legislation) is supplied to the Health Boards, the Supplier shall request written confirmation from the Health Boards/Trusts as to whether the Off-Payroll Working legislation will apply to that Agency Worker’s assignment (unless the Supplier’s payment to that Agency Worker’s company or “Intermediary” is to be made subject to PAYE and NIC).

Acknowledge and confirm:

Yes

No

37.7 The Supplier shall not make a payment to an Agency Worker’s limited company (or other “Intermediary” for the purpose of the Off-Payroll Working legislation) without being subject to PAYE and NIC without first receiving written confirmation from the Health Boards/Trusts that the Off-payroll Working legislation does not apply in respect of that Agency Worker’s assignment.

Acknowledge and confirm:

Yes

No

Supplier Declaration & Signature

- 1. I confirm on behalf of ‘AGENCY NAME’ that the information provided in this checklist is accurate and complete. I understand that any change in pay vehicle, umbrella provider, PSC structure, or assignment duties must be reported immediately.**
- 2. I can confirm on behalf of ‘AGENCY NAME’ that the agency does not provide workers to Hywel Dda University Health Board, who are paid for their services to the Health Board (whether by you or by an Umbrella Company contracted by you) via an “intermediary” for the purposes of the Off-payroll Working (IR35) legislation found in Chapter 10, Part 2 ITEPA 2003. This would include a candidate’s “personal service company”.**

All agencies acknowledged, signed and returned declarations, confirming their adherence to the guidelines. To demonstrate compliance and capture evidence, each agency was asked to complete the following Worker Checklist for each worker selected under the exercise:



Counter Fraud Review – Worker checklist.

Section 1 – Worker & Assignment Identification

Worker Name:

DOB: Click or tap to enter a date.

Home address:

Role / Band / Specialism:

Assignment start date with agency: Click or tap to enter a date.

National Insurance Number:

Section 2 – Employment checks

Please confirm that identity checks have been completed and the subject has the relevant right to work status:

Yes

No

Please supply copies of identification documents supplied and used to undertake identification checks.

Please confirm that the worker is NMC Registered and an NMC register check has been completed:

Yes

No

Please supply NMC Pin:

NMC Pin	
---------	--

Please confirm that a DBS check has been completed and is valid:

Yes

No

Date of DBS check: 10/03/2026

Please supply a copy of the workers' Agency ID. Copy provided:

Yes

No

Section 3 – Pay Vehicle Declaration

Please confirm whether the worker is paid via:



PAYE via Supplier / Agency payroll

Umbrella company

If so, provide details of the umbrella company:

<i>Umbrella company name</i>	
------------------------------	--

Personal Service Company

If so, please provide the name of the company and Companies House number:

<i>Company Name</i>	
<i>Companies House No</i>	

With regards to payments made to the worker, are PAYE deductions being made?

Yes

No

Please supply Pay slips generated as a result of work undertaken for Hywel Dda University Health Board covering the months of November 2025, December 2025, and January 2026 (3 months).

Note, if you are not responsible for generating these pay slips, you will need to obtain copies from the worker / umbrella company or PSC.

Please acknowledge and confirm the following statements taken from section 37.5, 37.6 and 37.7 of the All-Wales Nursing Agency Framework:

37.5 The Supplier shall comply with its obligations under Chapter 10, ITEPA 2003, the “Off-Payroll Working legislation” (a.k.a. “IR35” legislation). The Supplier shall note that the Health Boards/Trusts are “public authorities” for the purpose of the Off-Payroll Working legislation.

Acknowledge and confirm:

Yes

No

37.6 Before an Agency Worker engaged via a limited company (or other “Intermediary” for the purpose of the Off-Payroll Working legislation) is supplied to the Health Boards, the Supplier shall request written confirmation from the Health Boards/Trusts as to whether the Off-Payroll Working legislation will apply to that Agency Worker’s assignment (unless the Supplier’s payment to that Agency Worker’s company or “Intermediary” is to be made subject to PAYE and NIC).

Acknowledge and confirm:

Yes



No

37.7 The Supplier shall not make a payment to an Agency Worker's limited company (or other "Intermediary" for the purpose of the Off-Payroll Working legislation) without being subject to PAYE and NIC without first receiving written confirmation from the Health Boards/Trusts that the Off-payroll Working legislation does not apply in respect of that Agency Worker's assignment.

Acknowledge and confirm:

Yes

No

Section 4 – IR35 Pre-Checks

If applicable, please confirm:

PSC engagement notified to the Health Board

SDS requested before supply

PAYE/NIC applied by fee-payer where required.

SDS issued to worker

Not applicable.

As you will note from the individual worker checklist, the exercise also looked at whether the nurses supplied by the agencies had undergone right to work, DBS and NMC registration checks before being supplied to the Health Board.

Findings

One agency, namely, Concept Care Solutions, failed to provide a response within the agreed timescale. As a result, further enquiries will be undertaken directly by Nurse Bank. It is noted that the agency did engage with Counter Fraud, but for reasons outside of their control, they were unable to supply the data within the agreed timescales.

The remaining agencies, namely, ASA Medical Solutions, Connect Medical Solutions, Medics Pro, National Locums, Next Steps Nursing, Richmond Nursing Agency, WNA Healthcare, Your Healthcare Global LTD, Your World Recruitment all provided confirmation



that the workers supplied were being paid in line with the guidance set out in this report and that all relevant employment checks had been undertaken.

The documents provided will show that the majority of Nurses are paid via some form of umbrella company. Where this occurred, payslips were viewed and it was evident that both Pay as You Earn (PAYE) and National Insurance (NI) deductions were being made for hours worked at HDdUHB.

It was also noted that some workers were paid via an inhouse payroll service. In such cases, PAYE and NI deductions were again being made.

There was no evidence that any workers were being paid via Personal Service Companies.

An additional Companies house review was undertaken, were the names and addresses of those workers identified within this exercise were matched against publicly available data on Companies House. The search identified 53 of the Nurses supplied were directors of healthcare related companies, however, all the 53 concerned were apparently paid direct via an umbrella payroll provider.

Conclusion

The review identified no instances of IR35 non-compliance. Workers selected for review had undergone appropriate recruitment checks were undertaken and evidence supplied.

NOTE:

Although payslips reviewed showed both PAYE and NI deductions, the LCFS cannot confirm whether the tax deducted was the correct amount — only that PAYE/NI deductions appeared on the payslips received.

Name of Author	Benjmain Rees
Date of Report	09/06/2026
Name of Counter Fraud Manager	N/A
Date of Submission	09/06/2026



PRIVATE AND CONFIDENTIAL

This report is not to be shared without permission from its author.

LOCAL COUNTER FRAUD SPECIALIST REPORT

LPE/26/00397

PRODUCED BY: Benjamin REES, Head of Local Counter Fraud Services.

Background

During the In-Committee Audit and Risk Assurance Committee meeting in February 2026, questions were raised regarding the continuing requirement for petty cash arrangements across the Health Board. In response, a review was undertaken to assess the operation and control of petty cash across Hywel Dda University Health Board and to inform consideration of whether reliance on petty cash could be reduced over time. The sample of petty cash locations included within the review were identified by Finance and are referenced in appendix 1 below. The combined petty cash float of the sample selected for review was £20,880 (as of 31 March 2026).

Purpose of the Exercise

The purpose of the review was to provide assurance over the management of petty cash balances at the sites visited and to assess whether petty cash was being administered in accordance with Cash Procedure (Policy No. 973). It also considered whether petty cash remained the most appropriate mechanism in each case, or whether alternative purchasing and reimbursement routes would be more suitable.

Methodology

A sample of petty cash locations identified by Finance was visited as part of the review, appendix 1 refers. During each visit, petty cash holders were asked a series of questions to assess their understanding of the requirements set out in Cash Procedure (Policy No. 973). A balance check was also undertaken at each location to confirm that cash held, together with supporting receipts, reconciled to the recorded year-end balance. This approach provided assurance over both the physical petty cash balance and local compliance with the relevant procedure.

Findings

Overall, the review provided positive assurance regarding the management of petty cash at the sites visited. At all but one location, petty cash balances reconciled correctly, with cash held and supporting receipts matching the recorded year-end balance. Good practice was observed, and petty cash accounts were generally being managed in line with Health Board policy, including retention of patient travel claim forms as supporting evidence of expenditure.

At one location, namely, Ty Llewellyn Day Unit in Glangwili General Hospital, the petty cash tin had been misplaced around 5 years ago. Despite this, in 2025/26, Finance received an annual confirmation that the funds were present and accounted for. Prior to Counter Fraud involvement, the service had not reported the loss to finance, as such, it was still showing as an active account. To comply with the Health Board's Losses policy, the service was asked to report and investigate the matter via a Datix incident. Aside from this issue, no other discrepancies of concern were identified.

The exercise also identified a small number of instances where petty cash was being used for purchases that may have been more appropriately managed through the Health Board's e-expenses system, such as reimbursement of out-of-pocket expenses associated with the purchase of refreshments for service users. In such cases, the service have asked if they can initiate this process, eliminating the need for Petty Cash within the department.

In addition, there were examples where alternative purchasing arrangements may have been more suitable. For example, at Greville Court and Begelly, petty cash was being used to purchase groceries for patients, where the entire Petty Cash allocation was being used on a weekly basis. This may be an area where a different payment mechanism should be considered.

With regards to Patient Travel Expenses, it was noted that where claims were submitted, relevant paperwork, which included claim forms and receipts were retained and monies paid in line with process. However, not all services reimbursed at site, in such instances, service users were asked to complete a HC5W(T) claim form and submit direct to the NHS Business Services Authority.

There was evidence that some Petty Cash accounts were infrequently used, as such, reimbursement only occurred on an annual basis. In such cases, it is the authors belief that such accounts should be closed, and alternative methods identified for any ad-hoc purchases. Lastly, during the review, the LCFS also examined security controls in place to safely and securely store both Cash and Security box / safe keys. In all cases, cash was being stored in secure money boxes, with the keys to said boxes / safes being kept in a separate, lockable location. However, there were two instances where improvements could be made, namely:

- Glangwili General Hospital Canteen – The safe key was being kept on a lanyard, which was kept on a wall hook within the main kitchen.
- Lampeter (Physiotherapy) - Keys to cash box were not kept in a key safe.

Conclusion

The exercise provides assurance that petty cash arrangements across the Health Board are being managed in accordance with the relevant policy framework. Good practice was observed across the sites visited, and the balance checks undertaken confirmed that petty cash holdings were, with one exception, being appropriately maintained and administered.

The review has, however, identified opportunities to reduce reliance on petty cash through greater use of existing alternative arrangements, including the Health Board's e-expenses system and other more appropriate purchasing mechanisms where these are available. This may assist the Health Board in considering whether current petty cash arrangements could be further streamlined or rationalised in due course. Further detail is set out below.

In relation to patient travel reimbursement, consideration may also be given to whether claims should routinely be submitted directly to the NHS Business Services Authority via the appropriate claim process. However, it is recognised that local administration of such payments may deliver wider social, health and economic benefits, and any potential change in approach would therefore require careful consideration and engagement with relevant services and stakeholders.

Recommendations

- Where appropriate, consider whether expenditure currently processed through petty cash can be redirected through the Health Board's e-expenses system. Those services where this has been specifically requested have been highlighted in yellow within Appendix 1 below.
- Review those locations where petty cash is infrequently used to determine whether alternative purchasing arrangements would be more suitable – Those identified as using less than £30 per annum have been highlighted in amber within Appendix 1 below.
- Review and engage with those services who have requested closure of their petty cash accounts, such services have been highlighted in red within Appendix 1.
- Consider alternative payments methods for the purchasing of groceries for residents residing at Begelly and Greville Court - highlighted in blue within Appendix 1.

-
- Review usage and consider reducing the amount of cash held within Bronglais General Hospital (General office), Cwm Seren (General office), Glangwili General Hospital (General office), Prince Philip Hospital (General office) and Withybush General Hospital (General office) - highlighted in green within Appendix 1.
 - Ensure that the Datix incident relating to the misplaced Ty Llewellyn Day Unit petty cash tin is followed through to conclusion and that any learning is shared as appropriate Court - highlighted in purple within Appendix 1.

Report completed by:

Benjamin Rees – Head of Local Counter Fraud Services.

Appendix 1: Petty Cash Locations Visited by Counter Fraud

Location	Float As At 31/03/2026 (£)
Aberaeron Integrated Care Centre	100
Bronglais General Hospital	2,000
Cardigan Integrated Care Centre	200
Lampeter (Physiotherapy Lampeter)	50
West Wales Substance Misuse Aberystwyth	200
(WWCDT) Drugs Team - Penlan	200
Amman Valley Hospital	150
Central Transport Unit, Glangwili General Hospital	300
Glangwili General Hospital Canteen Till 1, 2 & Change Box	400
Llandoverly Community Hospital - Canteen	10
Ty Myddfai Psychological Wellbeing Centre, Glien Road, Johnstown	100
Glangwili General Hospital - General Office	5,000
Swan Y Gwynt - Tir-Y-Dail Lane, Ammanford, Carmarthenshire	150
Hafan Hedd - Adpar, Newcastle Emlyn, Ceredigion	150
Carmarthen Youth Health Team - Hafan Dderwen	50
Begelly, Church Close	150
Greville Court	150
Learning Disability Services, Llanion House, Pembroke Dock	120
South Pembrokeshire Day Hosp (Haven Way)	100
South Pembrokeshire Hosp - Pat Trav	100
South Pembrokeshire Hospital	200
Cwm Seren - Gen Petty Cash	1,100
Cwm Seren - Patients Monies	3,500
Cwm Seren - Rehab	1,500
Withybush General Hospital	1,000
Withybush General Hospital - Patient Travel	1,700
Brynmair Day Hospital - 11 Goring Road, Llanelli, Carmarthenshire	100
Minafon Surgery - Kidwelly	50
Ty Llewellyn Day Unit, Glangwili General Hospital	50
Prince Philip Hospital – General Office	2000
Total	£20,880