Bundle Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership 22 October 2019

**VELINDRE UNIVERSITY NHS TRUST AUDIT COMMITTEE FOR
NHS WALES SHARED SERVICES PARTNERSHIP**

**MINUTES OF MEETING HELD TUESDAY 9 JULY 2019
14:00 – 16:00
BOARDROOM, NWSSP HQ, NANTGARW
Part A**

ATTENDANCE	DESIGNATION	
INDEPENDENT MEMBERS:		
Martin Veale (Chair)	Chair & Independent Member	
Phil Roberts (PR)	Independent Member	
Ray Singh (RS)	Independent Member	
ATTENDANCE	DESIGNATION	ORGANISATION
ATTENDEES:		
Neil Frow (NF)	Managing Director	NWSSP
Margaret Foster (MF)	NWSSP Chair	NWSSP
Andy Butler (AB)	Director of Finance & Corporate Services	NWSSP
Peter Stephenson (PS)	Head of Finance & Business Development	NWSSP
Simon Cookson (SC)	Director of Audit & Assurance	NWSSP
Sophie Corbett (SC1)	Audit Manager	NWSSP
James Quance (JQ)	Head of Internal Audit	NWSSP
Roxann Davies (RD)	Corporate Services Manager	NWSSP
Gareth Price	Personal Assistant	NWSSP
Mark Osland (MO)	Director of Finance	Velindre University NHS Trust
Gillian Gillett (GG)	Audit Representative	Wales Audit Office
Andrew Strong (AS) *(Part Meeting Only)*	Audit Representative	Wales Audit Office
Craig Greenstock (CG) *(Part Meeting Only)*	Local Counter Fraud Specialist	Cardiff & Vale University Health Board

Item		Action
PRESENTATION		
	Audit Committee Effectiveness Review 2019 RD delivered an informative presentation of the Audit Committee Effectiveness Review undertaken and the results of the most recent Survey to the Committee. RD agreed to circulate the presentation and prepare a Committee Report and Action Plan for the October meeting.	**RD**

Item		Action
1. STANDARD BUSINESS		
1.1	**Welcome and Opening Remarks** The Chair welcomed Committee members to the July 2019 Audit Committee meeting.	
1.2	**Apologies** Apologies were received from: • Steve Ham, Chief Executive of Velindre University NHS Trust	
1.3	**Declarations of Interest** No declarations were received.	
1.4	**Minutes from Meeting on 9 April 2019** The minutes of the meeting held on the 9 April 2019 were **AGREED** as a true and accurate record of the meeting.	
1.5	**Matters Arising from Meeting on 9 April 2019** It was noted that all matters arising were completed.	
2. EXTERNAL AUDIT		
2.1	**Wales Audit Office Nationally Hosted IT Systems Report** AS presented the Nationally Hosted NHS IT System Report and stated that the scope looked at key financial systems that the WAO Financial Orders require, such as Oracle, ESR, FMS, Prescription Pricing and the NHAIS system. The overall conclusion was that the controls examined assured financial auditors that values produced were likely to be free from material error and identified that controls may be strengthened. The action plan had identified 7 new recommendations to support the strengthening of IT controls. AS confirmed that Appendix 1 referred to progress against recommendations made in previous years. The Chair and Independent Members reiterated that timescales for completion must be included when added to the Corporate Audit Tracking Register, to ensure accountability.	
2.2	**Wales Audit Office Management Letter** GG presented the Management Letter and the concluded that for the period 2018-19, there were no significant issues identified that would prevent Wales Audit Office (WAO) from relying on the	

Item		Action
	services provided by NWSSP. The report highlighted 3 recommendations for improvement within Legal & Risk Services, Primary Care Services and Employment Services.	
2.3	**Wales Audit Office Position Statement** The Position Statement was presented by GG and provided an update on the completed programme of work undertaken by WAO, together with information on the Auditor General's planned programme of NHS related studies, good practice events and topical publications.	
3. INTERNAL AUDIT		
3.1	**Head of Internal Audit Opinion and Annual Report** The report was presented by JQ and set out the overall Opinion, of reasonable assurance, together with summarised results of the internal audit work performed during the year. The report included a summary of audit performance in comparison to the plan and an assessment of compliance with the Public Sector Internal Audit Standards (PSIAS). 19 internal audit reviews were undertaken during the year, of which; 7 achieved substantial assurance, 10 achieved reasonable assurance and 2 were categorised as advisory reports, with assurance being not applicable. JQ was pleased to inform the Committee there had been no limited assurance reports generated during the financial year. JQ confirmed that where no assurance opinion is given, this was by design, due to an advisory or investigative piece of work and the plan was informed on a risk basis.	
3.2	**Quality Assurance & Improvement Programme** SC presented the fifth Quality Assurance & Improvement Report, an annual requirement by the PSIAS, which was well received by the Committee, who noted it was a positive report with findings consistent with 2017-18. This sets out the programme of work undertaken internally within Audit and Assurance Services in ensuring, measuring and improving quality and compliance during 2018/19 and the approach for work planned during 2019/20.	

Item		Action
	A total of 26 file reviews were undertaken in 2018/19, of which 22 of the samples were chosen at random from a list of completed audits for each HB/Trust, as at the end of February 2019. The remaining 4 were chosen due to the nature of a new service, or a particularly sensitive or high-risk area.	
	Annually, Heads of Internal complete a self-assessment against the PSIAS, which is submitted to the Director of Audit & Assurance for review. After review, the self-assessments are discussed with the relevant Head of Internal Audit to determine if there are any matters requiring attention.	
	Overall, the Committee can take assurance that this is a strong measure of compliance and quality, with very few highlighted areas of partial compliance and zero with non-compliance, which represents an improvement on previous years.	
3.3	**Primary Care Services Contractor Payments Internal Audit Report** JQ introduced the Internal Audit Report and stated that the scope of the audit was to review the Primary Care Contractor Payments processed by Primary Care Services. The report achieved substantial assurance across the 4 areas covered, with three recommendations for action, with two medium and one low priority. The findings were consistent with previous years.	
3.4	**General Data Protection Regulation (GDPR) Internal Audit Report** JQ introduced the Internal Audit Report and stated that the scope of the audit was to review the arrangements in place for ensuring compliance with GDPR. The report achieved substantial assurance and found three recommendations for action, with two medium and one low priority. The arrangements in place were found to be strong, robust and comply with the spirit and context of the Regulations developing over time.	
3.5	**Purchase to Pay Internal Audit Report** SC1 introduced the Internal Audit Report and stated that the scope of the audit was to review the operating processes for the service.	

Item		Action
	The report achieved reasonable assurance and found three recommendations for action, with four medium priority recommendations for action.	
	The findings highlighted 2 issues classified as weaknesses in the system/control design for Purchase to Pay and appropriate recommendations were agreed by Senior Management to resolve.	
3.6	**Internal Audit Position Statement**	
	JQ presented the Position Statement to highlight progress of the 2019/20 Internal Audit Plan as at 1 July 2019, together with an overview of additional activity undertaken since the previous meeting.	
	JQ stated that there were currently a number of audits in progress, having progressed from the planning stage, where we scope the work, to commencing the fieldwork stage and finalising findings.	
4. ASSURANCE, RISK AND GOVERNANCE		
4.1	**Annual Governance Statement**	
	PS presented the Annual Governance Statement for 2018/19 and confirmed that the draft had been presented to Committee previously, in April 2019. The Statement was very positive and presented to the Committee for final approval, prior to translation and publication.	
	The most recent amendments included finalising the year-end complaints data, sustainability figures and Committee self-assessment outcome. Subject to minor amendments for consistency, the Committee were content to approve the Statement.	
4.2	**Governance Matters**	
	AB presented the Governance Matters Report and stated that there had been no departures from the Standing Orders during the period, highlighting the breakdown of NWSSP and All Wales contracting activity detailed in the Appendices.	
	AB confirmed there had been 3 declarations of hospitality received and that the total stock value within Stores, as of 30 June 2019 amounted to £2,766.750. AB was pleased to report that NWSSP	

Item		Action
	submitted a nil return to Welsh Government concerning Limited Assurance Audit Reports generated for Quarter 1 of 2019-20.	
4.3	**Tracking of Audit Recommendations** RD confirmed the current position for the tracking of audit recommendations. There were 32 reports covered in the review, of which; 7 reports had achieved Substantial Assurance, 18 reports had achieved Reasonable Assurance, zero reports had been awarded Limited Assurance or No Assurance and 9 reports were generated with Assurance Not Applicable. The report included 171 recommendations for action, with 160 implemented, 7 not yet due, 2 actions not for NWSSP and 2 overdue recommendations, the progress of which had been discussed earlier in the agenda, by Wales Audit Office.	
4.4	**Corporate Risk Register and Assurance Mapping** PS presented the Corporate Risk Register and reminded Committee that the format had been split into two sections; risks for action and risks for monitoring. PS provided an update as to progress and commented that no new risks have been added, however 8 risks have been removed. There were 2 long-standing red risks on the Register: • The demise of the Exeter system, whereby we have written to Northern Ireland expressing our intention to explore further options, although the situation with Capita is reducing the risk pressure; and • The risk of engaging clinicians on non-stop requirements. The risks relating to the establishment of Health Education and Improvement Wales and the Bridgend boundary change have been removed and the remainder will be monitored at directorate level. PS confirmed that he would bring the revised Assurance Mapping to the January 2020 Committee meeting and that the Senior Management Team would be undertaking a deep dive exercise on Corporate Risk in October 2019.	
4.5	**Health and Care Standards Self-Assessment** RD presented the Self-Assessment to the Committee, for endorsement and confirmed that the rating had improved against the 7 areas of accountability, from 3 to 4, where we have evidence	

Item		Action
	to support well-developed plans and processes demonstrating sustainable improvement through our organisation. Most of the actions arising are of an internal nature, relating to our staff, given the context and nature of our organisation. The Committee was content to endorse the Self-Assessment and Action Plan.	
4.6	**Audit Committee Annual Report 2018-19** RD presented the sixth Audit Committee Annual Report, which provided the Committee with an overview of work undertaken during 2018-19 and this was a positive story. Following approval, the Annual Report would be translated, published on the staff intranet/website and would be taken to the Shared Services Partnership Committee (SSPC) and Velindre Trust Board. The Committee resolved to approve the Audit Committee Annual Report.	
4.7	**Review of Audit Committee Terms of Reference** RD presented the annual review of the Committee's Terms of Reference and noted that minor changes had been effected in order to reflect current operating arrangements for the Committee, including changes to membership and job titles. Further, to include the reference to Velindre being a University NHS Trust and ensure consistency, in accordance with the amendments made in March 2019 to the Shared Services Partnership Committee Standing Orders. Following approval, the Terms of Reference would be translated and published on the staff intranet, website, would be taken to Velindre Trust Board. Further, the Standing Orders of the Shared Services Partnership Committee (SSPC) would require amendment to reflect this. The Committee resolved to approve the Terms of Reference.	
4.8	**Declarations of Interest (Verbal)** The Committee received a verbal update on the progress of annual declarations of interest. For 2019-20, a revised form was introduced with a specific section relating to relationships. This improvement has seen an increased number of submissions, to date. The Senior Management Team are also required to complete an Action Plan arising out of management of potential conflicts or	

Item		Action
	perceived conflicts, to be reviewed by the Managing Director. RD confirmed that SMT declarations would be published online, in the spirit of accountability and transparency.	

5. COUNTER FRAUD

Item		Action
5.1	**NHS Wales Fighting Fraud Strategy** PS presented the Fighting Fraud Strategy, which was created to address the perceived of a lack of strategic direction within NHS Wales in terms of Counter Fraud. The Strategy was approved by Dr Andrew Goodall of Welsh Government and Directors of Finance across NHS Wales and was well received by the Committee. PS advised that next steps include development of an Action Plan to support the Strategy, which the Committee endorsed.	
5.2	**Counter Fraud Annual Report 2018/19** CG presented the Counter Fraud Annual Report for 2018/19, which was specific to NWSSP for the first time, rather than being a Trust-wide report. The report summarised the work undertaken during 2018/19. CG stated that 5 new investigations were undertaken, to add to the 5 investigations carried forward from the previous year and that each of the planned 75 days were utilised. The Report highlights 4 alleged false claims made within the Student Awards Services and the recovery of £22.5k back into NHS Wales through successful results at Court and/or civil recovery. The pro-active awareness work undertaken was praised by the Committee, to include promotion of deterrents and publicising cases to prevent fraud occurring.	
5.3	**Counter Fraud Self-Review Submission Tool** CG introduced the report and explained that the submission was completed annually as a self-assessment exercise. Our submission was based on the services provided to Velindre University NHS Trust as a whole and was signed off by the Director of Finance and in consultation with Audit Committee Chairs, prior to submission to the NHS Counter Fraud Authority. The Authority undertake a full and focused assessment of health bodies on a three-year cycle.	

Item		Action
	CG stated that within the Inform and Involve section, we had anticipated completion of a higher number of fraud awareness presentations throughout the year. However, it is positive that more of these sessions had been factored into the 2019-20 Work Plan. The Chair stated that this was a remarkably helpful report, which provides a substantial level of assurance of our Counter Fraud arrangements.	
5.4	**Counter Fraud Work Plan 19-20** CG presented the Counter Fraud Work Plan for 2019-20 and stated this was in a draft format, with initial discussions regarding the number of allocated days for NWSSP, based on 75 days for 2018-19. The Committee delegated approval of the Work Plan to AB, following confirmation of days to be allocated for pro-active work at the Formal SMT meeting. PS commented that there had been a wealth of pro-active identification of fraud risks and the Chair stated it would be beneficial to learn of trends and approaches across the NHS Wales landscape.	**AB**
5.5	**Counter Fraud Progress Report** CG presented the Progress Report, as at 30 June 2019. The update set out that 20 days of counter fraud work had been completed and that there were 3 cases currently under investigation, one of which was an ongoing civil recovery, due to a lengthy repayment period. CG stated that the NHS Counter Fraud Authority (NHSCFA) issued guidance in relation to procurement fraud, which has been circulated to NHS Wales. The NHSCFA were planning to issue further guidance in due course. In relation to the approach taken by NWSSP, the Committee could take assurance from the information provided and confirmed that Local Counter Fraud Specialists would continue to work closely with Heads of Procurement.	
5.6	**Counter Fraud Lessons Learned** CG presented a Report on Lessons Learned in undertaking fraud investigations within NHS Wales, which was requested by the Committee at a previous meeting. This was shared with the	

Item		Action
	Velindre Audit Committee and developed to be circulated to managers looking at areas of concern, or common themes arising. The themes highlighted were in relation to false claims for costs, working elsewhere whilst claiming to be on sickness absence and overpayments of salary. The Chair endorsed the interesting report and requested that any further updates be brought to future meetings.	
6. ITEMS FOR INFORMATION		
6.1-6	The following items were received for Committee information only: • Audit Committee Forward Plan; • NHS Counter Fraud Procurement Brief; • Welsh Language Standards Update; • WAO Audit ISA260 Report; • Freedom of Information Request Annual Report; and • Caldicott Principles Into Practice Annual Report.	
7. ANY OTHER BUSINESS (Prior Approval Only)		
7.1	**Any Other Business (Prior Approval Only)** No further items were raised for discussion during the meeting.	
7.2	**Meeting Review** The Chair conducted a review of effectiveness of the meeting and the observations of Committee Members were very positive.	
DATE OF NEXT MEETING: Tuesday, 22 October 2019 from 14:00-16:00 NWSSP Boardroom HQ, Charnwood Court, Nantgarw		

Actions arising from the meeting held on 9 July 2019			
Item	**Responsibility**	**Description**	**Status**
4.1 4.6 4.7	PS/RD	**Governance, Assurance and Risk** • All governance publications to be uploaded to NWSSP website and staff intranet, once approved and translated (as appropriate); Annual Governance Statement 2018-19, Audit Committee Terms of Reference and Annual Report.	**Complete** Published on NWSSP website and staff intranet
4.4	PS/RD	**Corporate Risk** • Assurance Mapping exercise to be reviewed and added to the January 2020 meeting agenda.	**Complete** Added to Forward Plan and agenda for January 2020
5.4	CG/AB	**Counter Fraud** • Counter Fraud Work Plan 2019-20 to be finalised, subject to AB agreeing 75 days for NWSSP.	**Complete** Agreed 75 days of Counter Fraud work allocated for NWSSP
6	RD	**Audit Committee Effectiveness** • To create a standing item on the Committee agenda, for information, relating to Effectiveness Review and Action Plan progress.	**Complete** Added as a standing item to the agenda
6	RD	**Audit Committee Dates 2020-21** • Dates to be circulated for future NWSSP Audit Committee meetings.	**Complete** Dates added to the Forward Plan for 2020-21

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	2.1
PREPARED BY	Roxann Davies, Corporate Services
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Governance Matters

PURPOSE

The purpose of this paper is to provide the Audit Committee with a brief update on governance developments within NWSSP.

1. DEPARTURES FROM STANDING ORDERS

There have been no departures from the Standing Orders and financial regulations during the period.

2. CONTRACTS FOR NWSSP

The table overleaf summarises contracting activity undertaken during the period **3 July 2019 to 9 October 2019**. A summary of activity for the period is set out in **Appendix A**.

Description	No.
Invitation to competitive tender of value between £25,000 and the prevailing OJEU threshold (exclusive of VAT)	2
Single Quotation Actions	2
Invitation to competitive quote of value between £5,000 and £25,000 (exclusive of VAT)	2
Single Tender Actions	1
File Note	1
Direct Call Off against National Framework Agreement	0
Invitation to competitive tender of value exceeding prevailing OJEU threshold (exclusive of VAT)	0
Contract Extensions	0
Total	**8**

3. NWSSP PROCUREMENT SERVICES ALL WALES CONTRACTING ACTIVITY

During the period **18 June 2019 to 2 October 2019**, activity against **33** contracts have been completed. This includes **10** contracts at the briefing stage and **11** contracts at the ratification stage. In addition to this activity, extensions have been actioned against **12** contracts. A summary of activity for the period is set out in **Appendix B**.

4. STORES WRITE OFFS

The value of stores, at **30 September 2019**, amounted to **£2,985,726**. For the period **1 July 2019 to 30 September 2019**, a stock write-off of **£2,114.67** has been actioned for out of date stock. This equates to **0.07%** of the total stock holding value in **September 2019**.

Stock Type	Bridgend Stores £	Denbigh Stores £	Cwmbran Stores £
Stock Value	1,515,575	815,091	655,060
Out of Date Stock	1,367.46	686.01	61.20
Total	**0.09%**	**0.08%**	**0.00%**

These items were reviewed through the Stock Losses Protocol and stock write on/write off forms have been completed and authorised in line with the agreed Protocol.

At a previous Committee meeting (October 2018), it was agreed that a breakdown of stores write-off figures would be brought annually to the Committee, for information. A summary of the period 1 April 2018 to 31 March 2019 can be found at **agenda item 6.5**, Review of Stores Write-Offs 2018-19.

5. GIFTS, HOSPITALITY & SPONSORSHIP

There have been **9** declarations made since the last Audit Committee meeting, of which; **2** related to hospitality, **7** related to gifts and **0** related to sponsorship. A summary of the declarations made is set out in **Appendix C**.

6. WELSH GOVERNMENT QUARTERLY UPDATE

On a quarterly basis, we issue a letter to Dr Andrew Goodall at Welsh Government to confirm any Audit Reports which have achieved limited or no assurance. For Quarter 2 of 2019-20, we submitted a nil return.

7. RECOMMENDATIONS

The Committee is asked to **NOTE** the report.

APPENDIX A - NWSSP Contracting Activity Undertaken (03/07/2019 – 09/10/2019)

No.	Trust	Division	Procurement Ref No	Date	SFI Reference	Agreement Title/Description	Supplier	Anticipated Agreement Value (ex VAT)	Reason/Circumstance and Issue	Compliance Comment	Procurement Action Required
1.	VEL	NWSSP-Corporate	NWSSP-MINI-42341	15/07/2019	Invitation to Tender	Tender for All Wales Laundry Review Business Case Revisions and additional requirements	Capita	£185,250.00	Mini Competition – based on M.E.A.T	Compliant – 263 Issued 1 response received	No action required
2.	VEL	NWSSP-Corporate	NWSSP-ITT-42342	21/08/2019	Invitation to Tender	Tender for the Provision of Professional Support for Transforming Access to Medicines Work Specification (Process Mapping Phase 2)	Grant Thornton	£25,990.00	Mini Competition – based on M.E.A.T	5 suppliers issued the opportunity, 1 responses received	No action required
3.	VEL	NWSSP-WOD	NWSSP-STA-531	24/07/2019	Single Tender Action	This is a Welsh Government Initiative established under STA in March 2019. The original contract managed and hosted by NWSSP providing a primary care recruitment platform to 420 GP practices in Wales. At the request of Welsh Government this is to be extended to include welsh translation to meet Welsh Language Regulations	GP Wales	£49,171	Bespoke national system developed	Endorsed –sole supplier to provide this service	No action required
4.	VEL	NWSSP-IP5	NWSSP-SQA-534	02/08/2019	Single Quotation Action	Supply and install a Time and Attendance System for the NWSSP IP5 site and maintenance for 5 years	Timeware UK Ltd	£14,283.80	Compatibility with existing service	Endorsed	No action required
5.	VEL	NWSSP – Procurement Services	NWSSP-SQA-546	20/09/2019	Single Quotation Action	Accounts Payable courses	Accounts Payable Association Ltd	£6,151.60	Sole supplier	Endorsed	No action required

6.	VEL	NWSSP – Corporate	NWSSP-RFQ-552	19/09/2019	Request for Quote	To supply, install and commission new combination boiler for the Ground/first floor. Costs include scaffold and flue assembly. 10-year warranty.	Total Building Services	£7,400	Open invitation to Quote – based on M.E.A.T	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required
7.	VEL	NWSSP – Finance Academy	NWSSP-RFQ-556	27/09/2019	Request for Quote	5 * Training Packages - application forms and interview skills days to be held in various locations around wales dates TBC	Goals and Achievements Ltd	£5,000	Open invitation to Quote – based on M.E.A.T	Compliant, 3 suppliers viewed the opportunity, 3 response received	No action required

APPENDIX B - All Wales Contracting Activity In Progress (18/06/2019 - 02/10/2019)

No.	Contract Title	Doc Type	Total Value	MR approval <£750K	WG approval >£500k	NF approval £750-£1M	Chair Approval £1M+
5	Pulp Pulp, Medical Products are a range of single use products which may be used for carrying instruments, dressings, needles, collecting urine, vomit or stool or for bedside washing. Disposable pulp products are used rather than multiuse products as a means of preventing hospital acquired infections. Pulp products are part of a hygiene disposal system, which includes stands, storage and covers, enabling safe and disposal in macerators.	briefing	£3,614,709	16/07/2019	19/07/2019	n/a	n/a
6	Examination gloves Medical examination gloves are defined as disposable gloves used during medical examinations and procedures to help prevent cross-contamination between caregivers and patients. They are manufactured using various different polymers including latex, nitrile rubber, polyvinyl chloride and neoprene.	briefing	£21,874,051	17/07/2019	26/07/2019	n/a	n/a
8	Generic Drugs - Tablets & Capsules There are 47 suppliers on the current contract which includes 504 lines across a range of therapy areas such as Chemotherapy, Arthritis and Heart Disease through to Analgesics.	briefing	£13,372,972	18/07/2019	15/08/2019	n/a	n/a
11	NWIS - Critical Care Clinical information system The requirement is for a fully managed Critical Care Clinical Information System [CCCIS] for NHS Wales, this is a new requirement that has not previously been procured. The project is being funded by Welsh Government through the Critical Illness Implementation Group to achieve a full transition from a paper based legacy system to an electronic system for the Critical Care Units in Wales	briefing	£10,000,000	19/07/2019	10/09/2019	n/a	n/a
15	Generic Anti Infective drugs This tender will include antibacterial and antifungal drugs. There are 27 suppliers on the current contract which includes 120 lines. These lines include all the Generic Anti-Infective drugs that are purchased by the pharmacy departments in Wales.	briefing	£5,253,588	30/07/2019	13/08/2019	n/a	n/a
20	Fresh Fruit & Veg Fresh Non Prepared & Prepared Fruit, Vegetables and Salad	briefing	£6,874,860	14/08/2019	30/08/2019	n/a	n/a
22	Healthcare planners Healthcare Planning Services cover a wide range of expertise from statistical analysis through to preparation of project briefs, writing business cases and equipment scheduling.	briefing	£1,960,000	19/08/2019	10/09/2019	n/a	n/a
25	Speciality Syringes & Needles The current contract incorporates the following products Blunt Fill Needles, Filter Straws, Acupuncture Needles, Amniocentesis Needles. There are a number of additional items associated with Specialty Needles & Syringes that were not incorporated into the previous agreement (see below), which going forward will be combined within this procurement activity: Insulin Pen Needles, Insulin Pen Needles Safety, Insulin Syringes, Pre-filled saline syringes	briefing	£1,467,850	20/08/2019	12/09/2019	n/a	n/a
29	Emergency dept well being and home safe service In winter 2018, a pilot scheme for emergency department and well-being home safe support was established to support local clinical teams and patients	briefing	£5,000,000	06/09/2019	sent to WG 1/10		

	accessing emergency department services. The purpose of the pilot scheme was to offer support for frail older people and vulnerable adults in emergency departments. The pilot also sought to resettle people in their homes with follow-up welfare calls or visits and where necessary to connect them to community services to avoid readmission into the emergency department.						
33	Proprietary Drugs Proprietary Drugs are branded lines that are protected by a patent which can be produced only by the patent owner. This tender will focus on these patented drugs, but may include some drugs which have recently lost their patent protection. Since the beginning of 2018 twenty two new proprietary drugs have entered the market. These range from drugs to combat cancer, autoimmune diseases and MS amongst others. Making sure patients have access to the drugs that have the potential to greatly support their recovery is of critical importance.	briefing	£121,194,520	27/09/2019	sent to WG 27/9		
1	Generic drugs - injection/infusions 2 All the Generic Injectables included within the agreement are purchased by hospital Pharmacy Departments in Wales. There are 31 suppliers on the current contract, which includes 300 lines across a range of therapy areas such as Chemotherapy, Arthritis, Heart Disease and Analgesics.	extension	£9,687,162	14/06/2019	original approval applies 02/05/2017	19/06/2019	28/06/2019
2	Patient identification wristband The contract covers a range patient identification wristbands used when patients are admitted into Hospital. The wristbands are specifically designed for use with dedicated printers and will display immediate and relevant information about the patient	extension	£1,518,264	18/06/2019	original approval applies 31/7/17	19/06/2019	28/06/2019
13	Airway Management The contract covers Nasopharyngeal Airways, Oropharyngeal Airways (Guedel), Supraglottic Pharyngeal Airways (Laryngeal Masks), and Tracheal Tubes, Endobronchial Tubes, Bronchial Blockers, and Accessories (Tube Holders & Straps).	extension	£2,796,062	23/07/2019	original approval applies 25/4/17	12/08/2019	13/08/2019
16	Examination gloves The current contract is a collaborative procurement exercise between NWSSP Procurement Services and HSCNI PaLS for the provision of sterile and non-sterile examination gloves and glove box dispensers. 365 Healthcare is the contracted supplier for all examination gloves (latex and nitrile) under the contract. Glove dispensers were awarded as a multi-supplier framework to 365 Healthcare, Fannin, Schottlander, Supermax Healthcare, and Valley Northern.	extension	£21,874,051	30/07/2019	original approval applies 30/6/16	12/08/2019	25/09/2019
17	Medical chart & recording paper The previous contract "Paper Chart for Heart Monitoring" covered the requirements for chart and recording paper for use with ECG and Defibrillation recorders only. The new contract, which was renamed Medical Chart and Recording Paper in 2016, had the scope of the contract expanded to include other areas identified during the transition of Local Health Board agreements. The current contract covers both OEM and third party ECG, Defibrillator and Foetal Monitoring recording paper, and Ultrasound and Video Films. By fulfilling the contract this way, we were able to make third party paper available for all users, but also make OEM paper available to users within Health Boards where only OEM use is recommended.	extension	£496,056	30/07/2019	original approval applies 19/10/16	N/A below value	n/a
18	Clinical waste hospital refuse bags Provision of Clinical Waste & Hospital Refuse Bags	extension	£3,908,107	30/07/2019	n/a as NPS framework	12/08/2019	13/08/2019

21	iCNET The contract is to procure and implement an All Wales Infection Prevention and Control (IPC) surveillance system / software application as well as a second tier information repository and reporting system for Public Health Wales	extension	£827,718	15/08/2019	original approval applies 9/8/16	29/08/2019	n/a
24	Insulin Pumps & consumables This is an all Wales multi-supplier Framework contract for the provision of Insulin Pumps and associated Consumables (including CGM (continuous glucose monitoring). The contract is utilised by adult and paediatric Diabetes Management clinics across Wales.	extension	£13,900,037	20/08/2019	original approval applies 17/10/17	21/08/2019	29/08/2019
26	Bread The contract consists of a variety of bread and morning goods products, with high usage products mainly consisting of Sliced Thick White/Wholemeal loaves and White and Brown Rolls.	Extension	£874,485	29/08/2019	n/a as NPS framework	03/09/2019	n/a
28	Cooked meats The contract consists of a variety of sliced cooked meats including beef, ham, pork, turkey, chicken and lamb delivered on a direct delivery basis to Health Boards.	extension	£670,843	02/09/2019	n/a as NPS framework	n/a	n/a
30	Generic Anti Infective drugs This tender will include antibacterial and antifungal drugs.	extension	£1,210,066	11/09/2019	original approval applies 10/11/17	17/09/2019	25/09/2019
32	Dairy The contract consists of a variety of dairy products including cheeses, yoghurts, eggs and butter and is delivered on a direct delivery basis to all Health Boards and Trusts across Wales.	extension	£2,121,478	24/09/2019	n/a as NPS framework	sent to NF 24/9	
3	Pathology consumables Pathology consumables are items used within every specialism of Pathology ranging from specimen bags, post mortem knives to petri dishes.	ratification	£5,200,000	25/06/2019	29/07/2019	13/08/2019	29/08/2019
4	Erythropoetin stimulating agents (ESAs) The contract covers the supply of Erythropoietin Stimulating Agents (ESA) to hospitals and the supply and associated service to patients being treated within their own homes. Erythropoiesis is the process by which red blood cells are produced. It is stimulated by the decreased oxygen in circulation, which is detected by the kidneys, which then secrete the hormone erythropoietin. Erythropoietin Stimulating Agents (ESA) are structurally and biologically similar to naturally occurring protein erythropoietin. Clinicians prescribe ESAs to maintain haemoglobin at the lowest level that both minimises transfusions and best meets individual patient needs.	ratification	£6,295,176	08/07/2019	17/07/2019	13/08/2019	29/08/2019
7	Oxygen Therapy The contract allows the users to purchase their Oxygen Therapy Devices, replacement parts, Masks and accessories through a compliant All Wales Contract.	ratification	£1,346,786	18/07/2019	27/08/2019	29/08/2019	29/08/2019
9	ECG In 2006, The ECG & Defib Consumables and Accessories contract was established. The contract has grown from basic sizes of electrodes and defibrillation pads to now containing a more specialised range of products, as well as additional accessories required to run diagnostics on your heart.	ratification	£3,267,433	18/07/2019	08/08/2019	12/08/2019	13/08/2019
10	Procedure Packs A Framework Agreement to cover Health Boards and Trusts in Wales for the	ratification	£19,200,000	18/07/2019	26/07/2019	12/08/2019	13/08/2019

	supply of standard and custom procedure packs.						
12	Wheelchair seating & postural supports To contract for the supply of Wheelchair Seating and Postural Supports to ALAS	ratification	£1,651,816	22/07/2019	21/08/2019	29/08/2019	29/08/2019
14	NEPTS To provide a third party management solution for non-emergency patient transport services (NEPTS) in addition to existing WAST NEPTS resources.	ratification	£4,200,000	23/07/2019	05/09/2019	10/09/2019	25/09/2019
19	Sevoflurane & Vaporisers To contract for Sevoflurane gas and vaporisers to purchase for use by All Wales hospital pharmacy departments, as requested by the All Wales Drug Contracting Committee.	ratification	£1,964,200	01/08/2019	15/08/2019	15/08/2019	29/08/2019
23	Contrast Media This contract is for all X-Ray Contrast Media purchased by all hospital Pharmacy Departments in Wales for use by radiology departments.	ratification	£7,857,549	19/08/2019	18/09/2019	20/09/2019	25/09/2019
27	Skin & Wound Closure Provision of Sutures, Mesh, Adhesives, Sealants, and Skin Staplers that are used in procures requiring closure of the skin or wound.	ratification	£13,498,675	02/09/2019	18/09/2019	20/09/2019	25/09/2019
31	Patient Monitoring The contract allows the users to purchase Sphygmomanometers (handheld, automatic, desk top, wall mounted and stand model), Blood Pressure Cuffs and accessories (third party and OEM), SPO2 Sensor cables, wraps, finger clips, finger tips and Ear clip (Thirds party and OEM), Handheld monitoring devices, finger pulse oximeters, pressure monitoring line and temperature probes through a compliant All Wales contract.	ratification	£4,776,007	16/09/2019	26/09/2019		

APPENDIX C – GIFTS, HOSPITALITY AND SPONSORSHIP DECLARATIONS (Quarter 2 of 2019-20)

No.	NWSSP Employee / Directorate	Type of Sponsorship	Date of Event	Donated by / Source of Hospitality	Description	Estimated or Approximate Value	Approved	Accepted (Yes/No)	Date of Acceptance or Approval
1.	Rebecca Richards, Director of Finance Academy	Hospitality	09/07/2019	CIPFA	CIPFA President's Dinner, Overnight accommodation in Birmingham and attendance as a speaker at the conference on 9th July.	£575	A Butler	Yes	24/07/2019
2.	Senior Solicitor at Legal & Risk	Hospitality	09/07/2019	Acumension	Costs training to be provided by costs draftsman to speak to smaller group following costs issues and decisions.	£15 per person	A Butler	Yes	28/07/2019
3.	Kerry Flower-Fitzpatrick, Mental Health Support Advisor	Gift (for Raffle)	10/10/2019	The Cawdor, Llandeilo, Cardiff Blues, The Marriott, Swansea, Stradley Park Hotel, Llanelli, Marks and Spencer, Boots, Bec the Bake	Raffle Prize Donations for World Mental Health Day Event; Night Away for Two, 2 x Home Game Tickets, Sunday Lunch for 4, Afternoon Tea for 4, M&S Gift Voucher, Bottle of Pink Gin, Hamper, Luxury Cupcakes	Approx. £69, Unknown, £50, £35, £15, £15, £25, £20	A Butler	Yes	20/09/2019
4.	Justine Kincaid, Service Improvement Officer	Gift (for Raffle)	10/10/2019	Tesco Ruthin	Raffle Prize Donations; for World Mental Health Day Event; Bottle of Wine x2	Approx £20	A Butler	Yes	21/09/2019
5.	Justine Kincaid, Service Improvement Officer	Gift (for Raffle)	10/10/2019	Sainsbury's Rhyl	Raffle Prize Donations for World Mental Health Day Event; £10 Gift Voucher	£10	A Butler	Yes	22/09/2019
6.	Justine Kincaid, Service Improvement Officer	Gift (for Raffle)	10/10/2019	Empire Hotel, Llandudno	Raffle Prize Donations for World Mental Health Day Event; 2 Meals and Bottle of Wine Voucher	Approx £40	A Butler	Yes	23/09/2019
7.	Justine Kincaid, Service Improvement Officer	Gift (for Raffle)	10/10/2019	Talardy, St Asaph	Raffle Prize Donations for World Mental Health Day Event; 2 Meal Vouchers	Approx £30	A Butler	Yes	24/09/2019
8.	Justine Kincaid, Service Improvement Officer	Gift (for Raffle)	10/10/2019	Sheldon's, Colwyn Bay	Raffle Prize Donations for World Mental Health Day Event; 2 Cocktail Vouchers	Approx £20	A Butler	Yes	25/09/2019
9.	Justine Kincaid, Service Improvement Officer	Gift (for Raffle)	10/10/2019	The Beauty Rooms	Raffle Prize Donations for World Mental Health Day Event; Reflexology Treatment Voucher	Approx £30	A Butler	Yes	26/09/2019

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	2.2
PREPARED BY	Roxann Davies, Corporate Services
PRESENTED BY	Roxann Davies, Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Update on the Implementation of Audit Recommendations

PURPOSE

This report provides an update to the Audit Committee on the progress of tracking audit recommendations within NWSSP. In this report, the base position has been taken from the previous report presented to the Audit Committee. Therefore, please note that this report does not include figures and assurance ratings for the audit reports listed on the present Audit Committee agenda.

1. INTRODUCTION

NWSSP records audit recommendations raised by Internal Audit, Wales Audit Office and other external bodies, as appropriate. It is essential that stakeholder confidence is upheld and maintained; an important way in which to enhance assurance and confidence is to monitor and implement audit recommendations in an effective and efficient way. It is important to note that during 2018, the Audit Tracker achieved **Substantial Assurance**, following an Internal Audit.

2. CURRENT POSITION

The detailed recommendations raised in respect of our services have been captured in a detailed tracking database. A copy of the summary extract is attached at **Appendix A**, for your information.

There are **37** reports covered in this review; **7** reports have achieved **Substantial** assurance; **19** reports have achieved **Reasonable** assurance, **0** reports have been awarded **Limited** assurance or **No Assurance;** and **11** reports were generated with **Assurance Not Applicable**. The reports include **176** recommendations for action.

The following reports were categorised as **Assurance Not Applicable**:
- **4** Internal Audit Advisory Reports

- **2** Wales Audit Office Reports
- **1** SGS UK Ltd ISO14001:2015 Audit Report
- **1** Information Commissioner's Office Training Audit Report
- **1** Physical Security Review Report
- **1** WAO Management Letter for Cardiff and Vale University Health Board (1 X finding added for monitoring progress, as applicable to NWSSP)
- **1** Audit of Financial Statements Report and Management Letter for Velindre University NHS Trust (1 X finding added for monitoring progress, as applicable to NWSSP)

Table 1 - Summary of Audit Recommendations

Recommendations		Implemented	Not Yet Due	Revised Deadline	Overdue	Not NWSSP Action
Internal Audit	**120**	**118**	**2**	**0**	**0**	**0**
High	10	10	0	0	0	0
Medium	59	59	0	0	0	0
Low	51	49	2	0	0	0
Not Applicable	0	0	0	0	0	0
External Audit	**25**	**17**	**7**	**0**	**1**	**0**
High	0	0	0	0	0	0
Medium	23	15	7	0	1	0
Low	2	2	0	0	0	0
Not Applicable	0	0	0	0	0	0
Other Audit	**31**	**29**	**2**	**0**	**0**	**0**
High	4	4	0	0	0	0
Medium	7	5	2	0	0	0
Low	20	20	0	0	0	0
Not Applicable	0	0	0	0	0	0
TOTALS:	**176**	**164**	**11**	**0**	**1**	**0**

3. REVISED DEADLINES FOR APPROVAL

There is **1 recommendation** that has not been implemented within its target completion date, which has been categorised as **Overdue**.

- WAO Nationally Hosted NHS IT Systems Assurance Report 2017-18
  - Primary Care previously granted extension from 31/03/2019 to 30/06/2019

Full details of the recommendations are set out in **Appendix B,** for the attention of the Audit Committee, where an annual breakdown of all 'not yet implemented' recommendations is provided for assurance and information.

4. RECOMMENDATIONS

The Audit Committee are asked to:

- **NOTE** the report findings and progress made to date; and
- **REVIEW** the overdue recommendations, as set out within **Appendix B**.

NWSSP Audit Committee
22 October 2019

SUMMARY OF LATEST AUDIT REVIEWS BY SERVICE AREA

Internal Audit Reference	Reference	Directorate	Health Board/Trust	Report Title	Year	Assurance Rating	Recommendations	Implemented	Not Yet Due	Revised Deadline	Overdue	Not NWSSP Action
INTERNAL AUDIT REPORTS												
NWSSP-1718-03	CORP/17-18/2	Corporate Services	NWSSP	Non-Medical Education Training Budget	2017-18	Substantial	3	3	0	0	0	0
NWSSP-1718-12	CORP/17-/18/3	Corporate Services	NWSSP	Audit Tracker Review	2017-18	Substantial	2	2	0	0	0	0
NWSSP-1718-16	CORP/17-18/4	Corporate Services	NWSSP	Corporate Governance	2017-18	Substantial	2	2	0	0	0	0
NWSSP-1718-06	CORP/17-18/5	Corporate Services	NWSSP	Surgical Materials Testing Laboratory (SMTL)	2017-18	Reasonable	3	3	0	0	0	0
NWSSP-1718-09	CORP/17-18/6	Corporate Services	NWSSP	Performance Management	2017-18	Reasonable	3	3	0	0	0	0
NWSSP-1819-02	CORP/17-18/6	Corporate Services	NWSSP	BACS Bureau Review	2018-19	Advisory Report	4	4	0	0	0	0
NWSSP-1819-04	CORP/18-19/1	Corporate Services	NWSSP	Wales Infected Blood Support Scheme	2018-19	Reasonable	10	10	0	0	0	0
NWSSP-1819-10	CORP/18-19/2	Corporate Services	NWSSP	Welsh Language Standards	2018-19	Reasonable	3	3	0	0	0	0
NWSSP-1819-14	CORP/18-19/3	Corporate Services	NWSSP	Risk Management and Assurance	2018-19	Substantial	2	2	0	0	0	0
NWSSP-1819-07	CORP/18-19/4	Corporate Services	NWSSP	Business Continuity Planning	2018-19	Reasonable	3	3	0	0	0	0
NWSSP-1819-11	CORP/18-19/5	Corporate Services	NWSSP	General Data Protection Regulation (GDPR)	2018-19	Substantial	3	3	0	0	0	0
						TOTAL	38	38	0	0	0	0
	EMP/16-17/2	Employment Services	All Wales	TRAC System	2016-17	Reasonable	3	3	0	0	0	0
NWSSP-1718-10	EMP/17-18/1	Employment Services	All Wales	Payroll Services	2017-18	Reasonable	6	6	0	0	0	0
						TOTAL	9	9	0	0	0	0
NWSSP-1819-15	PCS/18-19/1	Primary Care Services	All Wales	Patient Medical Records Store and Scan on Demand Service	2018-19	Reasonable	6	6	0	0	0	0
NWSSP-1819-06	PCS/18-19/2	Primary Care Services	All Wales	Contractor Payments	2018-19	Substantial	3	3	0	0	0	0
						TOTAL	9	9	0	0	0	0
	PROC/16-17/3	Procurement Services	All Wales	Supplier Master File **Follow Up**	2016-17	Reasonable	2	2	0	0	0	0
	PROC/16-17/4	Procurement Services	Velindre/PHW	Local Procurement Team	2016-17	Reasonable	5	5	0	0	0	0
	PROC/16-17/5	Procurement Services	All Wales	Denbigh Stores	2016-17	Reasonable	7	7	0	0	0	0
NWSSP-1718-19	PROC/17-18/1	Procurement Services	ABMU	Carbon Reduction Commitment (CRC) Payment Review	2017-18	Advisory Report	5	5	0	0	0	0
NWSSP-1718-01	PROC/17-18/2	Procurement Services	All Wales	WAO Audit RKC Associates Lessons Learned by NWSSP	2017-18	Advisory Report	2	2	0	0	0	0
NWSSP-1718-11	PROC/17-18/3	Procurement Services	All Wales	Accounts Payable	2017-18	Reasonable	6	6	0	0	0	0
NWSSP-1819-01	PROC/18-19/1	Procurement Services	All Wales	Health Courier Services	2018-19	Reasonable	7	7	0	0	0	0
NWSSP-1819-08	PROC/18-19/2	Procurement Services	All Wales	Cwmbran Stores	2018-19	Reasonable	2	2	0	0	0	0
NWSSP-1819-13	PROC/18-19/3	Procurement Services	All Wales	Purchase To Pay	2018-19	Reasonable	4	4	0	0	0	0
						TOTAL	40	40	0	0	0	0
SSU SES 1819 01	SES/18-19/1	Specialist Estates Services	All Wales	Primary Care Rental Reimbursement Reviews	2018-19	Reasonable	7	7	0	0	0	0
						TOTAL	7	7	0	0	0	0
	WORK/16-17/1	Workforce	All Wales	WfIS ESR OH Bi-Directional Interface	2016-17	Reasonable	4	4	0	0	0	0
NWSSP-1718-17	WORK/17-18/1	Workforce	All Wales	WfIS ESR / Occupational Health Bi-Directional Interface (Immunisations)	2017-18	Substantial	1	1	0	0	0	0
NWSSP-1718-04	WORK/18-19/1	Workforce	All Wales	GP Specialty Training Registrars	2018-19	Reasonable	4	4	0	0	0	0
NWSSP-1819-09	WORK/18-19/2	Workforce	NWSSP	Annual Leave Management	2018-19	Reasonable	5	5	0	0	0	0
NWSSP-1819-05	WORK/18-19/3	Workforce	NWSSP	Recruitment and Retention	2018-19	Advisory Report	3	1	2	0	0	0
						TOTAL	17	15	2	0	0	0
WALES AUDIT OFFICE EXTERNAL AUDIT REPORTS												
	WAO/18-19/1	All Services	All Wales	WAO Management Letter	2018-19	Not Applicable	3	3	0	0	0	0
	WAO/18-19/2	All Services	All Wales	WAO Nationally Hosted NHS IT Systems Assurance Report	2018-19	Not Applicable	22	14	7	0	1	0
						TOTAL	25	17	7	0	1	0
OTHER AUDIT REPORTS												
	ICO/17-18	Corporate Services	NWSSP	Information Commissioner's Office (ICO) Training Audit	2017-18	Not Applicable	10	10	0	0	0	0
	ISO14001/18-19	Corporate Services	NWSSP	SGS UK Ltd Audit of ISO14001 Environmental Management System	2018-19	Not Applicable	1	1	0	0	0	0
	SECURITY/18-19	Corporate Services	NWSSP	Physical Security Review of NWSSP	2018-19	Not Applicable	18	18	0	0	0	0
	Cardiff/WAO/F7	Corporate Services	NWSSP	WAO Management Letter for Cardiff and Vale University Health Board	2018-19	Not Applicable	1	0	1	0	0	0
	Velindre/WAO/F3	Corporate Services	NWSSP	Audit of Financial Statements Report and Management Letter for Velindre University NHS Trust	2018-19	Not Applicable	1	0	1	0	0	0
						TOTAL	31	29	2	0	0	0
						TOTAL RECS	176	164	11	0	1	0

APPENDIX B - PROGRESS OF AUDIT RECOMMENDATIONS

GIG CYMRU NHS WALES — Partneriaeth Cydwasanaethau Shared Services Partnership

ID	Internal Audit Report Ref / Rec No / Ref / NWSSP Service / Report Title / Report Year	Status	Issue Identified	Risk Rating	Recommendation	Responsibility for Action	Management Response	Original Deadline	Updated Deadline	Update On Progress Made
			RECOMMENDATIONS FOR SMT ATTENTION							
	PRIMARY CARE SERVICES									
1	2017-18.11 17 WAO/18-19/2 Primary Care Services All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	OVERDUE	At the time of our fieldwork in March 2018 Primary Care Services has commenced plans to approve the re-procurement for the SQL 2008 server support and maintenance. The SQL server 2008 support and maintenance contract over the Prescription Pricing system server set up expired at the end of February 2018.	Medium	Replace and re-procure the SQL server 2008 support and maintenance contract over the Prescription Pricing system server set up that expired in February 2018.	Neil Jenkins, Head of Modernisation & Technical Services PCS	Agreed	01/03/2019	30/09/2019 approval by Audit Committee 09/07/2019	The new server environment has been built and was handed over to us by NWIS on 12 June 2019. We have been migrating the systems onto the new environment and this aspect has been completed. We require a period of testing and a suitable change window of at least 2 days to cut over onto the new environment. This needs to be outside of business hours and we will identify a weekend to complete this work. We discounted the further extension of warranty on the grounds of cost, given that (a) there is sufficient resilience in the existing environment; (b) the cost of replacing parts is minimal; and (c) parts are easily and quickly accessible. The planned dates of 27 August and 19 October have had to be cancelled due to Companies House announcing a site wide power down, outside of NWSSP's scope to control. We have replanted the cut over date to take account of business priorities and available resource and have identified the weekend of 7/8 December 2019.
			NOT YET DUE RECOMMENDATIONS							
	FINANCE CORPORATE SERVICES									
2	Audit of Financial Statements Report and Management Letter – Velindre University NHS Trust Finding 3	NOT YET DUE	Matter arising 3 – delays in receiving supporting evidence – The Head of Operations should ensure that divisions respond to requests for supporting evidence in a timely manner. This will improve the audit trail.	Medium		Linsay Payne, Head of Financial Management	Accepted – Relevant staff will be reminded of their need to respond in a timely manner to requests for supporting evidence.	31/03/2020		As this is related to the year-end audit, we cannot put this into place until next April (or possibly January if we have any early audit queries from pre-audit work that they undertake). Head of Financial Management and her deputy have discussed the system that we intend to use and log audit requests for information, we await requests from audit to implement.
3	WAO Management Letter Cardiff and Vale University Health Board Finding 7	NOT YET DUE	Last year we reported a number of weaknesses in one of the HB's electronic accounts payable invoicing systems. This year's sample based testing transactions processed by the system were satisfactory. However, one of the weaknesses that we highlighted last year still exists, in that there is no control in place between NWSSP and the third party that provides the system	Medium	The HB should confirm with NWSSP whether a contract with the supplier is now in place. If there is still no contract with the supplier, the HB should evaluate any associated risks and if necessary consider suspending its use of the portal until a suitable contract is in place.	Russell Ward, Head of Accounts Payable and e-Enablement	The GHX system was developed by the Main Medical Consumables Suppliers and NWSSP pay an annual fee to use the system on behalf of NHS Wales. It is a system that is used widely throughout the NHS and represents the only mechanism which NHS Wales can pay a number of the major NHS Suppliers. GHX are based on the G cloud framework and NWSSP will look to enter into a more formal arrangements for the service in the future.	31/12/2019		We are working with the IT procurement team to establish if the G-Cloud framework covers and addresses our business requirements, to see what the IT procurement can establish from the G Cloud arrangement.

CENTRAL TEAM

4	2017-18.12 18 WAO/18-19/2 Corporate Services - Central Team All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	NOT YET DUE	CTES provides FMS services to the consortium of Welsh NHS organisations. It is good practice IT service management to conform or be accredited to the Information Technology Service Management (ISO 2000) standard. CTES should consider the benefits to complete accreditation to the Information Technology Service Management (ISO 2000) standard for service management.	Medium	CTES should consider whether it aims to complete accreditation to the Information Technology Service Management (ISO 2000) standard for service management.	Said Shadi, Associate Programme Director, Central Team	Agreed	30/04/2020	CTES has included ongoing work to obtain ISO20000 on the division work plan. CTES has initiated work and this continues to be progressed albeit slowly due to high priority business deliverables. The aim is to implement the policies and processes to achieve accreditation by April 2020.
5	2018-19.5 19 WAO/18-19/2 Corporate Services - Central Team All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	NOT YET DUE	The November 2018 IT Disaster Recovery test was the first test to be undertaken on the new Oracle hardware platform. However, not all NHS organisations attended the scheduled test as planned. In addition, the newly formed Health Education and Improvement Wales should also attend the next testing as they were formed later in 2018.	Medium	Ensure those NHS organisations who did not attend the November 2018 Oracle FMS IT Disaster Recovery (DR) test participate in the November 2019 scheduled test.	Said Shadi, Associate Programme Director, Central Team		30/11/2020	All apart from two organisations all participated in the annual Business Continuity/Disaster Recovery (BCDR) test in November 2018. The remaining two organisations are expected to partake in the BC DR scheduled for November 2019.
6	2018-19.6 20 WAO/18-19/2 Corporate Services - Central Team All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	NOT YET DUE	The Services and Accommodation Centre (SAC) data centre hosts Oracle FMS hardware which the main or primary system operates on. However, on the day of our fieldwork we identified that: · the SAC data centre room Uninterruptible Power Supply (UPS) is approximately 13 years old and considered end-of -life. This should be replaced. · the area directly behind the Oracle FMS servers was hot and CTES should check whether these were operating at an appropriate temperature. CTES should consider installing additional air conditioning or zone temperature reduction controls.	Medium	Strengthen the IT controls over the Services and Accommodation Centre (SAC) data centre by replacing the room UPS which is end-of-life and ensuring the Oracle FMS servers are operating at an appropriate temperature or install additional air condition at the back of the Oracle FMS servers.	Said Shadi, Associate Programme Director, Central Team		30/04/2020	CTeS in conjunction with Version 1 have been monitoring the temperatures of the servers. The temperature status of all servers are included in the monthly service reports. To date the servers remain within acceptable tolerances and the situation continues to be monitored. Waiting for confirmation from CAV UHB on plans to upgrade their UPS in SAC. The situation remains under review. Currently awaiting plans from CVIT who are restarting discussions with Estates shortly to agree a plan.

PRIMARY CARE SERVICES

7	2018-19.1 4 WAO/18-19/2 Primary Care Services All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	NOT YET DUE	The Prescription Pricing system operates on a SQL Server 2008 environment which is de-supported by the manufacturer in January 2020. This means from January 2020 the manufacturer will not be provided software updates to this environment and any potential security vulnerabilities could be exploited.	Medium	Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action.	Dave Hopkins, Director of Primary Care Services	Yes	31/01/2020	The new server environment has been built and was handed over to PCS on 12 June. PCS is in the process of migrating systems onto the new environment and a period of testing will be followed by the identification of a two-day out-of-hours change window. This is currently planned for 7/8 December 2019.
8	2019-19.3 6 WAO/18-19/2 Primary Care Services All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	NOT YET DUE	A Service Level Arrangement (SLA) with NWIS is in place which covers responsibilities and accountabilities over the Prescription Pricing system. Documentation can be strengthened of the details over the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily checks are undertaken to confirm and monitor the backup has successfully been completed.	Medium	Strengthen the Service Level Arrangement (SLA) with NWIS to include details of the responsibilities for NWIS to take daily backups of the Prescription Pricing systems data and confirm that daily	Dave Hopkins, Director of Primary Care Services	Yes	31/03/2021	PCS are already on the distribution list for the daily notification of backup status delivered automatically by the backup software and check the notifications as part of the daily task schedule. Formal inclusion of this arrangement in the NWSSP-NWIS SLA will require a change notice to be raised by NWSSP Business Systems and Informatics.

9	2018-19.3 9 WAO/18-19/2 Primary Care Services All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	NOT YET DUE	A Service Level Agreement (SLA) is in place between NWSSP and NWIS for the support and maintenance of the applications and infrastructure, for example, NHAIS. These responsibilities and functions to be completed and delivered for NHAIS service support and service delivery can be made more detailed and documented.	Medium	Clarify and expand the Service Level Agreement with NWIS for the support and maintenance of the NHAIS application and infrastructure.	Dave Hopkins, Director of Primary Care Services	Yes		31/03/2020	NWSSP has planned to review the SLA when options for NHAIS replacement are confirmed. NWSSP plan to complete the action in 2019-20.
10	2018-19.4 WAO/18-19/2 Primary Care Services All Wales WAO Nationally Hosted NHS IT Systems Assurance Report 2018-19	NOT YET DUE	The NHAIS IT system backup servers operates on a Window Server 2008 environment which is de-supported by the manufacturer in January 2020. This means from January 2020 the manufacturer will not be provided software updates to this environment and any potential security vulnerabilities could be exploited.	Medium	Update the Windows Server 2008 to a supported platform (for example, Windows Server 2012 or higher) by January 2020 and establish a roadmap to complete this action.	Dave Hopkins, Director of Primary Care Services	Yes		31/01/2020	NWIS are in the process of developing a plan to upgrade all Windows Servers from WS2008. These servers are included in that plan. NWSSP will be notified of the upgrade date when the plan in complete.
WORKFORCE										
11	NWSSP-1819-052 WORK/18-19/3 Workforce NWSSP Recruitment and Retention 2018-19	NOT YET DUE	The Exit Policy and Procedure published on both the NWSSP intranet was approved in June 2013 and was due for review in June 2016, but is still outstanding. The responsibility for undertaking the exit interviews resides with Workforce and OD. However, interviewees suggested that it was the responsibility of local managers to conduct exit interviews, although Workforce and OD have agreed to do this for Professional Procurement. However, exit interviews are not routinely undertaken or are captured via ESR, but it does not allow the depth of information to be obtained. Overall, a complete analysis of why people choose to leave the organisation is not being captured. Furthermore, an understanding of why staff choose to remain within a team or NWSSP is not being identified either. As a result, it is not possible to fully determine why staff may decide to leave or stay. Without understanding the main reasons, it becomes very difficult to inform an organisation wide strategy to address service areas with recruitment and retention issues.

Risk: Unable to effectively target why staff may leave NWSSP, within each service area. Without a full understanding of why staff decide to remain or work for NWSSP it becomes difficult to improve upon recruitment and retention. It is difficult to inform a Recruitment and Retention Strategy or determine the direction of NWSSP regarding recruitment and retention, without understanding the underlying reasons. | Low | We recommend that NWSSP: 1. Update the Exit Policy and Procedure and stipulate in detail where the responsibility resides for completing an exit interview. 2. Ensure that all leavers receive an exit interview and that the findings are collated centrally. 3. Undertake a range of initiatives (surveys, one-to-one interviews etc.) to obtain information regarding the reasons why staff remain with NWSSP and what is important to them. 4. Collate the results and triangulate with other business intelligence (e.g. staff surveys) to corroborate findings / develop more detailed information around the reason or identify patterns. 5. With the information obtained from staff across the organisation, utilise the output to inform management action. 6. Where initiatives that have been successful in other divisions and they address specific actions identified above for the retention of staff, these should be rolled out throughout NWSSP. | 1.Deputy Director of Workforce and OD / WOD 2.Senior Workforce Analyst / Deputy Director of Workforce and OD 3.LED Manager, Heads of Workforce and OD, Departmental Managers. | 1. The current Exit Policy and Procedure will be reviewed by August 31 2019. It is currently a management responsibility to ensure that Exit Interview questionnaires interviews are issued to staff leaving NWSSP. There is functionality within ESR which can be switched on and which ensures that all staff leaving receive an Exit Interview Questionnaire. This will be fully switched in NWSSP by August 1st 2019. 2. A detailed analysis of Exit questionnaires submitted between 1st April and 31st August 2019, staff survey results and one to one meetings will be carried out. The findings will inform the development and recommendations outlined in NWSSP Recruitment and Retention Strategy. 3. There will be a sharing of good practice within NWSSP via a targeted "Talent Management Event. The purpose of this event for Managers will be to learn from internal good practice and successes and other exemplar organisations. | 1.31/08/2019 2.30/09/2019 3. 31/10/2019 | 1.31/08/2019 (1.WOD from 01/04/2019) | The review has been completed. However, the Exit Procure and Recruitment and Retention Strategy are still being developed at this point in time. |

| 12 | NWSSP-1819-05 3 WORK/18-19/3 Workforce NWSSP Recruitment and Retention 2018-19 | NOT YET DUE | Apart from what is contained within the IMTP there is no recruitment and retention strategy for NWSSP as a whole. Instead, each service assesses its own risk and develops its own action plan in response to local circumstances, supported by Workforce and OD. Whilst initiatives introduced may offer some improvement to recruitment and retention within a division, there is no organisation-wide targeting of the significant underlying reasons why staff may be leaving or looking to join NWSSP. Risk: There is a limit to the scale of the improvements that can be made towards recruitment and retention without full Executive support. There is a risk of divisions focussing resources on initiatives that may not be significantly affecting recruitment or retention. | Low | We recommend that NWSSP: 1. Develops a strategy for recruitment and retention, seeking to address the reasons identified for people remaining and leaving. This should be led by Workforce and OD, with Executive support, to ensure involvement across NWSSP. | Deputy Director of Workforce and OD | A Recruitment and Retention Strategy and Action plan for NWSSP will be developed by December 2019. Immediate actions will be focus on sharing good practice, and addressing the key recruitment and retention challenges facing those Departments with high turnover rates and vacancies. | 31/12/2019 | The Exit Procure and Recruitment and Retention Strategy and Action Plan are still being developed at this point in time. |

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	2.3
PREPARED BY	Peter Stephenson, Head of Finance and Business Development
PRESENTED BY	Peter Stephenson, Head of Finance and Business Development
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	NWSSP Corporate Risk Register – October 2019

PURPOSE

To provide the Audit Committee with an update as to the progress made against the organisation's Corporate Risk Register.

1. INTRODUCTION

The Corporate Register is presented at **Appendix 1** for information.

2. RISKS FOR ACTION

The ratings are summarised below in relation to the Risks for Action:

Current Risk Rating	October 2019
Red Risk	3
Amber Risk	5
Yellow Risk	3
Green Risk	0
Total	**11**

2.1   Red-rated Risks

Risk A1 - Demise of the Exeter Software System
Current Risk Score: Red 20

A draft business case has been prepared and was approved at the September Shared Services Partnership Committee. The Northern Ireland

model remains the preferred option and negotiations continue to progress this.

Risk A2 – Failure to obtain clinical engagement in assessing non-stock requirements in preparation for a no-Deal Brexit.
Current Risk Score: Red 25

Brexit preparations continue and there has been recent and positive progress on the position with non-stock requirements in the event of a no-deal Brexit. We have been working closely with the NHS Collaborative and various clinical networks such as Medical Directors and the NHS Confederation, in terms of finalising the lists of required items. We are currently arranging further testing on new systems in readiness should there be a no-deal Brexit. The relocation of Cwmbran Stores to IP5 is now complete and this improves our operational readiness should the UK leave the EU without a deal at the end of October.

2.2   Changes to Risk Profile

One new risk has been added to the Corporate Risk Register since the date of the last Committee meeting in July:

Risk A3 - NHS Digital are withdrawing the Ophthalmics Payment service from the end of March 2020.

We have recently been given notice that NHS Digital will not support the Ophthalmics Payments Service beyond the end of the current financial year. We will need to therefore source an alternative solution, either from Capita as NHS England are doing, or from the market. Discussions are underway with consultants to draw up a list of options and potential suppliers as a matter of urgency, but contingency arrangements are in place to enable NWSSP to continue to make payments, even if a new solution is not in place by the time that NHS Digital withdraw support for the current system.

The risk relating to the migration of the Learning@Wales server has been removed from the Risk Register as the task has now been completed.

3. RISKS FOR MONITORING

There are two risks that have reached their target score and which are rated as follows:

Current Risk Rating	October 2019
Red Risk	0
Amber Risk	0
Yellow Risk	2

Green Risk	0
Total	**2**

4. RECOMMENDATION

The Audit Committee is asked to:

- **NOTE** the Corporate Risk Register.

Corporate Risk Register

Ref	Risk Summary	Inherent Risk			Existing Controls & Mitigations	Current Risk			Further Action Required	Progress	Trend since last review	Target & Date
		Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				
Risks for Action												
A1	Risks associated with the demise of the Exeter system coming to an end in 2015, with no replacement system designed for NHS Wales. The contract in NHS England has been outsourced to Capita. (Added Apr 2017) **Escalated Directorate Risk**	4	5	20	Establishment of NHS Wales Steering Group. High level option appraisal undertaken. Mapping exercise completed with Capita and PCS subject matter experts to identify gaps between NHSE and NHSW. Legal Counsel advice received.	4	5	20	Draft Business Case (DH 30/09/2019)	Draft business case approved by SSPC at its September meeting. Needs to be submitted to Welsh Government for funding approval prior to submission to Velindre Trust Board. **Risk Lead: Director of Primary Care Services**	→	31-Mar-20
A2	Failure to obtain clinical engagement in assessing non-stock requirements stemming from a no-deal Brexit (added Apr 2019) **Strategic Objective - Customers**	5	5	25	Storage facility in place (IP5) that has been adequately stocked to cope with a no-deal Brexit. Regular system testing being undertaken to test resilience.	5	5	25	On-going dialogue with clinicians and Welsh Government.	Brexit deadline extended to 31 October 2019. Now working with Clinical networks to identify non-stock requirements, but difficulties are being experienced in obtaining agreement over non-stock items that could potentially be brought into stock. **Risk Lead: Director of Procurement Services**	⬆	31-Dec-19
A3	NHS Digital are withdrawing the Ophthalmics Payment service from the end of March 2020. (Added June 2019) **Escalated Directorate Risk**	5	5	25	Contingency arrangements in place in the event of NHS Digital switching off services before new solution in place.	4	4	16	Seeking consultancy support to identify solutions and possible suppliers of an off-the-shelf system.	Discussion with Servitas on-going who have experience of the systems with NHS England. **Risk Lead: Director of Primary Care Services**	☀	31-Mar-20
A4	NWSSP are unable to recruit and retain sufficient numbers and quality of staff for certain professional services (Procurement Services) resulting in a potential failure to meet desired performance targets and/or deliver service improvements. (Added April 2017) **Strategic Objective - Staff**	5	4	20	Staff Surveys & Exit Interviews Monitoring of turnover and sickness absence Workforce & OD Framework Work with Great With Talent to develop On-Boarder, Absence & Exit questionnaires (3, 6 and 12 months) Development of Clerical Bank Strengthened relationship with local universities Work-based degree opportunities in some professional services Use of Social Media Use of Recruitment Consultants Targeted Advertising - Trade Journals	4	3	12	Exit interviews to assess rationale for staff leaving employment - 31 Mar 2018 (HR) - on hold due to procurement tender exercise	Recruitment and retention remains a concern, particularly within professional posts primarily with the procurement services function. Recruitment has improved in other professional functions. Work is taking place with all services to have in pace agile recruitment and retention strategies to attempt to address these concerns, utilising available data and information. **Risk Lead: Director of Workforce and OD**	→	31-Dec-19
A5	NWSSP is unable to adequately demonstrate the value it is bringing to NHS Wales due to insufficiently developed reporting systems. (Added April 2017) **Strategic Objective - Value For Money**	4	4	16	Quarterly Performance Reports to Health Boards & Trusts Performance Reporting to SSPC & SMT SSPC Assurance reports Periodic Directorate Meetings with LHBs & Trusts Quarterly meetings with LHB and Trust Exec Teams Regular updates to Peer Groups (DOF's, DWODS, Board Secretaries) Customer Satisfaction Surveys Internal Audit Review (May 2018) Presentations from CEB Gartner (June 2018)	2	4	8	1. Introduce consistent approach in reporting and meetings for all directorates and all LHBs & Trusts (AP) 2. Review and refine performance framework - (AP - 30/06/19) 3. Work proactively to support NHS Wales in delivering the actions outlined within the NHS Wales Chief Executives National Improvement Programme (NIP)	1. Completed 2. Ongoing - draft framework produced and due to be approved by SMT in July 2019 3. Regular updates provided to DoFs and other peer groups **Risk Lead: Director of Finance & Corporate Services**	→	31-Dec-19
A6	NWSSP's lack of capacity to develop our services to deliver further efficiency savings and introduce innovative solutions for NHS Wales and the broader public sector. (Added April 2017) **Strategic Objective - Service Development**	4	4	16	IMTP Horizon scanning days with SMT and SSPC to develop services Established new Programme Management Office (PMO) IT Strategy Regular reporting to SMT and SSPC	2	3	6	1. Implementation of project management software (AB) 2. Invest in Robotic Process Automation (AB)	1. Procurement pilot project completed - currently being rolled out in NWSSP 2. RPA pilot in progress - update to July SMT **Risk Lead: Director of Finance & Corporate Services**	→	31-Dec-19
A7	Lack of effective succession planning at a senior level will adversely impact the future and strategic direction of NWSSP due to the age profile of the SMT. (added April 2017) **Strategic Objective - Staff**	4	3	12	Workforce & OD Framework On-going development of existing staff to ensure a ready supply of staff to meet the maturing organisation's needs. Leadership Development Programmes	3	3	9	1. Develop a plan which includes likely key dates for each of the affected services and which prioritises succession planning based on proximity of risk (HR) 31 Dec 18 2. NHS Wales Leadership Programme - identify key staff with potential for future development and encourage them to undertake the leadership programme - (HR) 31 Dec 18 3. National Succession Strategy for NHS Wales - participate in the work of the national group and identify high performing staff who may be eligible for consideration to support succession planning requirements - (HR) 31 Dec 18	Recent appointments of senior staff have helped to address this risk - risk to be reviewed again to check whether still requires reporting at this level. **Risk Lead: Director of Workforce and OD**	→	31-Dec-19
A8	Operational performance is adversely affected through the use of some out-of-date software systems, lack of consistent IT support across NHS Wales resulting in interoperability issues and the limited capacity of NWIS to meet the demand for IT development to develop our services. (added April 2017) **Strategic Objective - Excellence**	4	5	20	Created a Business Systems and Informatics Department Service Level Agreement (SLA) in place with NWIS Significant additional capital funding obtained from Welsh Government in prior year for IT investment Development of draft IT strategy Quarterly Reporting of Performance to SMT	1	4	4	1. Finalise IT Strategy for NWSSP, to include an IT replacement strategy - complete 2. Consolidate Desktop support from one strategic partner - currently a mix of arrangements (NWIS & BCU) - 31 Mar 2019 (AB) 3.Finalise Cyber Security Action plan - complete 4. Develop an overarching Business Continuity plan for NWSSP incorporating operational, IT and building requirements and test the plan annually - complete	All actions on track and a consultant from the Wales Quality Centre is currently working with NWSSP to enhance BCP arrangements. 1. Completed 2. Ongoing 3. Completed 4. Completed - plan developed and tested in Sept. Internal audit of BCP arrangements undertaken - reasonable assurance. **Risk Lead: Director of Finance & Corporate Services**	→	31-Dec-19
A9	Suppliers, Staff or the general public committing fraud against NWSSP. (added April 2019) **Strategic Objective - Value For Money**	5	3	15	Counter Fraud Service Internal Audit WAO PPV National Fraud Initiative Counter Fraud Steering Group Policies & Procedures Fraud Awareness Training	3	3	9	1. Increase level of counter fraud resource (AB 30/6/19) 2. Implement actions from Fighting Fraud Strategy (PS 30/9/19) 3. Formally present Counter Fraud Work Plan to SMT (AB 31/05/19)	Discussion with Craig Greenstock on 2/4/19 to increase level of resource. Fighting Fraud Strategy approved by CFSG on 26/3/19, and signed off by DoFs and WG in June. Action Plan developed to implement initiatives to meet agreed objectives. Craig provided update to June 2019 SMT. Met with WG 2/7/19 to discuss Ophthalmics review **Risk Lead: Director of Finance & Corporate Services**	→	31-Dec-19
A10	Risk of cyber attack exacerbated if NWSSP, or other NHS Wales organisations, run unsupported versions of software. (added Apr 2019) **Strategic Objective - Service Development**	5	5	25	Cyber Security Action Plan Stratia Consulting Review IGSG Information Governance training	2	5	10	Consider introduction of mandatory cyber security e-learn (AB 30/06/19) Follow up progress with Cyber Security Plan (AB 30/09/19) Complete actions from internal audit review of BCP (PS 30/09/19) Promote use of Self-Serve ESR (GH 30/09/19) Move all desktop devices to Windows 10 by the Windows 7 end of support.	Nick Lewis to present update to October 2019 Audit Committee and November Formal SMT. **Risk Lead: Director of Finance & Corporate Services**	→	31-Dec-19
A11	Failure to comply with Welsh Language requirements and capacity to meet the increased demand for Welsh translation services resulting from the implementation of the Welsh Language Standards leading to reputational damage for NWSSP. (added April 2017) **Strategic Objective - Staff**	3	4	12	Welsh Language Officer appointed Staff required to populate Welsh language skillset in ESR Welsh Language Translator appointed WL awareness is included within the face to face corporate induction training day Accredited WL training in place at several NWSSP sites WL monitoring report submitted to SMT External comms - WIAP project ensuring all web information is bilingual, graphic design, public events, etc	2	3	6	1. Undertake a Cost/benefits analysis to justify further investment in Welsh Language capacity - complete 2.Bilingual interface of TRAC recruitment software to be fully bilingual - complete 3. Investigate the potential for introducing a WL hub to provide support with translation for NHS Wales - complete 4. Undertake Internal Audit review of progress against Welsh Language Standards - complete. Reasonable Assurance.	Regular updates to SMT and additional resource recruited Jan 2019. Further recruitment exercise in May 2019 Reasonable Assurance from Internal Audit review. Undertaken joint recruitment with PHW and NWIS - 3 new translators appointed in June 2019 **Risk Lead: Director of Finance and Corporate Services**	→	31-Dec-19

Risks for Monitoring

	Risk	L	I	Score	Controls	L	I	Score	Action Required	Progress	Trend
M1	Threats to the supply of medical consumables, and potential employment issues, in the event of a no-deal Brexit. (Added Sept 2018) **Strategic Objective - Customers**	4	5	20	Regular discussions with UK and Welsh Governments Attend Ministerial Advisory Board Velindre Brexit Group IP5	1	5	5	Need to continue to monitor in light of extension to Brexit to 31 October	Acquisition of IP5 completed on 22 March . Pdetailed papers provided to SSPC (Mar 19) and Audit Committee (Apr 19) Project Team established under leadership of Mark Roscrow. **Risk Lead: Director of Procurement Services**	➜
M2	Disruption to services and threats to staff due to unauthorised access to NWSSP sites. (Added May 2018) **Strategic Objective - Staff**	5	4	20	Manned Security at Matrix CCTV Locked Gates installed at Matrix. Security Review Undertaken (reported Dec 18) Increased Security Patrols at Matrix.	1	4	4	Confirm whether security arrangements are now reasonable and that risk can be relegated from Corporate Risk Register (PS 30/09/2019)	Security Review undertaken and reported to SMT in Dec 2018. No major findings but all agreed actions will be followed up through audit tracker. **Risk Lead; Director Specialist Estates Services/Director of Finance and Corporate**	➜

Key to Impact and Likelihood Scores

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Likelihood						
5	Almost Certain	5	10	15	20	25
4	Likely	4	8	12	16	20
3	Possible	3	6	9	12	15
2	Unlikely	2	4	6	8	10
1	Rare	1	2	3	4	5

Critical	Urgent action by senior management to reduce risk
Significant	Management action within 6 months
Moderate	Monitoring of risks with reduction within 12 months
Low	No action required.

✳	New Risk
⬆	Escalated Risk
⬇	Downgraded Risk
➜	No Trend Change

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	3.1
REPORT PREPARED BY	Craig Greenstock, Counter Fraud Manager
PRESENTED BY	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Counter Fraud Progress Report as at 30 September 2019

PURPOSE

The purpose of the Counter Fraud Progress Report is to provide the Audit Committee with and update report of all NHS Counter Fraud work undertaken, for the period ended 30th September 2019, within the Health Body. The report's style has been adopted, in consultation with the Finance Director, with the prime objective of informing, and updating, the Audit Committee members of the outline detail of significant changes in cases that have been worked on during the period, in addition to any current operational issues.

1. INTRODUCTION

In compliance with the Secretary of State for Health Directions on Countering Fraud in the NHS, regular progress update reports are required to be presented to the Health Bodies' Audit Committee, which should outline the current standing of any Counter Fraud and Corruption work carried out within the Health Body as at the date of the Audit Committee meeting.

The Local Counter Fraud Specialist (LCFS) to plan and agree, with the Finance Director, an Annual Work-Plan containing a suggested number of days that is a framework on which to build and develop robust Counter Fraud arrangements and which recommends, to the Health Bodies' Audit Committee, the resources necessary to undertake work effectively across the areas of action outlined in NHS Counter Fraud Policy and Procedures.

Fraud committed against the NHS has a financial impact, since the Health Body would have suffered an initial financial loss as a result of the subject's actions.

2. CURRENT POSITION

The work of the Health Body's Counter Fraud staff is undertaken in order to attempt reduce the level of fraud and/or corruption within NWSSP to a minimum and keep it at that level in order to free up resources for patient care.

Any negative publicity received as a result of media reports may have an effect on the reputation of the Health Body. However, by publicising any action taken against the individual(s) would also show that fraud committed against the NHS will not be tolerated and this may also serve as a deterrent to others.

3. RECOMMENDATION

The Audit Committee are asked to:

- **RECEIVE** and **DISCUSS** the Counter Fraud Progress Report

NHS WALES
SHARED SERVICES PARTNERSHIP

Audit Committee - 22nd October 2019

Counter Fraud Progress Report
as at 30th September 2019

CRAIG GREENSTOCK
COUNTER FRAUD MANAGER
CARDIFF & VALE UNIVERSITY HEALTH BOARD

NHS WALES SHARED SERVICES PARTNERSHIP

AUDIT COMMITTEE 22nd OCTOBER 2019

COUNTER FRAUD PROGRESS REPORT

Mission Statement

To provide the NWSSP with a high quality NHS Counter Fraud Service, which ensures that any report of fraud is investigated in accordance with the Directions for Countering Fraud in the NHS and all such investigations are carried out in a professional, transparent and cost effective manner.

1. INTRODUCTION

1.1 In compliance with the Directions on Countering Fraud in the NHS, I detail below the standing of the current Counter Fraud and Corruption work carried out, by the nominated Local Counter Fraud Specialists, during the period ended 30th September 2019.

The Progress Report's style has been adopted, in consultation with the Velindre NHS Trust and NWSSP's Finance Directors, with the prime objective of informing, and updating, the Audit Committee members of the outline detail of significant changes in cases worked on during the period and any current operational issues.

Progress against the NWSSP Annual CF Work-Plan of **75days,** has been reported in **Appendix 1** and as at 30th September 2019, **40days of** Counter Fraud work has been undertaken and this has also been reported in **Appendix 1**.

Any significant changes in the progress/work undertaken are outlined in point 2 below**.**

2. CURRENT CASE UPDATE

There are currently two (2) cases currently under investigation in addition to two (2) other cases, which are ongoing civil recoveries due to the lengthy repayment periods.

A verbal update on the progress made in the other case will be given to the Audit Committee.

3. PROGRESS AND GENERAL ISSUES

3.1 Fraud Awareness Presentations

During the period to date, a total of nine (9) separate fraud awareness sessions have been held in conjunction with staff based within the various Divisions.

Of the sessions held to date, these include five (5) sessions given to staff as part of separate induction days (i.e. Matrix House and Companies House) together with one (1) session to NWSSP Senior Management Team and two (2) further sessions carried out with Procurement staff.

COUNTER FRAUD SUMMARY PLAN ANALYSIS 2019/20

AREA OF WORK	NWSSP	Days to Date
General Requirements		
Production of Reports to Audit Committee	3	1.5
Attendance at Audit Committees	3	1.5
Planning/Preparation of Annual Report and Work Programme	5	5
Annual Activity		
Creating an Anti Fraud Culture	4	0
Presentations, Briefings, Newsletters etc.	14	9
Other work to ensure that opportunities to deter fraud are utilised	2	0
Prevention		
The reduction of opportunities for Fraud and Corruption to occur	3	0
Detection		
Pro-Active Exercises (e.g. Procurement)	8	6
National Fraud Initiative 2018/19	2	2
Investigation, Sanctions and Redress		
The investigation of any alleged instances of fraud	25	12
Ensure that Sanctions are applied to cases as appropriate	4	2
Seek redress, where fraud has been proven to have taken place	2	1
TOTAL NWSSP	**75**	**40**

COUNTER FRAUD ASSIGNMENT SCHEDULE 2019/20

Case Ref	Subject	Status	Open/Closed
SSP14.05	Unauthorised Sale of NHS Property	Crown Court Hearing (Suspended Sentence) Civil Recovery (5k) still being made at £50 per month	Open - Balance o/s £2424.25
SSP19.04	False Claim for Costs	Initial enquiries made and then IUC carried out on 14.1.19	Subject admitted to having received monies (£10,698) after providing "inaccurate" personal circumstances, but claimed only had done so following advice received which cannot be disputed. Prosecution file was submitted to CPS for a legal opinion, however, advice given was that there was insufficient evidence to support the allegation. Recovery of £3,020 made from original bursary in addition to subject agreeing initial repayment plan of £50 pm which is due to increase to £100 pm following their conditional NHS job offer.
SSP20.01	Forged Letter	Initial enquiries made and matter was referred back to Swansea University to investigate in relation to the validity of the letter.	Closed – no fraud against NHS.
SSP20.02	False Claim for Costs	Initial enquiries made which identified that the claim had actually been made as a single person with no dependent children and not as a married person with dependent children as was the allegation received.	Closed – no fraud identified.
SSP20.03	False Claim for Costs	Alleged that both subjects had applied for bursaries/grants by giving false/misleading	Closed – no record of either individual having worked and/or submitted claims to the NHS.

		information as to their actual personal income.	
SSP20.04	False Claim for Costs	Alleged that subject lives with partner and has failed to declare her actual personal income.	Closed - insufficient evidence to support allegation.
SSP20.05	False Claim for Costs	Alleged that the subject has claimed for grant/bursary, but is also working for the NHS on an agency basis which subject has failed to declare.	Ongoing enquiries and subject also suspended, until December 2019, for academic reasons.
SSP20.06	False Work History and Sickness Absence	Subject applied for and was then appointed to Band 5 post within NWSSP Procurement during same period whilst still claiming to be on sickness absence from previous Band 5 post with NHS England.	Subject resigned before NWSSP disciplinary hearing into separate and similar allegations. Relevant details then forwarded to NHS England for them to investigate the alleged fraudulent activity.

FRAUD NEWS

Who Are We?

BY THE WAY WHO ARE YOU

The main aims of the NHS Counter Fraud Service (Wales) are to Prevent and Deter by removing opportunities for it to occur or re-occur and in addition to this, then to Hold to Account those who commit fraud against the NHS through effective Detection, Prosecution and seeking Redress.

The NHS Counter Fraud Service (Wales) provides specialist support and guidance to a network of Local Counter Fraud Specialists (LCFSs) who are directly employed by individual Health Bodies in Wales and who, in turn, report to the individual Finance Directors.

The role of NHS CFS (Wales) and the LCFS' is to investigate and prosecute individuals who commit fraudulent acts against the NHS in addition to raising fraud awareness to NHS staff by highlighting successful criminal prosecutions, conducting pro-active work and awareness presentations to staff within the NHS in Wales.

If you suspect fraud has been or is being committed against NHS Wales Shared Service Partnership then you should report it immediately to one of your Local Counter Fraud Specialists. Please see the LCFS contact details on page 5.

Fraud may be reported on Freephone 0800 028 40 60 or online at www.reportnhsfraud.nhs.uk

LESSONS TO BE LEARNED

Each fraud investigation is different and has to be taken forward on it's own merits and whilst every case does require a closure report, this is signed off prior to closure, by NHS Counter Fraud Service (Wales).

In the case of the NHS Wales Shared Services Partnership, there have been a number of significant fraud cases reported in the public domain with a varied range of fraud investigations, over the last five (5) years, being in relation to a range of offences with the more common including false timesheet related frauds, false claims by student nurses for bursaries/grants, salary overpayments and NHS staff working elsewhere whilst receiving separate payments despite having claimed to be on sickness absence from their NHS post.

Overpayment of Salary

There has been a recent batch of such cases being referred to NHS Counter Fraud (Wales) where-by the subject, despite moving to another NHS post, has then received salary payments as a result of non-completion, by his/her Line Manager, of the required paperwork (e.g. termination form, reduction in hours etc). In one of the recent cases that is detailed later in this newsletter, it resulted in a significant overpayment and led to a criminal prosecution and ongoing recovery of the money.

The main lessons to be learned from these types of cases are as follows:

☐ Managers to ensure that Staff Termination are completed in a timely fashion

☐ Managers to ensure that their Budget Reports are reviewed on a monthly basis to identify any significant budgeted expenditure to actual anomalies

☐ Managers to ensure that their Staff in Post Reports are reviewed on a monthly basis to identify any leavers and/or "Ghost" employees.

Working Elsewhere whilst claiming to be on Sickness Absence

The main lessons to be learned from such investigations are for Managers to ensure that should a member of staff report a sickness absence, then the required forms (Self Certification and Medical Certificates) are completed and submitted on a timely basis. In addition to this and should an em-ployee be on Long Term Sickness Absence, then the procedure for dealing with such issues is then closely followed. As a result and should there be any suspected fraud (e.g. working elsewhere), then there would be a clear audit trail in the subject personal file together with documentation that has been signed, dated etc which could then be used as part of any subsequent investigation.

FRAUD NEWS

SICK LEAVE & SHOW JUMPING

Elsie DAVID was employed as a Quality Manager and then based in the NWSSP Surgical Materials Testing Laboratory in Bridgend. After leaving her post in 2017, she contacted her employer over concerns about her personal data and made a request for her personal details to removed from their database. As part of that process, concerns were then raised to her Managers after an internet search of her name identified images of Elise DAVID undertaking show jumping during the summer of 2016 and also at a time when she claimed to be on sick leave from her NHS post after falling from her horse, which had left her badly injured and Elise DAVID had claimed that she needed a stick to enable her to walk.

During a subsequent interview under caution and when asked about the pictures, she gave a general "No Comment" about her horse jumping and also denied that it was her, so the case was referred to the Crown Prosecution Service.

On 11th February 2019 and after a four-day criminal trial at Newport Crown Court, Elise DAVID was found guilty of Fraud by False Representation and sentenced to 12 weeks imprisonment that was suspended for 12 months together with an order for her to carry out 180 hours of unpaid work. In addition she was told to repay £7,617 to the NHS and an additional £600 for investigation costs, all of which has since been repaid.

DO YOU SUSPECT FRAUD?

If you suspect fraud has been or is being committed against NHS Wales Shared Service Partnership then you should report it immediately to one of your Local Counter Fraud Specialists. Please see the LCFS contact details on page 5.

TAMMY GUNTER

In September 2014, Tammy GUNTER applied to the NWSSP Student Awards Department for funding to train to become a Student Nurse and based on the contents of her application was then awarded a grant/bursary of over £8,000 in addition to the NHS also paying her course fees of over £7,000.

However, a subsequent e-mail from a Local Authority identified that Tammy GUNTER had been under investigation, by them, for the previous three (3) years after attempting to claiming further grants/bursaries from them of over £20,000 after claiming that she was a single person working at least 16 hours a week when she was still married to a person by the name of Neil HART since 2009.

As part of the false claims, it was identified that Tammy GUNTER often used her marital name of HART, but then used her maiden name of GUNTER on all her funding applications in addition to having two (2) separate e-mail addresses for HART and GUNTER.

Following her arrest in November 2015, Tammy GUNTER maintained throughout all her interviews that she had "separated" from Neil HART after 6 months in December 2009. However, the large amount of documentary evidence that was obtained, during the investigation, showed that Neil HART had financially assisted Tammy GUNTER throughout the whole period.

As part of her claim to the Local Authority for the additional £24,000 in that she was separated from Neil HART and was "going through a divorce" GUNTER then "cut and pasted" a false Tax Credits letter which she then submitted it claiming that she had received it from the Department of Works and Pensions.

It was then identified that Tammy GUNTER had been claiming Tax Credits as a single person even after getting married in 2009 and in total, had obtained over £90,000 which funded a lifestyle which included new cars, designer clothes and shoes, handbags, jewelry, luxury holidays including the purchase of a $30,000 timeshare in America and over £14,000 of cosmetic surgery.

Tammy Ann GUNTER pleaded Guilty to six (6) Fraud charges carried out between 2007 and 2016 including four counts of Fraud by False Representation and one count of Making a False Instrument.

Neil Mark HART pleaded Guilty to one (1) charge of Encouraging or Assisting the Commission of an Offence under the Serious Crime Act 2007

At the sentencing hearing which took place on 18th October 2017 at Merthyr Crown Court, Tammy GUNTER was sentenced to 24 months immediate custody .

Neil Mark HART also appeared at the same court and was sentenced to 6 months immediate custody.

As part of a subsequent Proceeds of Crime Hearing (May 2018) Tammy GUNTER repaid the total sum of £23,258 with the remaining £68,165 to remain on file.

"They were in a relationship and living together since December 1997"

"Tammy had a luxury lifestyle of holidays, brand new cars, designer clothes and expensive jewelry all paid for at the tax-payer's expense as a result of her false claims"

OVERPAYMENT OF SALARY

A Qualified Nurse, who kept quiet about being paid double her wages by the NHS for nearly 18 months, escaped jail despite admitting Theft.

Sarah MERRY had pocketed more than £25,000 as she continued to receive her monthly wages for a hospital job that she was no longer doing. She had failed to tell her former NHS bosses about the payments and then went and spent the money on family trips abroad and watching football and rugby.

Merthyr Tydfil Magistrates Court heard that MERRY had left her employment as a Nurse with the Cwm Taf University Health Board in January 2017 and then started a new role at another NHS hospital. However, due to a clerical error, she continued to be paid for her previous job for another 17 months, but failed to inform her former employer.

The court heard that the error was discovered when Payroll Services carried out a review into salary payments. As a result, the NHS Counter Fraud Service (Wales) then carried out an investigation and Diabetes Specialist Nurse MERRY was interviewed and admitted to receiving the money and spending it.

At the sentencing court hearing at Merthyr Magistrates Court, on 22nd February 2019, Sarah MERRY, of Tonyrefail, South Wales admitted theft and was then handed a six (6) month suspended prison sentence.

In addition, Sarah MERRY was ordered to compensate the NHS in full and so will repay £250 a month for the next eight years. She was also ordered to carry out 200 hours of unpaid work, attend a rehabilitation course and pay £360 in costs.

"Your salary, your responsibility!"

"In her interviews, she said she had received the monthly salary money and knowingly spent it"

NATIONAL CASES

NHS Worker or U2 Band Member?

Three (3) NHS managers, who worked in the Estates Department for the Powys Health Board were sentenced to a total of 14 years in jail for stealing £822,000 from the NHS in Wales

One of the NHS Estates Managers, Mark EVILL was found to have created fictional employees Paul HEWSON and David EVANS who are actually the real names of U2 band members Bono and The Edge and did so in order to make a company look legitimate.

Mark EVILL, 42, was recently jailed for seven (7) years and has been disqualified as acting as a Company Director for seven (7) years

Robert HOWELLS, 65, received a prison sentence of four (4) years and a third defendant, Michael Cope, 43, received a three (3) year prison sentence.

EVILL and HOWELLS were both employed through an agency as Project Managers for the Health Board's Estates Department based in Powys while COPE was employed directly by the Health Board as a Senior Estate Manager. However, following an anonymous allegation, it was found that EVILL and HOWELLS had misappropriated NHS money by receiving "pay-offs" from external contractors.

It was also identified that EVILL had set up a construction firm by the name of George Morgan Limited which was, in fact, named after his dog, to secretly award building contracts worth £707,946.24 to himself from the Powys Teaching Health Board. EVILL also wrote emails and invoices to himself and falsified quotes from real firms to hide his fraud from the Health Board's Auditors. Some of the construction work, which included the children's wing of Brecon Memorial Hospital, Bronllys Hospital and Welshpool Hospital, was later considered to have "major deficiencies", with the total cost to the Health Board estimated to rise to £1,420,604 once remedial works have been completed.

"EVILL used the money he made in the fraud to buy land and properties in Wales, taking two luxury holidays to Dubai, buying a Chanel watch, a £5,000 Breitling watch and numerous cars including a Land Rover and an Audi"

This behaviour is NOT acceptable!

LOCAL COUNTER FRAUD TEAM

Name	Telephone	E-mail
Craig Greenstock Counter Fraud Manager	02920 742725	Craig.Greenstock@wales.nhs.uk
Emily Thompson Local Counter Fraud Specialist	02920 745688	Emily.thompson@wales.nhs.uk
Nigel Price Local Counter Fraud Specialist	02920 745856	Nigel.Price@wales.nhs.uk

You can also write to the Counter Fraud Team at:

Cardiff and Vale University Health Board
Counter Fraud Department
2nd Floor
Monmouth House
University Hospital of Wales, Heath Park
Cardiff, CF14 4XW

REPORTING YOUR CONCERNS...

WHAT SHOULD YOU DO?
- Report your suspicion immediately to the LCFS' as above
- Keep a record of events
- Keep any evidence secure

WHAT SHOULDN'T YOU DO?
- Investigate the matter yourself
- Broadcast your suspicions
- Confront any suspected persons

Report NHS fraud
0800 028 40 60
NHS Counter Fraud Service

Fraud may be reported on Freephone 0800 028 40 60 or online at www.reportnhsfraud.nhs.uk

Audit Position Statement – **Velindre University NHS Trust – NHS Wales Shared Services Partnership**

Date issued: October 2019

Document reference: APS201910

Contents

Progress update

About this document

1   This document provides the Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership with an update on current and planned Wales Audit Office work, together with information on the Auditor General's planned programme of NHS-related studies and publications.

Assurance arrangements

2   Details of the finalisation of our audit assurance arrangements for 2020 are set out in Exhibit 1.

Exhibit 1: assurance arrangements

Area of work	Current status
Assurance arrangements 2020	Planned to be presented to Audit Committee January 2020

Audit update

3   Local audit teams have not yet determined the audit assurances they require for the 2019-20 financial statements. An update on the audit assurance work programme for 2020 and the proposed dates for the audit visits will be provided at future Audit Committees.

NHS-related national studies

4   The Audit Committee may also be interested in the programme of national value for money studies, some of which focus on the NHS and pan-public-sector topics. These studies are typically funded by the National Assembly and are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure.

5   Exhibit 2 provides information on recently published NHS-related or relevant national studies published since the previous Audit Position Statement. It also includes all-Wales summaries of work undertaken locally in the NHS. Exhibit 3 provides information on studies currently underway.

Exhibit 2: NHS-related national studies recently published by the Wales Audit Office

Topic	Details
Review of Public Services Boards	We examined how Public Service Boards are operating; looking at their membership, terms of reference, frequency and focus of meetings, alignment with other partnerships, resources and scrutiny arrangements We concluded that Public Services Boards are unlikely to realise their potential unless they are given freedom to work more flexibly and think and act differently. **Published 8 October 2019** **http://www.audit.wales/publication/review-public-services-boards**
Public Spending Trends in Wales 1999-00 to 2017-18	Over the two decades of devolution the relative levels of public spending per head in the four nations of the UK have remained consistent – Wales has consistently seen a higher level of per capita spending than England but lower levels than Scotland and Northern Ireland. But if one looks at individual policy areas, some interesting, and perhaps unexpected, variations can be seen in the pattern and relative levels of funding. **Published 1 October 2019** **http://www.audit.wales/publication/public-spending-trends-wales**

The well-being of young people	We looked at the Welsh Government's work to support the well-being of young people in Wales and sought to understand how well the Welsh Government is joining up across its policy areas and what impact its approach to strategic planning is having on young people themselves. The work consists of a summary report and five reports focussed on different well-being topics: youth homelessness; young adult carers; young parents; mental health; and skills and employability. The reports highlight a lack of support in some key areas which public services in Wales need to address. **Published 19 September 2019** **http://www.audit.wales/publication/well-being-of-young-people**
Integrated Care Fund	This report examines whether the fund is being used effectively to deliver sustainable services that achieve better outcomes for service users. It focuses on whether the Welsh Government is effectively managing the fund to deliver against its intentions, as well as understanding whether RPBs are demonstrating effective use of the fund. The report also considers whether the projects supported by the fund are making a clear difference at a local level. **Published 18 July 2019** **http://www.audit.wales/publication/integrated-care-fund**

Exhibit 3: NHS-related national studies currently underway by the Wales Audit Office

Topic	Anticipated publication date
Primary care services – summary of findings across Wales	Report to be published 2019
Quality governance arrangements in NHS bodies	Report to be published 2020
Collaborative arrangements for managing local public health resources	Report to be published 2020

Good practice

6   In addition to the audit work set out above, we continue to seek opportunities for finding and sharing good practice from all-Wales audit work through our forward planning, programme design and good practice research. Our Good Practice Exchange team also facilitates a programme of shared learning events. Exhibit 4 provides information on events, further details can be found on the Good Practice Exchange section on the Wales Audit Office website.

Exhibit 4: Upcoming events from the Good Practice Exchange

Event	Details
Accountability and governance in partnership services	More information not available yet, however, the link below will be updated in due course. **13 Feb 2020: time and venue to be confirmed** **27 Feb 2020: time and venue to be confirmed** http://www.audit.wales/events/accountability-and-governance-partnership-services
Adverse Childhood Experiences – alternative delivery models	More information not available yet, however, the link below will be updated in due course. **19 March 2020: time and venue to be confirmed** **26 March 2020: time and venue to be confirmed** http://www.audit.wales/events/adverse-childhood-experiences-alternative-delivery-models
Violence against women, domestic abuse and sexual violence	More information not available yet, however, the link below will be updated in due course. **23 April 2020: time and venue to be confirmed** **30 April 2020: time and venue to be confirmed** http://www.audit.wales/events/violence-against-women-domestic-abuse-and-sexual-violence

IR35

Final Internal Audit Report

2019/20

NHS Wales Shared Services Partnership

Audit and Assurance Services

Private and Confidential

Reasonable Assurance
-      +
Previous Rating: **n/a – first review**

CONTENTS   Page

Review reference:	NWSSP-1920-04
Report status:	Final
Fieldwork commencement:	19th June 2019
Draft report issued:	2nd August 2019
Management response received:	15th August 2019
Final report issued:	22nd August 2019

Auditors:	James Quance, Head of Internal Audit
	Stephen Chaney, Deputy Head of Internal Audit
	Donna Morgan, Principal Auditor
Executive sign off:	Andrew Butler, Director of Finance and Corporate Services
Distribution:	Linsay Payne, Head of Financial Management
	Joe Draper-Orr, Finance Manager
Committee:	Velindre NHS Trust Audit Committee for NWSSP

Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

ACKNOWLEDGEMENTS

NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Please note:

This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee. Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of the NHS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1. EXECUTIVE SUMMARY

1.1 Introduction and Background

A review of the process for off-payroll workers working through an intermediary (IR35) within NHS Wales Shared Services Partnership (NWSSP) was completed in line with the 2019/20 Internal Audit Plan.

On 6th April 2017, the Government introduced revised rules in relation to compliance with tax regulations. The IR35 changes have significant implications for NWSSP and how off-payroll agency / contract workers are paid. In particular, it places a duty on NWSSP to determine whether an arrangement is within the scope of IR35 and to take appropriate steps to comply with the legislation.

A worker is involved in off-payroll working when they work for and / or personally provide services for a client through their own intermediary, (often a personal service company (PSC)).

The off-payroll working rules will not apply if the agency, umbrella company or similar third party that supplies the worker directly employs them and deducts income tax and National Insurance contributions. If the worker is engaged by the agency, umbrella company or similar third party through the worker's intermediary then the off-payroll working rules may apply.

The off-payroll working rules were established to ensure that relevant workers contribute the correct tax and National Insurance payments.

HMRC IR35 (Intermediaries Legislation) On / Off Payroll Guidance for Managers (the 'Guidance') details the relevant processes for managers within NWSSP.

The audit sought to provide assurance to the Velindre NHS Trust Audit Committee for NWSSP that the arrangements in place for IR35 are robust.

1.2 Scope and Objectives

The overall objective of this audit was to evaluate and determine the adequacy of the systems and controls in place for the management of off-payroll workers in line with IR35 legislation.

The following objectives were reviewed:

- to ensure that off-payroll workers / those who work through intermediaries are identified within NWSSP;

- to determine if managers correctly undertake the assessments and communications for off-payroll workers and the appropriate treatment of them for tax purposes; and

- to ensure that statements are received and reviewed from each agency supplying off-payroll workers.

1.3   Associated Risks

The risks considered in the review are as follows:

- tax and National Insurance contributions are not deducted for off-payroll workers, if applicable;

- NWSSP incurs financial penalties and other costs for non-compliance with HMRC requirements; and

- reputational harm to NWSSP.

2   CONCLUSION

2.1   Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the process for IR35 is **Reasonable Assurance**.

RATING	INDICATOR	DEFINITION
Reasonable		The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

2.2 Assurance Summary

The summary of assurance given against the individual review areas is described in the table below:

Assurance Summary					
1	Identification of Off-Payroll Workers			✔	
2	Assessment of Off-Payroll Workers			✔	
3	Annual Assurance Statements			✔	

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

2.3 Design of Systems/Controls

The findings from the review have highlighted no issues that would be classified as weaknesses in the system control/ design for IR35.

2.4 Operation of System/Controls

The findings from the review have highlighted four issues that are classified as weaknesses in the operation of the designed system/ control for IR35. These are identified in the management action plan as (O).

3.   FINDINGS & RECOMMENDATIONS

3.1   Summary of Audit Findings

The key findings by the individual objectives are reported in the section below with full details in Appendix A:

<u>Identification of Off-Payroll Workers</u>

We were provided with evidence to confirm that an exercise was undertaken by NWSSP during April 2017, to ensure that all off-payroll workers had been identified for the purposes of assessing which engagements fall within the remit of IR35 legislation. However, we are not aware of this being repeated. This has been raised as **recommendation one**.

An Excel worksheet of agency workers is maintained by the Corporate Finance Team in NWSSP. Details include whether or not the worker was paid more than £245 per day, the hours they had worked, which are summarised on a monthly basis. However, we cannot provide assurance that this is a complete list as we are not aware of further exercises since 2017 undertaken to identify all off-payroll workers, as detailed above.

We compared the information from the Excel worksheet of agency workers against the off-payroll transactions paid during the year. In particular, we looked for payables to individual names/ unknown limited companies to establish whether any additional off-payroll workers had not been identified. We found one instance where an agency worker (identified from the transaction payables spreadsheet) had been omitted from the agency workers Excel worksheet. This has been raised within **recommendation one**.

Off-payroll engagements that have lasted for longer than six months and where workers earn in excess of £245 (including VAT) per day, must also be reported within the annual accounts. 10 of the 113 off-payroll workers (65 of which had received payments during the 2018/19 period) were reported to earn over £245 per day. Eight of these workers were from the Audit and Assurance division[1]. Off-payroll engagements of Board members

---

[1] The majority of off-payroll workers that met the criteria for inclusion in the annual accounts were from the Audit and Assurance division. To ensure independence and objectivity, we have not sought to test these engagements as part of this audit.

and/ or senior officials must also be reported. The information contained within Velindre NHS Trust's Annual Report (which reports information for NWSSP), appeared to be consistent with information held by Corporate Finance.

In respect of existing off-payroll engagements, payroll managers confirmed that no off-payroll workers had been added on to NWSSP's payroll as a direct result of the introduction of the IR35 Legislation.

Assessment of Off-Payroll Workers

The responsibility for assessing the status of off-payroll workers rests with departmental managers. Each manager is required to obtain assurance that each off-payroll worker is assessed to ensure that tax and National Insurance contributions are adequately deducted.

We reviewed evidence that the Corporate Finance Team had circulated an email requesting that managers comply with the IR35 Guidance issued by Velindre NHS Trust. However, we had no further evidence of assurances being sought or provided from those departmental managers in respect of off-payroll workers within their departments. See **recommendation two**.

We tested a sample of eight off-payroll workers to ascertain whether or not appropriate assessments had been completed. We found that the majority of workers were engaged via recruitment agencies. From the sample tested, only one worker operated from a PSC (personal service company). This individual had been appropriately assessed by the departmental manager using the HMRC assessment tool and had been deemed to fall outside of the IR35 legislation. The departmental manager had confirmed the outcome of the assessment in writing to the recruitment agency, in accordance with HMRC guidance. However we noted a minor point where the departmental manager had not confirmed the outcome of the assessment in writing to the off-payroll worker, in accordance with Velindre NHS Trust's HMRC IR35 (Intermediaries Legislation) On/Off Payroll Guidance for Managers. This has been raised as **recommendation two**.

Testing a sample of eight off-payroll workers, departmental managers had sought assurance from recruitment agencies that appropriate tax and National Insurance deductions were being made for five of the off-payroll workers (two of which were high earners; earning over £245 per day and

three of which earned less than £245 per day). However, we were not provided with evidence that assurances were sought from recruitment agencies that appropriate tax and National Insurance deductions were being made for the remaining three off-payroll workers. This has been raised as **recommendation three**.

Annual Assurance Statements

NHS Wales Shared Services Partnership (NWSSP) is governed by the policies and procedures of its host Trust, Velindre NHS Trust. Section 4.2 of the Trust's HMRC IR35 (Intermediaries Legislation) On/Off Payroll Guidance for Managers requires that the Corporate Finance team '*Request an Annual Statement from employment agencies detailing the workers supplied and confirming that they have been paid in accordance with the IR35 Legislation*'. We were not provided with evidence to confirm that the Corporate Finance team requests annual statements from employment/ recruitment agencies in accordance with this section of the Trust's IR35 guidance. This has been raised as **recommendation four**.

3.2 Summary of Recommendations

The audit findings and recommendations are detailed in **Appendix A** together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	**0**	**2**	**2**	**4**

Finding 1 – Identification and Monitoring of Agency Workers *(O)*	Risk
We were provided with evidence to confirm that an exercise had been undertaken by NWSSP in April 2017 to ensure that all off-payroll workers had been captured for the purposes of assessing which engagements fall within IR35 legislation at its effective date. However, it was not clear if further reviews have been completed since that date. The Corporate Finance Team monitors its agency workers using an Excel spreadsheet. This includes details such as name, agency, whether or not they earn over £245 (including VAT) per day, whether or not IR35 legislation applies to this worker and the number of hours worked per month. We carried out a review of the agency workers Excel spreadsheet against the monthly payables. We found that one agency worker had been omitted from the Corporate Finance Team's Excel sheet. We were advised that this particular worker was not included in the agency workers' Excel sheet as their costs were associated with HEIW (Health Education Improvement Wales) before it was formally established i.e. when it existed in 'shadow form'. We were advised that her payments would have been shown in the costs of HEIW funded by Welsh Government. We note that this worker was not paid over the minimum threshold of £245 per day to require inclusion in the annual accounts. However, the Excel spreadsheet exists to capture all agency workers, and as a prompt to ensure if adequate tax and National Insurance contributions were made by the recruitment agency. (Please note that we were provided with evidence post audit debrief meeting that Corporate Finance had	NWSSP may be held liable by HMRC for failing to deduct appropriate tax and National Insurance contributions for off-payroll workers.

sought and gained assurances that the Recruitment Agency was deducting tax and national insurance contributions for this worker).	
Recommendation 1	**Priority level**
Regular further review should be undertaken to ensure that all agency and off-payroll workers are captured to facilitate effective monitoring and management of those engagements (including checks that appropriate tax and National Insurance deductions are being made).	**Low**
Management Response 1	**Responsible Officer/ Deadline**
Please see response to recommendation 3 and 4 regarding reminders. Quarterly review of non-pay expenditure to be undertaken to identify any potential off payroll workers paid via invoice.	Joe Draper-Orr Quarterly from 2019/20

Finding 2 – Notification of IR35 Status *(O)*	Risk
Section 6.5 of the Velindre NHS Trust's HMRC IR35 (Intermediaries Legislation) On/Off Payroll Guidance for Managers states that '*The manager will write to the worker and agency (if applicable) to confirm the status of the engagement and, if applicable, remind them of their obligations under the Off Payroll Legislation to deduct tax and national insurance contributions from any payments made*'. From the sample tested, we found that one off-payroll worker operated under a PSC (personal service company). Accordingly, the departmental manager carried out an assessment (using the HMRC online assessment tool) to determine whether the engagement would fall within the scope of IR35 legislation. The outcome of the assessment was that the worker did not fall within the remit of IR35 Legislation. We were provided with evidence that the departmental manager had advised the associated recruitment agency that the worker was deemed to fall outside of the remit of the IR35 legislation. However, they had not advised the worker, as required by section 6.5 of the Trust's Guidance, as outlined in the opening paragraph above. As a result, there is a risk that the worker did not have an opportunity to challenge the outcome of the assessment, although we accept that this would be unlikely in this particular case.	Off-payroll workers may challenge NWSSP for failing to provide them with an opportunity to challenge the outcome of the assessment within the appropriate timescales, which may result in additional tax and National Insurance contributions.

Recommendation 2	Priority level
We recommend that periodic reminders are issued to remind departmental managers that they are required to comply with the requirements of the Trust's Guidance in all cases.	Low
Management Response 2	**Responsible Officer/ Deadline**
Agreed – reminders and copy of requirements to be issued to all Directors and Heads of Department in April and October of each financial year.	Linsay Payne/Joe Draper-Orr Ongoing April/October

Finding 3 – Appropriate Tax and NI Deductions *(O)*	Risk
The onus for assessing the status of off-payroll workers rests with departmental managers. Each manager is required to gain assurance that each off-payroll worker is assessed to ensure that tax and National Insurance contributions are adequately deducted. During the audit, the Corporate Finance Team provided us with evidence that they had circulated an email to departmental managers reminding them of their obligations to gain confirmation that appropriate deductions were being made in accordance with Velindre NHS Trust's IR35 Guidance. However, the process for confirming that appropriate National Insurance and tax deductions were being made was not consistently applied, and differed from one departmental manager to another. We tested a sample of eight off-payroll workers to confirm whether or not assurances had been sought and obtained from relevant recruitment agencies to confirm that appropriate deductions were being made. Within our sample, we included two off-payroll workers that earned over £245 per day; excluding those utilised by audit. The remaining six workers earned under the £245 threshold. We were provided with evidence that managers had sought and obtained evidence that deductions were made for five of the eight off-payroll workers from our sample (including the two high earning off-payroll workers).	Off-payroll workers are not appropriately identified, and therefore tax and National Insurance contributions are not deducted. NWSSP incurs financial penalties and other costs for non-compliance with HMRC requirements. NWSSP would be held liable by HMRC for failing to deduct appropriate tax and national insurance contributions for off-payroll workers.

We were not provided with sufficient evidence that assurances had been sought from recruitment agencies to confirm that appropriate national insurance and tax contributions were being deducted for the remaining three off-payroll workers earning less than £245 in their departments. Therefore, the identification and management of off-payroll workers is not being applied consistently by departmental managers.	
Recommendation 3	**Priority level**
See **Recommendation 2** above. Departmental managers should ensure that they obtain assurances from all recruitment agencies for all off-payroll workers that appropriate deductions are made in accordance with policies, procedures and legislation.	**Medium**
Management Response 3	**Responsible Officer/ Deadline**
Agreed – reminder to be sent regarding this requirement to recruiting managers per response 2. Additional control to be added to finance agency spreadsheet to include a field for confirming that assurance of tax/NI arrangements have been received for each agency worker.	Joe Draper-Orr Exercise to complete back to April 19 by end October 19 and then updated on an ongoing basis

Finding 4 – Annual Assurance Statements *(O)*	Risk
Section 4.2 of Velindre NHS Trust's HMRC IR35 (Intermediaries Legislation) On/ Off Payroll Guidance for Managers (which applies to NWSSP) requires that the Corporate Finance team comply with the following: '*Request an annual statement from employment agencies detailing the workers supplied and confirming that they have been paid in accordance with the IR35 Legislation'*. However, we were not provided with evidence to confirm that the Corporate Finance team requests annual statements from employment/ recruitment agencies in accordance with this requirement.	Off-payroll workers are not appropriately identified, and therefore tax and National Insurance contributions are not deducted. NWSSP incurs financial penalties and other costs for non-compliance with HMRC requirements. NWSSP would be held liable by HMRC for failing to deduct appropriate tax and national insurance contributions for off-payroll workers.
Recommendation 4	**Priority level**
The Corporate Finance team should request an annual statement from employment agencies for each applicable worker; detailing the workers supplied and confirming that they have been paid in accordance with IR35 Legislation.	**Medium**

Management Response 4	Responsible Officer/ Deadline
Agreed – annual statement to be requested.	Joe Draper-Orr April/May of each year

Audit Assurance Ratings

Substantial Assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

Reasonable Assurance - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with low to **moderate impact on residual risk** exposure until resolved.

Limited Assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

No Assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, which are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved.

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment.

Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The Health Board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and internal auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected. The organisation's Local Counter Fraud Officer should provide support for these processes.

Contact details

James Quance (Head of Internal Audit) – 01495 332048
Stephen Chaney (Deputy Head of Internal Audit) – 01495 300844
Donna Morgan (Principal Auditor) – 01792 860597

Performance Reporting

Final Internal Audit Report

2019 / 20

NHS Wales Shared Services Partnership

Audit and Assurance Services

Contents

Review reference:	NWSSP-1920-08
Report status:	Final Internal Audit Report
Fieldwork commencement:	1st July 2019
Fieldwork completion:	1st October 2019
Draft report issued:	7th October 2019
Management response received:	16th October 2019
Final report issued:	17th October 2019
Auditor/s:	James Quance, Head of Internal Audit Stephen Chaney, Deputy Head of Internal Audit Julian Creed, Principal Auditor
Executive sign off:	Andrew Butler, Director of Finance and Corporate Services
Distribution:	Alison Phillips, Deputy Director of Finance Richard Phillips, Business & Performance Manager
Committee:	Audit Committee

Audit and Assurance Services conform with all Public Sector Internal Audit Standards as validated through the external quality assessment undertaken by the Institute of Internal Auditors.

ACKNOWLEDGEMENT
NHS Wales Audit & Assurance Services would like to acknowledge the time and co-operation given by management and staff during the course of this review.

Disclaimer notice - Please note:
This audit report has been prepared for internal use only. Audit & Assurance Services reports are prepared, in accordance with the Service Strategy and Terms of Reference, approved by the Audit Committee.
Audit reports are prepared by the staff of the NHS Wales Shared Services Partnership – Audit and Assurance Services, and addressed to Independent Members or officers including those designated as Accountable Officer. They are prepared for the sole use of NWS Wales Shared Services Partnership and no responsibility is taken by the Audit and Assurance Services Internal Auditors to any director or officer in their individual capacity, or to any third party.

1.   Introduction and Background

A review of Performance Reporting within NHS Wales Shared Services Partnership (NWSSP) was completed in line with the 2019/20 Internal Audit Plan.

The audit sought to provide assurance that performance reporting to the statutory bodies of NHS Wales is complete and accurate, for the sample tested.

NWSSP produce a variety of information to measure:

- planning targets, as detailed within the IMTP (Integrated Medium Term Plan);
- mandatory performance measures, as required by the Welsh Government; and
- performance targets as set out within the service level agreements (SLAs) with Health Boards and Trusts within Wales.

2.   Scope and Objectives

The internal audit sought to assess the adequacy and effectiveness of internal controls in operation. Any weaknesses have been brought to the attention of management and advice issued on how particular problems may be resolved and control improved to minimise future occurrence.

The objectives reviewed were:

- to ensure that performance information adequately measures expected service standards;
- to ensure that a sample of data behind the performance information and other key management information is complete, accurate and held within systems that are robust / fit for purpose; and
- to determine if performance information is reported to management and, where required, the Welsh Government, on a timely basis.

Our audit approach for this assignment was to trace a sample of monthly divisional KPIs from the information reported to management, the Health Boards / Trusts and Welsh Government back to source data. In addition, we took a sample of source data and traced it through to the information collated by NWSSP Finance for reporting purposes.

We reviewed performance measures data for 2018-19 and 2019-20 across a sample of NWSSP divisions, including the following:

Primary Care Services

- payments made accurately;

- prescription – keying accuracy rates;

- medical record transfers to/from GPs and other primary care agencies within 6 weeks;

- Category A Cascade alerts to contractors to be issued within 4 hours of receipt;

- Category B Cascade alerts to contractors to be issued within 1 working day of receipt;

Procurement Services

- procurement savings (current year);

- Accounts Payable - All Wales PSPP (invoice queries);

- Accounts Payable % calls;

Workforce & Organisational Development

- staff sickness – rolling 12 months;

- PADR compliance;

- statutory and mandatory training; and

- time to hire for nursing & midwifery staff.

3. Associated Risks

The risks considered in the review were as follows:

- performance information does not measure the achievement of applicable service standards;
- inaccurate reporting to NHS Wales organisations and other relevant parties;
- incomplete reporting of performance information;
- lack of consistency between performance information throughout each division, leading to the inability to compare performance; and
- performance information is reported late.

OPINION AND KEY FINDINGS

4.   Overall Assurance Opinion

We are required to provide an opinion as to the adequacy and effectiveness of the system of internal control under review. The opinion is based on the work performed as set out in the scope and objectives within this report. An overall assurance rating is provided describing the effectiveness of the system of internal control in place to manage the identified risks associated with the objectives covered in this review.

The level of assurance given as to the effectiveness of the system of internal control in place to manage the risks associated with the Performance Reporting is **Substantial** Assurance.

RATING	INDICATOR	DEFINITION
Substantial		The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

The overall level of assurance that can be assigned to a review is dependent on the severity of the findings as applied against the specific review objectives and should therefore be considered in that context.

5.   Assurance Summary

The summary of assurance given against the individual objectives is described in the table below:

Assurance Summary					
1	Performance information adequately measures expected service standards				✔
2	Quality, completeness and accuracy of KPI data and supporting systems are robust			✔	

Assurance Summary				
3	Performance information is reported to management and, where required, the Welsh Government, on a timely basis			✔

* The above ratings are not necessarily given equal weighting when generating the audit opinion.

Our audit work was limited to a system review of the portal in use for the collation of information from each division within NWSSP. However, we did not examine the underlying systems that are used for the production of the source data, e.g. ESR.

Design of Systems/Controls

The findings from the review have highlighted no issues that are classified as a weakness in the system control/design for NWSSP Performance Reporting.

Operation of System/Controls

The findings from the review have highlighted one issue that is classified as a weakness in the operation of the designed system/control for NWSSP Performance Reporting.

6.   Summary of Audit Findings

The key findings by the individual objectives are reported in the section below with full details in Appendix A:

Objective 1 – Meeting service standards

We reviewed draft Service Level Agreements 2019 for a sample of divisions, to establish the performance measures in place and traced these to the NWSSP IMTP 2019-2022 to ensure consistency. Furthermore, we ascertained those performance measures that the divisions consider to be 'high-level' (key) and thus reported to executive management through the Shared Services Partnership Committee and Health Boards' reporting mechanisms. Our work has concluded that, apart from the exception identified below, performance measures reported are consistent with expected service standards identified at both divisional and corporate level.

Objective 2 – Completeness and accuracy of data

We reviewed a sample of data behind the performance information reported and background (source) key management systems and documentation. We have traced the Health Boards' established high-level performance measures and reporting path through to source, including the divisional performance reporting dashboards. Following this, we examined the onwards reporting to the Senior Management Team, Shared Services Partnership Committee meetings and individual Health Boards. Our work has concluded that, apart from the exception identified below, performance measures are reported completely, accurately and based on data from source systems.

Objective 3 – Reporting to Welsh Government

We reviewed the Q1 2019 Reporting Proforma for NHS Planning, which is a mandatory submission to the Welsh Government. In particular, the 2019-20 quarterly submissions are required to provide details of the KPI for 'time to hire' for nursing & midwifery staff. We note that the Q1 2019 submission was performed on a timely basis and included accurate reporting of this specific KPI. The submission has also made a statement that all KPIs are under review during 2019-20 to ensure they remain relevant and strike a reasonable balance between qualitative and quantitative measures. This action is evident from the audit work undertaken with the divisional leads sampled.

We identified one **Medium priority** issue that we consider requires management's attention and provides scope for improvement to be made. This concerned:

1) Performance Reporting (Operation)

We have traced divisional performance measures from source, including the NWSSP IMTP 2019-22, through to the consolidated reports produced by NWSSP Finance and onwards to the data reported at NHS Wales Shared Services Partnership Committee (SSPC) meetings, reports to the Health Boards/Trusts and, where applicable to Welsh Government. Whilst the majority of information has been completely and accurately reported throughout the reporting process, we have identified the following discrepancies:

- both January 2019 and March 2019 SSPC meeting minutes have stated that the majority of KPIs reported are green with only a few ambers (and one red). However, we note that the January 2019 supporting document highlighted eight amber and one red out of 28 KPIs reported. The March 2019 supporting document highlighted 11 amber and two red from 39 KPIs reported; and

- there were two examples of narrative relating to an amber KPI not included within the annual Health Board/Trust performance measures report.

In addition, there were examples of performance data (Accounts Payable Calls Handled (South) and Payroll Accuracy Rate (including value added)) 'not available' in the Finance, Workforce and Performance Update Report, which is reported into the SSPC. These are subsequently reported upon once the information becomes available.

Good Practice

We identified the following good practice during our review:

- a new Business & Performance Manager was appointed in May 2019 to oversee the collation and consolidation of key performance measures for Health Boards / Trusts and Welsh Government. This has prompted a review of the performance measures within divisions to ensure that they remain fit for purpose;

- the source data links into a secure dashboard on the intranet, with no access to the underlying data, other than on a read only basis. This provides the front end portal divisional performance dashboard for applicable staff to view; and

- a quarterly performance report is issued to the Welsh Government by NWSSP Finance, for which specific key performance measures are highlighted and, for the sample tested, accurately reported.

7.   Summary of Recommendations

The audit findings and recommendations are detailed in Appendix A together with the management action plan and implementation timetable.

A summary of these recommendations by priority is outlined below.

Priority	H	M	L	Total
Number of recommendations	-	1	-	1

Finding 1 – Performance Reporting (Operation)	Risk
Minutes of the January and March 2019 Shared Services Partnership Committee (SSPC) meetings inaccurately summarised the actual results of the high-level performance measures reported in the Finance, Workforce, Risk and Performance report that accompanies the meeting minutes. For both meetings, the minutes have understated the number of amber and red measures reported: • January 2019 meeting minutes summarised that 'KPIs are generally green, with a few ambers being noted.' However, our audit review noted that eight out of the 28 KPIs reported were amber and one was red; and • March 2019 meeting minutes summarised that 'that the majority of KPIs were green, with a few ambers and a red'. However, our audit review noted that 11 out of the 39 KPIs reported were amber and two red. We have identified that the performance measures information and accompanying narrative reported to each Health Board/Trust within our sample is accurate as at 31st March 2019, but with the following exceptions: • PHW - The procurement cost savings KPI is amber (being negative against the 2018/19 cumulative target), but not mentioned in the report narrative as an issue to follow up; and • ABMU - The PSPP Accounts Payable KPI is amber, but not mentioned in the report as an issue to follow up.	Incomplete or inaccurate reporting of performance measures may not provide a balanced view of performance across the Health Boards/Trusts and areas of under-performance might not be investigated and followed up.

We also identified several examples where performance data was reported as 'not available' within the Finance, Workforce and Performance Update Report, which is reported into the SSPC. Examples include:

- Accounts Payable Calls Handled (South) – January 2019

- Payroll Accuracy Rate (including value added) – January & February 2019

The information is typically reported at the next available SSPC.

Recommendation 1	Priority level
1. NWSSP should ensure that the narrative recording performance metrics within meeting minutes is reflective of the actual performance and follow-up action undertaken where required.	**Medium**
Management Response 1	**Responsible Officer/ Deadline**
We will include an Executive Summary within the front cover of the Shared Services Partnership Committee (SSPC) report, which highlights any red or amber performance areas, where targets and/or performance indicators have not been met. This will be accompanied by a high level overview of compliance (i.e. of X KPIs relating to X, X or X% are red, X or X% are amber, X or X% are green). The format of the report will provide the opportunity for a narrative to explain where compliance has not been met (in accordance with the comply or explain mechanism) and any necessary trends and/or actions arising. The approach integrates well with the recent development to the Senior Management Team	Richard Phillips 31st March 2020

(SMT) monthly report on performance and the Audit Committee in tracking progress of audit recommendations made. It is believed this will help to standardise and provide consistency to the approach taken as to performance reporting across the organisation.	

Appendix B - Assurance opinion and action plan risk rating

Audit Assurance Ratings

Substantial assurance - The Board can take **substantial assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Few matters require attention and are compliance or advisory in nature with **low impact on residual risk** exposure.

Reasonable assurance - The Board can take **reasonable assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Some matters require management attention in control design or compliance with **low to moderate impact on residual risk** exposure until resolved.

Limited assurance - The Board can take **limited assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. More significant matters require management attention with **moderate impact on residual risk** exposure until resolved.

No assurance - The Board has **no assurance** that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively. Action is required to address the whole control framework in this area with **high impact on residual risk** exposure until resolved.

Prioritisation of Recommendations

In order to assist management in using our reports, we categorise our recommendations according to their level of priority as follows.

Priority Level	Explanation	Management action
High	Poor key control design OR widespread non-compliance with key controls. PLUS Significant risk to achievement of a system objective OR evidence present of material loss, error or misstatement.	Immediate*
Medium	Minor weakness in control design OR limited non-compliance with established controls. PLUS Some risk to achievement of a system objective.	Within One Month*
Low	Potential to enhance system design to improve efficiency or effectiveness of controls. These are generally issues of good practice for management consideration.	Within Three Months*

* Unless a more appropriate timescale is identified/agreed at the assignment.

Confidentiality

This report is supplied on the understanding that it is for the sole use of the persons to whom it is addressed and for the purposes set out herein. No persons other than those to whom it is addressed may rely on it for any purposes whatsoever. Copies may be made available to the addressee's other advisers provided it is clearly understood by the recipients that we accept no responsibility to them in respect thereof. The report must not be made available or copied in whole or in part to any other person without our express written permission.

In the event that, pursuant to a request which the client has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify the Head of Internal Audit promptly and consult with the Head of Internal Audit and Board Secretary prior to disclosing such report.

The Health Board shall apply any relevant exemptions which may exist under the Act. If, following consultation with the Head of Internal Audit this report or any part thereof is disclosed, management shall ensure that any disclaimer which NHS Wales Audit & Assurance Services has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

Audit

The audit was undertaken using a risk-based auditing methodology. An evaluation was undertaken in relation to priority areas established after discussion and agreement with the Health Board. Following interviews with relevant personnel and a review of key documents, files and computer data, an evaluation was made against applicable policies procedures and regulatory requirements and guidance as appropriate.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding the achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Where a control objective has not been achieved, or where it is viewed that improvements to the current internal control systems can be attained, recommendations have been made that if implemented, should ensure that the control objectives are realised/ strengthened in future.

A basic aim is to provide proactive advice, identifying good practice and any systems weaknesses for management consideration.

Responsibilities

Responsibilities of management and internal auditors:

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we may carry out additional work directed towards identification of fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, cannot ensure fraud will be detected.   The organisation's Local Counter Fraud Officer should provide support for these processes.

Office details:

MAMHILAD Office
Audit and Assurance
Cwmbran House (First Floor)
Mamhilad Park Estate
Pontypool, Gwent
NP4 0XS

Contact details

James Quance (Head of Internal Audit) – 01495 300841
Stephen Chaney (Deputy Head of Internal Audit) – 01495 300844
Julian Creed (Principal Auditor) – 01495 300844

NHS
Counter Fraud Authority

Contract reviews

NHS fraud prevention quick guide   **v1.0 July 2019**

The NHS spends a significant amount of money on goods and services, which are obtained through a variety of contracts and arrangements. Contract management is key to ensuring optimal financial and operational performance of contracts; however it can also be used to prevent and detect fraud.

Contract review meetings can be used to minimise fraud risks that can occur during the contract management phase. Therefore it is important to understand what fraud looks like and what control measures can be employed to ensure accountability, transparency, and probity during the contract management phase.

Who is this quick guide for?

This guidance is intended for those staff working in NHS procurement teams, particularly those responsible for managing contracts and relationships with suppliers.

How to spot fraud

Contract review meetings can help to identify vulnerabilities to fraud risks in the procurement process. Here are some vulnerabilities you may want to look out for:

- Undisclosed buyer/supplier relationships where conflict of interest rules are not followed and relationships between those managing the contract and the supplier are not disclosed or managed.

- Contract terms, Key Performance Indicators (KPIs) and deliverables which are different to those included in the tender documentation.

- Overbilling for goods and services or unjustified expenses claims by consultants/contractors.

- False performance reporting from suppliers and/or internal end-users where payment is claimed for levels of performance that have not been achieved.

- False claims and variations for unjustified contractual claims and payments for contract variations.

- Sub-standard materials involving the use and/or substitution of cheaper materials than those specified in the contract.

- Misappropriation of assets where NHS assets (including data and intellectual property) are stolen or exploited by suppliers in the course of performing a contract.

- Ghost suppliers, where a fictitious company, or a real company that does not have a genuine relationship with the NHS organisation, is set up as a supplier and receives payment.

- Duplicate invoicing where the NHS organisation is intentionally charged more than once for the same goods or services.

- Mandate fraud which is also described as change of bank account scams, payment diversion fraud or supplier account takeover fraud. (See link below for associated NHS fraud prevention quick guide on mandate fraud).

How to stop fraud

NHS organisations should regularly undertake contract review meetings with their suppliers/contractors to prevent and detect vulnerabilities to fraud in NHS contracts. The frequency of the contract review meetings should be determined using a risk-based approach, taking into account factors such as the contract's value (low or high) and size and the risk of fraud occurring. This should be a defined process that is documented in a standard operating procedure (SOP) or policy.

The following controls should be in place for all appropriate contracts:

Personnel

- Contract managers appointed for independent oversight and reporting.

- Board scrutiny for contracts above set thresholds (£1m-£5m and above) as determined locally.

- Setting and reviewing financial delegations/authorisation limits.

- Separation of duties so that no single individual has control over the whole process.

- Ensuring that those who are responsible for day-to-day contract management have sufficient authority and experience.

- Awareness of and direct access to the NHS organisation's nominated Local Counter Fraud Specialist for seeking advice.

Process

- Up-to-date contracts register that incorporates contracts from all corners of the organisation.

- Ensuring that single item, low value and rolling contracts are also prioritised for scrutiny as these may be overlooked, thereby increasing the risk to fraud.

- A contract monitoring programme with clear parameters to assess the level of contract management required (determined using a risk-based approach) and ensures that the correct contract management protocols are applied. Contract monitoring should employ the use of the following tools to assess the effectiveness of a contract:
  » Standard templates for document contract reviews, meetings, KPI management and any contract variances.
  » A SOP/policy in place for the management and frequent monitoring of KPIs and contract variances. The SOP/policy should lay out actions to take if contract KPIs, variances, and deliverables occur outside agreed protocol.
  » Monitoring pattern of spending with suppliers.
  » Minuted supplier meetings.
  » Accurate Record keeping.
  » Escalation routes for staff to report concerns.

- Ensuring that procurement staff, end users, suppliers and sub-contractors are involved in contract reviews meetings.

Governance

- Risk management process, registers, and issue logs in place with guidance for staff on how to raise concerns regarding a risk or issue.

- Conflict of interest policy that addresses the requirements of all staff, suppliers, contractors and sub-contractors in the course of day to day business, contract and project work.

- Conflict of interest register held centrally for both NHS employees and contractors. Declarations of interest should be recorded at contract sourcing stage as well as at regular intervals throughout the contract lifecycle by all (staff, suppliers, and sub-contractors) involved in the process. Undeclared interests that subsequently come to light should be treated as a breach of contract and a disciplinary offence.

- Regular audits and reviews undertaken on the conflict of interest policy and procedures.

- Standards of Business Conduct and Gifts and Hospitality policies provided to staff at

induction.

- Gifts and hospitality register with an overarching SOP/policy circulated/published on the staff intranet.
- A whistleblowing policy communicated to all staff to raise concerns.

- Ensuring that any transactions which appear suspicious are immediately suspended with any further transactions cancelled or frozen and the NHS organisation's escalation process followed.

- Access to the NHS organisation's Local Counter Fraud Specialist and promotion of how to report fraud locally.

If you suspect fraud

If fraud is suspected the organisation's escalation process should be followed immediately and the Local Counter Fraud Specialist contacted for advice (see also how to report fraud below).

How to report fraud

Report any suspicions of fraud to the NHS Counter Fraud Authority online at **https://cfa.nhs.uk/reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

The purpose of contract management is to manage and mitigate risks within the supply chain. Good contract management encourages ownership and oversight and assists in the prevention and detection of fraud. It also prevents bribery and corruption of NHS staff and the potential for collusion with suppliers to either obtain an advantage or to commit fraud.

The impact of good contract management is that it maximises performance, reduces any potential disruption in service delivery and ensures accountable use of public money. It also provides assurance to the Audit and Risk Committee that processes and procedures are being adhered to.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
  - » Invoice and mandate fraud
  - » Pre-contract procurement fraud and corruption
  - » Mandate fraud
- For further information visit the NHSCFA website **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

NHS
Counter Fraud Authority

Management and control of prescription forms

A guide for prescribers and health organisations

March 2018

Version 1.0

NHS fraud.
Spot it. Report it.
Together we stop it.

Version control

Version	Name	Date	Comment
1.0	Fraud Prevention team	March 2018	

Version control

Table of contents

Annexes

A. Glossary of acronyms

B. Incident response table

C. Key responsibilities in incident investigation

D. Instructions for completion of a suggested prescription form register

E. Examples of good practice: registers already in use by organisations

F. Process for registering for access to order forms

G. Useful contacts

Annexes

1. Introduction

1.1   The NHS Counter Fraud Authority (NHSCFA) is a new Special Health
Authority charged with the identification, investigation and prevention of fraud
within the NHS. It will lead the fight against fraud affecting the NHS and wider
health service and protect vital resources intended for patient care.

1.2   The purpose of this document is to help health organisations and health
professionals with the effective and safe management, storage, distribution
and usage of prescription forms, by recommending and outlining **best
practice** solutions to the various issues around prescriptions management.
The guidance has been developed to support all types of commissioners and
providers who are authorised to order prescription form stock.[1]

2. Who might find the guidance useful?

2.1   This guidance is intended for the following roles in all settings:

- prescribers of medicines (including contractors and locum staff)
- independent prescribers
- supplementary prescribers
- pharmacists and dispensing staff
- heads of medicines management
- staff who manage and administer prescription form stock
- controlled drugs accountable officers (CDAOs)
- Local Counter Fraud Specialists (LCFSs) and
- those in charge of security at the organisation.

Prescriptions as blank cheques

2.2   Although we are not used to thinking about prescription forms in this way, a
prescription form should be considered an asset that has a financial value. It
is in effect a blank cheque open to potential misuse. Theft of prescription
forms and their resulting fraudulent misuse, potentially involving third parties,
is a serious concern, since '[a]ll financial loss in the NHS due to fraud diverts
precious resources from patient care, which negatively impacts its ability to
meet the health needs of the population'.[2]

---

[1] This would include NHS England, Primary Care Support England (PCSE), clinical commissioning
groups (CCGs), local authorities (LAs) and NHS hospital trusts.
[2] NHS Counter Fraud Authority, 'Leading the fight against NHS fraud: organisational strategy 2017-
2020.'

3.   What do we mean by fraud?

3.1   The legal definition of fraud involves a dishonest act, when used in the context of prescriptions, we take it to include (this list is not exhaustive):

- Forgery or counterfeiting a prescription form
- Making amendments to a legitimate prescription form by changing quantities/dosages
- Impersonating an individual to collect their prescription
- Writing a prescription for 'ghost' patient
- Using a legitimate but stolen blank prescription form to obtain medicines and controlled drugs (CDs).

4.   How to manage prescriptions in organisations

Receipt of delivery and storage

4.1   Xerox (UK) Ltd, the contracted secure printer for the NHS, prints the prescription forms and securely delivers them to agreed delivery points as identified by the ordering organisation. When arranging the deliveries with the supplier, organisations should ensure that designated staff are there to receive within a designated time-slot to enable same day follow-up of late deliveries. This will allow for any discrepancies to be highlighted quickly.

4.2   Where possible and appropriate, the delivery should be requested on a pallet[3], which reduces the risk of smaller individual items being misrouted, lost or stolen during transit. The receiving organisation should sign for the number of pallets delivered.

4.3   Before the delivery driver leaves, a full check should be made against the delivery manifest that the appropriate type of prescription form and the correct number of boxes or pallets have been received. Given the time it takes to carry out a full check, and that drivers may object to the length of time, it is recommended that two people carry this out. Any discrepancies should be noted on the driver's delivery note, queried with the supplier and documented in the organisation's records.

4.4   It is important to record delivered and stored prescription stock. Two members of staff should always be in attendance when a delivery arrives, one of whom

---

[3] A pallet is a portable platform for storing or moving goods that are stacked on it.

should always remain with the delivery vehicle. The delivery should be thoroughly checked against the order and delivery note and only be signed for if the packaging is sealed and unbroken.

4.5   Once the delivery has been checked, the boxes should be examined and as soon as practicable the serial numbers checked against the delivery note. Bar coding is used on all FP10SS prescription boxes. The bar code includes: the product code, quantity, box number, first and last serial number in the range. Details of the delivery should be recorded electronically and/or using paper records. The bar coding data can be easily scanned using an appropriate device directly into a suitable application such as Excel. A 'Bar Code Split' template is available on the 'help' tag of the NHS forms ordering website for registered users. This template should be used in conjunction with the 'Bar Code Communication' also available on the 'help' tag. The blank template and communication document can be forwarded to the smaller sites to use for recording their prescriptions use.

4.6   If the forms do not arrive on the due date, within six working days from the date of the order being placed, the intended recipient should notify the suppliers of the missing prescription forms, so that enquiries can be made at an early stage. Further details on how to respond to suspected theft of prescription forms can be found in annexes B.

4.7   Deliveries of prescription form stock should be securely stored as soon as practicable and treated as controlled stationery. They should not be left unattended or unsupervised. As a minimum, prescription forms should be kept in a locked cabinet within a lockable room or area.

How to order

4.8   Prescription forms can only be ordered through the company contracted for this: Xerox (UK) Ltd.[4] Each organisation wishing to order forms will need to nominate a non-prescribing, non-clinical individual to be registered with and verified by the NHS print contract management team. Any changes in nomination must be notified to the NHS print contract management team as soon as practicable.[5]

4.9   Primary Care Support England (PCSE) have the responsibility for ordering prescription forms for GPs and practice based non-medical prescribers, and for the onward secure delivery of the forms to the respective GP practices. The contact details for this service are pcse.enquiries@nhs.net or **0333 014**

---

[4] The registration process is described in annex I.
[5] The contact details of the team can be found in annex J.

2884. PCSE are also responsible for ordering FP10DT EPS Dispensing Tokens for Pharmacy Contractors.

4.10   A hospital trust, wishing to have prescriptions dispensed by community pharmacies, must ensure all users are registered with Xerox's (UK) Ltd ordering system prior to ordering any forms. This will require information like identity of user and delivery, invoicing and access rights details. With the commissioners' permission, non-hospital and non-GP sites can order the forms direct from Xerox (UK) Ltd and can have them delivered directly.

4.11   A commissioner of services will decide if they or the provider will order and pay for the forms. Both commissioning and provider organisations are responsible for ensuring prescription forms are held and managed according to guidance.

Who can write prescriptions?

4.12   The following people can write NHS prescriptions[6]:

- general practitioners/doctors/GP locums
- hospital prescribers – can prescribe medication to be dispensed in community pharmacies but this is usually in situations where the hospital pharmacy department cannot supply the medicine or where the prescription is a private one. Prescribers working in hospital outpatient substance misuse clinics can also issue special instalment NHS prescriptions
- dentists – can prescribe for their NHS patients
- nurse practitioners who have qualified as independent prescribers. There are two groups of independent nurse prescribers: community practitioner nurse prescribers who qualified under the original arrangements for nurse prescribing and nurse independent prescribers (formerly known as extended formulary nurse prescribers)
- pharmacist independent prescribers
- physiotherapist independent prescribers
- chiropodist/podiatrist independent prescribers
- optometrist independent prescribers
- therapeutic radiographer independent prescriber
- health visitors
- supplementary prescribers – this is a term that can be applied to specific registered professionals: nurses, midwives, pharmacists, physiotherapists, radiographers, chiropodists/podiatrists, dieticians and optometrists who have completed an approved education programme

---

[6] It should be noted that only those who are providing services commissioned by NHS England, local authorities and CCGs are entitled to access the NHS prescriptions system.

and are annotated on the relevant register as a supplementary prescriber. Nurses, physiotherapists and podiatrists can hold more than one qualification – e.g. as a nurse independent prescriber and as a supplementary prescriber. Supplementary prescribing involves working to a Clinical Management Plan agreed with a doctor.

Checks required before issuing prescriptions

4.13   Initial prescription pads can only be issued to nurses after a copy of a Nursing and Midwifery Council statement of entry has been received, showing 'nurse prescribing' as a recorded entry on the professional register. A pharmacist independent prescriber must be a registered pharmacist whose name is held on the register of the General Pharmaceutical Council (GPhC) (www.pharmacyregulation.org) with an annotation signifying that they have successfully completed an education and training programme accredited by the GPhC and are qualified as a pharmacist independent prescriber.

4.14   Similarly, a pharmacist supplementary prescriber must be a registered pharmacist whose name is held on the register of the General Pharmaceutical Council (www.pharmacyregulation.org) with an annotation signifying that they have successfully completed an approved training programme for supplementary prescribing.

4.15   Physiotherapists, radiographers and chiropodists/podiatrists who are supplementary prescribers must be registered professionals with their name held on the relevant part of the Health and Care Professions Council (HCPC) membership register with an annotation signifying that they have successfully completed an approved programme of training for supplementary prescribing. An optometrist supplementary prescriber must be registered with the General Optical Council with an annotation recorded in the register signifying that they have successfully completed an approved training programme for supplementary prescribing. Details of the approved training and registration requirements for optometrist independent prescribers can be found online.[7]

4.16   Orders received by PSCE from GP practices should be checked against prescribers' current details and status and verified against the order. The same should be done for orders received by the chief pharmacist in acute trusts; forms should only be issued after the receipt of a requisition form signed by an authorised signatory. All organisations should keep a full list of all of the prescribers employed by them and the items they can prescribe.

---

[7] https://www.college-optometrists.org/cpd-and-cet/training-and-qualifications.html

4.17 Below is a summary of the independent prescribers and the information that the relevant professional body will need to confirm:

Role	Professional body	Required annotations
Nurse practitioners (who have qualified as independent prescribers)	Nursing and Midwifery Council (NMC)	NMC statement of entry on the professional register.
Pharmacist independent prescriber	General Pharmaceutical Council (GPhC)	Annotation in the GPhC register confirming qualification as pharmacist independent prescriber.
Pharmacy supplementary prescriber	General Pharmaceutical Council (GPhC)	Annotation in the GPhC register, confirming successful completion of approved training programme for supplementary prescribing.
Physiotherapist; radiographers; chiropodist and podiatrist supplementary prescribers; occupational therapists (under certain conditions)	Health and Care Professions Council (HCPC)	Annotation in the relevant part of HCPC register, confirming successful completion of approved training programme for supplementary prescribing.
Optometrist supplementary prescriber	General Optical Council	Annotation in the register, confirming successful completion of approved training programme for supplementary prescribing.

Prescription form stock control

4.18 Organisations should maintain clear and unambiguous records on prescription stationery stock received and distributed. It would be preferable to use a computer system to aid reconciliation and audit. The following information should be recorded on a stock control system in organisations:

- what has been received, along with serial number data (the latter is now in bar code format and features on each box of FP10SS forms)
- where items are being stored
- when prescription forms are issued to the authorised prescriber
- details of who issued the forms
- to whom prescription forms were issued, along with the serial numbers of these forms
- the serial numbers of any unused prescription forms that have been returned
- details of prescription forms that have been destroyed (these records should be retained in accordance with local document and retention policies).

Distribution and onward delivery

4.19   The container and vehicle in which prescription forms are transported by the receiving organisation to the smaller sites/hubs should be sealed to prevent access to the forms whilst in transit. A secure and lockable trolley should be used to transport prescription forms from the store to the prescriber.

4.20   Items waiting to be collected should be stored securely and not left in a public place or in areas where there is unsupervised access. When distributing prescription forms to the ordering organisation, the driver or porter should sign for the consignment. The practice manager or equivalent, or delegated staff, should sign and use the practice stamp for forms received from porters and other delivery staff, which should either indicate the serial numbers or allow for these to be included by the prescriber. The key point is to ensure that there is a **record** of the internal distribution of prescription pads. In the primary care setting, if the delivery has not been scheduled, consideration should be given to notifying the recipient when to expect delivery.

4.21   The distribution of prescription forms to prescribers is the responsibility of the organisation. A record should be kept of the serial numbers of the prescription forms, including where, when (date/time) and to whom the prescriptions have been distributed. The serial number on the prescription forms is positioned at the bottom of the form (see Figure 1 below). The first 10 numbers are the serial number (these numbers run in sequence); the last (the 11th) character is a check digit and does not run in sequence.

4.22   Stationery supplies for NHS prescribers are normally distributed in bulk. In some hospitals, prescriptions are issued to clinics in bulk rather than to the individual prescribers working there. In this scenario, the individuals responsible for prescription forms at this level should ensure that only authorised prescribers are given access to the forms. Before each distribution, a review of current prescribers should be conducted by the organisation to

avoid errors and to ensure that the master list detailing the names of prescribers and the number of prescriptions required is accurate.

Figure 1: Prescription form with serial number and check digit highlighted

Destruction and disposal

4.23   New prescription forms should not be issued to prescribers who have left or moved employment or who have been suspended from prescribing duties, and all unused prescription forms relating to that prescriber should be recovered and securely destroyed. The person responsible for the recovery and destruction of forms should be in a position of suitable seniority. This will require liaison within NHS England and subsequently NHS Business Services

Authority Prescription Services (NHSBSA PS) to ensure the suppliers of the forms are aware of prescriber changes. In the case of personalised forms, suppliers will reject order details that do not match the data supplied by the NHSBSA PS - for instance, if a GP has moved to another CCG area. In the case of hospitals, including community and off site-clinics, the person responsible for distributing prescription forms should regularly check the list of authorised prescribers with the chief pharmacist, pharmacy department, human resources or ward/departmental managers to ensure that records are up to date.

4.24 Personalised forms which are no longer in use should be securely destroyed (e.g. by shredding) before being put into confidential waste, with appropriate records kept. The person who destroys the forms should make a record of the serial number of the forms destroyed. Best practice would be to retain these prescription forms for local auditing purposes for a short period prior to destruction. The destruction of the forms should be witnessed by another member of staff. Records of forms destroyed should be kept in accordance with local record and retention policies.

5. How to manage prescriptions for individual prescribers

Using prescription forms[8]

5.1 As a matter of best practice, prescribers should keep a record of the serial numbers of prescription forms issued to them. The first and last serial numbers of pads should be recorded. It is also good practice to record the number of the first remaining prescription form in an in-use pad at the end of the working day. This will help to identify any prescriptions lost or stolen overnight.

5.2 To reduce the risk of misuse, blank prescriptions should never be pre-signed. Where possible, all unused forms should be returned to stock at the end of the session or day; they should not, for example, be left in patients' notes. Prescription forms are less likely to be stolen from (locked) secure cupboards.

5.3 Any completed prescriptions should be stored in a locked drawer/cupboard. Patients, temporary staff and visitors should never be left alone with prescription forms or allowed into secure areas where forms are stored.

---

[8] An indispensable tool for prescribers is the British National Formulary, which provides prescribers, pharmacists and other healthcare professionals with sound up-to-date information about the use of medicines. This can be found at http://www.bnf.org/bnf/index.htm.

Completed prescription forms may be left at the GP practice if a repeat prescription is requested by the patient and should not be accessible to anyone other than authorised members of staff.

5.4   Doctors', dentists' and surgery stamps should be kept in a secure location separate from prescription forms as it is more difficult to detect a stolen or fraudulent prescription form that has been stamped with a genuine stamp. The stamp pads should be secured to the same standard as prescription forms. GP practices can obtain pre-personalised prescriptions from the printing manufacturer and these should be used in preference over hand-stamped FP10SS prescription forms wherever possible.

5.5   Prescriptions should be stamped at the time of dispensing with the pharmacy stamp to reduce the risk of the prescription being presented at and re-dispensed by a second pharmacy. A pharmacy stamp sometimes indicates the date the prescription was dispensed as well as the name of the pharmacy. This may help to identify by whom (i.e. by which pharmacy) and when (i.e. the date) a prescription was dispensed.

5.6   Prescriptions also need to be endorsed by the pharmacist/technician at the time of dispensing with what has been supplied – endorsing a prescription states what was supplied – e.g. 100ml of liquid paracetamol. A stamped and endorsed prescription is likely to raise more concerns at another pharmacy if presented there.

Prescriptions for controlled drugs

5.7   Prescribers must comply with all the relevant legal requirements when writing prescriptions for controlled drugs (CDs). This also applies to FP10MDA prescription forms (single sheet and personalised padded forms), which are used to order schedule 2 CDs and buprenorphine and diazepam for supply by instalments for treatment of addiction. When the prescriber writes an FP10MDA, the amount of the instalment to be dispensed and the interval between each instalment must be specified.

5.8   Prescriptions requesting CDs must comply fully with the legal requirements before any item is dispensed. Pharmacists can amend a CD prescription (for schedule 2 or 3) where there are minor typographical errors, spelling mistakes or where the total quantity of the CD or the number of dosage units is specified in either words or figures but not both. Pharmacists will have to exercise all due diligence and be satisfied on reasonable grounds that the prescription is genuine and that they are supplying in accordance with the instructions of the prescriber. The pharmacist will need to amend the prescription in indelible ink and mark the prescription so that the amendment is attributable to them. In all other cases where a CD prescription does not

fully comply with the legal requirements, it should be returned to the prescriber for amendment as appropriate. Pharmacists and dispensing staff should question any discrepancies identified in the forms if they feel it is safe and appropriate to challenge the presenting individuals. All staff and prescribers should be aware of these requirements.

Private prescriptions for controlled drugs

5.9   The Misuse of Drugs (Amendment No. 3) Regulations 2006 introduced the requirement for all private prescriptions containing schedule 2 and 3 CDs to be issued on a standard form which includes the prescriber identification number of the person issuing it, and for all such prescriptions (or copies of them) to be submitted to the relevant NHS agency after the drug has been supplied. However, the Misuse of Drugs and Misuse of Drugs (Safe Custody) (Amendment) Regulations 2007 amended these regulations to require the original private prescriptions for schedule 2 and 3 CDs to be submitted to the relevant NHS agency from 1 September 2007.

5.10   Amendments to the Misuse of Drugs Regulations were laid before Parliament on 30 March 2012 and came into force on 23 April 2012. The amendments relate to nurse and pharmacist independent prescribing, and mixing of CDs. These amendments were codified as The Misuse of Drugs (Amendment No.2) (England, Wales and Scotland) Regulations 2012.

5.11   The private prescription form FP10PCD (single sheet and personalised padded form) in England has been introduced for schedule 2 and 3 CDs and is available to all private prescribers of CDs for prescriptions which are to be dispensed by a community pharmacy only. The private CD prescription form can be dispensed by a registered community pharmacy and must contain the prescriber's identification number. The regulations came into force in 2006, and no other prescription forms are valid for a schedule 2 or 3 CD ordered privately and issued by a prescriber in England on or after this date. Private prescribers of CDs, Schedule 2, and 3 will order their prescription forms from PCSE. PCSE will be responsible for the onward secure delivery or collection of the forms. Therefore each private prescriber or their employing/hosting organisation will need to ensure PCSE is aware that they issue private prescriptions for schedule 2 and 3 CDs.

5.12   Prescribers who issue private prescriptions have been allocated a unique six-digit prescriber code which is different from their NHS prescriber code. Therefore, prescribers who operate in the NHS as well as privately have at least two separate codes (one for private prescribing and one or more for NHS). Some services, such as hospices, where prescribers share a prescription pad, each prescriber must have their own individual private

prescribers' code which they can obtain from their local NHS England Area Team. This code or pin must be used on the FP10PCD by the prescriber completing the prescription form. There will be a slightly different requirement for dentists as they will not be issued with individual codes as other prescribers are. There will be one code for dentists within a practice/prescribing area.

5.13   Pharmacists are required to submit their private prescriptions for schedule 2 and 3 CDs to the NHSBSA each month. This is so that the NHS can monitor the prescribing and supply of CDs, whether within the NHS or privately. CDAOs in area teams monitors private prescribers' use of schedule 2 and 3 CDs, using information from the NHSBSA and other information as appropriate. This information should be forwarded to the appropriate NHS England area team.

5.14   While an NHS prescription must be written or printed on an FP10 form, there is no mandatory form for a private prescription. In the case of CDs however the FP10PCD form should be used. Private prescriptions should be written on a sheet of the doctor's headed notepaper. However, a pharmacist can dispense medicines (not including schedule 2 or 3 CDs) on a private prescription written on any paper, provided that s/he is satisfied that the document is genuine, the signatory is entitled to prescribe and the technical requirements are satisfied. These written prescriptions should be treated with the same security measures as NHS forms, as the same risks apply.

5.15   With regard to CDs, the NHS prescription form (FP10) now includes an additional declaration for use when the patient or a person other than the patient collects a schedule 2 or 3 CD from the community pharmacy. Any person collecting CDs against a schedule 2 prescription (both NHS and private) should be asked to provide evidence of their identity and to sign the back of the prescription form. Any person collecting CDs against a schedule 3 prescription (both NHS and private) should be asked to sign the back of the prescription form. Acceptable forms of identity are any photographic ID (e.g. passport, photographic driver's licence, national ID card) or, in the absence of this, a debit/credit card and a utility bill or bank statement. All staff and prescribers should be made aware of these requirements, to ensure that the relevant checks are conducted.

Home visits

5.16   When making home visits, prescribers working in the community should take suitable precautions to prevent the loss or theft of forms, such as ensuring prescription pads are carried in a lockable carrying case and kept out of site during home visits until they are needed. Prescribers on home visits should

also, before leaving the practice premises, record the serial numbers of any prescription forms/pads they are carrying. Only a small number of prescription forms should be taken on home visits – ideally between 6 and 10 – to minimise the potential loss.

5.17   Prescribers of private CDs using the FP10PCD forms should exercise extra caution as there is greater potential for misuse of these forms.

Storing prescription forms in vehicles

5.18   Storing prescription forms in vehicles whilst working in the community is not without risk, as there have been reported incidents of community staff having their vehicles broken into and prescription pads being stolen. In many of these cases, staff were unable to advise how many prescriptions were lost, as they had not made a note of serial numbers nor followed recommended advice to limit the number of prescription forms being carried.

5.19   As previously advised, during home visits, community staff should take precautions to keep their prescription forms out of sight when not in use. This includes not leaving prescription forms on view in a vehicle. If they have to be left in a vehicle, they should be stored in a locked compartment such as a car boot and the vehicle should be fitted with an alarm. Prescriptions should never be left in a vehicle overnight.

GP visits to care homes

5.20   Blank or signed prescription forms should never be left at care homes for GP or locum visits as this provides opportunity for theft and means that the NHS has failed in the role of protecting this asset. Neither should the care home's CD cupboard be used for storing prescription pads. Only the appropriate care home staff should have access to the CD cupboard as part of their duties; GPs have no automatic right of access to the CD cupboard and non-CD items should not be stored in the CD cupboard. Each GP should carry his/her own supply of prescription forms as a matter of course when making care home visits. This also applies to locum GP visits to care homes.

Locums

5.21   It is the locum GP's responsibility to use prescriptions on behalf of the senior partner of each practice that they work for. Alternatively, they can take blank FP10SS forms with them to write the medicine data and the relevant senior partner's code on the form. However, the locum GP's details (at least name) should be listed on the prescription, so that the name of the doctor matches the signature.

5.22 Surgeries should keep a record of prescription forms/pads issued to locums and a record of the care homes where they will issue prescriptions. Locum GPs should also keep a record of the prescription pads used and separate records should be kept for each surgery using the format of the prescription log sheet for handwritten prescriptions completed by locums.[9]

A&E and other multi-prescriber settings

5.23 In addition to the above section, which applies to a GP setting, extra precautions need to be undertaken in areas where several prescribers might be working and sharing a prescription pad, such as in A&E. These include, but are not limited to:

- named individual/manager/responsible person with oversight of prescription forms within the department/area
- standard operating procedure (SOP) in place for management and use of prescription forms specific to the area/department
- keeping a record of prescription pad/s currently in use
- up to date record of permitted prescribers which holds their contact information and details of where and when they work
- not leaving the prescription pads unsupervised in public/patient areas
- not leaving the prescription pads in patients' notes
- ensuring that prescription pads are secure when not in use

Hospitals and hospices

5.24 In hospitals and hospices, prescribers commonly use a shared pad and usually the prescriber code is specific to the site where several prescribers are working rather than an individual. There is also the added potential for difficulty in tracing the prescriber if the doctor is a locum and/or only works intermittently – for example, at weekends. Hospitals should keep a record of permitted prescribers which holds their contact information and details of where and when they work.

5.25 In these settings other forms such as hospital discharge /in-patient forms which are also used to prescribe medicines dispensed within hospital pharmacies should also be closely monitored and controlled. These may differ markedly from FP10s and could consist of a simple sheet of A4, so vigilance is needed.

---

[9] A template prescription log sheet can be found in annex H.

Out-of-hours service

5.26   Out-of-hours (OOH) centres follow a similar model to hospitals in as much as the code that appears on the prescription isn't specific to an individual, but rather to a 'site' where several prescribers might be working.

Managing prescription form stock

5.27   Prescribers are responsible for the security of prescription forms once issued to them, and should ensure they are securely locked away when not in use. Where smaller amounts of prescription form stock is being centrally managed for example by a manager for a small team of prescribers, managers should ensure a process is in place to record relevant details in a stock control system, preferably using a computer system to aid reconciliation and audit trailing. The following information should be recorded on a stock control system:

- date of delivery
- name of the person accepting delivery
- what has been received (quantity and serial numbers)
- where it is being stored
- when it was issued
- who issued the prescription forms
- to whom they were issued
- the number of prescriptions issued
- serial numbers of the prescriptions issued
- details of the prescriber

5.28   Records of serial numbers received and issued should be retained in accordance with local retention policies. It is advisable to hold minimal stocks of prescription stationery. This reduces the number of forms vulnerable to theft, and helps to keep stocks up-to-date.

6. Preventative security measures and mitigation of risk

What organisations can do to prevent fraud, theft and loss

6.1 Organisations should designate a member of staff to have overall responsibility for overseeing the process as a whole – from ordering, receipt, storage and transfer to access and overall security of prescription stationery. This person needs to be of an appropriate grade/level of responsibility and should be able to ensure appropriate security measures are implemented and maintained. Arrangements should be made to have a 'deputy' or second point of contact in place who can act on behalf of the designated person in their absence.

6.2 In hospital trusts, the designated person may be the chief pharmacist. If this responsibility is delegated, the designated person should work closely with the chief pharmacist or head of medicines management as appropriate to ensure the overall security of prescription forms. The general duties will remain the same for all types of organisation. However, there are some duties that will vary. For instance, within hospital trusts, the designated person should keep an account of the prescriptions used by the hospital's authorised prescribers (doctors, pharmacists, midwives and nurses). All independent and supplementary prescribers (including non-medical prescribers) should be made known to the designated person. In addition, stock checks should be undertaken on a regular basis – at least quarterly but more regularly if possible. Wherever possible, there should be a separation of duties between the ordering, receipt and checking of prescription forms.

Access and physical security

6.3 While security risks will vary depending on the building, environment and other external factors, there are a number of general security considerations which, if incorporated, can mitigate some threats. Organisations should undertake a risk assessment to identify potential location specific threats. Suitable physical security measures that address identified risks and are supported by a strong pro-security culture among staff provide further protection for prescription forms. Those responsible for security should be consulted.

6.4   There are a range of physical security measures that add further protection alongside consistent and thorough policies and procedures, such as:

- CCTV
- alarms
- access control systems
- design features in the environment that adhere to Secured by Design principles[10]

6.5   Other physical security measures that should be considered include (where applicable) windows barred with metal security grilles and doors equipped with appropriate security locks.

6.6   Access to the lockable room or area where prescription form stocks are kept should be restricted to authorised individuals. Keys or access rights for any secure area should be strictly controlled and a record made of keys issued or an authorisation procedure implemented regarding access to a controlled area, including details of those allowed access. This should allow a full audit trail in the event of any incident.

Security of computer systems

6.7   Adequate storage and filing methods for prescription forms should be in place. We advise that prescriptions are managed in an electronic system. Security should be an integrated part of storage for single sheet prescription forms (FP10SS/FP10MDASS) and prescription pads for hand written prescriptions, and electronic alternatives have the potential to reduce the number of lost or stolen forms.

6.8   It must be recognised that the single sheet forms are acceptable in handwritten form, so it is not advisable to leave the forms in printer trays when not in use or overnight.

6.9   There have been known cases of theft of blank prescription forms from printer trays. Risk assessments should be undertaken regarding the placement of printers for computerised prescribing. Where the printer is located, who has access to the area, whether the area is shared with another service and levels of surveillance should all be considered. If new printers are being installed for computerised prescribing, or there is concern over existing printer security, consideration should be given to fitting a security device to the printer to prevent theft of forms from the printer tray, or placing the printer in a secure

---

[10] Secured by Design is a police initiative to encourage the adoption of crime prevention measures at the design stage. It aims to assist in reducing the opportunity for crime and the fear of crime and creating a secure environment.

part of the building, away from areas to which patients and the public have access.[11]

6.10   Practices or prescribing clinics should clearly define which staff have access to the system. Protocols should also define which individuals have access to the functions that generate prescriptions. This should include the precautions taken when these areas are shared with other services who do not have legitimate access to prescription forms. All prescriptions should be removed from printer trays and locked away when not in use or out of hours.

6.11   All staff with access to the computer system should have an individual password. Passwords should only be known to the individuals concerned and systems should prompt users to change them on a regular basis. Staff should not share their passwords with their colleagues as prescribing information will be attributed to the individual whose details are printed at the bottom of the FP10 form. Each member of staff is liable for all medicines ordered in their name.

6.12   Computer systems should have a screensaver facility so that access can be denied or details prevented from being read from the screen when the user is going to be away from the desk or workstation for a specified period. The screensaver should be controlled by a password that is known only to the user and the computer may only be unlocked when the password is re-entered.[12]

Prescriptions posted in the mail

6.13   The preferred and safest options for patients to obtain a signed prescription form from their prescriber are either face to face during the consultation or collected on their behalf by a named representative at their nominated pharmacy. Using any of these options reduces the opportunity for fraudulent activity to occur involving a genuine prescription form. However, sometimes none of these options are suitable to patients and some practices posts signed prescription forms to patients at their home address.

6.14   Using the analogy that a blank prescription form is a cheque, this immediately brings to mind the potential risks in the event that a posted signed prescription form does not reach the legitimate recipient. A signed prescription form from a legitimate prescriber with all the relevant practice information carries even greater risks for fraudulent activity in the wrong hands. The risks are greater if the prescription from is for CDs, therefore it is recommended that these types

---

[11] There are a number of secure, lockable printers available on the market.

[12] Users of Window based computers will find that they can lock their screens in one of two simple ways: holding down the CTRL, ALT and DELETE keys and then press ENTER; or while holding the Windows key (second from left, bottom row of keyboard) press L on keyboard.

of prescription forms are not posted and alternative arrangements are made to ensure the patient receives the medication. This can include arrangements with the patient's local pharmacy service.

6.15   When a practice posts prescriptions to patients using the mail service, it's vital that this option is used only in exceptional circumstances following a risk assessment. This should include a process with established checks, to ensure as far as possible that the prescriptions actually reach the intended recipients. Therefore if signed prescription forms are sent in the post to patients, a number of precautions should be taken to ensure it is delivered and dispensed to the legitimate patient. These may include, but are not limited to:

- checking that the patient address is up to date
- considering if there are known individuals at the patient address with substance misuse issues

6.16   Keeping records of the date the prescription form was posted, name and address of recipient, expected delivery date and items prescribed/dosages/amounts. This may include, but is not limited to:

- discreet information on external envelope/packing so that the item is not easily identified
- return address if the item cannot be delivered
- using a postal service with tracking information
- getting the item signed for at point of delivery to ensure it can be traced in the event it has not been received by the intended recipient.
- reconciliation checks to ensure that the patient did receive the prescription form
- escalation and reporting actions for staff in the event the patient reports non receipt of the prescription form

6.17   These precautions should be included in any relevant SOP or policy and audits undertaken to ensure it is adhered to.

Duplicate and spoiled prescriptions

6.18   If a duplicate prescription is accidentally sent to or collected by the pharmacy, practice, or hospital, it should be securely destroyed or returned to the prescriber as soon as possible. If an error is made in a prescription, best practice is for the prescriber to do one of the following:

- put a line through the script and write 'spoiled' on the form
- cross out the error, initial and date the error, then write the correct information
- destroy the form and start writing a new prescription

6.19   There may be reasons for a prescription to be deemed spoilt other than error. Rather than just destroying or returning these forms, best practice is to retain them securely for local auditing purposes for a short period before destruction.

6.20   Annexes D and E include suggested instructions for completing prescription form registers based on best practice.

Audit trails

6.21   Monitoring and tracking of forms has been made easier through the introduction of bar codes with serial number data on the boxes containing the FP10SS prescription forms. There should be an audit trail for prescription forms so that organisations know which serial numbered forms they have received and which have been issued to each prescriber. If a prescriber leaves the organisation, systems should be in place to recover all unused prescription forms on the last day of their employment or on the notification of their death. All unused or obsolete prescription forms should be returned to the responsible organisation to be destroyed in a secure manner and the organisation's computer software amended so that no further prescriptions can be issued bearing the details of the prescriber in question. The NHSBSA PS must also be advised of the changes using the appropriate forms available from www.nhsbsa.nhs.uk/PrescriptionServices/3879.aspx.

6.22   All systems should be auditable and allow the 'history' of a prescription to be traced from receipt of the blank form to when it is prescribed. All organisations should establish procedures for those who may view the audit trail on behalf of prescribers.

Missing or lost prescription forms

6.23   If there are any irregularities at delivery stage, the delivery driver should be asked to remain on site if possible whilst the supplier is contacted to check the details of the delivery. It is recommended that at least two members of staff are available to check deliveries. If missing forms cannot be accounted for then the matter should be escalated and reported. Any irregularities identified with prescription form stock during regular work activity or stock checks should also be escalated in the event that it cannot be resolved by other means.

Prescriptions lost by patient

6.24   Organisations should have in place an SOP or policy in the event that a patient reports a lost prescription form. These incidents should be recorded in

the organisation's incident reporting system. Before a replacement prescription is provided, a risk assessment should be undertaken to ensure, that the reported loss is genuine and not an attempt to commit prescription fraud. If the lost prescription form was for CDs, the CDAO should be informed and extra precautions taken to ensure the medication is dispensed to the intended recipient without incident.

6.25   As this prescription is likely to be signed by an authorised signatory with all the relevant practice data, the loss should be treated like all other prescription losses and local escalation and reporting procedures followed.

Verifying prescriptions

6.26   Pharmacists in particular should be alert to the possibility of forged and stolen prescriptions being presented in order to obtain medicines. Pharmacists should try to verify all prescriptions for medicines liable to misuse, not only for CDs. Unusual or expensive items and large doses or quantities should always be checked with the prescriber to ensure that the prescription is genuine. This includes making call-backs on all phoned-in emergency prescriptions and checking doctors' names and phone numbers. Pharmacists should also keep a file of doctors in their local area, with contact information and sample signatures. If a prescription form is suspected of having been stolen, he matter should be reported immediately (see annex B). However, under no circumstances should staff compromise their safety. [13]

6.27   It is best practice for organisations to keep a list of all of the authorised prescribers employed by them and the items they can prescribe. It is good practice for the employing or contracting authority to keep a copy of the prescriber's signature and for independent GPs to be prepared to provide specimen signatures to pharmacists, so that if there is any doubt about the authenticity of a prescription which cannot be checked at the time with the prescriber, then at least the signature can be checked. Community pharmacies should also have a file of non-medical prescribers working in the community.

Forged prescriptions

6.28   Pharmacists and dispensing doctors should be vigilant in scrutinising prescriptions for any signs of alteration not authorised (i.e. initialled and dated)

---

[13] An additional resource is the pharmaceutical penalty charge, which places an obligation on pharmacists to request evidence of entitlement from those claiming exemption from prescription charges. If the patient is unable to supply such evidence, pharmacists are asked to mark the relevant forms as 'evidence not seen' so that the forms can be targeted in post dispensing checks. Details can be found at https://www.nhsbsa.nhs.uk/nhs-penalty-charges .

by the prescriber. If corrections on a prescription form have not been initialled and dated, pharmacists should try to contact the prescriber to verify the changes. If they are unable to do this, the concern should be reported to the organisation's LCFS or nominated anti-fraud specialist, or on the NHS Fraud and Corruption Reporting Line **0800 028 4060** or online at https://cfa.nhs.uk/reportfraud

6.29   Further guidance on forged prescriptions is available from the GPhC at www.pharmacyregulation.org.

Reporting NHS prescription forms incidents

6.30   It is important that there are effective processes in place for staff to report incidents involving prescription forms and these processes are documented within a SOP or policy and widely communicated to staff. Incidents involving fraud, theft and loss of prescription forms should all be reported using the organisation's incident reporting system, which would include reporting to PCSE as required. Staff should be supported and encouraged to report and be assured that the incident will be investigated and appropriate action taken.

6.31   In reporting NHS prescription form incidents to the NHSCFA, it is important to include as much essential information as possible, including: where you work, your contact details (if you're reporting), date/time of incident, as much detail as possible regarding place where incident occurred, type of prescription stationery, serial numbers, quantity and details of the nominated counter fraud specialist to whom the incident has been reported, details of prescriber (doctor, nurse etc) from whom prescription forms have been stolen/lost. Has the police been notified? Has an alert been issued to other local pharmacies or GP surgeries?

6.32   The two easy ways to report fraud to the NHSCFA is through the NHS Fraud and Corruption Reporting Line **0800 028 4060** or online at: https://cfa.nhs.uk/reportfraud. Information on how to do this is set out below.

6.33   To start an online fraud referral click the blue button at the bottom of the screen once you have read the webpage.

6.34 Follow the instructions on the screen. As you progress through the report you will be asked 'how you would like to report' the fraud. This will control how your information will be recorded when you make a referral. You can hover over each of the buttons for a description of what the buttons mean. If you chose anonymous and do not provide the information that the NHSCFA requires to progress the report we will be unable to take further action.

6.35 The next screen will walk you through the different types of NHS fraud and enable you to choose which type your report falls under. Prescriptions are

categorised under NHS Patient. Patient frauds linked to pharmacies can be found near the top of the list.

6.36   Continue following through the questions. You will be asked to provide information concerning the patient, if applicable. It is particularly helpful to add a date of birth, NHS Number or an address. This helps us to uniquely identify the patient for checking if intelligence already exists on the patient.

6.37   The final part of this process is to actually write down what has happened. It is particularly important to let us know if you have reported it to the police and if you were provided with a crime reference number.

* What are you reporting?

e.g. What sort of fraud is taking place? How are the people or organisations involved? Details of any specific incidents.

The patient attended the pharmacy with an altered prescription. I contacted the GP surgery and they reported that for prescription was for 28 tablets and not 56. The issue was reported to the police and I was provided with the crime reference number 123-456-789.

6.38   In the event of a fraud, loss or suspected theft of prescription form stock, the prescriber or staff member should notify the designated person with overall responsibility for prescription forms at the organisation, the CDAO if applicable and the police as required. The organisation's nominated LCFS should be notified if a fraud has occurred.

6.39   A forged or fraudulent prescription can be a genuine prescriptions form which:

- has been stolen
- has been altered by someone other than an authorised prescriber (for example to increase the quantity or dose, or to add additional items)
- is not signed by an authorised prescriber (in error rather than as part of an attempt at fraud)

6.40   The Controlled Drugs (Supervision of Management and Use) Regulations 2013 (the 2013 Regulations) set out the requirements for health care providers assigned with 'designated body' status to appoint a CDAO, who is responsible for all aspects of the safe and secure management and use of CDs in their organisation. The NHS Commissioning Board (NHSCB)[14] CDAOs are responsible for establishing CD Local Intelligence Networks (CDLINs) in the commissioning board for information sharing with NHS and other agencies. Prescription form losses should be shared with the CDLIN. Therefore it is important for the LCFS or nominated equivalent to establish a good working relationship with the CDAO and to participate in the CDLIN meetings.

6.41   CCGs and LAs are not required to appoint a CDAO as they are commissioners of services, however under Regulation 6 of the 2013 Regulations they are obliged to co-operate with the lead NHSCB CDAO. Organisations that are not required to have a CDAO should report CD

---

[14] When referring to Regulations, the name of the legal entity (NHSCB) should be used, not the brand name, NHS England.

concerns to the lead CDAO of their area team, whose contact details can be found on the CDAO register on CQC's website.[15]

6.42 The prescriber whose stock has gone missing should be instructed to write and sign all newly issued prescription forms in a particular colour for a period of two months. The organisation should inform all pharmacies in the area and adjacent CCGs of the name and address of the prescriber concerned, the approximate number of prescription forms missing or stolen, serial numbers (if known) and the period for which the prescriber will write in a specific colour.

6.43 It should also be noted if any of the missing prescription forms are the private CD prescription FP10PCD forms. Pharmacies should also have a strategy in place to ensure that all their pharmacists and locum staff are notified of the situation. The actions for organisations and their staff to take in the event of lost, stolen or missing forms are outlined further in Annex C.

Alerts

6.44 Depending on the circumstances, the organisation may consider circulating a regional or local alert about the incident involving the security of prescription forms. Organisations should nominate one individual whose responsibility it is to receive and cascade alerts to all staff. Consideration should be given to how information will be shared between organisations and local pharmacies. It is the responsibility of the organisation to ensure alerts are circulated to all relevant staff, so appropriate and immediate action can be taken to reduce the organisation's exposure to the risk or threat.

6.45 It is also important that organisations inform all pharmacies in their area and adjacent NHS England area teams and PCSE as relevant, of the name and address of the prescriber concerned, the approximate number of prescription forms stolen and the period within which the prescriber will write in a specific colour. This will normally be put in writing within 24 hours with the exception of weekends.

6.46 In the hospital setting, the entire staff of the pharmacy department should be made aware of the alert. The LCFS should consider sharing with relevant parties in their locality. If an alert is sent out (where applicable) the organisation's LCFS must be included on the distribution list. The LCFS should be notified to ensure that necessary information is shared within the organisation and neighbouring ones to help detect the use of missing or stolen forms.

---

[15] For more info on CDAOs and the process for notifying the CQC please see link:
http://www.cqc.org.uk/organisations-weulate/special-reviews-and-inspection-programmes/controlled-drugs/controlled-drug

6.47   Staff may also report any concerns about fraud to the confidential **NHS Fraud and Corruption Reporting Line** on **0800 028 4060** or online at https://cfa.nhs.uk/reportfraud.

7. Investigation and sanctions

Investigations

7.1 The level of investigation of fraudulent activity involving missing, lost or stolen prescription forms will depend on the nature of the incident. However, organisations must ensure that effective arrangements have been put in place to ensure that incidents and risks are reported and dealt with appropriately.

7.2 If there is a discrepancy in the prescription forms ordered and received, the supplier should be contacted in order to establish whether this is due to an error in the supply chain.

7.3 If the discrepancy is not due to a supply chain error and it is established that forms are missing/lost and/or there is suspected or actual fraud or theft, immediate contact should be made with the designated individual, CDAO, LCFS and police. Annex C gives a more detailed breakdown of the types of incident involving prescription forms and the actions staff should take in response.

7.4 Under the Controlled Drugs (Supervision of Management and Use) Regulations 2013, the CDAO has responsibility for investigating concerns and incidents relating to CDs. Additionally, NHS England CDAOs must ensure that their contractors, such as GP practices and pharmacies, have appropriate arrangements in place for such investigations.

7.5 Under the regulations, the CDAO can conduct an investigation into an incident themselves or submit a request for another officer, team or responsible body to undertake the investigation. If it is determined (where applicable) that the LCFS should take forward the investigation, they should take charge of the investigation, seeking advice from the CDAO, and chief pharmacist/head of medicines management as appropriate. The LCFS should also maintain contact with the police on the progress of their investigation. Annex C provides further information on the key responsibilities of staff, organisation management, and LCFS in an investigation.

7.6 The LCFS is trained and accredited to undertake investigations involving theft and fraud respectively, to a level whereby they can prepare statements and present evidence in court. The police are primarily responsible for investigating the criminal aspects of theft. Fraud is investigated by LCFSs with

recourse to police powers where necessary. However LCFSs must carry out investigations according to guidance given in the relevant manual[16].

7.7   All incidents involving lost/missing/stolen prescription forms, irrespective of whether the police are pursing sanctions against the offender, should be reported to those in charge of security or nominated equivalent (where applicable) as appropriate.

7.8   Theft of prescription forms should always be investigated, so that necessary information and evidence can be identified and provided to police where appropriate in an attempt to recover that loss, whether through criminal courts, by way of compensation, or by seeking redress through the civil courts.

Post incident review

7.9   The key to effective preventative action is an honest objective appraisal and understanding of how and why incidents occur and the ability to learn from that understanding. Where applicable, the designated person, the CDAO, and, depending on the circumstances, the LCFS should be involved in this review. This in-depth review requires an analysis of the incident, and the following various processes/issues should be considered:

- **A review of the incident**: This could be a fraud, theft, forgery, misuse, loss or misplacement of prescription forms. Weaknesses or failures that have allowed the incident to occur should be examined – e.g. the policy for locking the forms away securely was not adhered to by staff or the alarm was not functioning. This process should identify lessons learnt and appropriate action to be taken by the organisation to avert or better manage similar situations.

- **The severity of the incident**: This refers to the impact the incident has on individuals involved, the organisation and the local health economy. Theft and misuse of prescriptions, as well as depriving the NHS of resources that would otherwise be used for patient care, can also have an impact on the delivery of healthcare. The local health economy may be affected if individuals who have obtained non prescribed medicines, such as CDs, using stolen prescriptions require medical attention.

- **The loss to the organisation**: In terms of human and financial cost, this can vary greatly. An incident involving a burglary could have an impact on business continuity if security is compromised following a break-in. If staff are directly affected by such an incident (e.g. they were present at

---

[16] The NHS counter fraud manual (which is available on the NHSCFA extranet) provides guidance to LCFSs on conducting investigations into fraud.

the time and violence was used), they may feel unable to continue to work in the short or long term, resulting in direct retention and recruitment costs to the organisation.

- **The scale of the impact on the NHS**: This involves assessing how far-reaching the repercussions of the incident are as well as assessing the severity of the incident. If the incident involved a large-scale fraud, theft or loss of prescriptions, this could amount to a loss of millions of pounds for the NHS and affect the timely distribution of the forms to many practices.

- **The clinical impact**: There may be a clinical incident as a result of an individual ingesting medicines that were illegitimately obtained using stolen prescriptions.

- **The actions of staff**: Individuals and/or staff groups involved and their actions may have had impact on or contributed to the incident. It is important to assess whether staff were aware of procedures and systems in place to protect against the theft or loss of prescription forms, and whether they knew if these policies were adequate. A lack of knowledge may indicate training needs – for instance, all staff to be made aware of the security of prescription forms during their induction programme. Some staff may be more at risk due to the nature of their work – e.g. mobile staff working in the community. Staff involvement will also provide first-hand information about the incident, thus staff input will help develop appropriate preventative measures.

- **A review of all measures in place to secure prescription forms**: this may, include physical and procedural measures. Policies, procedures, systems and technology used for security should be reviewed for any weaknesses or failures that have allowed an incident to occur.

- **A risk measurement exercise**: This should identify areas of potential risk or trends so that preventative measures can be developed and implemented in advance.

7.10 It is good practice to undertake a review of security measures in place following an incident where a security breach or weakness has been identified. It is also important that regular reviews of prescription administration and use by staff are undertaken.

Annex A – Glossary of acronyms

CCG	Clinical Commissioning Group
CD	Controlled Drugs
CDAO	Controlled Drugs Accountable Officer
CN	Community Nurse
CPS	Crown Prosecution Service
DH	Department of Health
EPS	Electronic Prescription Service
GP	General Practitioner
GPhC	General Pharmaceutical Council
LA	Local Authority
LCFS	Local Counter Fraud Specialist
NHSBSA	NHS Business Services Authority
NHSBSA PS	NHS Business Services Authority Prescription Services
NHSCFA	NHS Counter Fraud Authority
OOH	Out-of-Hours service
PCT	Primary Care Trust
PCSE	Primary Care Support England
SOP	Standard Operating Procedure

Annex B – Incident response table

Nature of incident	Who should be contacted?
There is a discrepancy in prescription forms ordered and received. →	**Contact supplier** Ask the driver to remain on site while the supplier is contacted.
If, following enquiries with the supplier, the discrepancy in prescription forms ordered and received cannot be accounted for, and forms are still missing. →	**Notify the designated person with overall responsibility for prescription forms at the organisation, the CDAO, LCFS and police as required. Report the matter using the organisation's incident reporting system.** An alert/warning may be circulated locally and/or regionally. If fraud is suspected, details of the incident must be reported to the NHSCFA.
If prescription forms are lost through negligence or by accident. →	**Notify the designated person with overall responsibility for prescription forms at the organisation, the CDAO, LCFS and police as required. Report the matter using the organisation's incident reporting system** An alert/warning may be circulated locally and/or regionally. If fraud is suspected, details of the incident must be reported to the NHSCFA.

If prescription forms are stolen. →	**Contact the police and report the matter using the organisation's incident reporting system. Notify the CDAO, LCFS and those responsible for security.** An alert/warning may be circulated locally and/or regionally. If fraud is suspected, details of the incident must be reported to the NHSCFA.
If it is suspected that a presented prescription form is forged or counterfeit. →	**Check with Prescriber then, if appropriate, notify the CDAO, LCFS, police and report to the NHSCFA via the NHS Fraud & Corruption Reporting Line 0800 028 40 60 or online at** https://cfa.nhs.uk/reportfraud**.**
If it is suspected that prescription forms are being misused. →	**Check with Prescriber then, if appropriate, notify the CDAO, LCFS, police and report to the NHSCFA via the NHS Fraud & Corruption Reporting Line 0800 028 40 60 or online at** https://cfa.nhs.uk/reportfraud**.**

Annex C – Key responsibilities in incident investigation

Individual identifying loss of forms (e.g. Prescriber, Manager, person taking receipt of delivery)	▪ Follow local procedures and guidance for the immediate reporting of incident. ▪ Provide details of the number of prescription forms stolen, their serial numbers, and where and when they were stolen. Prescribers should follow local instructions following the loss or theft of prescription forms – this may include writing and signing prescription forms in a particular colour for a period of two months.
Organisation	▪ Ensure matter is reported immediately to the supplier/PSCE/police/CDAO/LCFS/those responsible for security as appropriate. ▪ If fraud is suspected, details of the incident must be reported to the NHSCFA. ▪ Ensure a local incident form has been completed. ▪ Following the reported loss of a prescription form, the organisation will normally inform a prescriber to write and sign all prescriptions in a particular colour (normally red) for a period of two months. ▪ The organisation will inform all pharmacies in their area and adjacent CCGs/PCSE/NHS England local area teams of the name and address of the prescriber concerned, the approximate number of prescription forms stolen and the period within which the prescriber will write in a specific colour. This will normally be put in writing within 24 hours with the exception of weekends. ▪ In consultation with the LCFS, the organisation should take necessary action to minimise the abuse of the forms taken.
Local Counter Fraud Specialist	▪ Ensure matter has been reported to the police and determine action taken. Ensure incident form has been completed on organisation's incident reporting system. ▪ Liaise with and inform relevant staff such as the chief pharmacist, medicines management team, director of

<table>
<tr>
<td></td>
<td>

clinical services and the nurse prescribing lead. This list is not exhaustive and the LCFS or nominated equivalent should inform all the appropriate staff.

- Investigate cases of suspected **FRAUD/BRIBERY/CORRUPTION** using appropriate powers where applicable.

- Report investigations to the director of finance.

- Report to NHSCFA all cases of suspected **FRAUD/BRIBERY/CORRUPTION**.

- Where the director of finance believes **FRAUD/BRIBERY/CORRUPTION** to be present a full report should be sent to the audit committee, internal and external audit.

- Liaise/notify the organisation's security specialist or nominated equivalent as required.

</td>
</tr>
</table>

Annex D – Instructions for completion of a suggested prescription form register

1. Computer/handwritten prescriptions

1.1. A separate page should be used for each prescriber whose name appears on the prescription and prescriber details should be recorded at the top of the page. Sample sheets for computer/handwritten prescriptions available at annex E.

1.2. **Date ordered** – Date the new prescriptions were ordered by the nominated person with this responsibility.

1.3. **Ordered by (initials)** – Initials of the person who placed the order.

1.4. **Method of order** – Indicate if the order was placed by fax, phone call or through an electronic spreadsheet.

1.5. **Amount ordered (including order no.)** – Number of prescriptions ordered including the order number of this particular order.

1.6. **Date received** – Date the delivery arrived at the organisation/premises and was placed in the lockable prescription store.

1.7. **Amount received** – Total number of prescriptions received.

1.8. **Received by (initials)** – Initials of the person who received the delivery of the prescription forms.

1.9. **Serial numbers** – The first and last serial number of each pad should be recorded.

1.10. **Stored by (initials)** – Initials of the person who placed the prescriptions in the store and who completed the register.

1.11. **Date taken for use** – Date the pad was removed from the store for use by the prescriber, the GP's computer terminal, the repeat prescription terminal or, in the case of a handwritten pad, locums.

1.12. **Taken by (initials)** – Initials of the person removing the prescription pad from the store.

1.13. **Given to: (prescriber/location/locum)** – The location where the pad will be used or the name of the prescriber, e.g. clinic, repeat prescription terminal or prescriber name. If the pad is for use by locums, record 'locum' and transfer the details of the serial numbers to the locum sheet.

2. Locum sheet

2.1.   Only one working pad should be kept for use by locums. Complete the details of the GP whose pad is being used and the serial numbers of that pad at the top of the sheet. See annex H for sample sheets for use by locums.

2.2.   **Date of use** – Date the locum is in the practice.

2.3.   **Taken by (initials)** – Initials of the person removing the prescription pad from the store.

2.4.   **Given to: (GP locum name)** – Record the name of the locum GP.

2.5.   **Session** – The session for which the locum is in the practice, e.g. morning or afternoon.

2.6.   **Name of practitioner on form** – Record the name of the GP whose details appear on the prescription form, i.e. the GP whom the locum is filling in for.

2.7.   **Number of prescriptions** – Number of prescriptions given to the locum for use during that session.

2.8.   **Serial numbers** – List the serial numbers of the prescriptions given to the locum (first and last numbers in sequence).

2.9.   **Serial numbers returned** – Record the serial number of prescriptions returned at the end of the session. Returned prescriptions can be re-issued to other locums or the same locum for use during another session.

Annex E – Examples of good practice already in use by organisations

Prescription log sheet　　　　　　**Computer prescriptions**　　　　　　**Prescriber** …………………………...

Date ordered	Ordered by (initials)	Method of order	Amount ordered (including order no.)	Date received	Amount received	Received by (initials)	Serial numbers	Stored by (initials)	Date taken for use	Taken by (initials)	Given to: prescriber/ location

Prescription log sheet   **Handwritten prescriptions**   **Prescriber …………………………...**

Date ordered	Ordered by (initials)	Method of order	Amount ordered (including order no.)	Date received	Amount received	Received by (initials)	Serial numbers	Stored by (initials)	Date taken for use	Taken by (initials)	Given to: (prescriber/ locum)

Prescription log sheet   **Locum handwritten prescriptions**   **Dr Locum……………….**

Date of use	Taken by: (initials)	Given to: (GP locum name)	Session details	Name of practitioner on form	Number of prescriptions	Serial numbers issued	Serial numbers returned

Annex F – Process for registering for access to order forms[17]

Xerox (UK) Ltd will require confirmation that all organisations have been authorised by their NHS or local authority commissioner.

1. Organisations must contact Xerox (UK) Ltd to obtain a template to confirm user, delivery, invoicing and access rights details so they can be registered on the Xerox system. Users must be registered before any forms can be ordered by them.

2. At least one user must be identified as a "Reports User" as only they will be allowed to add or change user and delivery details. The remaining users will only be allowed to place orders.

3. Users who are entitled to order secure prescription forms should be annotated as requiring "Secure Catalogue Access" on the Xerox registration template.

4. It is acknowledged that the "Reports User" may not actually order forms but they should hold a position of authority where they have sufficient responsibility and autonomy to make these decisions.

5. The completed templates should then be sent to nhsorders@xerox.com

6. Xerox (UK) Ltd or the NHS Contract Management Team may subsequently contact the Commissioning or Provider organisation if anything needs to be clarified as part of the verification process.

7. When the users have been registered on the Xerox system, Xerox (UK) Ltd will email each user providing a link to the ordering web site and details of the next steps.

Transitional arrangements – important information

---

[17] This is an extract from 'NHS and LA Reforms Factsheet' 1 March 2013 v1.0. For the latest version, please see
http://www.nhsbsa.nhs.uk/PrescriptionServices/Documents/PrescriptionServices/NHS_Reforms_factsheet_1_v1.0.pdf

Where prescribers use their IT systems to print details on the prescriptions they need to ensure they comply with the requirements for overprinting of NHS prescription forms. The overprint specifications can be found at
www.nhsbsa.nhs.uk/PrescriptionServices/938.aspx

Pre-printed personalised prescription forms used by certain groups as listed below will need to be reordered with the relevant new organisational codes for each prescriber, supplies of old form should be destroyed securely.

- community nurses with the identifier CN
- Where a cost centre is set up with a new code, or
- where the transfer of the service leads to a different phone number or address.

The organisation responsible for ordering NHS prescription forms must also inform NHS Prescription Services about prescribers and their cost centres.

Annex G – Useful contacts

NHS Counter Fraud Authority
Fourth Floor, Skipton House,
80 London Road,
London, SE1 6LH

Telephone: 020 7895 4500

Email: prevention@nhscfa.gsi.gov.uk

Web: https://cfa.nhs.uk/

NHS Fraud and Corruption Reporting Line
Tel: 0800 028 40 60
Online: https://cfa.nhs.uk/reportfraud

NHS Print Contract Management Team

Julie Hickling
Email: juliehickling@nhs.net
Prescription Form Suppliers
Xerox (UK) Ltd

Customer service

Telephone: 0300 123 0849

Email: For any queries relating to orders placed or deliveries email nhsorders@Xerox.com

For any queries relating to invoices please contact NHSAR@Xerox.com

Primary Care Support England (PCSE)

pcse.enquiries@nhs.net

Telephone: 0333 014 2884

Contract splitting

Contract splitting is the practice of artificially breaking up purchases of goods and services to bring total expenditure below organisational and legislative thresholds in order to avoid formal procurement rules. While contract splitting may not always constitute fraud, it increases the risk of fraud occurring in procurement processes by weakening control measures.

The EU Procurement Directives and UK procurement legislation state that a procurement opportunity should not be subdivided for the purpose of reducing the total value so that it falls underneath the EU threshold and thereby becomes exempt from procurement regulations. Procurement regulations require procurement activity above specific thresholds to be publicly advertised and competitively tendered, which can be seen to be a longer, albeit more transparent process.

Contract splitting is also known as artificial disaggregation of spend.

Conducting a disaggregated spend review can highlight the practice of contract splitting as well as provide management information to the procurement function that will demonstrate value for money, and opportunities to improve buying practices and prevent fraud from occurring.

Who is this quick guide for?

This guidance is intended for those staff working in NHS procurement teams (particularly those responsible for managing contracts and relationships with suppliers), finance teams, internal audit, and audit committees.

How to spot fraud

Conducting disaggregated spend reviews can help to identify vulnerabilities to fraud risks in the procurement process. Here are some vulnerabilities you may want to look out for:

- A large number of smaller payments made to a single supplier with no contract.

- Disaggregated spend with supplier within short periods of time that fall below the relevant procurement thresholds.

- Close relationships between staff and suppliers.

- Inappropriate use of Single Quotation Agreements (SQAs) and Single Tender Agreements (STAs).

- Unjustified separation of types of work, for example, splitting labour and materials for the same building project.

- Recurring pattern of spend with individual suppliers that falls just under relevant procurement thresholds.

- Conducting a disaggregated spend analysis would highlight the absence of SQAs and STAs where they are required along with instances of spot-buying. Spot-buying refers to when ad-hoc purchases with one supplier creep above the threshold of quotations or competitive tendering.

How to stop fraud

NHS organisations should regularly undertake disaggregated spend reviews to prevent and detect vulnerabilities to fraud in NHS contracts. The frequency of the contract review meetings should be determined using a risk-based approach; taking into account factors such as the contract's value (low or high), size and risk for fraud to occur. This should be a defined process that is documented in a Standard Operating Procedures (SOP)/policy.

The following procedures and controls should be in place for all appropriate contracts:

Governance and process

- The NHS organisation's biggest suppliers should be checked regularly for unexpected high costs. Where there are outliers, cross referencing orders, values and contracts can be useful. Where they do not align, contract splitting may have occurred.

- An NHS organisation's procurement policy should state that there should be no splitting of purchases simply to avoid the application of a more stringent procurement process.

- Where a contract is split, and its splitting would prevent it from reaching a higher procurement process threshold (e.g. one triggering EU tendering requirements), the rationale for this should be recorded and brought to the attention of the appropriate

governance group.

- There should be an effective categorisation of spend so that reports can be made against it. Classification coding assists in spotting anomalies. It is important to ensure that common goods and services are given the same code if they belong to the same product type (e.g. rubber gloves are recorded under one code rather than several different codes according to type). Rationalising the product line is important to determine whether there are any issues in this area and for value for money.

- Changes to procurement regulations and thresholds should be communicated promptly to appropriate staff.

- There should be regular spot checking of procurement files and transactions.

- It is suggested that the governance and assurance group's remit should include the examination and assessment of all supplier spend by tender process followed (disaggregated spend analysis).

Disaggregated spend analysis

- To undertake regular audits and disaggregated spend analysis, collate spend data against each supplier over the course of a financial year and compare this information with your organisation's contracts register(s) and SQA/STA register.

- The overall expenditure on a particular supplier can be looked at and cross checked against the number and types of procurement processes the supplier undertook. This may indicate whether pieces of work are being split. The reasons for splitting work will need to be looked at as there may be good operational reasons for doing so. However, the rationale behind such decisions should be recorded and the records kept for future examination.

- The contracts (or lack of contracts) held by a supplier can be looked at to determine whether a proper process has been followed. The absence of a contract may indicate that an abuse of process has occurred.

If you suspect fraud

If fraud is suspected, the organisation's escalation process should be followed immediately and the Local Counter Fraud Specialist contacted for advice (see also how to report fraud below).

How to report fraud

Report any suspicions of fraud to the NHS Counter Fraud Authority online at **https://cfa.nhs.uk/reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

A competitive tendering process ensures that more scrutiny and oversight is applied to the procurement process. Where procurement is under less scrutiny, the likelihood of fraud being detected is low.

While transgressions of this kind may appear relatively minor, such behaviour is likely to constitute a breach of the organisation's policy, standing orders and could be an offence under EU regulations. Furthermore, an organisational culture that allows for breaches of procurement rules to enter into 'business-as-usual' undermines the organisation's own ability to effectively tackle fraud and corruption. This may also cause reputational damage especially when accounting for public expenditure. On its own, therefore, the presence of contract splitting does not automatically mean that fraud and corruption has taken place. It does, however, create an environment in which criminality can thrive.

The impact of good governance of competitive tendering within any organisation ensures that procurement opportunities are conducted in a fair, open, and transparent way, ensuring value for money for the NHS organisation and the taxpayer. It also provides assurance to the Audit and Risk Committee that processes and procedures are being adhered to.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
  - » Invoice and mandate fraud
  - » Pre-contract procurement fraud and corruption
  - » Mandate fraud
- For further information visit the NHSCFA website **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

NHS
Counter Fraud Authority

Pre-contract procurement fraud and corruption

Guidance for prevention and detection

July 2018

Version 1.0

NHS fraud.
Spot it. Report it.
Together we stop it.

Version control

Version	Name	Date	Comment
1.0	Fraud Prevention team	11/07/2018	

Table of contents

1. Introduction

1.1   The NHS Counter Fraud Authority (NHSCFA) is a special health authority with a remit to identify, investigate and prevent fraud within the NHS and wider health sector.

1.2   This document provides Local Counter Fraud Specialists (LCFSs), procurement and finance staff with guidance which can be used to support work to prevent and detect procurement fraud and corruption at a local level. The focus of the document is on pre-contract fraud and corruption. It reflects our current understanding of the key threats facing the NHS in these areas. This document is intended to supplement existing polices, directives and guidance available more widely in the NHS by providing an overview of the pre-contract procurement process from a counter fraud perspective.

1.3   The document also reflects the NHSCFA's current understanding of the key threats facing the NHS and includes advice on raising awareness of procurement fraud. It is intended to supplement existing polices, directives and guidance available more widely in the NHS, by providing an overview of NHS procurement processes from a counter fraud perspective.

Background

1.4   Established in November 2017, the NHSCFA is independent from other NHS bodies and directly accountable to the Department of Health and Social Care (DHSC).

1.5   The DHSC Anti-Fraud Unit (DHSC AFU), as the NHSCFA's departmental sponsor, has identified that the assessment of intelligence enables national prioritisation of actions both in terms of key fraud risks and in terms of how risks are tackled against established standards. The NHSCFA undertakes a prioritisation exercise annually to identify its key business priorities.

Procurement fraud in the NHS environment

1.6   Procurement and commissioning fraud is an issue of concern across the whole of the NHS with indications that procurement rules are not being adhered to. There is a difficulty within the pre-contract stages in identifying cartel[1] type activity and non-

---

[1] Cartel type activity refers to two or more businesses agreeing not to compete with each other in certain ways. An agreement doesn't have to be in writing for it to be illegal. You can break the law if you have an informal conversation (or 'gentleman's agreement') with another business, even if the agreement isn't carried out.

framework purchasing taking place at local level. With no central data on tenders and contract awards, it is difficult to accurately quantify the level of fraud.

1.7   The levels of fraud reporting within procurement are very low but it is a huge area of spend and activity, crossing all sectors of the NHS. The NHSCFA estimates that in 2015-16 the loss to procurement fraud was £252m.

1.8   Lord Carter, in the 2016 report 'Operational productivity and performance in English NHS acute hospitals: Unwarranted variations', looked at a range of key resource areas within the NHS including procurement. In response to the findings of the Carter report which identified unwarranted variations in NHS procurement, DHSC launched the NHS Procurement Transformation Programme (PTP).

1.9   NHS Supply Chain (NHS SC) is a nationally co-ordinated end-to-end supply chain function currently provided on an outsourced basis by a private contractor. The PTP will establish new contractual arrangements, which will collectively make up the Future Operating Model (FOM) for the NHS SC in future.

1.10   The FOM will deliver a number of recommendations published in Lord Carter's report by modernising the NHS SC infrastructure and promoting efficient purchasing and distribution of products. The aim of the FOM is to realise savings of £2.4 billion (from 2015/16 when the PTP programme began) based on an increased in national uptake of NHS SC use during the first five years operation, with an end-state annual saving of £615 million in real terms from 2023/23 onwards.

1.11   The NHS is one of the biggest publicly funded healthcare systems in the world. Recent information suggests that NHS non-pay spends is approximately £27 billion per annum, (typically 30% of operating costs[2]) of which nearly £6 billion is spent on goods (every day hospital consumables, high cost devices, capital equipment and common goods). With this level of spend, the NHS should perform as one of the most effective buyers but it is currently unable to leverage its buying powers due to the fragmented procurement landscape.

1.12   This document is split into eight sections:

Section Two outlines the NHS procurement regulatory framework, standards, and guidelines.

Section Three provides an overview of the generic risks faced from breaches to health body Standing Orders, Standing Financial Instructions and EU public procurement directives.

Section Four looks at the concerns surrounding conflicts of interest.

---

[2] See https://www.supplychain.nhs.uk/icc/~/media/Files/News/FOM_HANDBOOK%20Oct%202017.ashx

Section Five focuses on bribes and kickbacks.

Section Six looks at the dangers of false quotations and tenders, and bid rigging.

Section Seven discusses manipulating the tender process.

Section Eight explores the area of contract splitting.

2. Key NHS procurement regulatory framework, standards, and guidelines

2.1   It is a long established principle that public sector bodies must be impartial and honest in the conduct of their business and that their employees should remain beyond suspicion. The building blocks for the maintenance of these standards in the area of procurement are the policies, standards, regulations and directives that govern it.

2.2   A fair, open and transparent procurement process demands that any staff involved in undertaking or reviewing it (not only those in procurement departments or those regarded as procurement professionals) are adequately trained to fulfil their function. This training should include counter fraud, corruption and bribery elements. Through adherence to core procurement standards, the risk of poor practices entering into business as usual can be avoided. Furthermore, an organisational culture that fails to maintain procurement standards can be seen to undermine the confidence that staff, patients, public regulators and contractors alike have in the health service.

2.3   The information contained in this section is intended only as a guide and, as such, it should not be relied upon as comprehensive.

2.4   Standards and policies for public sector procurement in the UK are set by the Crown Commercial Service (CCS) of the Cabinet Office. The CCS is responsible for:

- managing the procurement of common goods and services so public sector organisations with similar needs achieve value by buying as a single customer
- increasing savings for the taxpayer by centralising buying requirements for common goods and services and bringing together smaller projects
- leading on all procurement policy on behalf of the UK government

2.5   Public procurement in the UK is directed by the EU Treaty and the EU Procurement Directives. The UK Public Contract Regulations 2015 and the UK Public Procurement Regulations 2016 implement the EU Directives. This legal framework is provided to ensure public procurement is conducted in a fair and transparent manner both within the UK and across the EU. The EU procurement requirements must be followed, in addition to the UK procurement regulations, in cases where the value of the procurement is over a certain monetary threshold.

2.6   The DHSC has published guidance that summarises the Public Contract Regulation requirements for NHS commissioners (and those supporting them with their procurement of healthcare services)[3].

2.7   It is important that the Board and senior management teams have a sound understanding of the standards that their organisation should be meeting in relation to procurement and should provide support to improve the organisations' procurement performance.

2.8   The NHS Procurement and Commercial Standards[4] are structured to enable Boards and other key stakeholders to assess the benchmark procurement performance and identify areas for improvement. They provide a framework for consistent approaches and practices, delivering benefits across the NHS procurement performance. The standards have been developed to support NHS healthcare provider organisations.

2.9   The NHS Terms and Conditions for the Supply of Goods and Provision of Services introduces the different sets of contracting terms and conditions for use by NHS bodies when procuring goods and services and how they fit together[5]. The guidance is intended to support NHS bodies when preparing terms and conditions for inclusion in tender documents and when drawing together contracts for the purchase of goods and services. Before undertaking individual procurement using the NHS Terms and Conditions, NHS bodies should consider the FOM (referred to in section 1.9) for Value Maximising Procurement.

2.10   Standing orders (SOs), together with Standing Financial Instructions (SFIs), provide a framework of rules for the business conduct of the health body. They fulfil the dual role of protecting the health body's interests (ensuring, for example, that all transactions maximise the benefit to the health body) and protecting staff from the accusation that they have acted less than proper (provided, of course, that staff have followed the correct procedures outlined in the relevant document).

2.11   SFIs set a financial threshold above which competitive tendering should be sought. This is set by the health body and should be reviewed annually. While there may be good reasons why competitive tendering is not sought in particular cases even above the threshold, the reason for this decision must be recorded. The limited application of single tender rules should not be used to avoid competition, for administrative convenience or to award further work to a contractor originally appointed through a competitive procedure.

---

[3] https://www.gov.uk/government/publications/public-contracts-regulations-2015-for-nhs-commissioners
[4] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/539626/Standards_of_Procurement.pdf
[5] https://www.gov.uk/government/publications/nhs-standard-terms-and-conditions-of-contract-for-the-purchase-of-goods-and-supply-of-services

2.12 SFIs encourage a process for identifying and quantifying risks and potential liabilities and encourage all levels of staff to have a positive attitude towards the control of risk.

2.13 All Executive Directors, non-Executive Directors and members of staff should be aware of the existence of these documents and, where necessary, be familiar with their detailed provisions. All SOs should encompass the operational requirements for tendering and contract procedures, although details may vary to some extent.

2.14 NHSCFA sets standards for NHS commissioners and providers to counter fraud, bribery, and corruption as required in Service Condition 24 of the NHS Standard Contract. The standards and related guidance for commissioners and providers are available on the NHSCFA website (www.cfa.nhs.uk).

2.15 All contracts should be awarded to the candidate whose proposal offers the best value for money. While there may be good reasons why the tender with the lowest price has not been awarded the contract, these should be recorded and maintained.

2.16 Many health bodies have local procurement policies that complement their standing orders and must be adhered to when undertaking procurement. While these local policies are likely to share many elements with those of other health bodies, individual roles, functions and opportunities to exercise discretion may vary. This diversity is likely to make direct comparisons complex. However, procurement conducted outside of local policies is unlikely to be in the interests of a health body.

3. Breaches of SOs, SFIs and EU public procurement directives

3.1   SOs, SFIs and EU public procurement directives are issued for the regulation of conduct. They are designed to ensure that the financial transactions of public bodies are carried out in accordance with both law and government policy.

3.2   Spend that has not received the correct authority or has taken place outside an authorised contract is called 'maverick spend'. In itself, the presence of maverick spend does not indicate that corrupt activities have taken place. Maverick spend, either intentional or unintentional, nonetheless opens up various opportunities for short-cuts, reduced scrutiny and collusion that would not be present if the correct procedures were followed.

3.3   Over time the number of EU and UK regulations and guidelines has grown, creating the perception in some quarters that public procurement is an excessively bureaucratic process. Claims that breaches of SFIs have been carried out in the best interest of a health body should always be viewed with caution. An organisational culture that allows poor procurement practices to enter into 'business-as-usual' exposes purchasers to preventable losses or increased costs and severely limits the possibility of criminal prosecution where wrongdoing has occurred.

3.4   The most common breaches of procurement processes identified by the NHSCFA are:

- no tender process adopted at all
- inappropriate use of tender waivers
- undervaluation of the contract
- splitting contracts with no rationale
- negotiation with one supplier contrary to the rules of the procurement process being adopted
- negotiation of key contract issues post award
- failure to keep or publish evaluation criteria
- vague specification criteria
- failure to receive a sufficient number of bids
- failure to provide a rationale for the selection of certain bidders chosen to be invited to tender/quote

3.5   Failure to comply with SFIs and EU procurement directives can be regarded as a disciplinary matter that could result in dismissal. It may also lead to a procurement exercise having to be re-tendered. It is a corporate offence under the Bribery Act 2010 for an organisation to fail to prevent active bribery (i.e. promising or giving a

financial or other advantage) by not having adequate preventative procedures in place.

Preventing breaches of SOs, SFIs and EU public procurement directives

3.6   It is incumbent on NHS bodies to have appropriate governance arrangements which will enable them and their boards to discharge their financial responsibilities. These arrangements will assist in good governance, leading to transparency in the policies adopted, the decisions made and the process used to arrive at a decision. Health bodies should also make sure that staff involved in procurement processes are aware of these arrangements, and stress to them the importance of ethical behaviour in their role of public servants. This should be supported by adequate training and opportunities to receive advice on ethical dilemmas.

3.7   The following measures can contribute to both effective governance and the target-hardening of health body procurement processes:

Process

- Encouraging the use of e-procurement systems so that the various stages of the procurement process including the decision-making process are transparent and auditable. These systems can limit the interaction with potential suppliers, especially during negotiations. This limits the opportunities for bias and corruption to emerge.
- Having robust procurement project plans setting out key roles and responsibilities, the outcome of risk assessments and plans to address identified risks.
- Using gateway reviews to assess and consider fraud and corruption risks to the procurement process.
- Documenting decisions and providing a clear rationale for the choices made.
- Demonstrating transparency in the process by posting in advance procurement schedules and plans, advertisements and contract award notices.
- Ensuring that the health body's 'contracts register' is kept up to date.
- Promoting the effective use of business interests registers among staff involved in procurement decisions in health bodies and raising awareness about conflict of interests and hospitality guidelines.
- Providing clear written instructions and procedures for staff involved in procurement.
- Auditors and trust boards should be asking challenging questions about the procurement process to provide assurance. Auditors should also be detecting and mitigating risks during their audits of procurement and contract management.

- A fair and transparent process for handling supplier complaints.

Personnel

- Ensuring that changes to procurement regulations or internal policy are communicated promptly to appropriate staff.
- Ensuring that procurement staff have the necessary skills and experience to undertake the task required of them.
- Introducing clear separation of duties among staff involved in the different stages of the procurement process. There should be clear separation between budgetary authority and procurement authority. It is recommended that there should be an appropriate separation of duties within the procurement cycle between those who draw up tender specifications, those who invite bids, and those who evaluate the contracts.
- Apply the "four eyes" principle, which ensures the joint responsibility of two or more people for key decision making. Each person involved in the chain of decision making and conducting due diligence, does so independently of the other people involved.
- Rotating procurement staff between contracts to prevent the possibility of improper relationships developing over time.
- Providing those involved in conducting or reviewing procurement processes with an understanding of the key fraud and corruption issues, and of how they can report any concerns that may arise.
- Taking action against staff found breaching procurement regulations and procedures.

Assurance

- Ensuring that procurement decisions are subject to proper scrutiny and do not merely rely upon the assurances of staff involved in the process.
- Using gateway reviews to assess and consider fraud and corruption risks to the procurement process.
- Reporting on procurement activities to the Director of Finance (DoF) and Audit Committee on an annual basis.
- Deterring wrongdoing by implementing and being seen to administer checks to the procurement process.
- Having an independent complaint, review and resolution system in relation to suppliers who believe the procurement process conducted has not been fair or transparent. Complaints should be dealt with separately from those involved in the procurement.
- Ensuring those on the Audit Committee and any governance groups have sufficient understanding of the procurement process to enable meaningful scrutiny to take place.

Detecting breaches of SOs, SFIs and EU public procurement directives

3.8 It is recommended that breaches of SOs, SFIs and Directives are reported through an escalation process which includes informing the LCFS, DoF and Audit Committee. Informing the LCFS enables them to determine whether or not enquiries are necessary to establish if wrongdoing has occurred. All action should be documented and proportionate to the risk identified.

3.9 The LCFS will need to liaise with all relevant groups that are informed of any breaches of SFIs and procurement regulations. These may include internal and external audit, Audit Committees, procurement departments, the Finance Directorate and any Capital Investment Committee or relevant governance group. Relevant governance groups such as the Audit Committee should challenge the way decisions are made and the reasons given for them, ensure the appropriate processes have been followed and establish the reasons for non-compliance and their validity. In some circumstances, an audit may be required to establish in more detail what breaches of the tender and procurement process have taken place. This will usually include an assessment of the historical and future value of the works being procured.

3.10 The LCFS should ensure that the health body has followed robust policies for informed decision making and procurement. These will include:

- a robust business case for the proposed procurement
- a system for overseeing single tender waivers
- a process for preparing tender documentation
- a clear evaluation process which includes appropriate scoring and assessment of 'value for money'

3.11 There are a number of key areas and indicators that the health body and the LCFS should consider in order to determine the level of risk that specific breaches of SOs, SFIs and procurement regulations pose for the health body. Factors to be taken into account include:

- The percentages of non-pay spend influenced by procurement professionals. The health body should determine and document what degree of influence from the procurement department is appropriate to each level of spend.
- Levels of procurement influence at different stages of the procurement process. This need to be set out across the health body to ensure good practice is maintained. This can involve the procurement department's role in overseeing the appropriate advertisement and invitation to tender, agreeing the specification and evaluation criteria as well as being involved in project

team membership and holding the tender documentation for future audit requirements.

- The values of individual supplier spend for contracts not influenced by procurement professionals. What are the reasons for the expenditure being outside the influence of the procurement department and are there good reasons and controls around the process and spend incurred?
- The percentages of non-pay spend covered by contracts. It is good practice for procurement to maintain a contracts register to assist in the good management of the contracts and to plan for future procurement requirements.
- The value of non-compliant spend (spend without contract). There should be regular monitoring of individual suppliers, with a corrective action plan and an identified business/procurement lead responsible for implementing it.
- The percentage and amount of spend with no purchase order. Reports should be run to identify payments where no purchase order has been raised. The reports should be considered to determine the reasons and to ascertain whether there are any units not following correct procedures.
- The number of incidents of non-compliance with procurement policies and standards.
- The number of legal challenges.
- The percentage, number and value of single tender procurements.

3.12 The LCFS should examine the use of 'pilot' projects. Pilots can be used to circumvent procurement regulations and are a way to introduce a supplier into an organisation. Once this happens, 'contract creep' can develop and the supplier's position in the health body becomes stronger. The use of pilots should be examined, especially when it results in high value work being awarded to the supplier involved.

3.13 When a specific breach has been identified, the LCFS may wish to examine the procurement process cycle to ascertain in what areas it did not follow a proper procurement route and the reasons given for that. The rationale for action (e.g. the justification given for a tender waiver) should be looked at objectively and the extent of any challenge by the relevant oversight function at the health body (e.g. Audit Committee) should be examined.

3.14 Where any breaches have occurred it may be necessary to examine whether legal opinion has been sought and whether the legal opinion is from the usual legal representatives of the health body on procurement matters. For example, there have been examples of health body staff representatives using the same legal adviser as a potential supplier in order to influence and legitimise decisions on bids by that supplier.

Case example – Breaches of SOs, SFIs and EU public procurement directives

Allegations were received that a director of finance (DOF) in collusion with two consultants acted both with impropriety and against the interests of their NHS health body. There were numerous breaches of the health body's Standard Operating Procedures and of EU procurement rules.

A concept for selling and leasing back health body assets was floated to the Board by the DOF. With tentative agreement from the board that the proposal should be explored, the DOF engaged two consultancy companies to advise whether or not the health body should proceed. Representatives of both consultancy companies were believed to be personal friends of the DOF. There was no tender process undertaken to engage either of the consultants.

The two consultants advised that the health body should proceed. This was put to the board, which subsequently agreed. The tender process was driven with extreme haste, disregarding the stringent timelines and requirements for public sector procurement contracts. There was an inappropriate use of the 'accelerated restricted' procedure. While the total value of the contract was over £50m, the DOF's timings allowed only twelve working days to scrutinise, evaluate, interrogate and address issues raised by the submitted tenders. A specification had not been fully prepared and developed and this resulted in the bidders being unable to bid in a uniform manner. It was thus impossible to compare bids. There was very little documentation to support a robust or fair selection process when the successful bidder was awarded the contract.

The contractual process required a valuation of the health body assets transferred in the contract. An independent valuation of these assets was organised by the DOF. In a clear breach of both the health body's Standard Operating Procedures and directions from the Board, the DOF appointed a company to perform the valuation. The company was linked to the winning bidder.

The contract contained a clause which required the health body to buy back assets at the end of the contract. This was not referred to in the original specification and contract terms and was negotiated post-award. The value of the 'buy back' element also required board approval and had serious implications for the value for money achieved by the health

body. Board approval was never sought and the contract was implemented.

After concerns were raised, a truly independent valuation of health body assets was undertaken. Health body assets were found to have been significantly overvalued in the previous valuation. The impact of this was that the cost of leasing and maintaining the assets in return for the next 12 years were significantly greater for the health body than they otherwise would have been. It was found that the health body could have saved around £21 million over the lifetime of the contact had an open and transparent procurement exercise been undertaken.

The DOF left his role shortly after the contract was signed. No prosecutions were possible in this case, and a major contributing factor for this were the failings of the board in terms of oversight and good procurement practice.

4. Conflict of interest

4.1   A conflict of interest can arise during any stage of the procurement process and exists where an individual has an economic or personal interest in a transaction. When a conflict of interest arises, it is the responsibility of the health body to manage that conflict and ensure that it does not impact on a fair and transparent procurement.

4.2   A conflict of interest might occur due to the possibility of individuals having:

- a direct financial interest
- an indirect financial interest
- a non-financial or personal interest
- a conflict of loyalties.

There may also be a negative interest that needs to be declared, as it may mean someone will not be impartial to a certain company (e.g. for personal reasons).

4.3   In February 2017, NHS England published guidance on managing conflicts of interest[6]. The guidance introduced common principles and rules for managing conflicts of interest, provides simple advice to staff and organisations about what to do in common situations, and supports good judgement about how interests should be approached and managed. The guidance came into force on 1 June 2017 and is applicable to the following organisations:

- Clinical Commissioning Groups via the statutory guidance issued by NHS England
- NHS Trusts and NHS Foundation Trusts – which includes secondary care trusts, mental health trusts, community trusts, and ambulance trusts
- NHS England

4.4   While establishing and running systems and processes for managing conflicts of interest is just one aspect of good governance, a failure to acknowledge, identify and address a conflict of interest may result in poor decisions, legal challenge and reputational damage.

4.5   A conflict of interest can lead to bias and corruption in the bid evaluation and approval processes. Bias can be said to have occurred when a fair minded observer, having considered the facts, would conclude that there was a real possibility of it occurring. A person who dishonestly abuses a position that they occupy and is expected to safeguard the organisation's interests may also be guilty of the offence of fraud by abuse of position according to section 4 of the Fraud Act

---

[6] https://www.england.nhs.uk/ourwork/coi/

2006. Even when bias does not occur, a lack of transparency in the declaration and management of a conflict of interest can lead to the perception that wrongdoing exists.

4.6   Section 75 of the Health and Social Care Act 2012, places a requirement on commissioners to ensure that they adhere to good practice in relation to procurement such as; do not engage in anti-competitive behaviour, and promote the right of patients to make choices about their healthcare.

Managing a conflict of interest

4.7   The following measures can contribute to both effective governance and the target hardening of health body processes against conflicts of interest:

Process

- There should be a clear Conflict of Interest Policy and Standards of Business Conduct which are well publicised and enforced. The policy should detail who should have to complete a declaration of interests and this should include staff or agents of the health body who may be involved in any way with procurement decisions. Staff (or agents) should disclose any interest that family and friends may have in any potential supplier. Staff (or agents) should not be involved in any part of the procurement process if they have a conflict of interest with any of the potential suppliers bidding. An ethical set of values and culture should be encouraged, which will assist in avoiding conflict of interest situations and help prevent bribery or a biased procurement process.
- A register should be maintained in which conflicts of interest are recorded. Disclosure should be full and include the business interests of the family and close friends of those involved in the procurement process. The register must include 'nil returns'. A model declaration form is available in NHS Counter Fraud Authority's Bribery Act guidance which is available on the NHS Counter Fraud Authority secure site (https://extranet.cfa.nhs.uk).
- All potential suppliers should be required to declare any personal or family relations within the health body at the pre contract stage.

Personnel

- A sensible degree of separation of duties should exist between those administering and managing contracts, and those responsible for procurement or commissioning. This can assist in maintaining a 'firewall' between suppliers and purchasers.
- It is recommended that consultants engaged to assist in a procurement process report directly to a senior executive within the procurement team and have sufficient training and understanding of NHS procurement standards.

- Where a potential supplier is working with an organisation to assist in the development of a specification, care should be taken to integrate the views of more than one supplier. This will assist in avoiding specifications that are tailored to one particular supplier (see section 8). There should also be clear criteria as to how suppliers are selected to assist in drawing up specifications, and their involvement should be disclosed in any resulting procurement process.
- It is good practice to require consultants to sign a declaration which includes identifying any previous work with potential suppliers.

Assurance

- The register of interests should be regularly reviewed and submitted to the board or audit committee for scrutiny and publication.
- Audit should routinely check compliance with policies and procedures.

Detecting a conflict of interest

4.8   The detection of conflict of interest situations depends on having good governance arrangements and ensuring that a robust policy for managing this threat is adhered to. The following checks will assist in the detection of an undeclared conflict of interest:

- Identifying conflicts of interest not declared in the 'register of interest'; this will help determine whether or not a suspicion of fraud exists. Such instances should be monitored and action taken to determine the effectiveness of the organisation's response.
- Analysing information relating to supplier spend awarded by specific members of staff, and looking out for unusual and long-term patterns. Are individuals giving large amounts of work to certain suppliers, and if so, can this be justified?
- Ensuring that all allegations of a conflict of interest are recorded on FIRST[7]. This process will allow the development of intelligence over time on issues which may not be immediately evident when considered in isolation.
- Carrying out pro-active checks of the register of interests and register of contracts. These checks can be made against both Land Registry (e.g. property ownership) and company information which are available in the public domain.

---

[7] FIRST (Fraud Information Reporting System Toolkit) is an information gathering, intelligence disseminating case management tool designed and provided specifically for all CFSs/LCFSs by the NHSCFA. It helps CFSs/LCFSs to manage referrals, intelligence, fraud enquiries, case preparation and a range of other investigative tasks and includes useful editing tools that help to keep information and cases up to date.

Case example – Conflict of interest

NHS Protect (the NHSCFA's predecessor organisation) investigated a case of suspected corruption at a health body involving an external consultancy company (Company A). Company A's remit included seeking out potential partnership arrangements on behalf of the health body.

Company A began developing a business relationship with an overseas company (Company B). Company A entered into a contract with Company B to represent them in promoting a number of their products and services globally.

Company A subsequently promoted the benefit of a particular product offered by Company B to the health body. With the backing of the health body, Company A then ran an exercise to procure this type of product.

Two companies were shortlisted and invited to present their product, one of which was Company B.

It became clear that a representative from Company A had been central to the procurement and subsequent award of the contract to Company B. It was a clear conflict of interest as the two companies had a business relationship and their own contract binding them.

It was identified during the investigation that the representative from Company A had:

> 1) written the tender specification relying almost entirely on input from Company B
>
> 2) been centrally involved in the evaluation of the products from the two companies

5. Bribes and kickbacks

5.1   In simple terms, a bribe is the giving or receiving of something of value to influence a transaction. A kickback is a form of 'negotiated bribery' (Wrage 2007) where a portion of the value of a contract is demanded by an official as a bribe for services rendered, for example securing the contract itself. For the purposes of the Bribery Act 2010, a kickback is equivalent to a bribe. The kickback might be said to vary from other kinds of bribes in that there is implied collusion between the two parties, rather than one party extorting the bribe from the other.

5.2   The Bribery Act 2010 defines bribery as giving or receiving a financial or other advantage in connection with the 'improper performance' of a position of trust, or a function that is expected to be performed impartially or in good faith. The term 'improper performance' means performance which amounts to a breach of an expectation that a person will act in good faith, impartially, or in accordance with a position of trust. Bribery does not necessarily involve cash. In a procurement context, it might involve suppliers providing procurement staff with gifts, hospitality, holidays or promises of future employment or exclusive memberships in exchange for favourable treatment. In addition, the employee who is the beneficiary would usually omit to declare these transactions, which in addition to being illegal in their own right, also create a serious conflict of interest.

5.3   Those seeking bribes or giving kickbacks are seeking an unfair advantage. The immediate victims of bribes or kickbacks are therefore the firms that lose out unfairly and the procuring organisation, which may not receive best value for money. More widely, victims include the NHS, the government and society, which are undermined by a weakened rule of law and damaged social and economic development. Bribes and kickbacks generally degrade the proper operation of free markets. The Office of Fair Trading as highlighted that a process that is perceived as unfair could discourage companies from submitting tenders, may lead to increased contract prices as companies seek to balance the cost of illicit payments and may also facilitate collusion between contractors. The damage to an organisation's reputation should the corruption be uncovered is also significant.

5.4   The Bribery Act 2010 created an offence, under section 7, which can be committed by organisations which fail to prevent persons associated with them from committing active bribery on their behalf. An organisation will be liable to prosecution if a person associated with it bribes another person intending to obtain or retain business or an advantage in the conduct of business for that organisation. It is a full defence for an organisation if it can demonstrate that, despite active bribery taking place, it had adequate procedures in place to prevent persons associated with it from bribing. An individual found guilty of bribery on indictment

may face up to 10 years' imprisonment and an unlimited fine. An organisation failing to prevent bribery is punishable by an unlimited fine.

5.5   The Ministry of Justice has published detailed guidance about adequate procedures relevant organisations can put in place to prevent persons associated with them from bribing[8]. ISO 37001 Anti-Bribery Management System is the new international standard on Anti-Bribery. It was published in October 2016 and specifies requirements and provides guidance for establishing, implementing, maintaining and improving an anti-bribery management system.

Preventing bribes and kickbacks

5.6   The following measures can contribute to both effective governance and the target hardening of health body processes against bribes and kickbacks:

Process

- Overall responsibility for the effective design, implementation and operation of anti-bribery initiatives should be at director level.
- Organisations should adopt a risk-based approach to tackling bribery and an initial assessment of risk across the organisation is therefore a necessary first step.
- Once risks have been assessed, organisations should put in place procedures that are *proportionate* to the bribery risks that have been identified.
- There should be clear 'gifts and hospitality' and 'standards of business conduct' policies which are publicised and enforced. A model policy and declaration of interests as well as hospitality and gifts forms are contained in NHS Counter Fraud Authority's Bribery Act guidance which is available on the NHS Counter Fraud Authority secure site (https://extranet.cfa.nhs.uk). This policy should make it clear that the offering or accepting of bribes is a criminal offence and a potential disciplinary matter.
- A register should be kept in which staff are required to record any receipt and offering of hospitality or gifts. The policy should make clear what constitutes hospitality or a gift, who should complete the register and how often this should be done. Completion of the register should extend to health body representatives such as consultants or agents.
- Business partners should be made aware in writing of the organisation's anti-bribery policies. Suppliers should sign a declaration confirming that they understand these policies when submitting quotes or tenders.
- The Chief Executive Officer should make a statement in support of anti-bribery initiatives and this should be published on the organisation's website.

---

[8] https://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf

Personnel

- Managers should be provided with sufficient resources and proper authority to implement and monitor relevant anti-bribery activities aimed at protecting the health body's interests.
- Awareness training should be provided to relevant staff on anti-bribery issues, for example values and culture, avoiding conflicts of interest situations and helping to prevent bribery.
- Appropriate action should be taken against staff found breaching anti-bribery procedures and publicity should be sought. The proactive use of publicity is encouraged to promote a strong anti-bribery culture.
- There should be separation of duties between those who identify a procurement need and those undertaking the procurement exercise.

Assurance

- The relationships between long term contractors, including those commonly found in Estates departments, and procurement personnel should be monitored. It is recommended that key procurement personnel are rotated during long term projects. This has the dual benefit of reducing the opportunity for the development of inappropriate relationships and facilitating the detection of those that have developed.
- A robust justification should be sought for the use of preferred suppliers. To provide this, the procurement team can look at the scoring given to quotes or tenders and the rationale used to justify the score. Recommended suppliers can be evaluated by personnel not directly involved in the procurement project.

Detecting bribes and kickbacks

5.7 Bribery by its very nature is secret and therefore difficult to detect. The preventative measures introduced by health bodies to help mitigate this threat can however also assist in its detection.

5.8 The following checks will assist in the detection of bribes and kickbacks:

- The gifts and hospitality register should be examined on a regular basis and any concerns investigated. The register should be cross-referenced against the conflict of interest and tender registers to identify any concerns. Things to look out for include individuals recording significant amounts of hospitality or gifts, or items known to have been received not being declared.
- Looking out for significant lifestyle changes, while remaining mindful that many legitimate reasons are likely to exist for them.
- Looking out for artificially low bids and subsequent inflated charges in the post contract phase.

- Heightened concerns may be raised when a key member of the procurement team obtains employment with a supplier after a contract has been awarded.
- Reviewing single tender waivers and the quantity of work going to contractors to see if one particular supplier is being awarded more work than would reasonably be expected.

Case example – Bribes and kickbacks

An individual was in charge of a tender exercise (Tender 1) to engage consultancy services for a health body. It was known that one of the companies (Company A) bidding for the consultancy services had already carried out extensive work for the health body and had forged close links with two key members of the department running the procurement exercise.

An audit into the procurement raised concerns about the process and a referral was made to NHS Protect (the NHSCFA's predecessor organisation).

The subsequent investigation found that during the tender process Company A had received confidential information that related to the bids of their competitors. The tender was awarded to Company A.

Following the award of the tender to Company A, a contract was awarded to a company (Company B) following a separate tender process (Tender 2). Company B also had a contract with Company A to promote their services. Company A was integral in the procurement process run by the health body to award a contract to Company B (see Conflict of interest case example). Soon after the award of Tender 2, the health body individual involved also started to actively promote Company B in the NHS and received a monthly sum from Company B. This sum was in addition to and exceeded their NHS salary and was not declared to the health body. Payments were made through Company A.

6. False quotations and tenders, and bid rigging

6.1   Procurement exercises often allow NHS officials to use their discretion in deciding which individuals or companies should be invited to bid. Limiting the call for bids is one way in which a dishonest employee can influence the procurement process. The need to demonstrate that competitive tendering requirements have been met can lead to the generation of false quotes and tenders. The production of phantom quotes or tenders from rival or fictitious companies creates the illusion of competition, when in reality a preferred bidder will succeed.

6.2   The risk of false quotes or tenders is more prevalent in procurements that follow a less stringent process, i.e. those under the OJEU threshold or those conducted outside of a centralised procurement team/office. The risk of false quotes or tenders may also co-exist with that of contract splitting (see section 9). False quotations can also take place when a procurement need has been inflated or created; fictitious quotes in these cases result from the fact that there is no genuine desire to complete the work or order the full extent of goods or services.

6.3   The uncompetitive market created through the use of false quotes will often lead to higher prices being paid. Individuals engaging in false quotes may be guilty of Fraud Act and Bribery Act offences.

6.4   Bid rigging occurs when bidders agree among themselves to eliminate competition in the procurement process, thereby denying the public a fair price.

Preventing false quotations and tenders, and bid rigging

6.5   The following measures can contribute to both effective governance and the target hardening of health body procurement processes against false quotations and tenders:

Process

- Suppliers should be selected from an approved list (where available) according to predetermined and justifiable criteria.
- The use of negotiated or restricted tendering should be justified.
- The time and date for the return of tenders should be specified at the outset.
- Invitations to submit quotes or tenders should be retained. This should include all correspondence with potential suppliers.
- Bids should be received within the required timeframe.

- Exceptional decisions to include bids submitted after the deadline must be justified in writing.
- A record of quotes/tenders should be maintained, including the names of contractors and the amount of tenders submitted by each.

Tenders received by post

- The return envelopes should be marked 'tender'.
- The date and time of tenders should be noted on the envelope.
- Bids should be opened at the same time by a minimum of two people not otherwise involved in the tender process.
- Bids should be stored securely.
- The signatures of persons opening tenders and the signature of the person receiving tenders for evaluation should be recorded in a register of quotes/tenders.

E-procurement systems

- E-procurement systems can significantly reduce the time spent creating and awarding a tender. A system of prequalification, including security mechanisms to identify the party using the system, minimises the potential for a person to submit a tender without the appropriate authority or for a person to forge a tender adopting another person's identity.

Personnel

- There should be separation of duties between individuals involved in the selection of potential suppliers (including an invitation to bid), those involved in sending out the invitations to bid and those responsible for evaluating the tenders.
- Staff involved in procurement (and not just staff in the procurement department) should have the relevant competencies and skills to contribute to procurement projects.

Assurance

- The procurement of all goods and services should be subject to robust internal governance, e.g. auditors/managers engaging in regular spot checks of procurement transactions, including the regular review of procurement files.

Detecting false quotations and tenders

6.6   Special consideration should be given to examining the conditions that could lead to the submission of false quotations and bids. These include the splitting of contracts (see section 9) and creating a procurement need. The latter can be monitored by

examining the basis of the procurement need and the proposed spend levels for any project. This may be best done by an overseeing committee, who should refer any concerns to either Internal Audit or the health body's LCFS.

6.7   The following checks will assist in the detection of false quotations and tenders:

- The Competition and Markets Authority has developed a "screening for cartels" tool to help procurers, audit, and counter-fraud professionals screen their tender data. The tool uses algorithms to spot unusual bidder behaviour and pricing patterns identified in past cartels. It will tell you which (if any) of your procurement exercises show any signs of bid-rigging.
- Identifying how bids are received, stored and opened. Is there a robust process in place to ensure that all bids are administered in the same way?
- Examining records of which suppliers have bid for particular projects. This may show a pattern whereby the health body is inviting the same suppliers to bid on numerous projects, or the same supplier is winning numerous tender exercises and the same rival suppliers are constantly losing. This kind of situation requires close examination, in that it would be unusual for losing bidders to continue to bid on a large number of tender exercises if they were always unsuccessful. An added warning indicator is if they never asked for feedback as to why they were unsuccessful. The LCFS should look for patterns with regard to which suppliers are bidding for work and whether any communication (e.g. request for feedback on unsuccessful bids, especially if numerous) has been received.
- Analysing bids to see if the same contractors regularly appear with similar pricing structure or where all but one of the contractors have submitted unrealistically high prices.
- Running sample checks on unsuccessful quotes. Does the company exist, is it known to the health body, are there any links between successful suppliers and unsuccessful bidders (e.g. subcontracting)? This should be done when other indicators raise concerns regarding the procurement process.
- Contacting unsuccessful suppliers to verify their quote.
- Analysing spend against each supplier and looking at other quotes received, looking out for similar templates on quotes.

Case example – False quotations and tenders

An estates department worked with an external contractor (Company A) and used them for various building works across the hospital.

A referral was received from a whistleblower who stated that the company being used for this work was greatly inflating the cost of materials used, which they subsequently billed to the health body.

Once an investigation commenced, it was discovered that the company had been paid almost £1 million in three years. All of their work had been in lump sums of £25,000 or less and had gone through a three-quote process. Approximately 40 pieces of work had been awarded to the company. On closer examination of the other quotes submitted, it was found that the same two companies had been unsuccessful bidders for every piece of work.

The two unsuccessful bidders were contacted and confirmed that they had only bid for one or two pieces of work at the health body over the 3-year period. It was established that the other quotes had been falsified by a member of the estates team. The investigation also uncovered that the wife of the Estates Manager worked for Company A and that materials were being inflated to increase invoice values.

This example illustrates that a concern in one area may lead to several concerns in other areas of the procurement process.

7. Manipulating the tender selection process

7.1 The processes of writing a tender specification, inviting tenders and evaluating bids all provide opportunities for unfairly favouring contractors while maintaining the illusion of competition. Methods for achieving this include:

- Biased, restrictive or vague tender specifications which unjustifiably favour a particular bidder.

- Biased selection of potential bidders. Invitations to tender can be sent out to companies that are highly unlikely to bid or offer meaningful competition. Advertisements inviting tenders can be placed in very obscure publications, or publications which are not geographically suitable.

- A deliberately rushed process which puts a number of competitors at a serious disadvantage. Preferred suppliers can be given advance notice to prepare a bid, whereas the competition is provided with an unreasonably short timescale to produce a meaningful submission. Alternatively, preferred suppliers may be afforded unjustifiable deadline extensions.

- Skewing tender weightings. This involves setting evaluation criteria in a way that does not correspond to the actual requirements of the buyer, for example criteria that are not particularly relevant to price, volumes of work required or quality and which will either favour a particular supplier or allow one supplier to manipulate the price offered. This supplier will be aware of the weightings being skewed. They will quote a very low price for tasks listed in the tender which have been given an artificially high weighting and a high price for tasks given a low weighting. The tasks given a low weighting are the tasks that will in reality be required by the health body. The impact of this is that the supplier who is awarded the work will not provide best value for money to the health body.

- Disguising a new contract as a change of specification to an existing contract with a favoured supplier, removing the need for a procurement process.

7.2 These methods share one essential feature: they all prevent the buyer from paying a fair price for the product bought. As a consequence of a corrupted tender process, the buyer may end up with a product or service the attributes of which neither correspond to business need nor represent value for money. The implications for the buyer may be a direct impact in terms of cost, quality and suitability as well as the indirect cost associated with re-running and/or compensating for a flawed procurement exercise.

Preventing a manipulated tender selection process

7.3   The following measures can contribute to both effective governance and the target hardening of tender selection processes against manipulation.

Process

- Specifications should be checked by someone other than the author to ensure that they are easy to read and consistent with other similar specifications, and that they contain only essential information and tasks.
- Having been checked, the specification should be approved by procurement personnel. The approval process should certify that the product is needed by the organisation and is included in the budget. It should also be certified that the specification accurately defines what is needed, is free from bias and does not favour a particular company or person. Extra care is needed when the specification is highly technical and there has been a reliance on one individual to draw it up. Overreliance on an individual with a high level of technical expertise is a risk and consideration should be given to recruiting external assistance in some cases to provide oversight and maintain the 'four eyes principle'.
- All suppliers should have sufficient time to prepare adequately for a tender.
- The specification and evaluation model should be based on a study of essential needs and this should be documented. The requirements and evaluation model may be derived from past procurements and historic service use. All decisions should have a rationale and an audit trail reflecting how they are arrived at. Key service stakeholders should be involved in the process.
- The decision relating to where to advertise and who to invite to bid should be well reasoned and documented.
- Business partners should be made aware in writing of the organisation's anti-bribery policies. Suppliers should sign a declaration confirming that they understand these policies when submitting tenders.
- Bidders should have access to debrief material following a selection process and there should be a formal complaints process for them to pursue any concerns they may have.

Personnel

- There should be separation of duties with respect to drafting and approving specifications.
- Tender evaluation panels can be established to include service users and operational personnel with experience in the field being procured. The panel should be balanced so as not to favour a particular bidder. Care should be taken not to unfairly steer criteria towards the strengths of one particular supplier and the weaknesses of another.

Assurance

- Those reviewing a proposed procurement should ensure that there is sufficient detail and information to justify, for example, tender specifications, the process for inviting bidders, and weightings and evaluation criteria before suppliers are invited to tender.

Detecting manipulated tender selection processes

7.4   The following checks will assist in the detection of manipulated tenders:

- It is important to examine whether or not the procurement process identified as many suitable suppliers as possible to ensure the best likelihood of obtaining value for money.
- It should be established whether or not the time frame allowed for the procurement exercise afforded suppliers a proper opportunity to effectively compete.
- The rationales used for inviting suppliers to bid should be examined. Relevant suitability factors may include:

    a) size of the supplier (they may be too large to consider a small amount of work)
    b) location of the supplier (they may not be in the correct geographical area to want to bid for the work)
    c) capability to do the work (is it their normal sphere of work?)
    d) links between potential suppliers (does one firm typically subcontract for another?)
    e) information from past invitations to bid (are suppliers being invited to bid who consistently fail to do so?)

- The LCFS may wish to consider monitoring the percentage of non-returns of invitations to bid over time. An increase in this number may indicate that procurement has become less competitive. Further steps may then be taken to establish why this is the case.
- It may be appropriate to question why the same companies are repeatedly being invited to bid. This may simply indicate a lack of real competition. Nonetheless, the invitation of companies that consistently fail to bid or win may also indicate deliberate manipulation of the tender process.
- It should be examined in which publications the adverts for the work are placed. Is the choice of publication sensible in relation to the need and would it reach the desired audience to provide a good selection of potential suppliers? Is the publication one that has proved successful in past procurements and is there any deviation from normal publications used? On balance, are the most suitable suppliers bidding for the work?

- The evaluation process can be looked at to ensure that there were relevant detailed evaluation criteria. What was the rationale for using these criteria and were relevant service users involved in the design or award?
- Are there significant differences between the specification used on the invitation to tender and the contract awarded? Any differences may need to be looked at to determine the reasons for the change and to ascertain how they came about. It may be necessary to determine the extent of negotiation after the submission of tender bids. Whether negotiation is allowable will depend on the type of procurement process being followed (see 3.12).
- Where the anticipated cost of a contract has risen beyond reasonable expectations, checks can be undertaken examining the nature of the goods, works or services invoiced and whether this is an accurate reflection of the goods, works or services originally predicted in the tender weightings. If there are large variances between anticipated and actual charges and/or between the work that has been carried out and the volumes and types of work in the specification, the reasons for this need to be examined. The acceptable level of variance should be determined and variances over that value should be investigated further.
- Unsuccessful bidders should be contacted if concerns are identified through the procurement process. Experience suggests that companies are unwilling to come forward to complain about an unfair specification due to fear of damaging future bids. This is so even when it is clear that a specification favours one of the rival bidders. A proactive approach should be considered when concerns exist.

Case example – Manipulated tender selection processes

Allegations were received that an NHS project manager had used his position to obtain decorating work for a relative and that excessive payments had been made by the health body as a result.

An investigation established that the relative initially worked for the health body as a subcontractor. The managing director (MD) of the firm hired as main contractor was instructed by the project manager to use the relative as a subcontractor. The MD was not aware of the work being carried out by the subcontractor and was also told by the project manager how much he should invoice the health body. The relative then submitted a tender to provide decorating services directly to the health body. The tender appeared to show that it was competitive, which

justified it being the winning bid.

A subsequent analysis of the procurement process established that the tender weightings had been rigged. The project manager had applied incorrect weightings to certain elements of the specification when formulating the tender, resulting in a skewing of the volume and amount of work required. The specification had placed particular emphasis on the requirement for specific tasks which in reality were not needed or relevant. The relative's bid deliberately showed a low cost associated with those tasks, making the rival bidders' tenders appear to be over-priced and less competitive. Conversely, the tasks which were required in large quantities were given a low weighting in the tender. This allowed the supplier to bid a high price for these tasks. Because of their low weighting, these high charges did not impact greatly on the competitiveness of the bid submitted by the relative's company.

The investigation found that the contract and the work carried out had been poorly managed by the project manager and the health body. The estimated cost of the contract was £154,000 over five years. However in the first 18 months of the contract the health body had been billed and paid out over £300,000.

There were few or no records to verify the amounts being invoiced by the relative's company, although there were detailed records of work undertaken by other contractors, including timesheets and receipts of materials.

The health body's procurement department should have been fully involved in the tendering process, which instead was controlled by the estates department. The health body also failed to adequately record staff business interests. Furthermore, the invoices should have detailed what work had been carried out and what was being charged. Had the tender specification and bids been reviewed by an independent quantity surveyor, it is likely that the skewing of specification weightings would have been identified.

The project manager was dismissed from his position following evidence from NHS Protect (the NHSCFA's predecessor organisation) in relation to irregularities in the tendering process. However the Crown Prosecution Service chose not to prosecute. Part of the reason for this were the systemic failings within the health body to control costs and a culture of work being given to favoured contractors with little work being tendered.

8. Contract splitting

8.1   A contract's known or estimated value should determine the nature of the competitive procurement process that is applied. The financial thresholds which dictate this are provided by both SFIs and EU procurement directives. A contract's value is defined as the total consideration, excluding VAT, that is to be paid over its lifetime.

8.2   By splitting what would be a single contract into a number of parts having smaller value, it is possible to avoid thresholds that would otherwise ensure a more stringent procurement process is applied. Also referred to as contract disaggregation, the splitting of a contract can be done to avoid more intense scrutiny of the procurement process. Where procurement is under less scrutiny, the likelihood of offenders being caught is lower.

8.3   It is known that contract splitting is sometimes used inappropriately by those involved in the procurement to simply speed up the process. While transgressions of this kind may appear relatively minor, such behaviour is likely to constitute a breach of health body policy and could be an offence under EU regulations. Furthermore, an organisational culture that allows for breaches of procurement rules to enter into 'business-as-usual' undermines the organisation's own ability to effectively tackle fraud and corruption (see 4.3). On its own, therefore, the presence of contract splitting does not automatically mean that fraud and corruption has taken place. It does, however, create an environment in which criminality can thrive.

Preventing contract splitting

8.4   The following measures can contribute to both effective governance and the target hardening of health body processes against contract splitting:

Process

- A health body's procurement policy should state that there should be no splitting of purchases simply to avoid the application of a more stringent procurement process.
- Where a contract is split, and its splitting would prevent it from reaching a higher procurement process threshold (e.g. one triggering EU tendering requirements), the rationale for this should be recorded and brought to the attention of the appropriate governance group.
- There should be an effective categorisation of spend so that reports can be made against it. Classification coding assists in spotting anomalies. It is important to ensure that common goods and services are given the same code if they belong to the same product type (e.g. rubber gloves are recorded under one code rather than several different codes according to

type). Rationalising the product line is important to determine whether there are any issues in this area and for value for money.

Personnel

- Changes to procurement regulations and thresholds should be communicated promptly to appropriate staff.

Assurance

- There should be regular spot checking of procurement files and transactions.
- It is suggested that the governance group's remit should include the examination and assessment of all supplier spend by tender process followed.

Detecting contract splitting

8.5　There are a number of mechanisms that can assist a health body in identifying contract splitting.

- The overall expenditure on a particular supplier can be looked at and cross checked against the number and types of procurement processes the supplier undertook. This may indicate whether pieces of work are being split. The reasons for splitting work will need to be looked at as there may be good operational reasons for doing so. However, the rationale behind such decisions should be recorded and the records kept for future examination.

- Classification coding reports should be compiled so that any anomalies around common spend being split can be identified.

- The contracts (or lack of contracts) held by a supplier can be looked at to determine whether a proper process has been followed. The absence of a contract may indicate that an abuse of process has occurred.

- The health body's biggest suppliers should be checked twice a year for unexpected high costs. Where there are outliers, cross referencing orders, values and contracts can be useful. Where they do not align, contract splitting may have occurred.

Case example – Contract splitting

Allegations had been made against a manager regarding inappropriate awarding of contracts to a preferred contractor. It was noted that the values of contracts awarded to the preferred building contractor were mostly under the value above which the health body's SFIs dictated that

a formal process for obtaining three competitive quotes should be applied.

An investigation established that over a three-year period the value of contracts awarded to the building company in question had risen alarmingly. Most of the contracts awarded were for amounts that were under the threshold for obtaining quotes.

The health body procurement team did enquire about the amount of orders placed by the manager, who responded by arguing that the contractor always provided value for money.

The investigation established that the manager was 'contract splitting' to avoid a competitive process. It was also found that the manager had been given too much autonomy with regard to managing the planning and tendering of projects, with no separation of duties. There was also a lack of supervision and an absence of controls in the management of these projects.

It was subsequently established that the contractor had also provided their services directly to the manager in a private capacity.

9. Raising awareness of procurement fraud

9.1   LCFSs should include procurement fraud as part of local fraud awareness initiatives and campaigns. This applies particularly to any events such as induction and training delivered to staff in the procurement/finance/accounts payable departments.

9.2   Directors of finance and procurement should ensure that staff with responsibility within the procurement process, or for supervising these processes, are made aware of the risk of procurement fraud in line with the NHSCFA's guidance and intelligence publications.

9.3   Resources to support LCFSs in delivering local fraud awareness initiatives are available on the NHSCFA's website at https://cfa.nhs.uk/fraud-prevention/fraud-awareness-toolkit.

9.4   LCFSs should work with communications departments in their health bodies to identify ways to raise awareness of procurement fraud with health body staff. This could include, for example, putting an article in the staff newsletter, developing local posters and leaflets, and making use of available social media channels (in accordance with each health body's social media policies) to reach all staff, and particularly those responsible for any aspect of the procurement process.

Media relations

9.5   Proactive engagement with the media remains an excellent and cost-effective way to reach large public and NHS audiences with a deterrent, anti-fraud message. TV and radio stations, newspapers and health trade titles have all shown a keen interest in procurement fraud, given the potential scale of losses. At the local level, this should be led by health body communications teams, giving full support to their LCFS.

9.6   The NHSCFA's Media Relations Office will present the national picture on NHS procurement fraud. For information and advice you can contact Rianne Endeley-Brown (Media Relations Officer) on 020 7895 4523, e-mail rianne.endeley-brown@nhscfa.gsi.gov.uk or James Robertson (Senior Media Relations Officer) on 020 7895 4524, e-mail james.robertson@nhscfa.gsi.gov.uk.

10. Reporting suspected fraud and corruption

10.1   Allegations of fraud or corruption may be received from a number of sources. It is important that there are effective processes in place for staff to report incidents involving invoice fraud and these processes are documented within a SOP or policy and widely communicated to staff. Staff should be supported and encouraged to report and be assured that the incident will be investigated and appropriate action taken. All incidents involving fraud should be reported to the health body's LCFS or to the NHSCFA.

10.2   In the case of the NHSCFA, referrals will normally be made either by LCFSs or directly by a health body. However, they may come from a number of other sources, such as the police, other law enforcement agencies, members of the public, NHS employees and whistleblowers.

10.3   The two easy ways to report fraud to the NHSCFA are through the NHS Fraud and Corruption Reporting Line **0800 028 4060** or online at: https://cfa.nhs.uk/reportfraud.

10.4   It is important that all allegations of fraud and corruption are recorded and investigated in a professional, consistent, objective and timely manner. If investigations are conducted in this way then they will form a good foundation for the application of appropriate sanctions.

10.5   It is not necessary to wait until the information can be provided in a format allowing it to be produced as evidence. Allegations and incidents of fraud should always be recorded on NHSCFA's FIRST[9] system as Information Reports. All available information should be recorded, including any subsequent enquiries that are made.

10.6   Access to FIRST can only be gained by NHS accredited Counter Fraud Specialists (CFSs), LCFSs or other authorised users who hold a current NHSCFA nomination and who, in the case of LCFSs, are currently employed by an NHS body

10.7   The use of FIRST is mandatory for all NHSCFA CFSs and for LCFSs.

---

[9] FIRST (Fraud Information Reporting System Toolkit) is an information gathering, intelligence disseminating case management tool designed and provided specifically for all CFSs/LCFSs by the NHSCFA. It helps CFSs/LCFSs to manage referrals, intelligence, fraud enquiries, case preparation and a range of other investigative tasks and includes useful editing tools that help to keep information and cases up to date.

11. Glossary

Accountable Officer	The NHS officer responsible and accountable for funds entrusted to the health body. They are responsible for ensuring the proper stewardship of public funds and assets.
Bribery (active and passive)	Giving or receiving a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith. (Active bribery: promising or giving a financial or other advantage. Passive bribery: agreeing to receive or accepting a financial or other advantage).
Commissioning	The process for determining the need for and obtaining the supply of healthcare and related goods/services by a health body within available resources.
Conflict of interest	A situation in which a person has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties as a public official, an employee, or a professional.
Contract	A legally enforceable agreement between two parties (does not necessarily have to be, but usually is, in writing).
Contract disaggregation	An alternative term for contract splitting.
Contract splitting	By splitting what should be a single contract into a number of parts having smaller value, it is possible to avoid thresholds that would otherwise ensure a more stringent procurement process is applied.

Contracts register	A document which lists all the contracts held between an NHS body and its suppliers that are valued over a certain threshold.
Framework agreement	A contractual vehicle that allows purchasers to order goods or services under the terms and conditions specified in the agreement.
FIRST	NHSCFA's online fraud case management and information reporting system.
Gifts and hospitality register	A document which lists offers of gifts and hospitality which have been declared, typically reviewed annually by a governance committee.
Government Procurement Service	An executive agency of the Cabinet Office whose priority is to provide procurement savings for the UK public sector as a whole and specifically to deliver centralised procurement for central government departments.
Nominated officer	An officer charged with the responsibility for discharging specific tasks within Standing Orders and Standing Financial Instructions.
Invitation to tender	A step in the procurement process in which qualified suppliers or contractors are invited to submit sealed bids.

Official Journal of the European Union	The EC Public Procurement Directives require all public bodies, including NHS health bodies, to provide details of proposed procurements over certain financial values in order to demonstrate adherence to the EC Treaty principles of non-discrimination, equal treatment and transparency. These details are published as adverts in the Official Journal of the European Union (OJEU). This allows all companies replying to an advertisement to have an equal opportunity to express an interest to tender.
Procurement	The process of acquiring goods, works or services.
Public Private Partnership	Public Private Partnerships are those initiatives which involve the private sector in the arena of public services.
Register of interests	A document which details personal or business interests held by individuals which may affect, or be perceived to affect, the performance of their role.
Register of tenders	Document used by health bodies to keep a record of the tendering process, the opening of bids and details of the successful bidder.
Standing Financial Instructions	A document setting out the measures a health body has adopted for the regulation of its proceedings and business.
Single tender waiver	The decision that competitive tendering is not applicable and should be waived. The fact of the waiver and its reasons should be documented, recorded and reported to the audit committee.

Standards of business conduct	A document aimed at providing employees with an awareness of their own personal responsibilities in their conduct as public service employees in the NHS.
Standing Orders	Standing orders set out the responsibilities of individuals with regard to proceedings and business.
Target hardening	A strategy aimed at designing crime out of systems and polices by making it harder for crimes to be committed, and reducing potential gains from them.
Tender	A formal offer to supply goods, works or services at a stated cost or rate.
Tender specification	A document that seeks to clearly, accurately and completely describe in detail what the health body needs to purchase.
Tender weighting	A process for the assessment of tenders which places greater significance on the performance of certain elements over other, non-critical factors.
Value for money	The best combination of whole-life costs and quality, to meet the health body's needs.

12. Further reading

Department of Health and Social Care (2017), NHS Procurement Transformation Programme: Future Operating Model (FOM): https://www.supplychain.nhs.uk/icc/~/media/Files/News/FOM_HANDBOOK%20Oct%202017.ashx

Competition and Markets Authority, Competition law and cartels. Retrieved 20th September 2018 from: https://www.gov.uk/topic/competition/competition-act-cartels

Competition and Markets Authority (2017), CMA launches digital tool to fight bid-rigging. Retrieved 20th June 2018 from: https://www.gov.uk/government/news/cma-launches-digital-tool-to-fight-bid-rigging

HM Government (2017), UK anti-corruption strategy 2017 to 2022. Retrieved 20 June 2018 from: https://www.gov.uk/government/publications/uk-anti-corruption-strategy-2017-to-2022

Ministry of Justice (2012), The Bribery Act 2010: Guidance about procedures which relevant commercial organisations can put into place to prevent persons associated with them from bribing. Retrieved 20 June 2018 from: http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf

OECD (undated) Designing tenders to reduce bid rigging: Helping governments to obtain best value for money. Retrieved 20 June 2018 from: www.oecd.org/dataoecd/36/40/42594504.pdf

OECD (2012) Guidelines for fighting bid rigging in public procurement: Helping governments to obtain best value for money. Retrieved 20 June 2018 from: www.oecd.org/competition/cartelsandanti-competitiveagreements/42851044.pdf

Wrage, A (2007) Bribery and Extortion: Undermining Business, Governments, and Security. Praeger Security International: Westport.

NHS Counter Fraud Authority

Invoice and mandate fraud

Guidance for prevention and detection

February 2019

Version 1.1

**NHS fraud.
Spot it. Report it.
Together we stop it.**

Version control

Version	Name	Date	Comment
1.0	Fraud Prevention Team	10/07/2018	
1.1	Fraud Prevention Team	18/02/2019	Title changed to reference mandate fraud. Changes made to sections 4 and 6 in line with updated guidance sent to health bodies on mandate fraud.

Table of contents

1. Introduction

1.1   The NHS Counter Fraud Authority (NHSCFA) is a special health authority with a remit to identify, investigate and prevent fraud within the NHS and wider health sector.

1.2   This document provides Local Counter Fraud Specialists (LCFSs) and finance staff working in the NHS with guidance which can be used to support work to prevent and detect the most common kinds of invoice fraud at a local level. It provides an introduction to the subject area, an overview of the NHS invoicing environment, practical advice on the most effective ways of tackling invoice fraud and details of how to report suspected fraud and corruption.

1.3   The document also reflects the NHSCFA's current understanding of the key threats facing the NHS and includes advice on raising awareness of invoice fraud. It is intended to supplement existing polices, directives and guidance available more widely in the NHS, by providing an overview of NHS invoicing processes from a counter fraud perspective.

Background

1.4   Established in November 2017, the NHSCFA is independent from other NHS bodies and directly accountable to the Department of Health and Social Care (DHSC).

1.5   The DHSC Anti-Fraud Unit (DHSC AFU), as the NHSCFA's departmental sponsor, has identified that the assessment of intelligence enables national prioritisation of actions both in terms of key fraud risks and in terms of how risks are tackled against established standards. The NHSCFA undertakes a prioritisation exercise annually to identify its key business priorities.

Invoice fraud in the NHS environment

1.6   There is no generally agreed definition of invoice fraud. For the purposes of this guidance document, invoice fraud may be defined as deliberate deception intended to influence any stage of the purchase-to-pay (P2P) cycle in order to make a financial gain or cause a loss.

1.7   The P2P cycle is the part of the business process which covers requisitioning (purchase ordering), receiving, paying for and verifying the supply of goods and services and is distinct from the tendering process. Millions of invoices are processed each year within the NHS and the manner in which the NHS procures and pays for goods and services varies.

1.8   NHS health bodies purchase goods and services in a number of ways:

- directly from suppliers
- independent distributors
- NHS Supply Chain or
- via collaborative procurement hubs

1.9 In addition, some health bodies have set up their own collaborative purchasing arrangements, either with neighbouring health bodies or covering particular types of supplies. The P2P processes for ordering supplies and processing invoices in the NHS are not standardised, and although some health bodies have developed improved systems in collaboration with others, this is not general practice. Most health bodies use an electronic accounts payable system, with key controls around separation of duties between requisitioning, ordering, checking receipt of goods and services and authorising payment.

1.10 The NHS uses a number of shared services providers for the provision of invoicing and financial services. It also uses formal outsourced models where an external third party is paid to provide a service that was previously internal to the buying organisation. One formal outsourced solution is NHS Shared Business Services (SBS).

1.11 In April 2012, the NHS Commissioning Board Authority (NHS England) signed a contract with SBS to provide an Integrated Single Financial Environment, a financial ledger used by NHS England, Clinical Commissioning Groups and Commissioning Support Units.

1.12 Recent information suggests that NHS non-pay spend is approximately £27 billion per annum, typically 30% of operating costs[1]. In spite of this high value, the NHSCFA only receives a relatively small number of fraud reports split evenly between the pre and post contract award phase. The NHSCFA judges that fraud in this area remains vastly under reported. It is considered likely that this is due in part to a high and increasing reliance upon volume based payments and assurance processes that have historically been unsuccessful in identifying fraud within the NHS.

1.13 The remaining sections of the document will focus on the three main categories of invoice fraud. Each section provides a description of the fraud type, a summary of appropriate prevention measures in relation to key areas, advice on detection and an illustrative case example. The three categories are:

- insider fraud
- supplier fraud
- mandate fraud

---

[1] See https://www.supplychain.nhs.uk/icc/~/media/Files/News/FOM_HANDBOOK%20Oct%202017.ashx

These sections are followed with further information on how LCFSs and their organisations can increase awareness and report the issue.

2.   Insider fraud

2.1   Insider invoice fraud refers to cases of fraud in which an insider's access to the NHS organisation's assets and payments, or their ability to influence the outcomes of organisational processes, would be essential for committing the fraud. An insider refers to an employee, contractor or individual with legitimate access to the organisations systems. Examples of insider fraud include:

- False payment requests. These occur when an insider creates a false payment instruction with forged signatures, submits it for processing and takes advantage of the lack of time which typically occurs during book closing to get false invoices approved and paid.

- Fraud relating to billing, for instance:

  - an insider overbilling a debtor and pocketing the difference
  - recording false credits, rebates or refunds
  - creating overpayments to creditors and then pocketing subsequent refunds
  - creating fictitious suppliers and/or shell companies for fraudulent payments

- Fraud relating to procurement (post-contract phase), for instance:

  - an insider altering legitimate purchase orders
  - falsifying documents to obtain authorisation for payment
  - forging signatures on payment authorisations
  - submitting for payment false invoices from fictitious or actual suppliers
  - making improper changes to supplier payment terms or other supplier details
  - intercepting payments to suppliers
  - colluding with a supplier to have marked-up invoices submitted to the health body

Prevention

2.2   The creditor payment system is fundamental to all health bodies. Controls that should be in place to prevent fraud include the following:

Process

- Ensure appropriate due diligence checks are undertaken on new and existing suppliers.
- Reconciliation of purchase orders, booking confirmations, and goods received against invoices.
- Supervisors regularly spot checking supplier records, files and transactions.
- Maintaining an up to date list of authorisers.
- Disbursement information is safeguarded from loss or destruction.
- Regularly review and remove as appropriate any unused suppliers still active on payee list.
- Establishing and running systems and processes for managing conflicts of interest. This is just one aspect of good governance, a failure to acknowledge, identify and address a conflict of interest may result in poor decision, legal challenge and reputational damage. NHS organisations should follow NHS England guidance on managing conflicts of interest[2]. This guidance introduces common principles and rules for managing conflicts of interest, provides simple advice to staff and organisations about what to do in common situations. The guidance came into force on 1 June 2017 and is applicable to the following organisations:
    - Clinical Commissioning Groups via the statutory guidance issued by NHS England
    - NHS Trusts and NHS Foundation Trusts – which includes secondary care trusts, mental health trusts, community trusts, and ambulance trusts
    - NHS England.

Payment systems

- Procedures covering the granting and removal of appropriate access rights to users.
- Segregation of duties and ensuring appropriate levels of access with respect to accessing invoice processing tools in payment systems.
- Requirement for users to change their passwords on a regular basis.
- Automatic user logout when the system has not been used for a specified amount of time.
- System login blocked after a specified number of failed attempts.
- Production of exception reports.

---

[2] https://www.england.nhs.uk/ourwork/coi/

Personnel

- Employment checks on new and existing staff to ensure that health bodies are making an informed decision when recruiting staff. Checks include verifying identity, employment history and criminal records.
- Clear written instructions and procedures for all staff involved in the payment process including the finance department and spending department as appropriate.
- Clearly defined budget holders for all accounts.
- Payments approved by authorised officers.

Detection

2.3   Indicators that could give rise to further investigations include:

- Format of the invoice does not match with previous bills received from the supplier. For example, the logo does not match.
- Information on the invoice does not correspond with details already held by the health body, such as the supplier's VAT number or address.
- Invoices that appear to have been altered or are incomplete.
- Suppliers with PO boxes or residential addresses.
- Members of staff requesting to specifically deal with particular suppliers.
- No apparent requirement for the goods or services mentioned in the invoice.
- Bank details changed on a supplier's account that hasn't conducted work for a substantial period of time.

Case example

The Department of Health (DH - now the Department of Health and Social Care) Accounts Payable section became suspicious of a payment to a contractor who had previously worked in the DH Commercial Directorate but had not invoiced the department for over a year.

DH was in the process of transferring its finance operations to a new system. As part of this process a number of purchase order accounts needed to be migrated across. These accounts still had funds left in them which were due on contracts that had not been completed. The accounts needed to be checked to determine whether they should be closed or remain open.

A senior manager within the former NHS Purchasing and Supply Agency (PASA) (now the Crown Commercial Service) was to oversee this

process, with a team reporting to him, and was required to report to the DH Procurement team.

Following reconciliation of budget reports it was found that a payment of £31,960 had been made to a contractor who had not worked in the commercial directorate for over a year. Further investigation found that the associated invoice contained different bank details to those on the previous invoices from that contractor. It was established that the user profiles used to change the bank details and the recipients of the payments were linked to two members of the PASA team.

Internal enquiries prompted a staff member to contact DH Accounts Payable to give an explanation. He stated that he had run an experiment on the new banking system, using his own bank account details; this was mistakenly done on the live system instead of in a test environment. He was instructed to repay the money and eventually did so.

Further checks were carried out against the same bank account, revealing another payment of £25,000 having been made into the account.

The suspect was arrested, admitted receiving both payments and spending £25,000. He was subsequently sentenced to 12 months' imprisonment and ordered to repay the £25,000.

3. Supplier fraud

3.1 Supplier invoice fraud includes any act whereby a supplier or purported supplier deliberately takes steps to mislead a health body with a view to obtaining payments that were not properly due. Previous analysis by the NHSCFA's predecessor organisation identified a number of substantial risks of overpayments due to:

- duplicate invoicing
- including hidden or incorrect fees, such as 'handling fees', 'on-costs' and 'administration fees'
- over-inflated agency commission above contracted rates
- VAT fraud, such as VAT charged on invoices without a VAT registration number
- invoicing for services that were not supplied

Prevention

3.2   The NHSCFA's predecessor organisation previously undertook work looking at employment agencies overcharging the NHS. A key finding of this work was that invoices often failed to provide a full breakdown of the amount due, so it was difficult for health bodies to determine whether the correct amount was being paid. Suppliers should be required to provide as much information as possible on their invoices, including:

- supplier's trading name and logo
- supplier's invoicing address and contact details for queries relating to the invoice
- purchase order or booking reference number, as applicable
- invoice, account and VAT numbers
- health body's name and invoicing address
- supplier's bank details including account name, number and sort code
- full breakdown of the amount being invoiced including VAT, additional fees and discounts, as applicable

3.3   Other measures that should be in place to prevent fraud include the following:

Process

- Spot checking information on invoices against supplier details already held by the health body
- Sample reconciliation of purchase orders or booking confirmations and goods received against invoices
- A payment system which is able to identify duplicate invoices
- Checking that VAT numbers are valid. An EU VAT number (including the UK) can be checked on-line at http://ec.europa.eu/taxation_customs/vies/.
- Establishing and running systems and processes for managing conflicts of interest (more information regarding NHS England's guidance on managing conflicts of interest is provided in paragraph 2.2 above).

Personnel

- Clear written instructions and procedures for all staff involved in the payment process, including the finance department and spending department as appropriate.

Detection

3.4   NHSCFA recommends that health bodies undertake accounts payable audits to identify duplicate payments, incorrect supplier payments, missed discounts, missed rebates, and tax errors.

Case example

A small construction company won a contract to develop a new hospital wing for an NHS health body. It had been a crucial project for the company, one which brought in much needed revenue at a difficult time. But the money the company made was not just on the construction. One day, when submitting invoices for payment, one of the smaller charges was accidentally duplicated and, surprisingly, it was paid with no questions asked. The company then went on to make more false claims, starting with exaggerated amounts and developing into claims for work that was never done. It was only when staff at the health body realised that the project was 20% over budget, with the work still incomplete, that a closer examination of the claims was carried out. The fraud was uncovered and as a result of the false claims, the company went bankrupt.

Had the health body employed procedures such as proper and regular supervision of the contractor's work, including regular checking that the invoiced payments were appropriate, the opportunity for fraud would have been minimised, or at least the contractor's false claims would have been uncovered at a much earlier stage.

4. Mandate fraud

4.1   Mandate fraud is variously described as 'change of bank account scams', 'payment diversion fraud' or 'supplier account takeover fraud'. It occurs when someone gets an organisation to change a direct debit, standing order or bank transfer mandate, by purporting to be from a supplier they make regular payments to in order to benefit from unauthorised payments. Details of suppliers are obtained from a range of sources including corrupt staff, publicly announced contracts and online logs of supplier contracts.

4.2   If you suspect that you have been the victim of a mandate fraud, immediate action is crucial and may prevent any actual loss of NHS funds. LCFSs and Directors of Finance must act immediately and contact the NHS organisation's bank and advise them of the suspected mandate fraud in action. The NHS organisation's bank should be instructed to immediately contact the bank where the fraudulent transfer of NHS funds has been made and request an immediate freeze on the funds transferred into the suspected fraudsters' account.

Prevention

4.3   Health bodies should ensure that they have robust authorisation and monitoring procedures in place for the creation and changing of bank details including the following:

- Raise staff awareness of social engineering techniques[3] used by an attacker to commit mandate fraud (see more information below regarding social engineering techniques).
- Staff should always verify requests to change supplier details by using established contact details already held on file.
- If a call from an alleged supplier seems suspicious, hang up and call the organisation using established contact details.
- Staff should check the authenticity of an email received from a supplier (e,g, the domain name) by using established supplier contact details already held on file.
- The supplier's contact details should be taken from existing records held by the health body and not from information supplied in the change request.
- Assess how much information is made publicly available and how it could be used against your organisation.
- Segregation of duties and ensuring appropriate levels of access with respect to accessing invoice processing tools in payment systems.
- Suppliers should periodically be asked to confirm information already held by the health body, such as the previous bank account details, registered address, email address, company registration number, company VAT number or the name of the company secretary.
- Suppliers should be sent a bank account amendment form for their finance director or company secretary to sign, confirming the change of bank account details. A model amendment form is available in Annex A.
- Information provided on the amendment form should be checked against the health body's existing records before any change is made.
- Clear written instructions and procedures for all staff involved in the payment process, including the finance department and spending department as appropriate.
- Establishing and running systems and processes for managing conflicts of interest (more information regarding NHS England's guidance on managing conflicts of interest is provided in paragraph 2.2 above).

---

[3] Social engineering is the technique of manipulating individual behaviour in order to induce them to carry out specific actions that can be useful to the attacker.

Detection

4.4   Indicators that could give rise to further investigations include:

- Telephone requests received suggesting that there is some urgency in making the change of account details.
- Email requests from an address that is not on existing health body records.
- Written requests without the supplier's logo on the letter.

Social engineering

4.5   Social engineering refers to the psychological manipulation of people and systems into divulging confidential information and performing actions that they otherwise wouldn't. NHS organisations should be aware of the typical methods that fraudsters use to commit fraud:

- Initial contact made via emails to the NHS organisation's generic finance department mailboxes purporting to be from a contractor. This information may be obtained from the NHS organisation's website where information about significant capital projects and associated construction contractors is published. The emails contain a common template with the contractor's name, logo, and genuine office addresses. The emails request information about the procedure to change bank account details for future payments.
- The fraudster subsequently sends an email to the contractor purporting to be from the NHS organisation (using a fake email domain and email signature from the NHS organisation's finance department) to request any outstanding invoices due for payment.
- The fraudster will use information (including banking details) on these invoices to gain the trust of the NHS organisation they are attempting to defraud.
- A convincing email purporting to be from a genuine contracted supplier is sent to the NHS organisation, with a request to change bank account details.
- Email correspondence is designed to appear genuine using similar domain names to those they are purporting to be from. The fraudster socially engineers information from both the NHS organisation and their contractors to appear genuine to both parties. Any suspect emails should be compared against historic correspondence as part of the verification process.

Case example

The finance director of an NHS health body in England describes a case of mandate fraud that happened at their organisation and what they have learnt from it.

"The shared services provider who deals with our financial services received a fax, appearing to have come from a construction company who had a contract with us to build a £6 million unit. We believe the criminals obtained their information from material available publicly, such as our publicised invoices over £10,000 and press releases about the new building work. The genuine contractor had done nothing wrong. The criminals had managed to open a bank account using the company name and somehow making it sound like an individual. They instructed our provider to change the bank details to theirs. Our estates department agreed an £897,000 interim payment to the contractor. When this payment was released, that money went straight to the criminals' bank account. On big money schemes, it is usual to send large amounts of money in several payments. The criminals just had to wait for the next payment to hit their account. Luckily for us, the fraud was spotted quickly. The contractor called the shared services provider on the day payment was due to ask where the money was. None of us at the trust knew that the bank details had been changed.

"After receiving the call from the supplier, the shared services provider contacted the NHSCFA. The money had already left the account by the time the recipient's bank was informed. The bank managed to trace some of the funds into overseas banks and £537,000 of the £897,000 was returned to the trust a few days later. This left the trust with a £360,000 shortfall, money earmarked for patient care."

The finance director continues: "We have since adopted the NHSCFA's guidance and improved our systems. I can't stress enough times how important it is for NHS organisations to take notice of alerts sent by the NHSCFA including guidance on the best way to check and process any 'change of bank details' requests. It is not until it happens that you wish you'd taken notice of that alert. Don't be the next victim. Never just accept a phone call, email or fax asking you to change a supplier's payment details. Always ensure the old bank account details are provided as well. What's the worst that could happen if you pay the old bank account? A genuine supplier won't mind providing the relevant information in hard copy and will probably be glad that you are being careful."

5. Raising awareness of invoice fraud

5.1 LCFSs should include invoicing fraud as part of local fraud awareness initiatives and campaigns. This applies particularly to any events such as induction and training delivered to staff in the finance/accounts payable department.

5.2 Directors of finance should ensure that staff with responsibility for paying or authorising invoices, or for supervising these processes, are made aware of the risk of invoicing fraud in line with the NHSCFA's guidance and intelligence publications.

5.3 The NHSCFA recommends that suppliers are required to complete a standard amendment form when they notify health bodies of a change in bank account details. An example form is attached in Annex A.

5.4 Resources to support LCFSs in delivering local fraud awareness initiatives are available on the NHSCFA's website at https://cfa.nhs.uk/fraud-prevention/fraud-awareness-toolkit.

5.5 LCFSs should work with communications departments in their health bodies to identify ways to raise awareness of invoicing fraud with health body staff. This could include, for example, putting an article in the staff newsletter, developing local posters and leaflets, and making use of available social media channels (in accordance with each health body's social media policies) to reach all staff, and particularly those responsible for any aspect of the purchase-to-pay cycle.

Media relations

5.6 Proactive engagement with the media remains an excellent and cost-effective way to reach large public and NHS audiences with a deterrent, anti-fraud message. TV and radio stations, newspapers and health trade titles have all shown a keen interest in invoice fraud, given the potential scale of losses. At the local level, this should be led by health body communications teams, giving full support to their LCFS.

5.7 The NHSCFA's Media Relations Office will present the national picture on NHS invoice fraud. For information and advice you can contact Rianne Endeley-Brown (Media Relations Officer) on 020 7895 4523, e-mail rianne.endeley-brown@nhscfa.gsi.gov.uk or James Robertson (Senior Media Relations Officer) on 020 7895 4524, e-mail james.robertson@nhscfa.gsi.gov.uk.

6. Reporting suspected fraud and corruption

6.1 With regard to mandate fraud it is important that the NHSCFA is contacted and it is imperative that action is taken immediately to prevent the loss of NHS funds.

6.2 Allegations of fraud or corruption may be received from a number of sources. It is important that there are effective processes in place for staff to report incidents involving invoice fraud and these processes are documented within a SOP or policy and widely communicated to staff. Staff should be supported and encouraged to report and be assured that the incident will be investigated and appropriate action taken. All incidents involving fraud should be reported to the health body's LCFS or to the NHSCFA.

6.3 In the case of the NHSCFA, referrals will normally be made either by LCFSs or directly by a health body. However, they may come from a number of other sources, such as the police, other law enforcement agencies, members of the public, NHS employees and whistleblowers.

6.4 There are two easy ways to report fraud to the NHSCFA: through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (available 24/7) or online at **https://cfa.nhs.uk/reportfraud**. All reports are treated in confidence and there is the option to report anonymously.

6.5 It is important that all allegations of fraud and corruption are recorded and investigated in a professional, consistent, objective and timely manner. If investigations are conducted in this way then they will form a good foundation for the application of appropriate sanctions.

6.6 It is not necessary to wait until the information can be provided in a format allowing it to be produced as evidence. Allegations and incidents of fraud should always be recorded on the NHSCFA's case management system as Information Reports. All available information should be recorded, including any subsequent enquiries that are made.

6.7 Access to the NHSCFA's case management system can only be gained by NHS Accredited Counter Fraud Specialists (ACFSs), LCFSs or other authorised users who hold a current NHSCFA nomination.

6.8 The use of the NHSCFA's case management system is mandatory for all NHSCFA ACFSs and for LCFSs.

7. Further reading

National Fraud Intelligence Bureau – Bulletin with respect to mandate fraud

http://www.cityoflondoncpa.org.uk/wp-content/uploads/2016/05/Mandate-Fraud-Public-Sector-Alert.pdf

Healthcare Financial Management Association

http://www.hfma.org.uk/

HMRC – Report fraud

https://www.gov.uk/report-vat-fraud

National Cyber Security Centre –An introduction to Social engineering

https://www.ncsc.gov.uk/content/files/protected_files/guidance_files/Introduction-to-social-engineering.pdf

NHS Employers – NHS employment check standards

http://www.nhsemployers.org/recruitmentandretention/employment-checks/employment-check-standards/pages/employment-check-standards.aspx

Annex A – Example bank account amendment form

SUPPLIER INFORMATION		
Supplier's name:		
Registered address:		
Town:	City:	Postcode:
Telephone number:	Fax number:	
Email address:		
Remittance address (if different from above):		
Telephone number:	Fax number:	
Email address:		
Name of company secretary:		
Company registration number:		
Company VAT number:	Charity number:	

SUPPLIER INFORMATION										
Current details										
Name of bank:						Account number:				
Account number:						Sort code:				
New details										
Name of bank:						Account number:				
Account number:						Sort code:				

DECLARATION			
I declare that the information I have given on this form is correct and complete.			
Request completed by (print full name):			
Date:			
* Please indicate using X			
Finance Director		Company Secretary	

To enable us to deal with your request please return this form as soon as possible to:

NHS

Counter Fraud Authority

Payroll fraud

Guidance for prevention, detection and investigation

March 2019

Version 1.0

NHS fraud.
Spot it. Report it.
Together we stop it.

Version control

Version	Name	Date	Comment
1.0	Fraud Prevention Team -EF	22/03/19	

Version control

Contents

1. Introduction

Background

1.1. The NHS Counter Fraud Authority (NHSCFA) is a special health authority charged with the identification, investigation and prevention of fraud within the NHS. The NHSCFA is the single expert intelligence led organisation providing centralised intelligence, investigation and solutions capacity for tackling fraud in the NHS in England. The NHSCFA acts as the repository for all information related to fraud in the NHS and wider health group, and has oversight of and monitors counter fraud work across the NHS. We provide strategic and tactical solutions to identified fraud risks, counter fraud standards and assessment of performance through the provision of comparative data.

1.2. The NHSCFA's departmental sponsor is the Department of Health and Social Care Anti Fraud Unit (DHSC AFU), which holds the NHSCFA board to account for the delivery of its strategy.

1.3. Working collaboratively with Local Counter Fraud Specialists (LCFSs) and other stakeholders, we drive improvements to counter fraud work that is undertaken across the NHS. Our remit for intelligence activities also includes the DHSC's non-departmental public bodies and executive agencies.

1.4. From data gathered in 2016-17, in 2017-18 we estimated that fraud losses within the NHS exceeded £1.29 billion per annum. This should be seen in the context of local health spending of over £120.5 billion.

1.5. The term 'fraud' refers to a range of economic crimes, such as fraud, bribery and corruption or any other illegal acts committed by an individual or group of individuals to obtain a financial or professional gain.

1.6. This document provides LCFSs with guidance which can be used to support work to prevent detect and investigate the most common kinds of payroll fraud at a local level. It provides an introduction to the subject area, an overview of the NHS payroll environment, practical advice on the most effective ways of tackling payroll fraud and details of how to report suspected fraud, bribery or corruption. It includes advice on raising awareness of payroll fraud and is intended to supplement existing polices, directives and guidance available more widely in the NHS by providing an overview of NHS payroll processes from a counter fraud perspective.

1.7. Sections 3-6 in this document cover four main categories of payroll fraud:

- Misrepresentation of qualifications/skills or experience
- Timesheet fraud
- Working elsewhere while sick
- Expenses and allowances fraud

Each section provides a description of the fraud category and advice on prevention and detection.

Standards for providers and commissioners

1.8.   NHSCFA's standards for NHS providers and commissioners 2019-20 require that organisations use relevant information and intelligence to identify anomalies that may be indicative of fraud and take appropriate action, including proactive exercises, to address them. Relevant information and intelligence may include (but is not limited to) internal and external audit reports, information on outliers, recommendations in investigation reports and information from payroll (as per standard 3.2).

1.9.   To meet this standard, organisations should be able to demonstrate that where anomalies are identified that may be indicative of fraud, proactive exercises to assist in the prevention and detection of fraud are conducted to address them and all recommendations are actioned.

1.10.   The standards are available at https://cfa.nhs.uk/counter-fraud-standards

1.11.   This document aims to assist LCFSs in identifying potential areas of payroll fraud risk within their organisations, so that proactive exercises can be undertaken if appropriate.

Scale of payroll fraud

1.12.   The NHSCFA strategy document 'Leading the fight against NHS fraud: Organisational strategy 2017-20' includes a breakdown of estimated losses in key areas of NHS spend. Here, the estimated probable annual direct cost of payroll and identity fraud is £90.6 million per annum.

2. The NHS payroll environment

2.1.   The NHS Electronic Staff Record (ESR) system provides an integrated HR and payroll system to NHS organisations. It is used by 99% of NHS Trusts and holds the data for about 1.4 million staff (about 6% of the UK's working population).

2.2.   ESR automates every aspect of the payment of staff and is fully integrated within the HR functionality in order to save time and eliminate errors.

2.3.   The HR module is at the heart of ESR because it contains all the core employee information used by the other components of the system. The HR functionality covers the three major areas of workforce management: new joiners, changes and leavers. The information held includes employee personal details (name, address,

emergency contacts, equal opportunities data, competencies, memberships and qualifications) and assignment information (grade, post, contracted hours, place of work and salary).

2.4.   ESR supports the recruiting process from the identification of the initial vacancy, through the selection of suitable applicants, to an offer being made to the successful candidate. The data that is captured during this process forms the employee record. This also links with records held by professional registration bodies, such as the General Medical Council and the Nursing and Midwifery Council, and by NHS Jobs.

2.5.   ESR holds the information required to make payments to staff. This includes personal details, which are shared with the HR side of the system so that there is no duplication of information.

2.6.   ESR's self service capabilities enable any staff member to access the system through a browser-based interface. Employees have the ability to view and update their personal information, such as emergency contacts and bank details. They can also: view payslips, talent profiles, P60s, and Total Reward Statements, request annual leave, participate in a development review, do e-learning, browse learning opportunities and request enrolment on courses.

2.7.   ESR has a variety of User Responsibility Profiles (URPs) which control the access rights of the user and protect system integrity. It is a matter for each local organisation how they allocate the URPs within ESR.

2.8.   Guidance on this is available in the ESR user manual, which is part of the **ESR infopoint** at https://www.infopoint.esr.nhs.uk/

2.9.   LCFS should contact their Local HR and payroll departments who have access to the infopoint. Where an organisation deviates from ESR recommendations, they should do so with full internal audit processes in place in order to minimise any risk of fraud or security breaches.

2.10.   ESR reporting allows organisations control and audit of all aspects of the payroll process. It produces the mandatory information required for relevant internal and external purposes such as HMRC and pension returns and it facilitates the balancing of payrolls with the general ledger.

3. Misrepresentation of qualification, skills or experience

Description

3.1.   This type of payroll fraud occurs when someone purports to have qualifications or experience that they do not actually have. This is particularly serious in senior and

medical positions. This type of fraud is easier to perpetrate where robust pre-employment processes are not in place, or are not followed.

Prevention and detection

NHS Employers standards

3.2. NHS Employers have developed the NHS Employment Check Standards that outline the type and level of checks employers must carry out before recruiting staff into NHS positions. The standards, last updated in July 2017, are available at **http://www.nhsemployers.org/your-workforce/recruit/employment-checks/nhs-employment-check-standards**

3.3. All NHS providers (including both NHS organisations and private providers) are required to be registered with the Care Quality Commission (CQC). The CQC monitors, inspects and regulates health and social care services to make sure they meet fundamental standards of quality and safety. The CQC provides guidance for providers on meeting the regulations. These include the fundamental standards – the standards below which care must never fall. This guidance is available at: **https://www.cqc.org.uk/guidance-providers/regulations-enforcement/regulations-service-providers-managers**

3.4. The NHS Employment Check Standards are also embedded in the Crown Commercial Service (CCS) health temporary staff frameworks, which cover compliance with the standards in relation to contracted and sub-contracted staff.

3.5. The NHS Employment Check Standards apply to all applications for NHS positions (prospective employees) and staff in NHS employment. This includes permanent staff, staff on fixed-term contracts, volunteers, students, trainees, NHS contractors, highly mobile staff, temporary workers (including locum doctors), those working for a trust bank, and other workers supplied by an agency. Trusts using agency, contractor or other external bodies to provide services must ensure, through regular audit and monitoring, that their suppliers comply with these standards.

Professional registration and qualification checks

3.6. It should be a contractual condition of employment for healthcare professionals that they have registration throughout their employment. Employers must check the registration of health professionals with the relevant regulatory body. Employers must have the consent of the health professional and their registration number in order to check the registration.

3.7. Qualification checks are necessary to validate the information provided by an applicant in relation to their educational or professional qualifications. Applicants may not always have the original documentation and employers will need to make an appropriate risk based assessment taking into account the priority given in the person specification to the relevant qualification and the level of checks required.

3.8. If qualifications have been checked by a professional regulatory body and the individual's registration has been confirmed, then further documentary evidence

about qualifications that are relevant to their registration should not be required. Employers must verify that the applicant is actually the person registered with the regulatory body, that there are no restrictions to their registration, and there are no pending investigations on their fitness to practise.

3.9. For non-health professionals, qualifications that are specified as a pre-requisite for the position must be checked. Where a qualification is essential for the position, employers must:

- request original certificates and retain a copy on file
- check that the details on certificates match the information provided by the applicant in their application form
- contact the awarding body directly, where possible, to confirm the applicant's attendance, course details and grade awarded. Employers will be required to provide a copy of the applicant's consent in order to obtain any such information.

3.10. Where the applicant has gained their qualifications overseas, employers will need to check that this qualification exists, that it is equivalent to the stated UK qualification and that the prospective employee does, in fact, hold the qualification. These checks should, wherever possible, be carried out directly with the awarding institution. Where this is not possible, employers should seek advice from the relevant country's UK embassy, consulate or high commission.

Alert notices

3.11. A Healthcare Professionals Alert Notice (HPAN) is a process of notifying NHS bodies, or other organisations providing services to NHS bodies, about registered health professionals whose performance or conduct could pose a significant risk of harm to patients, staff or the public.

3.12. Employers must check their alert notice files prior to recruiting an individual. If an individual is subject to an alert notice then employers must check whether they are suitable to be employed into the position being offered. HPANs are usually used whilst the regulator is considering the concerns and provides an additional safeguard during the pre-employment checking process.

3.13. The operation of the alert notice system is the responsibility of NHS Resolution. Further detailed information on the process of issuing HPANs, and checking whether an individual has been the subject of an HPAN, is available at **https://resolution.nhs.uk/services/practitioner-performance-advice/hpans/**

Employment history and reference checks

3.14. This standard outlines the requirements for seeking references to verify a candidate's employment and/or training history. The standard includes a range of

useful templates which outline the minimum data set that should be sought or provided in response to reference requests.

3.15. The main purpose of an employment history and reference check is to obtain information about an applicant's employment and/or training history in order to determine whether or not they are suitable for a particular position. As part of their duty of care to patients and staff, employers should carry out all reasonable checks to identify any circumstances that, if known, would result in an individual not being employed or appointed to undertake any activity on their behalf.

3.16. At a minimum, the following information should be obtained and verified:

- where the individual has been employed/has studied
- dates employed/studied
- position held/course undertaken
- recent or ongoing disciplinary action or referrals

3.17. Any gaps or discrepancies in employment or training history should be further investigated at interview so that the employer can get an informed view as to the probity of the individual. Where there are gaps in employment or training history, employers will need to seek appropriate assurances from the applicant and, where in any doubt, should obtain suitable personal references.

3.18. Employers should complete the employment checks fields in ESR, including the date that employees' qualification checks were undertaken and the supporting documentation. ESR has a professional registration interface facility with organisations such as the Nursing and Midwifery Council and the General Medical Council.

3.19. Applicants should be required to sign a declaration when applying for a job, which includes the following wording:

- The information in this form is true and complete. I agree that any deliberate omission, falsification or misrepresentation in the application form will be grounds for rejecting this application or subsequent dismissal if employed by the organisation. Where applicable, I consent that the organisation can seek clarification regarding professional registration details.

4. Timesheet fraud

Description

4.1. Timesheet fraud occurs when staff keep a record of hours worked (timesheet) for the purposes of payment, and this record is falsified. The risk of this type of fraud taking place is higher where appropriate oversight and controls are lacking.

Prevention and detection

4.2. Health bodies should have clear written instructions and procedures for all staff and managers on completing, submitting and authorising timesheets.

4.3. Timesheets should include the following:

- Counter fraud declaration to be signed by the staff member:

I declare that the information I have given on this form is correct and complete and that I have not claimed elsewhere for the hours/shifts detailed on this timesheet. I understand that if I knowingly provide false information this may result in disciplinary action and I may be liable for prosecution and civil recovery proceedings. I consent to the disclosure of information from this form to and by the NHS organisation and NHSCFA for the purposes of verification of this claim and the investigation, prevention, detection and prosecution of fraud.

- Counter fraud declaration signed by the authoriser:

I am an authorised signatory for my ward/department. I am signing below to confirm that both the grade and the shift that I am authorising are accurate and I approve payment. I understand that if I knowingly authorise false information this may result in disciplinary action and I may be liable for prosecution and civil recovery proceedings. I consent to the disclosure of information from this form to and by the NHS organisation and NHSCFA for the purposes of verification of this claim and the investigation, prevention, detection and prosecution of fraud.

- NHS Fraud and Corruption Reporting Line details:

Any questionable timesheet must be immediately brought to the attention of your Local Counter Fraud Specialist or reported to the NHS Fraud and Corruption Reporting Line (powered by crime stoppers) on **0800 028 40 60** or online at **www.cfa.nhs.uk/reportfraud**

4.4. Timesheets should be self-carbonated to facilitate record keeping and assist in identifying any timesheets that are fraudulently amended post-authorisation.

Process

4.5. When developing their timesheet procedures, health bodies should consider the following:

- Staff should be required to record the hours they have worked on a daily basis.
- Health bodies should ensure that original timesheets are submitted before any payment is made.
- Faxed and photocopied timesheets should not be accepted.

- Forms should be completed using black ink and block capitals.
- Time of hours worked should be entered in 24 hour format.
- Any incomplete or illegible timesheets should be returned to the member of staff.
- Correction fluid should not be used on timesheets, and any alterations should be initialled by the authorised signatory.
- Health bodies should ensure that clear procedures are in place with respect to rest breaks.
- Authorised signatory lists should be kept up to date.
- Completed timesheets should be kept for a minimum of two years.
- Nominated managers should be responsible for submitting termination forms in the prescribed way immediately upon knowing the effective date of an employee's resignation, termination or retirement. Where an employee fails to report for duty in circumstances that suggest they have left without notice, the Director of Finance must be informed immediately.
- Training and guidance should be provided to staff on the completion of timesheets.

Electronic timesheets

4.6.   The following principles apply specifically to electronic timesheets:

- Users of electronic timesheet systems should be required to change their password on a regular basis.
- When the system has not been used for a specified amount of time, the user should be automatically logged out.
- System login should be blocked after three incorrect attempts.
- The authorising officer should be able to view relevant staff timesheets at any time.
- A unique username and password should be available for the authorising officer.
- Staff access to the timesheet system should be stopped immediately upon termination of an employment contract.

5. Working elsewhere while sick

Description

5.1.   This type of fraud can occur when a member of staff who is off sick, and being paid by one NHS organisation, is in fact working for another employer (often another NHS organisation).

5.2.   As a general rule, there is nothing to stop employees from working for more than one employer (provided they are not working in competition against their main employer) and it is possible for an employee to qualify for statutory sick pay from one employer while continuing to work for another. The fact that an employee is fit

to do one job does not necessarily mean that they are fit to do another. For example one job may be sedentary and the other mobile.

5.3.   However, if they falsely declare that they are unfit to work this may constitute fraud.

Prevention and detection

5.4.   Health bodies should have policies and procedures on employees undertaking secondary employment. The policies and procedures should be communicated to staff at all levels.

5.5.   The health body's employee code of conduct should include a requirement for staff to inform their manager of any secondary employment.

5.6.   A standard clause can be included in contracts of employment to prohibit employees from undertaking any other employment without their employer's consent. This may not be applicable for all staff, for example those working part-time. If employees are allowed to carry out other work, they should still be required to inform their manager.

5.7.   If unpaid or paid work, study or training is authorised, managers should put this in writing to the employee and a copy of the letter should be emailed to the HR manager.

5.8.   Managers should ask employees during the return to work interview whether they have done any unpaid or paid work, study or training during the period of sick leave and record their answer on the sickness/absence notification form sent to payroll.

5.9.   Return to work forms should include the following declaration:

- Employee declaration:

I confirm that during the period of being unfit for work I did not undertake any unpaid or paid work, study or training which was not approved in advance and in writing by my line manager. I confirm that during the period of being unfit for work I undertook unpaid or paid work, study or training which was not approved in advance and in writing by my line manager.

5.10.   In cases of long-term absence, line managers must arrange to conduct regular review meetings to discuss possible courses of action should the absence continue. The meetings should be recorded and notes sent to the employee concerned.

5.11.   Employees should be required, on an annual basis, to complete a form declaring any business interests which may be relevant to the work of the health body and

details of any other employment they may have. The form should include the following wording:

- Standards of business conduct declaration:

As an employee of……………….you are required to declare, on an annual basis, any interests under the following sections, in accordance with the organisation's Standing Financial Instructions:

- Business interests of yourself, your partner or spouse, which are, or may be, relevant to the work of [insert name of organisation] or your work within the organisation.
- Details of any other employment you have or may undertake.
- Any gifts or hospitality offered to you, whether accepted or not.

The form should also include the following employee declaration:

- Employee declaration

I have read and understood the organisation's code of business conduct as it relates to conflicts of interest, personal activities and hospitality. I understand that failure to abide by Standing Financial Instructions will render me liable for disciplinary action, including termination of employment.

6. Expenses and allowances fraud

6.1. This type of fraud occurs when employees submit claims for expenses and allowances which are either entirely false, or are inflated.

6.2. Examples of fictitious claims for expenses and allowances include:

- claiming for travel and expenses that were never incurred
- using inflated mileage totals when seeking reimbursement
- collusion among employees who claim separately for travel or mileage reimbursement when they travelled together
- seeking reimbursement for items that were never purchased
- falsifying or manipulating receipts
- charging for items used for personal reasons

Prevention and detection

6.3.   Health bodies should ensure that they have robust authorisation and monitoring procedures in place for the payment of expenses and allowances, including the following:

- Expenses and allowances policies and procedures should be communicated to staff.
- Claims should be submitted promptly within a specified time.
- Original documentation such as receipts should be maintained for a period of time for audit purposes.
- Claims should be authorised by an appropriate officer.
- The health body should maintain an up to date list of authorisers.
- Budget holders should be provided with sufficient information to enable them to monitor expenses and allowances costs against budget.
- If corporate charge cards are being used, managers should review credit activity reports on a regular basis.

6.4.   Expense form declarations should include the following wording:

- Expense form declaration:

I declare that the expenses I have claimed were incurred wholly, necessarily and exclusively in the execution of my duties as an employee. I confirm that I have personally incurred the expenditure and have not previously submitted any item on this claim.

Expenses systems

6.5.   Electronic expenses systems should include the following features:

- procedures covering the granting of appropriate access rights to users
- a requirement for users to change their passwords on a regular basis
- automatic user logout when the system has not been used for a specified amount of time
- system login blocked after a specified number of failed attempts

Checks

6.6.   Checks that managers should undertake to verify claims and detect fraud include the following:

- random checks to verify details on claims
- requiring original documentation
- checking travel and subsistence claims for reasonableness
- checking claims relating to attendance at meetings against meeting minutes/attendance records

- consistency checks on claims made by staff attending the same meeting
- checks to ensure that the correct rate per mile has been claimed
- annual audits on a sample of expenses claims

7. Reporting suspected fraud

7.1.   NHSCFA receives allegations of fraud from a number of sources. Referrals will normally be made through the NHS Fraud and Corruption Reporting Line or directly by an LCFS or a health body. However, they may also come from a number of other sources, such as the police, other law enforcement agencies, members of the public, and NHS employees.

7.2.   If members of the public or staff have concerns about a suspected fraud in the NHS, they can:

- call the NHS Fraud and Corruption Reporting Line (powered by crime stoppers) on **0800 028 40 60**
- fill in the online fraud reporting form at **www.reportnhsfraud.nhs.uk**
- ask their Local Counter Fraud Specialist for advice. Contact details are available from the relevant NHS organisation.

8. Investigating payroll fraud

8.1.   This section provides guidance on investigating payroll fraud.

NHS counter fraud manual

8.2.   The NHS counter fraud manual sets out in greater detail the procedural, technical and legislative considerations and requirements which have a bearing on investigations. It also describes the NHSCFA's structure, strategy and business process and its powers to tackle fraud as a Special Health Authority. It has been written to provide guidance on NHSCFA investigative procedures (and links to further information) and to ensure that a common approach and best practices are adopted by all when allegations of fraud, bribery and corruption are investigated in the NHS.

8.3.   The manual is available on both NHSCFA's extranet and staff intranet sites. NHSCFA's extranet contains resources for NHS counter fraud staff and their senior managers and is accessible to DOFs and LCFSs in a secure password-protected environment. Go2, the intranet site for the NHSCFA, is accessible only to NHSCFA staff. Additionally, LCFSs can request for a copy of the manual to be emailed securely to a DOF by writing to **fraudmanual@nhscfa.gsi.gov.uk**

Criminal and disciplinary investigations

8.4.   Disciplinary investigations must be conducted separately from criminal investigations. These two processes have different purposes, rules of evidence, standards of proof and outcomes; it would not be appropriate for one process to cover the other.

8.5.   The LCFS's remit covers criminal investigations only, and NHSCFA does not endorse the use of LCFS provision for carrying out disciplinary investigations at a health body. This is because criminal and disciplinary investigations should be conducted by different individuals. If an LCFS were to conduct a disciplinary investigation, and it later came to light that criminal offences may have been committed, he/she would not then be able to investigate the criminal allegations; this may undermine the integrity of both the disciplinary proceedings and any criminal proceedings, as well as their outcomes.

8.6.   Close liaison is vital to ensure that action in one area does not interfere with action in the other. The NHS counter fraud manual describes the NHSCFA approach to sanctions and advises on pursuing criminal, civil and employment/disciplinary proceedings. It also covers the timing of parallel investigations and the NHSCFA approach to financial investigation and recovery of assets.

The case management system

8.7.   The case management system is an information gathering, intelligence disseminating case management tool designed and provided specifically for all NHS counter fraud specialists by the NHSCFA. The case management system supports investigators with case preparation and a range of other investigative tasks and includes useful editing tools that help to keep information and cases up to date.

8.8.   Access to the case management system can only be gained by NHS accredited counter fraud specialists, LCFSs or other authorised users who hold a current NHSCFA nomination and who, in the case of LCFSs, are currently employed by an NHS body directly, or through a third party organisation, to perform the LCFS role on its behalf. All case management system authorised users are allocated a user ID and password by the NHSCFA. Use of the case management system is mandatory for everyone engaged in the investigation of fraud within the NHS.

8.9.   It is important that all allegations of fraud and corruption are recorded and investigated in a professional, consistent, objective and timely manner. If investigations are conducted in this way, they will form a good foundation for the application of appropriate sanctions.

9. Raising awareness of payroll fraud

General

9.1.   LCFSs should cover payroll fraud in their local fraud awareness initiatives and campaigns. Resources to support LCFSs in delivering fraud awareness initiatives are available as part of NHSCFA's 'fraud awareness toolkit'. The toolkit includes a number of posters, leaflets and banners mainly focusing on a 'Report NHS fraud' message. All materials are available to view or download in a digital format – print ready versions are available on request for those wishing to get any materials professionally printed. The toolkit is available on the NHSCFA's website at **https://cfa.nhs.uk/**

9.2.   LCFSs should work with communications departments in their health bodies to identify ways to raise awareness of payroll fraud among health body staff. This could include, for example, putting an article in the staff newsletter, developing local posters and leaflets, and making use of available social media channels (in accordance with the health body's social media policies) to reach all staff.

Media relations

9.3.   Proactive engagement with the media remains an excellent and cost-effective way to reach large public and NHS audiences with a deterrent, counter fraud message. This should be led locally by health body communications teams.

Credit card fraud

Credit cards are commonly used in the NHS for a variety of purchases and transactions, usually for the ordering and/or purchase of goods and services where immediate payment is required or where normal procurement processes do not apply. This quick guide looks at common fraud risks relating to the use of credit cards by NHS organisations.

Credit cards can also be referred to as purchasing cards and are issued to designated staff for making authorised purchases or transactions.

What is credit card fraud?

Credit card fraud can include:

- unauthorised transactions made using a stolen or cloned credit card

- unauthorised transactions made using stolen personal details from a credit card, e.g. goods and services are purchased online or over the phone using stolen card details (this is often referred to as 'card not present' fraud)

- the use of skimming devices to exploit the contactless feature on credit cards where multiple unauthorised transactions of up to £30 can be processed with a card reader

With a credit card the threats to NHS organisations are exactly the same as those faced by private individuals.

Who is this quick guide for?

This guidance is intended for all staff issued

with a credit card for authorised transactions, their managers and staff working in NHS finance and procurement teams.

How to spot credit card fraud

It is important for staff to remain vigilant to credit card fraud; here are some vulnerabilities to be aware of:

- **Insider threat** – Credit cards can be misused by staff for unauthorised purchases outside of official business. In some cases employees will test the water and make a small unauthorised purchase to see if it is detected.

- **Poor controls and management** – A lack of oversight and scrutiny of the credit cards in circulation and their use, may encourage lax behaviours and lead to misuse by staff if they go unchallenged.

- **Poor security of credit cards** – Employees may lose cards through theft or negligence, cards may also be skimmed during a legitimate transaction, and financial information stolen and misused.

How to stop credit card fraud

Controls that mitigate the risk of credit card fraud should be documented in a policy and standard operating procedures (SOPs) and staff should be trained on identifying and reporting any risks and breaches. The following controls should be in place for the management of credit cards in use:

- When NHS credit cards are issued to staff for business purposes, an up to date policy should be available specifying the terms and conditions of their use, agreed purchase limits, any merchant category restrictions and the escalation process should any breaches of the terms and conditions be identified.

- An up to date list of all employees who have been issued with and authorised to use a credit card should be recorded. Finance and Procurement teams should determine how frequently this list is reviewed.

- A clear process should be in place to ensure that the authorising manager within the Finance or Procurement team are notified of staff leavers to ensure credit cards are returned and/or deactivated.

- Purchase limits should be agreed and set by the issuing department or manager in consultation with the Finance/Procurement team. If limits are exceeded, action for escalation should be incorporated within the organisation's policy.

- Once purchase limits have been agreed, parameters should be set within the relevant system or process to ensure that only purchases/transactions within the agreed limits are paid. Line management or director approval should be required if the limit is exceeded.

- A maximum limit for transactions should be put on the card.

- All credit card transactions should be checked on a regular basis, at least monthly. This is to identify anomalies, unauthorised spend (purchase and limits) and any potential misuse or fraud.

- If any transactions have been found to breach the NHS organisation's terms and conditions (e.g. spending outside agreed limits), it is recommended that the card is immediately suspended until the matter is resolved. The cardholder should be held to account for any breach and a decision made on whether any disciplinary action should be applied.

- Staff issued with the credit card should be advised to keep the card in a secure place.

If you suspect credit card fraud

1. If a card is lost or suspected of being stolen this should be reported immediately and the account should be frozen.

2. If any transactions appear suspicious, the card should be suspended immediately with any further transactions cancelled or frozen.

3. If fraud is suspected the organisation's escalation process should be followed immediately and the Local Counter Fraud Specialist contacted for advice (see also how to report fraud below).

How to report fraud

Report any suspicions of fraud to NHS Counter Fraud Authority online at **https://cfa.nhs.uk/reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

Having a policy and SOP in place for the management of credit cards in use ensures there is oversight, holds staff to account and assists in the prevention and detection of fraud. By implementing these recommendations, NHS organisations will reduce their risk of falling victim to credit card fraud and the loss of NHS resources that results from these crimes.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
  - » Invoice and mandate fraud
  - » Pre-contract procurement fraud and corruption
- For further information visit the NHSCFA website: **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

Petty cash

Petty cash is held and maintained locally for the purchase of small value sundry items or for incidental expenses. Fraud relating to petty cash can occur if, for example, a dishonest claim is made for a non-authorised item or expenditure.

Who is this quick guide for?

This guidance is intended for staff with delegated responsibility for handling petty cash, their managers and NHS finance teams.

How to spot fraud

It is important for staff to remain vigilant to fraudulent activity and loss relating to petty cash. Here are some vulnerabilities to be aware of:

- No receipt for expenditure or monies spent.
- Misrepresented expense claims and receipts.
- Using petty cash to fund unauthorised activities which are not in line with the NHS organisation's policy.
- Using petty cash to purchase unauthorised items.
- Failing to validate a patient's entitlement prior to approving a reimbursement.
- Failing to verify the identity of the patient claiming a reimbursement.
- 'Borrowing cash' from the petty cash fund.
- 'I owe you' messages in place of cash or valid receipts.
- Unrestricted access to the petty cash fund.

NHS organisations should be mindful that although petty cash amounts handled at any

given time may be small, the real indicator of fraud is the amounts of funds that are cumulatively disbursed through the account over the year.

How to stop fraud

The following controls should be in place for managing petty cash:

Finance teams

- NHS organisations should have a policy and standard operating procedures (SOPs) with clear instructions for staff on the management and use of petty cash. The policy should include what the cash may be used for; the maximum limits for individual payments and the agreed maximum float amounts to be held at any time.

- The number of petty cash funds within the NHS organisation should be kept to a minimum.

- A record of all petty cash funds available within the NHS organisation should be kept.

- Regular audits should be carried out in order to review the management and use of the funds.

- Access to petty cash funds should be restricted to authorised staff only.

- Finance teams should undertake regular reviews of staff authorised to handle petty cash and ensure their authorised lists are up to date.

Managers/Staff

- Staff should have access to an annually reviewed petty cash policy stating that all cash disbursed must be used solely towards the objectives of the NHS organisation.

- All purchases made using petty cash should be in accordance with the NHS organisation's policy, i.e. for items authorised and to the value set by the NHS organisation's policy.

- Staff should not reimburse any monies without a relevant receipt being provided in line with the NHS organisation's policy.

- A record of all expenditure and receipts for items purchased using petty cash funds should be kept.

- Staff should ensure that their accounts are balanced at the end of each day.

Security

- Where feasible, petty cash funds should always be kept in a safe with access restricted to authorised staff only. If this is not available, petty cash should be kept in a cash box within a lockable drawer.

If you suspect fraud

- Items purchased without a valid receipt should be rejected and staff held to account.

- Any short falls from the petty cash fund should always be questioned and investigated by a member of the finance team.

- If fraud is suspected the organisation's escalation process should be followed immediately and the Local Counter Fraud Specialist contacted for advice (see also how to report fraud below).

How to report fraud

Report any suspicions of fraud to NHS Counter Fraud Authority online at **https://cfa.nhs.uk/reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

Having a policy and SOP in place for the management of petty cash ensures there is oversight, holds staff to account and assists in the prevention and detection of fraud. By implementing these recommendations NHS organisations will reduce their risk of falling victim to fraudulent activity and suffering financial losses.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
- For further information visit the NHSCFA website **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

Mandate fraud

Mandate fraud is described as change of bank account scams, payment diversion fraud or supplier account takeover fraud.

What is mandate fraud?

Mandate fraud occurs when someone contacts an NHS organisation with a request to change a direct debit, standing order or bank transfer mandate, by purporting to be from a genuine supplier that regular payments are made to. If the organisation accepts the fraudulent request, the payments are then diverted into the criminal's bank account. The genuine supplier details are usually obtained from a range of sources including corrupt staff, publicly announced contracts and online logs of supplier contracts.

CEO email fraud

CEO (Chief Executive Officer) email fraud is another form of mandate fraud whereby the fraudster requests changes to payroll bank account details. This type of fraud typically occurs when an email from a fraudster is sent to an NHS organisation purporting to be the organisation's CEO or a senior director with instructions to change bank account details of the person they are impersonating. The fraudster will request that funds are transferred as a matter of urgency to the alternative bank accounts. The member of staff receiving the email will feel pressured to comply due to the apparent seniority of the sender and urgent nature of the email.

Who is this quick guide for?

This guidance is intended for those staff working in NHS finance and payroll teams, particularly those responsible for setting up bank account details and processing bank payments.

How to spot mandate fraud

Mandate fraud can occur in different ways,

here are some methods to be aware of:

- A telephone request is received where the caller is suggesting some urgency in making a change to supplier's bank account details.

- An email request is received from an unknown email account that is not recorded on the NHS organisation's records.

- An email is received where a minor amendment has been made to the sender's address details, giving the impression it is a correct and genuine contact email address at first glance. For example, the genuine address is Joebloggs**363**@mail.com but the fraudulent email came from Joebloggs**36**@mail.com. Staff should always check the authenticity of an email received from a supplier (e.g. the domain name) by using established supplier contact details already held on file.

- A written request is received in the form of a letter or invoice that does not contain the supplier's logo or the logo may be less sharp or slightly blurred (this would most likely be a scanned copy of an original document which has been counterfeited).

How to stop mandate fraud

Controls that mitigate the risk of mandate fraud should be documented in a policy and standard operating procedures (SOPs) and staff should be trained on identifying and reporting any risks and breaches. Without proper controls, NHS organisations are at risk of unintentionally paying a supplier's invoice into a fraudster's account.

The following controls should be in place:

- NHS organisations should periodically confirm supplier information held on file including: previous bank account details, registered address, email address, company registration number, company VAT number or the name of the company secretary.

- When contacting a supplier this should be done using the supplier's contact details found in existing records held by the NHS organisation and not from information supplied in a change request.

- If there should be a need to amend bank account details, suppliers should be sent a bank account amendment form for their finance director or company secretary to sign, confirming the change of bank account details. Information provided on the amendment form should be checked against the health body's existing records before any change is made.

- A senior member of the finance team should always review any change of bank account details and formally authorise this.

- All staff should be aware of and adhere to internal procedures and controls to minimise the risk of losses to this type of fraud.

- There should be a segregation of duties and an appropriate level of access with respect to accessing invoice processing tools in payment systems.

- Staff should be vigilant for invoices related to office supplies as this is a known high risk area relating to all reported mandate fraud in the NHS.

- A dual control procedure for authorising payments should be implemented.

- Staff should be vigilant during the months of August and December, as analysis indicates these are vulnerable periods for mandate fraud to occur in the NHS.

- It is very important to maintain the organisation's processes around fraud prevention and treat it as a 'business as usual' activity.

- Staff should be clear about when and where to report all incidents or threats of mandate fraud.

- Staff should be trained on social engineering[1] techniques that can be used by an attacker to commit mandate fraud.

The signs of how to spot and preventative advice on how to stop CEO email fraud are very similar to those in mandate frauds. It is important that payroll staff are acutely aware of these risks when administering employee payroll banking account information.

If you suspect mandate fraud

- If a call from an alleged supplier seems suspicious, hang up and call the supplier organisation using established contact details held on the NHS organisation's records.

- If you suspect that a mandate fraud has occurred, the organisation's escalation process should be followed and immediate action is crucial and may prevent any actual loss of NHS funds. Staff must act immediately by alerting their Local Counter Fraud Specialist (see also how to report fraud below) and the following actions must be taken:

[1] Social engineering refers to the psychological manipulation of people and systems into divulging confidential information and performing actions that they otherwise wouldn't.

1. Your organisation's Local Counter Fraud Specialist or Director of Finance should contact the targeted NHS organisation's bank advising them of the suspected mandate fraud in action.

2. The NHS organisations bank should be instructed to contact the bank of the suspect account where the fraudulent transfer of NHS funds have been made to.

3. An immediate freeze on the funds should be requested.

How to report fraud

Report any suspicions of fraud to the NHS Counter Fraud Authority online at **https://cfa.nhs.uk/ reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously. You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

By increasing scrutiny, embedding control measures and implementing fraud prevention action concerning mandate fraud, NHS organisations will reduce the associated risks and the potential for significant monetary losses.

Reporting incidents of mandate fraud, even unsuccessful ones, to the NHS Counter Fraud Authority will assist in the identification of individuals who are targeting the NHS and their methods for investigative action.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
    - » Invoice and mandate fraud
    - » Pre-contract procurement fraud and corruption
- For further information visit the NHSCFA website **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

NHS
Counter Fraud Authority

Suppliers' code of practice: preventing fraud, bribery and corruption

The purpose of this code of practice is to highlight the role and responsibilities of NHS organisations and their suppliers with regard to preventing fraud, bribery and corruption in the procurement of goods and services supply chain.

Who is this code of practice for?

This guidance is intended for NHS procurement teams, who should share this document with the suppliers they work with. It is intended to complement existing guidance and codes of practice and provides direction to suppliers on what is expected from them when engaging with the NHS.

What is fraud, bribery and corruption?

Public procurement in the UK is directed by the EU treaty and the EU Procurement Directives, the UK Public Contract Regulations 2015 and the UK Public Procurement Regulations 2016 which implement the EU Directives. This legal framework is provided to ensure public procurement is conducted in a fair and transparent manner both in the UK and across the EU. The EU procurement requirements must be followed, in addition to the UK procurement regulations, in cases where the value of the procurement is over a certain monetary threshold.

Fraud

Fraud involves acting with dishonest intent and can occur at any point during the procurement lifecycle and is defined by the Fraud Act 2006, which outlines three different ways of

committing the offence:

- fraud by false representation

- fraud by failing to disclose information

- fraud by abuse of position

The following are examples of fraud that can occur during the procurement process:

- **Provision of inaccurate information:** this is done by the supplier or an individual to secure a contract, e.g. falsifying qualifications or past performance references, including false certifications and defective pricing (failure to disclose accurate, current and complete pricing data).

- **Provision of an intentionally low bid:** this may be done by suppliers with the intention to add costs, post award.

- **Cyber-fraud:** hacking into systems to obtain confidential and commercially sensitive information.

Bribery

The Bribery Act 2010 defines **bribery** as giving or receiving a financial or other advantage in connection with the 'improper performance' of a position of trust or a function that is expected to be performed impartially or in good faith. The term 'improper performance' means performance which amounts to a breach of an expectation that a person will act in good faith, impartially, or in accordance with a position of trust. The offering or accepting of bribes is a criminal offence. Bribery can range from the offer of a gift or cash or the use of any other inducement in exchange for preferential treatment.

It is an offence under the Bribery Act 2010 for an organisation to fail to prevent active bribery by not having adequate preventative procedures in place or by failing to prevent persons associated with them from committing active bribery on their behalf. An individual found guilty of bribery on indictment may face up to 10 years' imprisonment and an unlimited fine.

The following are examples of how bribery can occur during the procurement process:

- **Bribery or kickbacks for awarding a contract:** a bribe is given to an employee to secure the award of a contract. A kickback is a form of 'negotiated bribery' where a portion of the value of a contract is demanded by an official as a bribe for services rendered, for example securing the contract itself. For the purposes of the Bribery Act 2010, a kickback is equivalent to a bribe. The kickback might be said to vary from other kinds of bribes in that there is implied collusion between the two parties, rather than one party extorting the bribe from the other.

- **Bribery for disclosing confidential information:** a bribe is given to an employee to secure the disclosure of confidential and commercially sensitive information, such as the content of competing bids.

Corruption

Corruption is defined as dishonest or fraudulent conduct by those in power; this typically involves bribery to induce those individuals to abuse their position of power. The following are examples of how corruption can occur during the procurement process.

■ **Bid rigging:** suppliers collude to ensure a particular bidder wins the contract, by reaching an agreement on the bids submitted. Bid rigging can involve:

» **Price fixing:** suppliers who collude to fix 'what price to charge'.
» **Bid rotation:** collusion by suppliers to rotate contracts between themselves, ensuring that a pre-selected bidder wins on a rotating basis.
» **Market sharing:** collusion by suppliers to divide the market (geographically or otherwise) and agree not to bid against each other.
» **Bid suppression:** collusion by suppliers to voluntarily reduce the number of bidders or use of coercive means to prevent others submitting bids.
» **Complementary bidding:** bidders submitting bids with no intention of winning, for example by submitting high cost bids.
» **Cover pricing:** submission of inflated bids by suppliers who have no intention of winning the contract, to assist 'winning' bidder.

■ **Manipulation of specifications:** specifications manipulated to favour a particular bidder or specifications not fully developed before the contract is awarded. This can result from inappropriate involvement in the shaping of the requirement during preliminary market consultations.

■ **Manipulation of procurement procedures:** This occurs when the procurement process is manipulated to ensure a particular bidder is successful. For example:

» Rigging of exclusion/selection (PQQ) criteria or contract award criteria.
» Unjustified recourse to single sourcing (direct negotiation).
» Contract scope change without the need for re-competition.
» Unjustified contract extension.
» Abuse of competitive dialogue procedure, negotiated procedure with competition or innovation partnership procedure (e.g. by disclosing confidential and commercially sensitive information about other bids to a particular bidder during negotiations).

The NHS expects suppliers to be vigilant and proactively look for fraud, including the risk of fraud in their own business.

Gifts and hospitality

Bribery does not necessarily involve cash, in a procurement context; it might involve suppliers providing procurement staff with gifts, hospitality, holidays or promises of future employment.

NHS suppliers are required to comply with the NHS organisation's gifts and hospitality policies and its standards of business conduct policies.

Conflicts of interest/abuse of authority

A conflict of interest can arise at any stage of the procurement process and exists where an individual has an economic or personal interest in a transaction. A conflict of interest can also occur when an employee does not disclose a pecuniary or other personal interest in a contract. This might be perceived to compromise their impartiality and independence in the context of the procurement or contract management process.

Possible conflicts of interest include individuals having:

- A direct financial interest

- An indirect financial interest

- A non-financial or personal interest

- A conflict of loyalties

All suppliers are required to declare any personal or family relations within the NHS organisation at the pre-contract stage.

Suppliers will be asked to complete a non-collusion declaration and non-canvassing declaration as part of the tendering process.

Nil return declarations need to be made, and will be routinely sought from suppliers throughout the tendering process, at both the commencement and conclusion of the process.

All disclosures should be in full and include the business interests of the family and close friends of those involved in the procurement process. Any changes to conflicts of interests that may arise during the procurement lifecycle

must be declared.

A supplier with a position of influence gained through contracted work should not use that position to unfairly disadvantage any other supplier or reduce the potential for future competition, for example by creating a technical solution that locks in the supplier's own goods or services.

Fair competition

The NHS is committed to ensuring that all procurement activity is conducted in an open and transparent manner with both parties displaying the utmost honesty and integrity. The NHS does not tolerate any form of fraudulent or corrupt practices.

The NHS expects a comparable commitment from all suppliers, who should be fully aware of UK fraud, bribery and corruption legislation and sign a declaration confirming this when submitting quotes or tenders.

Suppliers must adhere to all EU Procurement Directives and NHS policies and procedures when participating in any NHS tender exercise. The EU Procurement Directives require procurement exercises to be completed transparently and fairly.

Suppliers should also have their own robust processes in place to ensure that the subcontractors in their supply chain are also fully compliant.

Suppliers should not share specifications and detailed costs, and they should report any concerns if it is suspected that other suppliers are working together.

Suppliers should be made aware in writing of the NHS organisation's anti-bribery policies. Suppliers should sign a declaration confirming that they understand these policies when submitting quotes or tenders.

Raising concerns

As a supplier you should always ask yourself:

- Is it legal?

- Does it feel right and fair?

- Am I comfortable with it?

- Is it something that may be portrayed negatively in the media?

- If my actions were made public would they be represented in a positive way?

As a supplier delivering a service through the procurement process to the NHS, compliance with the legal framework is compulsory and breaching this could impair your status as a suitable NHS supplier.

If you suspect that fraud, bribery or corruption has occurred, immediate action is crucial. Suppliers must act immediately by alerting the NHS organisation involved or by contacting the NHSCFA. Suppliers and their staff should also ensure that they comply with their own organisation's whistleblowing policies.

How to report fraud

Report any suspicions of fraud to NHS Counter Fraud Authority online at **https://cfa.nhs.uk/reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

Complying with this code of practice promotes the public service values which underpin the work of the NHS and reflects its core values and behaviours. Suppliers play an important role in the delivery of goods and services necessary for patient care; preventing any potential fraud ensures that precious NHS resources can continue to be used for their intended purpose – patient care.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
  - » Pre-contract procurement fraud and corruption
  - » For further information visit the NHSCFA website: **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

Due diligence

The purpose of this quick guide is to highlight NHS organisations' role and responsibilities with regard to preventing fraud, bribery and corruption in the procurement of goods and services supply chain.

What is due diligence?

Due diligence is an essential tool in a risk management framework and it helps identify and manage fraud risks that may arise in transacting or dealing with a third party or supply chain (e.g. a supplier or subcontractor).

The purpose of due diligence is to understand the credibility and status of a third party's business and how it fits with your organisation. By doing this, the NHS organisation is able to ensure its supply chain delivers its prescribed goods and services in an honest and ethical manner.

Who is this quick guide for?

This guidance is intended for NHS procurement teams who engage with and manage supplier relationships.

Types of due diligence

There are various types of due diligence that will provide NHS organisations with the confidence and knowledge to empower their organisation's decision making process.

There are three main types of due diligence for NHS organisations to consider.

Financial

Financial due diligence is the process an NHS organisation undertakes to verify the financial information provided to it and to assess the underlying performance of a potential supplier. The benefit of undertaking financial due diligence is that organisations gain knowledge of the current and historical performance of a potential supplier and their viability to perform the services required.

Commercial

Commercial due diligence considers the market in which a business sits, providing a full overview of the business's internal and external environment, an assessment of competitors and a full analysis of the structure and performance of the business. All of this is intended to assist the NHS organisation in making an informed risk management decision as to whether they should engage with the supplier or not.

Third party due diligence

Third-party due diligence is the process an organisation undertakes to validate and mitigate risk when looking at outsourced work to an external company.

Following the launch of the Bribery Act 2010, there is a requirement placed on organisations to provide evidence that they have sufficient anti-bribery measures in place.

How and when to perform due diligence checks

Due diligence is critical to ensuring that NHS organisations enter into a healthy professional relationship with a supplier. It is crucial that NHS organisations have a standard operating procedure (SOP) in place setting out how due diligence checks should be carried out within the organisation.

Undertaking a due diligence exercise will usually begin with a desk-based review of publicly available information about the prospective supplier, as well as information the NHS organisation has requested directly. Should there be a need to follow up on the initial desk-based review; further clarity might be sought by way of site visits and interviews with the prospective supplier.

Conducting effective due diligence should provide NHS organisations with an understanding on:

- ■ Whether prospective suppliers are genuine and legitimate.

- ■ The financial stability of a prospective supplier, through:
  - » **Credit checks** – results obtained from these checks can supply data referring to county court judgments, trade payment performance, statutory information from Companies House and any insolvency events.
  - » **Fraud databases** – allowing fraud data to be shared amongst agencies with an agreement in place.
  - » **Companies House** – information can be obtained on directors and statutory filings

specifically on date of incorporation, recent filing history and address changes.

- The capability of prospective suppliers and sub-contractors to undertake agreed courses of works or supply of goods.

- The prospective supplier's governance and internal controls framework. This framework plays a pivotal role in how the organisation deals with issues such as risk, fraud, bribery, corruption, safeguarding, and transparency, amongst others.

- The legitimacy and financial status of all major subcontractors that the potential supplier intends to use in order to fulfil the organisation's contract.

- Any conflict of interest between potential suppliers and staff members within the organisation that sit with the procurement process.

- The reputation/public perception of the potential supplier, through checks on social media, employment history and other search engines. This will help identify any negative press associated with the potential supplier, or its directors or senior managers.

- Whether anti-money laundering checks need to be undertaken.

It is important that these due diligence components are reflected in the NHS organisation's procurement and organisational SOPs and form part of its business as usual practices when on-boarding new suppliers or procurement projects.

Assurance needs to be obtained by various checks undertaken during the tendering process, when contracts have been awarded or when changes are made during the contractual period and throughout the contract lifecycle. Effective due diligence provides a level of assurance and can identify any potential risks in respect of a prospective supplier. This is not an exhaustive list of due diligence procedures and should be subject to review on a regular basis.

Due diligence dos and don'ts

Staff should adhere to the following dos and don'ts:

When undertaking due diligence, **DO:**

- Take a proportionate and risk-based approach to due diligence.

- Make third parties aware of the NHS organisations due diligence policies and seek compliance.

- Use available information sources to undertake the necessary checks on third party suppliers and subcontractors providing a service on behalf of the organisation.

- Ensure regular checks are conducted on a frequent basis throughout the relationship with third party suppliers and subcontractors.

- Retain a log of all due diligence enquiries conducted.

- Ensure appropriate due diligence has been undertaken on subcontracted organisations.

- Compile a list of recommended suppliers that have been vetted and approved by the NHS organisation.

- Before a contract is awarded, final checks need to be conducted to ensure the contractor can deliver what is agreed and there has been no change in the supplier's structure, financial status, working practices etc.

- Enlist professional due diligence organisations to undertake checks where there is a greater risk involved or information is not easily obtainable.

When undertaking due diligence, **DON'T**:

- Ignore concerns raised by employees and suppliers.

- Accept suppliers and employees at their word alone.

- Accept changes in contractual terms and conditions without proper justification and without internal approval or legal advice.

- Consider due diligence as a tick-box exercise.

- Treat the due diligence process as a 'one-off' task.

- Ignore changes in behaviour or a restructure of a supplier or subcontractor.

- Allow one person to investigate, administer and make the final decision on whether to transact business with a supplier.

Legal considerations

Due consideration should be given to data protection, privacy, anti-bribery, and anti-money laundering legislation when undertaking due diligence exercises and handling any information gained as a result. It is therefore crucial that NHS organisations have a SOP in place setting out how these checks should be undertaken.

Undertaking due diligence may uncover personal or legally sensitive information. These considerations should be covered within the NHS organisation's data protection policy, with guidance being sought directly from the Information Commissioner's Office where necessary.

If you suspect fraud

If fraud is suspected the organisation's escalation process should be followed immediately and the Local Counter Fraud Specialist contacted for advice (see also how to report fraud below).

How to report fraud

Report any suspicions of fraud to NHS Counter Fraud Authority online at **https://cfa.nhs.uk/reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

A robust due diligence process can help NHS organisations to prevent and detect fraud, bribery and corruption in the supply chain. Implementing the actions within this quick guide will assist NHS procurement teams in making informed risk management decisions on whether to engage with suppliers. This will provide value for money and protect NHS resources for patient care.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
  - » Suppliers' code of practice: preventing fraud, bribery and corruption
- For further information visit the NHSCFA website **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

Buying goods and services

This quick guide highlights the fraud risks when buying goods and services directly from suppliers.

Fraud in this area includes any act whereby deliberate steps are taken to mislead a NHS organisation with a view to dishonestly obtain payments individuals are not entitled to; for example by staff, suppliers or fictitious suppliers or collusion between these groups.

Who is this quick guide for?

This guidance is intended for NHS staff, particularly budget holders, those with responsibility for requisitioning goods and services or approving invoices, and procurement and finance teams, particularly those with responsibility for processing invoices and payments.

How to spot fraud

Staff should remain vigilant to fraud within the process of buying goods and services; here are some areas of vulnerability to be aware of:

- False invoices, where either a legitimate or fabricated supplier dishonestly submits invoices to the NHS for goods or services not supplied.

- Inflated invoices, where a supplier dishonestly submits invoices that do not accurately reflect the goods or services provided or contracted to the NHS.

- Duplicate invoices, where a supplier dishonestly submits more than one invoice for the same goods or service.

- VAT fraud, such as VAT charged on invoices without a VAT registration number and erroneous VAT charges.

- An invoice for goods or services with hidden or incorrect fees, such as: handling fees, add on costs and administration fees that should not be charged for.
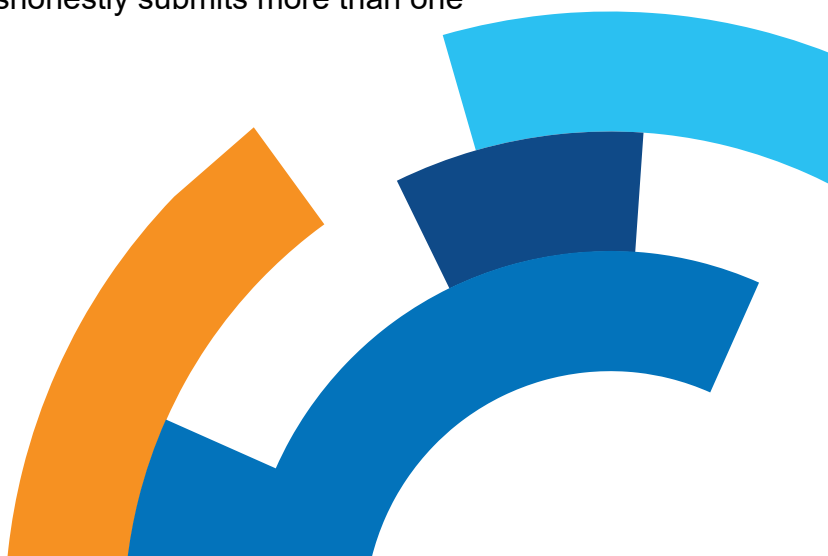
- An invoice from an unfamiliar supplier - this could be someone creating a fictitious supplier and/or shell companies for fraudulent payments.

- Incorrect details listed on the invoice or invoice format which does not match with previous bills received from the supplier. For example, the logo does not match.

- Suppliers with Postal Office boxes or residential addresses.

- Members of staff requesting to specifically deal with particular suppliers.

- No apparent requirement for the goods or services mentioned in the invoice.

- Bank details changed on a supplier's account that hasn't conducted work for a substantial period of time. (See below for associated NHS fraud prevention quick guide on mandate fraud.)

How to stop fraud

Millions of invoices are processed each year within the NHS. The NHS buys and pays for these goods and services in a variety of ways. As part of the NHS eProcurement Strategy, the government are encouraging all NHS providers to use purchase to pay (P2P) systems for their non-pay and non-pharmacy expenditure.

NHS organisations should use an electronic P2P accounts payable system with key controls around separation of duties between requisitioning, ordering, checking receipt of goods and services and authorising payment.

Control measures

- You should control your organisation's NHS spend by using a P2P or purchase order (PO) system (this provides an audit trail and thereby adds an extra layer of scrutiny to purchasing activity and greater assurance in mitigating fraud risk).

- You should monitor and note the rate and value of non-compliant transactions and spend against your established control mechanisms.

- You should record the total amount of spend on goods and services that are PO and non-PO spend.

- Ensure that your organisation's Standing Financial Instructions stipulate that a P2P system is used for all goods and services expenditure.

- Ensure appropriate segregation of duties and job rotation to increase protection from fraud and error. This is achieved by dividing a process between two or more people so that no one person is responsible for the entire purchasing process.

- Only suitable authorised individuals should have access to invoice processing tools within

the payment systems.

Preventative action

NHS organisations should require suppliers to provide as much information as possible on invoices, in particular, a full breakdown of the amount due. All invoices should be verified by staff to ensure that:

- The supplier's details including trading name and logos are genuine. If in doubt, check against records and details held on file.

- The supplier's invoicing address and contact details for queries relating to the invoice are checked against records on file.

- The PO number is correct. Staff should be vigilant for any irregularities, for example an extra digit or letter.

- The invoice, account and VAT numbers are consistent, and VAT numbers are valid. An EU VAT number (including the UK) can be checked on-line at **http://ec.europa.eu/taxation_customs/vies/**.

- The NHS organisation's name and invoicing address are correct.

- The supplier's bank details, including account name, number and sort code, are correct. If in doubt, cross check details held on file.

- A full breakdown of the amount being invoiced is provided, including VAT, additional fees and discounts, as applicable.

Process

Other measures to prevent fraud include:

- Staff should spot check information on invoices against supplier details already held on file.

- In conjunction with procurement teams, staff should carry out an exercise of reconciliation of POs, where possible, or booking confirmations and goods received against invoices.

- Staff should approve all invoices in accordance with their NHS organisation's Standing Financial Instructions.

- The organisation should use a payment system which is able to identify duplicate invoices.

- The organisation should establish and run systems and processes that manage conflicts of interest.

- Clear written instructions and procedures should be in place for all staff involved in the payment process, including finance and procurement teams.

- Duties and responsibilities should be made clear to the budget holder/ approver/ requisitioner at the point of accountability.

If you suspect fraud

If fraud is suspected the organisation's escalation process should be followed immediately and the Local Counter Fraud Specialist contacted for advice (see also how to report fraud below).

How to report fraud

Report any suspicions of fraud to the NHS Counter Fraud Authority online at **https://cfa.nhs.uk/ reportfraud** or through the NHS Fraud and Corruption Reporting Line **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence and you have the option to report anonymously.

You can also report fraud to your nominated Local Counter Fraud Specialist.

Why take action?

A significant percentage of the NHS's non-pay spend is used on its operating costs, and in spite of this high value, the NHS Counter Fraud Authority only receives a relatively small number of fraud reports. We therefore judge this area of fraud to be vastly under reported.

By employing policies and procedures such as regular checking that invoiced payments are appropriate, the opportunity for fraud can be minimised, or fraud can be detected at an early stage. Implementing fraud prevention action within NHS organisations will reduce the associated risks and the potential for significant monetary losses as well as provide assurance to the Audit and Risk Committee that processes and procedures are being adhered to.

Further information

- **https://cfa.nhs.uk/fraud-prevention/fraud-guidance**
    - » Invoice and mandate fraud
    - » Pre-contract procurement fraud and corruption
    - » Suppliers' code of practice: preventing fraud, bribery and corruption
    - » NHS fraud prevention quick guide on mandate fraud
- For further reading and information on conflicts of interests refer to NHS England's Conflicts of Interest Guidance
- For further information visit the NHSCFA website **www.cfa.nhs.uk**
- Details of your Local Counter Fraud Specialist:

Space for business card / contact information

NHSCFA launches fraud prevention quick guides on procurement fraud

Circular reference:	G/05/2019-20
Publication date:	04 July 2019
Subject:	**NHSCFA launches fraud prevention quick guides on procurement fraud**
Who:	Local Counter Fraud Specialists
	Directors of Finance/Chief Finance Officers
	Audit Committee Chairs

The fraud prevention quick guides will also be of interest to:
- NHS procurement teams (including those responsible for managing contracts and relationships with suppliers)
- NHS finance and payroll teams (including those with responsibility for processing invoices and payments; setting up bank account details and processing bank payments)
- Budget holders
- Staff with responsibility for requisitioning goods and services or approving invoices
- Internal audit and audit committees
- All staff issued with a credit card for authorised transactions and their managers
- Staff with responsibility for handling petty cash
- Suppliers

Action: NHS staff to read the guidance, review and update current practices, policies and SOPs implementing the recommendations.
The guidance should also be shared with suppliers.

Relevant documents and standards: NHS Standard Contract clause 24.6
NHSCFA Standards for NHS Providers: 1.3
NHSCFA Standards for NHS Providers: 3.2 Circulars C/13/2018-19 and C/01/2019-20

Summary

This circular introduces eight new fraud prevention quick guides produced by the NHSCFA as part of the national exercise on the prevention of procurement fraud.

Phase 1 of the exercise (concluding on 12 July 2019) involves NHS providers submitting their completed return to the NHSCFA as part of the national exercise. Action required at this time relates to the implementation and monitoring of fraud prevention guidance to reduce vulnerabilities in procurement fraud.

As per earlier circulars (C/13/2018-19, C/01/2019-20), the NHSCFA launched the national exercise on procurement fraud in May 2019.

Background

Procurement accounts for a significant amount of NHS spend and activity, with indications that compliance with procurement rules is inconsistent across all sectors.

In response, the NHSCFA is undertaking a national exercise on procurement fraud, collecting information on the fraud risk vulnerability areas of disaggregate spend, contract management and Purchase Order vs non-Purchase Order spend. This information, collected during Phase 1 of the national exercise, will demonstrate the level of scrutiny placed in spend at different stages of the procurement process.

As part of Phase 2 of the national exercise, the NHSCFA has now launched a series of eight fraud prevention quick guides specifically targeting a range of fraud risk vulnerability areas in finance and procurement processes. The guides have been developed to alert staff on how these frauds occur, and provide guidance on how to spot, stop, and report them. By increasing scrutiny, embedding control measures and implementing prevention action, potential fraud risks will be reduced. The guides should be used to develop or adapt local NHS policies, procedures and systems where applicable.

NHS fraud prevention quick guides

There are eight fraud prevention quick guides available on the [NHSCFA website](#). Three of the quick guides focus on the fraud risk vulnerability areas (in bold) identified in Phase 1 of the national exercise:
- Contract splitting (**Disaggregate spend**)
- Contract reviews (**Contract management**)
- Buying goods and services (**Purchase Order vs. non-Purchase Order spend**)

Two further quick guides have been designed to encourage good practice for NHS organisations and highlight suppliers' role and responsibilities with regard to preventing fraud, bribery and corruption in the procurement of goods and services supply chain:
- Due diligence
- Suppliers' code of conduct: preventing fraud, bribery and corruption

The final three quick guides were designed to support staff in dealing with fraud risk management relating to:
- Mandate fraud
- Petty cash
- Credit card fraud

It is important that the fraud prevention quick guides are widely disseminated to their intended audience – this information is detailed within each individual quick guide. The range of affected staff is wide and includes:
- NHS procurement teams (including those responsible for managing contracts and relationships with suppliers)
- NHS finance and payroll teams (including those with responsibility for processing invoices and payments, setting up bank account details and processing bank payments)
- Budget holders
- Staff with responsibility for requisitioning goods and services or approving invoices
- Internal audit and audit committees
- All staff issued with a credit card for authorised transactions and their managers
- Staff with responsibility for handling petty cash
- Suppliers

Why use the quick guides?

The purpose of the quick guides is to positively impact and reduce the fraud risk vulnerability areas which the NHSCFA's national exercise focuses on. It is therefore important for NHS provider organisations to implement the guides and evidence their impact. This is for two reasons: the NHSCFA will commence Phase 3 of the national exercise (in 2020) to evaluate the overall impact of the fraud prevention quick guides, and it will help NHS provider organisations to provide evidence of meeting NHS Counter Fraud Standards 1.3 and 3.2.

Procurement fraud quick guides

The guidance documents on this page may be used to develop or adapt local policies, procedures and systems. Additional guidance is available on the [NHSCFA Extranet](#) (currently available to Local Counter Fraud Specialists and Directors of Finance).
- [Procurement fraud quick guides](#)
- [Payroll fraud](#)
- [Invoice and mandate fraud](#)
- [Pre-contract procurement fraud and corruption](#)
- [Management and control of prescription forms](#)
- [Employment agency fraud](#)

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	6.3
PREPARED BY	Roxann Davies, Corporate Services
PRESENTED BY	Roxann Davies, Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	NWSSP Audit Committee Effectiveness Review and Action Plan

PURPOSE

The role of the Audit Committee is to advise and assure the SSPC of effective arrangements in place regarding the design and operation of NWSSP's system of governance and assurance, to support them in their decision taking and in discharging their accountabilities for securing the achievement of the organisation's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

Section 8.2.1 of the SSPC Standing Orders states:

> "*The SSPC shall introduce a process of regular and rigorous self-assessment and evaluation of its own operations and performance and that of its Sub-Committees, Expert Panel and any other Advisory Groups. Where appropriate, the SSPC may determine that such evaluation may be independently facilitated.*"

Additionally, the Financial Reporting Council published a revised UK Code of Corporate Governance in July 2018, which made a number of recommendations to support best practice in governance. In light of this, it was considered timely to review NWSSP Audit Committee's effectiveness and robustness of assurances given. Effectiveness was reviewed through the following methods:

1. Review of the revised UK Code of Corporate Governance 2018 (researching similar associated literature, guides and precedents in this field e.g. NHS Governance e-Manual);
2. Benchmarking exercise of results from both the NWSSP Audit Committee and Velindre's Audit Committee Effectiveness Survey (ACES) in 2018;
3. Attending Velindre's Audit Committee to compare and contrast; identify where NWSSP Audit Committee can add value from actions implemented within Velindre;

NWSSP Audit Committee
22 October 2019

4. Assessment of corporate communications around the NWSSP Audit Committee and Members to identify ways to encourage visibility in the organisation through better promotion of Independent Members;

5. Considering observations raised at Meeting Reviews conducted by the NWSSP Audit Committee Chair, following each meeting; and

6. Liaising with the NHS Wales Deputy Board Secretaries Network in relation to Committee Effectiveness.

The aim was to identify areas for improvement, development and recommendations, where governance practices could be strengthened and the scope of the review extended to cover NWSSP's Audit Committee in its entirety, inclusive of the Independent Members and the role they play, insofar as is within our gift to implement.

The scope of this review excludes reporting any opportunities for improvement that are relevant to Velindre Committee, following my observations; these will be escalated outside of this report to the Director of Corporate Governance and the Audit Committee Chair within Velindre, for consideration and implementation. Therefore, for clarity, this report and supporting action plan only extends to cover NWSSP Audit Committee.

The outcomes are set out in the Audit Committee Effectiveness Review and Action Plan, for the Committee consideration, at **Appendices 1 and 2**, respectively.

Audit Committee Effectiveness Review

-and-

Action Plan

Roxann Davies, Corporate Services Manager, NWSSP
April 2019
CIPFA Certificate in Corporate Governance

Introduction

NHS Shared Service Partnership (NWSSP) is a non-statutory hosted organisation of Velindre University NHS Trust (Velindre), operated through a Shared Services Partnership Committee (SSPC). In order to assist with the discharging of its governance responsibilities, the SSPC established a Sub-Committee, the Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership (NWSSP Audit Committee), through utilisation of Velindre's Committee arrangements to ensure they met their own advisory and assurance needs.

The NWSSP Audit Committee Terms of Reference state that Velindre has an interest in NWSSP on two levels:

a) The internal governance of NWSSP in relation to the host relationship; and
b) As a member of NWSSP Audit Committee in relation to the running of national systems and services.

It was agreed in 2012 that Velindre Audit Committee would be utilised to act on behalf of NWSSP Audit Committee, that there would be a clear distinction between these two areas/functions and that they would be addressed separately under the Audit Committee arrangements and Terms of Reference. The functional split allows for clear consideration of the issues relating specifically to the business of the nationally run systems and national services that are provided by NWSSP and avoids the boundaries between the governance considerations of the hosting relationship and the governance considerations of NWSSP being blurred; the functional split can be illustrated below:

(a) Governance (Host Relationship)	(b) Nationally Run Systems & Services
1 Velindre NHS Trust 2 Audit Committee	Velindre NHS Trust Audit Committee for NHS Wales Shared Services Partnership

The governance and issues relating to the hosting of NWSSP dealt with in **(a)** would be incorporated into the standard business of the existing Velindre Audit Committee, with a specific focus on alternating Trust Audit Committee business. The assurance for the business dealt with in **(a)** would be to the Velindre Trust Board. The Chair of NWSSP Audit Committee should receive copies of the meeting papers and will be invited to attend if there is anything on the agenda, which may present implications for the SSPC.

Issues relating to NWSSP nationally run systems and services **(b)** would be fed into NWSSP Committee, operating within its own work cycle. The assurance for the business dealt with in **(b)** would be to NWSSP Chair and the NWSSP Audit Committee.

The role of the NWSSP Audit Committee is to advise and assure the SSPC of effective arrangements in place regarding the design and operation of NWSSP's system of governance and assurance, to support them in their decision taking and in discharging their accountabilities for securing the achievement of the organisation's objectives, in accordance with the standards of good governance determined for the NHS in Wales.

Section 8.2.1 of the SSPC Standing Orders states:

> "*The SSPC shall introduce a process of regular and rigorous self-assessment and evaluation of its own operations and performance and that of its Sub-Committees, Expert Panel and any other Advisory Groups. Where appropriate, the SSPC may determine that such evaluation may be independently facilitated.*"

Section 5.6 of the NHS Wales Audit Committee Handbook states:

> *"Audit Committee performance assessment -*
> - *Audit Committees should assess their performance annually.*
> - *As with any self-assessment, it is important that the Committee members are constructively critical in their responses.*
> - *The Committee should draw up its own plan for improvement as a result of the self-assessment, either in requesting future training or development for members, or in changes to its processes and procedures."*

The Financial Reporting Council recently published a revised UK Code of Corporate Governance (July 2018), which made a number of recommendations to support best practice in governance. In light of this, it was considered timely to review NWSSP Audit Committee's effectiveness and robustness of assurances given.

Scope and Objectives

The aim was to identify areas for improvement, development and recommendations, where governance practices could be strengthened for the NWSSP Audit Committee.

The scope of the review extended to cover the NWSSP Audit Committee in its entirety, inclusive of the Independent Members and the role they play, insofar as is within NWSSP's gift to implement.

The scope of this review excludes reporting any opportunities for improvement that are relevant to Velindre Committee, following my observations; these will be escalated outside of this report to the Director of Corporate Governance and the Audit Committee Chair within Velindre, for consideration and implementation. Therefore, for clarity, this report and supporting action plan only extends to cover NWSSP Audit Committee.

The outcomes are set out in the Audit Committee Effectiveness Action Plan, for NWSSP Audit Committee consideration, at Appendix 1.

Sources of Assessment

Effectiveness was reviewed through the following methods:

1. Review of the revised UK Code of Corporate Governance 2018 (researching similar associated literature, guides and precedents in this field e.g. NHS Governance e-Manual);
2. Benchmarking exercise of results from both the NWSSP Audit Committee and Velindre's Audit Committee Effectiveness Survey (ACES) in 2018;
3. Attending Velindre's Audit Committee to compare and contrast; identify where NWSSP Audit Committee can add value from actions implemented within Velindre;
4. Assessment of corporate communications around the NWSSP Audit Committee and Members to identify ways to encourage visibility in the organisation through better promotion of Independent Members;
5. Considering observations raised at Meeting Reviews conducted by the NWSSP Audit Committee Chair, following each meeting; and
6. Liaising with the NHS Wales Deputy Board Secretaries Network in relation to Committee Effectiveness.

Assessment of Effectiveness

1. Review of Financial Reporting Council Code of Corporate Governance (July 2018)

The Cadbury Committee introduced the first UK Code in 1992, which focussed on the financial aspects of corporate governance and this was a defining moment. Describing corporate governance as "*The system by which organisations are directed and controlled*" with three fundamental principles of openness, integrity and accountability.

The Financial Reporting Council revised the UK Code of Corporate Governance in July 2018, designed to set higher standards of corporate governance to promote transparency and integrity in business. It is structured around the principles of Leadership, Effectiveness, Remuneration, Engagement with Stakeholders and Accountability and there is a notable shift to hone in on diversity within Boards and looking at a culture shift to examine corporate behaviours.

The Code revisits the definition of governance and emphasises the importance of positive relationships between stakeholders, a clear purpose and strategy aligned with a healthy corporate culture and a high quality board composition, with a focus on diversity. I have adopted the key themes of Leadership, Composition, Responsibilities, Audit, Risk and Internal Control from the Code and aligned these with the recommendations set out in Appendix 1.

In reviewing the Code, the section on the need for effective application of the Principles to be supported by high-quality reporting on the Provisions is particularly useful to the NWSSP Audit Committee to take on board, insofar as:

- Establishing good practice on a comply or explain basis;
- Should avoid a tick box approach;
- Explanations should set out background, clear rationale for the action being taken and explaining the potential impacts of the action;
- Explanations are a positive opportunity to communicate; and
- High quality reporting will include signposting and cross-referencing to other relevant parts

Whilst I appreciate that it is unlikely that the UK Code of Corporate Governance will require further updates in the short term, given that its recently been updated, it is very possible that new arrangements as to Committee governance will be introduced or there may be significant changes to legislation or guidance that could impact the recommendations suggested, in the future and this reinforces the need for annual self-assessments of effectiveness.

2. Benchmarking exercise of results from both the Committee and Velindre's Audit Committee Effectiveness Survey (ACES)

The NWSSP Audit Committee ACES was developed in accordance with the Audit Committee Handbook and was refreshed during 2018, when we aligned our questions with Velindre. The aim of the survey is to provide a rich source of information from Committee Members to assess how well the NWSSP Audit Committee is equipped to support in providing assurances as to existing arrangements for internal control, risk management and effectiveness. There are 49 questions for NWSSP assessed against seven themes; composition, compliance, internal control and risk management, internal audit, external audit, counter fraud and leadership.

I met with Velindre's Finance Manager and we discussed the results of both the 2018 ACES. Two common actions were identified; (a) an item to be added to the agenda directly after the 'meeting review' item where members can highlight further information or background knowledge, as required and (b) an offer of use of video conferencing or Skype facilities to be included in meeting appointments. In addition, Velindre's Counter Fraud Position Statement contains a section on lessons learned, to share knowledge and learning points from closed cases with the NWSSP Audit Committee. This would be a particularly beneficial action to implement, as a significant number of the cases highlighted are through NWSSP services, such as bursary claims, payroll, and expenses.

3. Attending Velindre's Audit Committee

I attended Velindre's Audit Committee as an observer and it was a beneficial experience as I was able to make a number of recommendations, which are set out in Appendix 1. The aim of this exercise was to tease out any subtle actions that I feel would be meaningful for us to bring across, which may contribute towards improving our effectiveness. I summarise a few of the key observations below:

- Initially, I observed the Consent Agenda approach, which I learned is a meeting practice where routine business and reports are grouped into one agenda item

that can be approved in one action. This in turn, saves time for the Members and allows swift facilitation onto items that require further discussion or debate. I would suggest this be introduced, where we have a significant number of items for approval by the NWSSP Audit Committee. This approach was endorsed by the Independent Members who confirmed that this allows them to focus on the detail of the reports and structures the agenda in way that is conducive to effective debate and discussion in the main body.

- It was noted that the reporting template lent itself well to Committee Members asking the right questions, pitched at the right level of scrutiny, in reference to alignment to the corporate objectives (i.e. Value for Money, Service Development, Customers, Staff), impact assessment (quality and safety, health and care standards; equality impact assessment completion; legal and financial implications), consultation or engagement, onward journey and intended audience. Consideration is to be given to adding a drop down box to the report template for NWSSP Audit Committee to ensure actions are set out clearly and up front (i.e. for noting, for approval, for actioning, for onward journey, for referral to Advisory Group or other Committee).

- An action I noted for the NWSSP Audit Committee in terms of compliance with the Welsh Language Standards Act was the need to ensure we communicate with Velindre in relation to aligning our approaches with translation of papers and the requirement to publish bilingually, after 30 May 2019.

- The Counter Fraud Position Statement highlighted the pro-active work that had been completed (for example, number of staff who received prevention and detection awareness training since the last meeting) and lessons learned from cases that had recently been closed, reinforcing the importance of taking all reasonable steps to protect public money and holding people accountable for their actions. Arising from this, an action was identified to develop a flowchart or form of desktop guidance for staff regarding the declaration process for gifts, hospitality and sponsorship (including those offers that are declined), setting out a culture charter aligned to the seven Nolan Principles of Public Life.

- In relation to the External Audit Position Statement, I would recommend alignment with reporting arrangements into the NWSSP Audit Committee, promoting best practice with inclusion of links to external topical publications and highlights of the good work being undertaken in NHS Wales in terms of initiatives and the ongoing programme of work (e.g. National studies of interest to NHS bodies). However, I note the need to strike a balance between the timeliness of Committee papers being issued and the need for the content to remain relevant and in date, given the ever-changing climate within health care. In the light of this, and in an effort to improve the quality and effectiveness of the information Committee receives, the Chair asked for consideration to be given as to whether the Terms of Reference for both NWSSP and Velindre Audit Committees should be amended to state that papers should be received five clear working days in advance of the meeting; at present it stands at ten working days.

- It would add value for the NWSSP Audit Committee to adopt the inclusion of the wording at the point of meeting review to strengthen the culture of learning and embedding the improvement agenda; "*The Committee will be asked to reflect on meeting and consider whether further assurance, information or learning in respect of any areas of activity is required*".

- The NWSSP Audit Committee to consider receiving Highlight Reports for consideration on areas of governance such as information governance, Welsh language, health and safety, and further decide how recommendations arising are tracked and progress is reported back to the NWSSP Audit Committee to provide robust assurances of their implementation.

- There is an opportunity to integrate a Development section into our meeting, and to consider hosting collaborative events at the Charnwood Court Headquarters for both NWSSP and Velindre for Member engagement and development sessions, including those offered in-house by Learning and Development. The Independent Members endorsed the feedback of organisational good news stories and inclusion of staff achievements.

- Further, there is scope to align corporate meeting schedules when considering future meeting dates, in an effort to aid attendance, limit travelling time commitment between meetings and to reduce the environmental impact by way of reducing the carbon footprint.

- I also recommend that the NWSSP Audit Committee adopt inclusion of the following statement into Part B of the closed meeting, as standard:

  - "*The Committee is asked to adopt the following resolution in accordance with the Public Bodies (Admission to Meetings) Act 1960. The Committee hereby resolves that the remainder of the meeting be conducted 'In Committee – Private Part B'*"

- The meeting review concluded that the Chair's Checklist issued ahead of the meeting was a welcome addition to focus the attention of Committee Members and to allow for an open and honest 'no surprises' approach, further embedding the principle of a healthy culture in good governance. Although the meeting ran to time as scheduled, there is benefit in exploring the utilisation of the time management function within iBabs (e-Board paperless software) in order to strengthen the structure of the agenda.

The findings from this exercise and my full observations have been shared with Velindre Audit Committee.

4. Assessment of Communications around the Committee and Members

In reviewing our website and staff intranet, comparing these with Velindre's offering, I have identified recommendations where we may encourage visibility in the

organisation of the Independent Members, including development of Independent Member profiles on website and staff intranet, holding 'Meet our IMs' sessions, offering Committee Lunch and Learns and holding meetings at different NWSSP locations. This could be further strengthened by topical articles published in our staff newsletter, Rhannu ("*to share*").

In my research, I note that the Independent Members promote Champion roles within Velindre and it would add value to align these:
- Expertise: Accounts / Champion: Finance, Strategy, Governance
- Expertise: Law / Safeguarding, Putting Things Right, Counter Fraud
- Expertise: Estates and Planning / Sustainable Construction and Energy

5. Chair's Meeting Review

In considering feedback during the previous Meeting Review, it would be useful for the NWSSP Audit Committee to receive electronic links to previous reports, where the content was presented some time ago, to provide background and context to set the tone.

Reflecting on Members' experience of other Audit Committees has highlighted that where there are key issues, these should be focussed on up front and in that instance we should restructure the agenda to accommodate this; for instance the Arts Council (Wales) Audit Committee Chair runs through a piece of literature or a poem at the start of the meeting, perhaps we can look at a topical introduction for the Chair (good news stories, positive achievements of the Committee since the last meeting). Additionally, the following observations were noted which I feel are important to share in the context of the governance journey for the NWSSP Audit Committee:

- Our new Independent Member, having returned to the NWSSP Audit Committee after sitting on it previously, confirmed it has improved in terms of effectiveness.
- The meeting is well-chaired, runs to scheduled time, is focussed with good discussion and healthy debate, '*not a tick-box Committee here'*.

6. NHS Wales Deputy Board Secretaries Network

In liaising with the NHS Wales Deputy Board Secretaries Network regarding Committee Effectiveness, I learned that there are a series of communications currently under development on 'Demystifying the Audit Committee', including short video clips, briefings and articles. These are intended to improve visibility and engage staff in understanding the audit process they participate in, why it is important, what happens to the recommendations made, how they are tracked and tested for effectiveness once implemented, etc.

I believe we would benefit from adopting this approach and given that NWSSP provides Internal Audit services to NHS Wales, it could be a consistent format for all Health Bodies. In addition, we were able to share the NWSSP/Velindre model ACES questions with a Health Board who were due to undertake their assessment, further

integrating our processes into a Once for Wales, consistent approach to good governance.

Conclusion

In concluding this report, I have identified a number of areas for improvement, aligned with the themes of good governance, which I believe would add value to the effectiveness of the NWSSP Audit Committee, if implemented.

The findings are set out in Appendix 1 - Audit Committee Effectiveness Action Plan, which is scheduled to be presented at NWSSP Audit Committee on 9 July 2019, for approval. Once considered by the NWSSP Audit Committee, I propose that accepted actions for implementation be added to the Audit Tracking Register, to ensure progress against these is reported at each meeting to the NWSSP Audit Committee and tracked monthly by the NWSSP Senior Management Team.

This report will be circulated to the NWSSP Audit Committee, Shared Services Partnership Committee and I recommend it also be shared with the NHS Wales Deputy Board Secretaries Network, for information.

Appendix 1 – ACES Action Plan

Useful Links

- NWSSP Audit Committee Terms of Reference July 2018
- Shared Services Partnership Committee Standing Orders March 2019
- NHS Governance e-Manual
- Audit Committee Handbook
- Financial Reporting Council Code of Conduct July 2018
  - Financial Reporting Council Guidance For Boards
- Wales Audit Office
- Institute of Chartered Secretaries and Administrators
- IFAC Good Governance Framework
- CIPFA

Appendix 2 - NWSSP Audit Committee Effectiveness Action Plan			
Key Theme	**Recommendations**	**Complete**	**Ongoing**
Compliance with Law and Regulations Governing NHS Wales	4	3	1
Composition, Establishment & Duties	12	7	5
Counter Fraud	2	2	0
External Audit	2	1	1
Internal Audit	1	1	0
Internal Control and Risk Management	4	2	2
Leadership	11	1	10
Total Recommendations	**36**	**17**	**19**

	Appendix 2 - NWSSP Audit Committee Effectiveness Action Plan						
Action Number	Theme of Assurance	Aim	Action to be Taken	Responsibility	Target Date	Status Priority a) must do b) should do c) could do	Progress
	Compliance with Law and Regulations Governing NHS Wales						
1	Compliance with Law and Regulations Governing NHS Wales	To aid in decision making, to provide robust assurances around impacting aspects of governance	Consider template revision/alignment to include impact assessment of areas such as health and safety, health and care standards, welsh language, equality	Committee Secretariat	31/03/2020	b	Not Yet Due
2	Compliance with Law and Regulations Governing NHS Wales	To improve Committee administration	Part B resolution to be included as standard wording in default Committee agenda	Committee Secretariat	30/09/2019	a	Complete
3	Compliance with Law and Regulations Governing NHS Wales	To ensure compliance with Welsh Language Standards Act	Align translation requirements for Welsh Language Standards Act with Velindre's approach	Committee Secretariat	30/09/2019	a	Complete
4	Compliance with Law and Regulations Governing NHS Wales	To ensure compliance with Welsh Language Standards Act	Review the provision for the meeting to be conducted in Welsh (by public or Member request)	Committee Secretariat	31/12/2019	b	Complete
	Composition, Establishment & Duties						
5	Composition, Establishment & Duties	To aid members knowledge & understanding of key issues arising	Standing item to be added to the agenda directly after 'meeting review', where members can highlight reflections on further information and background knowledge as required, consider lessons learned	Committee Secretariat	31/12/2019	c	Complete
6	Composition, Establishment & Duties	To aid attendance and reduce travelling time at meetings	Offer of use of video conferencing & Skype facilities to be included in call for papers	Committee Secretariat	31/12/2019	b	Complete
7	Composition, Establishment & Duties	To improve Committee administration and focus on the key items up front	Agenda composition to consider inclusion of Consent Agenda, where appropriate (i.e. Annual Reports for approval)	Chair, Committee Secretariat	31/12/2019	b	Complete
8	Composition, Establishment & Duties	To ensure meetings keep to time, respecting showing appreciation for Member commitments	Utilising the agenda time management function within e-Board Software	Committee Secretariat	31/01/2020	c	Not Yet Due
9	Composition, Establishment & Duties	To strengthen on-boarding and induction process	Review to be undertaken and updating of the NWSSP Committee Induction Pack for Independent Members.	Committee Secretariat	31/01/2020	a	Not Yet Due
10	Composition, Establishment & Duties	To strengthen succession planning and	Discussions to take place with Velindre regarding arrangements for effective succession planning of Independent Members and NWSSP involvement in the process	Director of Finance and Corporate Services, Chair and Committee Secretariat	31/01/2020	b	Not Yet Due
11	Composition, Establishment & Duties	To streamline Committee papers to include relevant information and reduce paper usage	Consider introducing a report length / character limit for the Committee, in line with update of the template	Committee Secretariat	31/03/2020	b	Not Yet Due
12	Composition, Establishment & Duties	To improve communications and provide an opportunity for Members to contribute to the content and agenda setting process	Issue out a call for papers, including those for information and of interest to the Committee	Committee Secretariat	30/09/2019	a	Complete
13	Composition, Establishment & Duties	To allow more accurate information to be presented to Committee	Amendment to the Terms of Reference to state papers are to be issued within 5 clear working days of the Committee meeting	Committee Secretariat	30/09/2019	a	Complete
14	Composition, Establishment & Duties	To ensure that key items do not require circulation outside of Committee for approval	Alignment of meeting dates to the Forward Plan of Committee Business, taking into account timescales for approval of Annual Governance Statement, Head of Internal Audit Opinion, etc	Committee Secretariat	30/09/2019	a	Complete
15	Composition, Establishment & Duties	Reduce travel time and impact of carbon footprint	NWSSP and Velindre alignment of corporate meeting schedule for Committees	Committee Secretariat	30/09/2019	a	Complete
16	Composition, Establishment & Duties	To improve communication and partnership working between organisations	Host a quarterly governance catch up between NWSSP and Velindre	Committee Secretariat	31/01/2020	b	Not Yet Due
	Counter Fraud						
17	Counter Fraud	To share knowledge and any learning from closed Counter Fraud cases with the Committee	Counter Fraud to integrate lessons learned from closed cases in the Position Statement	Counter Fraud Specialist	31/12/2019	b	Complete
18	Counter Fraud	Raise awareness of the deterrent and prevention agenda	Include details and figures of pro-active Counter Fraud work undertaken since last meeting	Counter Fraud Specialist	31/12/2019	b	Complete
	External Audit						
19	External Audit	To review the quality and effectiveness of the work undertaken by External Audit	Chair to raise with colleagues at the All Wales Chairs of Audit Group	Chair and Director of Internal Audit	31/03/2020	b	Not Yet Due
20	External Audit	To raise awareness of external items of interest for Committee	WAO to include national initiatives, work in NHS Wales, topical publications and events	External Audit	31/12/2019	b	Complete
	Internal Audit						
21	Internal Audit	For clarity of Committee Members considering report	Internal Audit management responses to clearly state whether recommendations have been Agreed or Not Agreed	Internal Audit	30/09/2019	a	Complete
	Internal Control & Risk Management						
22	Internal Control & Risk Management	To strengthen assurances received by the Committee	In agenda planning, to consider seeking information & assurances from both internal and external sources	Director of Finance and Corporate Services, Chair and Committee Secretariat	31/12/2019	b	Complete
23	Internal Control & Risk Management	To strengthen assurances received by the Committee	Consider integration of Highlight Reports to provide assurance in further area such as Health and Safety compliance, information governance, Welsh language	Director of Finance and Corporate Services, Chair and Committee Secretariat	31/01/2020	c	Not Yet Due
24	Internal Control & Risk Management	To strengthen assurances received by the Committee	Consider how we monitor the implementation of recommendations made through Counter Fraud work, Health and Safety, etc and how progress is tracked	Director of Finance and Corporate Services, Chair and Committee Secretariat	31/01/2020	c	Not Yet Due
25	Internal Control & Risk Management	To aid review of papers and focus attention	Integrate colour coding into timescales for implementation for Audit Tracking Report	Committee Secretariat	31/12/2019	b	Complete
	Leadership						
26	Leadership	To promote accountability, transparency and openness	Support circulation of Chair's Checklist ahead of Committee meetings	Chair, Committee Secretariat	30/09/2019	a	Complete
27	Leadership	To improve visibility and engagement	Consider hosting Meet Our IMs/Chair sessions	Committee Secretariat	31/03/2020	b	Not Yet Due
28	Leadership	To improve visibility and engagement; strengthen the areas which are being championed	Assign and promote Champions roles of Independent Members	Committee Secretariat Independent Members	31/03/2020	b	Not Yet Due
29	Leadership	To improve staff engagement and understanding of the purpose and role of the Committee and how recommendations from audit are tracked through to implementation	Demystifying Committee communications to be issued Once4Wales approach and promoted in line with Deputy Board Secretaries Network	Committee Secretariat	31/03/2020	b	Not Yet Due
30	Leadership	To improve visibility and engagement; puts a face to the name for staff to raise concerns	Introduction of website profiles for Committee and Independent Members	Committee Secretariat	31/03/2020	a	Not Yet Due
31	Leadership	To set the tone from the top, providing direction and healthy culture in Committee	Consideration of personal reflection from Chair to set the tone of the meeting; or perhaps topical update from the latest NHS Audit Committee Chair's meeting or snippet of achievements across organisation	Committee Secretariat	31/03/2020	c	Not Yet Due
32	Leadership	To improve diversity of agenda; include opportunities for training and development to be highlighted, considered protected time as part of agenda	Committee Development section be added to the agenda as a standing item	Committee Secretariat	31/03/2020	b	Not Yet Due
33	Leadership	To improve visibility and engagement; puts a face to the name for staff to raise concerns; understanding of geographical spread of services	Hosting of Committee meetings at different NWSSP venues	Committee Secretariat	31/03/2020	b	Not Yet Due
34	Leadership	To address visibility, engagement, training and development	Develop a programme of events, awards ceremonies, staff engagement sessions, workshops and training available at NWSSP and extend invitation to Independent Members	Committee Secretariat	31/03/2020	c	Not Yet Due
35	Leadership	To address visibility, engagement, training and development	Develop Committee lunch and learn to brief staff and raise awareness of purpose, role and importance of the Committee	Committee Secretariat	31/03/2020	c	Not Yet Due
36	Leadership	Reminder of functionalities available through application to support the Committee	Hosting of a joint NWSSP and Velindre Committee development session on e-Board Software refresher training	Committee Secretariat	31/01/2020	c	Not Yet Due

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	6.4
PREPARED BY	Roxann Davies, Corporate Services
PRESENTED BY	Roxann Davies, Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Audit Committee Forward Plan 2019-20

PURPOSE

To provide a summary of items expected to be presented at forthcoming Audit Committee meetings, scheduled for 2019-20.

Month	Standing Items	Audit Reports	Governance	Annual Items
Q4 2019/20 **21 January 2020** *Boardroom* *NWSSP HQ, Unit 4/5 Charnwood Court, Heol Billingsley, Parc Nantgarw, Cardiff, CF15 7QZ*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**External Audit** Wales Audit Office Proposed Audit Work **Internal Audit** As outlined in the Internal Audit Operational Plan	Governance Matters Tracking of Audit Recommendations Corporate Risk Register	Pre-meet between Audit Committee Chair, Independent Members, Internal and External Auditors and Local Counter Fraud Review of Risk Management Protocol, Assurance Mapping, Appetite Statement and Board Assurance Framework Review of Standing Orders for the Shared Services Partnership Committee Draft Integrated Medium Term Plan Summary
Q1 2020/21 **28 April 2020** *Boardroom* *NWSSP HQ, Unit 4/5 Charnwood Court, Heol Billingsley, Parc Nantgarw, Cardiff, CF15 7QZ*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**Internal Audit** As outlined in the Internal Audit Operational Plan Head of Internal Audit Opinion Review of Internal Audit Operational Plan	Governance Matters Tracking of Audit Recommendations Corporate Risk Register	Audit Committee Effectiveness Survey Annual Governance Statement Counter Fraud Self-Review Submission Tool Counter Fraud Work Plan Counter Fraud Annual Report Counter Fraud Policy Review Integrated Medium Term Plan Review of Raising Concerns (Whistleblowing) Policy Head of Internal Audit Opinion and Annual Report

Q2 2020/21 **7 July 2020** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**External Audit** Wales Audit Office Nationally Hosted IT Systems Report Wales Audit Office Management Letter **Internal Audit** As outlined in the Internal Audit Operational Plan Quality Assurance & Improvement Programme	Governance Matters Tracking of Audit Recommendations Corporate Risk Register	Results of Audit Committee Effectiveness Survey Review of Audit Committee Terms of Reference Audit Committee Annual Report Health and Care Standards Self-Assessment and Action Plan Caldicott Principles Into Practice Annual Report
Q3 2020/21 **20 October 2020** *Boardroom* *NWSSP HQ, Unit 4/5* *Charnwood Court, Heol* *Billingsley, Parc Nantgarw,* *Cardiff, CF15 7QZ*	Minutes & Matters Arising External Audit Position Statement Internal Audit Progress Report Counter Fraud Position Statement	**Internal Audit** As outlined in the Internal Audit Operational Plan	Governance Matters to include Annual Review of Stores Write-Off Figures Tracking of Audit Recommendations to include Annual Review of Audit Recommendations Not Yet Implemented Corporate Risk Register	Minutes & Matters Arising
Future Committee Dates 2021	**Q4 2020/21** **26 January 2021** *Boardroom, NWSSP HQ*	**Q1 2021/22** **20 April 2021** *Boardroom, NWSSP HQ*		

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	6.5
PREPARED BY	Roxann Davies, Corporate Services
PRESENTED BY	Roxann Davies, Corporate Services
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Review of Stores Write-Offs 2018-19

PURPOSE

At a previous Committee meeting (October 2018), it was agreed that a breakdown of stores write-off figures would be brought annually to the Committee, for information. A summary of the period 1 April 2018 to 31 March 2019 can be found below, with **Appendices A-C** attached, detailing specific items for Bridgend, Denbigh and Cwmbran Stores, respectively.

Year End Figures 2018-19

The value of stores at the year-end on 31 March 2019, amounted to £2,826,022. For the financial year 2018/19, a stock write off of £13,932.37 had been actioned for out of date stock. This equated to 0.49% of the total stock holding value in March 2019.

Stock Type	Bridgend Stores £	Denbigh Stores £	Cwmbran Stores £
Stock Value	1,521,442	755,062	549,518
Out of Date Stock	10,573	2,028	1,331
Total	**0.69%**	**0.27%**	**0.24%**

These items were reviewed through the Stock Losses Protocol and stock write on/write off forms have been completed and authorised in line with the agreed Protocol.

NWSSP Audit Committee
22 October 2019

Appendix A

Bridgend Stores Out of Date Stock April 2018 - March 2019

Transaction Date	Transaction Value	Item	Description	UOM	Primary Quantity
04/03/2019 16:10	£62.63	KFK751	TUBE CITRATE 13 X 75MM 2.7ML LIGHT BLUE CAP (PACK 20) : 363095	PCK	45
28/02/2019 13:32	£28.59	AEB047	BREAKFAST CEREAL SHREDDED WHEAT 12'S	EA	24
18/02/2019 18:05	£7.89	AEB528	BREAKFAST CEREAL FROSTIES 35g	EA	40
28/01/2019 13:09	£11.50	ABE014	BABY DESSERT BABY BALANCE MEAL COW & GATE 125G ASSORTED	EA	23
28/12/2018 16:08	£15.33	WLB048	*** DISCONTINUED NOT REQUIRED *** REQUISITION BLANK SIZE A4	EA	183
28/12/2018 16:07	£9.58	UTP090	*** DISCONTINUED NOT REQUIRED *** BOWL SOUP/CEREAL/SWEET DISPOSABLE CHINETTE 8OZ : E00563	EA	148
28/12/2018 16:06	£903.42	UMD430	*** DISCONTINUED NOT REQUIRED *** BOWL MELAMINE 9in WHITE	EA	105
28/12/2018 16:05	£42.42	UJR180	*** DISCONTINUED NOT REQUIRED *** SPOON COOK/SERVING/BASTING S/S : E2891	EA	16
28/12/2018 16:04	£71.76	MLE227	MOP HANDLE ALUMINIUM SYSTEM LIGHTWEIGHT 1380MM LONG C/W GREEN GRIP	EA	26
28/12/2018 16:03	£4.82	MLE225	*** DISCONTINUED NOT REQUIRED *** MOP HANDLE ALUMINIUM SYSTEM LIGHTWEIGHT 1380MM LONG C/W BLUE GRIP	EA	2
28/12/2018 16:02	£38.71	MLC269	*** DISCONTINUED NOT REQUIRED *** CLOTH DUSTER YELLOW	EA	168
28/12/2018 15:57	£104.17	FVQ120	*** DISCONTINUED NOT REQUIRED *** SUTURE : W214	BOX	4
28/12/2018 15:38	£570.65	FMM014	*** DISCONTINUED NOT REQUIRED *** J GUIDEWIRE 0.38 X 70CM VAS CATH : 0921.07	EA	62
28/12/2018 14:36	£141.46	FVU752	*** DISCONTINUED NOT REQUIRED *** SUTURE : W9760	BOX	1
28/12/2018 14:35	£329.43	FVU500	*** DISCONTINUED NOT REQUIRED *** SUTURE (UK PRODUCT ONLY) : W9718	BOX	12
28/12/2018 14:34	£93.40	FVU351	*** DISCONTINUED NOT REQUIRED *** SUTURE : W9364	BOX	3
28/12/2018 14:34	£168.90	FVU102	*** DISCONTINUED NOT REQUIRED *** SUTURE (12) : W9027	BOX	5
28/12/2018 14:33	£660.28	FVS073	*** DISCONTINUED NOT REQUIRED *** SUTURE - W812	BOX	9
28/12/2018 14:33	£157.63	FVR509	*** DISCONTINUED NOT REQUIRED *** SUTURE : W748	BOX	6
28/12/2018 14:31	£56.70	FVR507	*** DISCONTINUED NOT REQUIRED *** SUTURE : W747	BOX	3
28/12/2018 14:30	£439.10	FVR440	*** DISCONTINUED NOT REQUIRED *** SUTURE - W723H	BOX	7
28/12/2018 14:29	£159.08	FVR056	*** DISCONTINUED NOT REQUIRED *** SUTURE : W502H	BOX	3
28/12/2018 14:28	£403.69	FVQ121	*** DISCONTINUED NOT REQUIRED *** SUTURE : W215	BOX	13
28/12/2018 14:27	£70.74	FVQ005	*** DISCONTINUED NOT REQUIRED *** SUTURE : W1632T	BOX	2
28/12/2018 14:26	£42.69	FVO115	*** DISCONTINUED NOT REQUIRED *** SUTURE : SN5663	BOX	1
28/12/2018 14:25	£126.12	FVO106	*** DISCONTINUED NOT REQUIRED *** SUTURE : SL632	BOX	2
28/12/2018 14:24	£187.97	FVO088	*** DISCONTINUED NOT REQUIRED *** SUTURE : LL224	BOX	2
28/12/2018 14:23	£147.99	FVO085	*** DISCONTINUED NOT REQUIRED *** SUTURE : L34	BOX	1
28/12/2018 14:23	£107.25	FVO083	*** DISCONTINUED NOT REQUIRED *** SUTURE : L32	BOX	1
28/12/2018 14:22	£538.05	FVO045	*** DISCONTINUED NOT REQUIRED *** SUTURE : CL047	BOX	6
28/12/2018 14:20	£307.58	FVO040	*** DISCONTINUED NOT REQUIRED *** SUTURE : CL 803	BOX	4
28/12/2018 14:19	£35.09	FVU384	*** DISCONTINUED NOT REQUIRED *** SUTURE (NO ALT AVAILABLE) : W9335	BOX	1
28/12/2018 14:18	£11.76	VQP013	*** DISCONTINUED NOT REQUIRED *** PILLOW F.R. POLYESTER (27in X 18in)	EA	4
28/12/2018 06:27	£52.28	ALD016	FLOUR SELF RAISING 12.5KG	EA	13
23/12/2018 08:13	£4.24	AUF050	JAM PORTIONS ASSORTED FLAVOURS 14g (BOX 96)	BOX	1
23/12/2018 07:38	£1.47	AJQ166	TOMATOES CHOPPED A10	EA	1
23/12/2018 07:26	£3.77	AHQ496	ORANGE MANDARINS IN NATURAL JUICE KC3	EA	1
25/10/2018 11:42	£9.84	AMQ314	*** DISCONTINUED NOT REQUIRED *** SPICE GROUND NUTMEG 500g	EA	1
24/10/2018 14:34	£856.80	FXD007	*** DISCONTINUED NOT REQUIRED *** FORCEPS DIATHERMY MONOPOLAR WITH LEAD : 662020044	EA	51
19/10/2018 15:13	£48.09	ACD350	MAXPAX COFFEE WHITE ORIGINAL SMOOTH MAXWELL HOUSE (PACK 25)	PCK	20
11/10/2018 17:07	£349.42	ADB007	*** DISCONTINUED BY SUPPLIER *** BISCUITS MARIE 200g	EA	581
09/10/2018 21:04	£76.50	AEF089	*** DISCONTINUED INSUFFICIENT USAGE *** JAM MIXED FRUIT 3KG	EA	20

09/10/2018 21:03	£328.95	AEF089	*** DISCONTINUED INSUFFICIENT USAGE *** JAM MIXED FRUIT 3KG	EA	86
03/09/2018 18:10	£13.50	AMN500	*** DISCONTINUED NOT REQUIRED *** PEPPER PORTIONS GROUND WHITE	BOX	3
16/08/2018 11:33	£50.03	ABT526	BABY MILK INFANT LOW BIRTH WEIGHT RTF NUTRIPREM 70ML (CASE 24)	CSE	5
07/08/2018 08:43	£177.92	ALU256	JELLY CRYSTALS ORANGE SWEETENED 3.5KG	EA	32
05/07/2018 06:26	£72.48	ANC827	*** DISCONTINUED BY SUPPLIER *** SAUCE CONDIMENT HORSERADISH INDIVIDUAL POTIONS (BOX 198)	BOX	12
29/06/2018 11:29	£36.84	FMM093	*** DISCONTINUED INSUFFICIENT USAGE *** SPIKE (BOX 100) : 5015921	BOX	5
22/06/2018 13:34	£4.48	AWM510	*** DISCONTINUED NOT REQUIRED *** SUGAR ICING 3KG	EA	1
23/05/2018 10:45	£52.80	ALD016	FLOUR SELF RAISING 12.5KG	EA	12
17/05/2018 14:43	£207.57	EMQ121	*** DISCONTINUED NOT REQUIRED *** SWAB GAUZE XRD T5 S&T 12PLY 22.5CM X 22.5CM T5's (PACK 100) : F823195	PCK	19
17/05/2018 14:37	£86.42	EMI191	*** DISCONTINUED NOT REQUIRED *** SWAB GAUZE XRD WHITE 32PLY 7.5CM X 10CM T5's (PACK 100) : F823140	PCK	19
16/05/2018 06:12	£40.80	AHG475	*** DISCONTINUED INSUFFICIENT USAGE *** APRICOT HALVES IN NATURAL JUICE 822g	EA	34
16/05/2018 06:11	£115.20	AHG475	*** DISCONTINUED INSUFFICIENT USAGE *** APRICOT HALVES IN NATURAL JUICE 822g	EA	96
16/05/2018 06:11	£115.20	AHG475	*** DISCONTINUED INSUFFICIENT USAGE *** APRICOT HALVES IN NATURAL JUICE 822g	EA	96
15/05/2018 09:32	£1,667.27	AEL180	PICKLE SWEET IND PORTIONS (BRANSTON) 23G (BOX 100)	PCK	82
03/05/2018 10:57	£15.16	ADB165	BISCUITS CREAM CRACKERS (TWO BISCUIT PACK) (CASE 2 x 168)	CSE	1
04/04/2018 09:24	£129.60	FMM103	SELECT BAG ONE AX225G (NEUTRAL) 331 : 112634	EA	60
Total	**£10,573.01**				**2184**

Appendix B

Denbigh Stores Out of Date Stock April 2018 - March 2019

Transaction Date	Transaction Value	Item	Description	UOM	Primary Quantity
08/03/2019 09:20	£235.47	KFK356	*PROCTOSCOPE SINGLE USE LARGE : P8400390	PCK	30
08/03/2019 09:15	£190.76	FFE200	PIE FILLING AND FRUIT TOPPING BLACKCHERRY 2.5KG	EA	124
04/02/2019 12:19	£21.19	ALQ210	*** DISCONTINUED NOT REQUIRED *** KENCO SINGLES COFFEE MEDIUM ROAST (CASE 160) : 53525	EA	5
29/01/2019 10:38	£111.36	ACD250	*** DISCONTINUED NOT REQUIRED *** SIGMOIDOSCOPE SINGLE USE WELCH ALLEN : 53130L	CSE	4
26/11/2018 12:11	£39.03	FGQ835	FLOUR PLAIN 12.5KG	EA	19
07/11/2018 13:47	£7.07	ALD027	KENCO SINGLES TEA TYPHOO (CASE 160) : 83425	EA	2
07/11/2018 13:46	£180.73	ACT164	*** DISCONTINUED NOT REQUIRED *** VINEGAR MALT 5 LITRE	CSE	11
07/11/2018 11:16	£21.02	ANN621	*** DISCONTINUED NOT REQUIRED *** COFFEE INSTANT FREEZE DRIED 750g	EA	13
11/09/2018 12:46	£353.33	ACD241	*** DISCONTINUED NOT REQUIRED *** SIGMOIDOSCOPE SINGLE USE WELCH ALLEN : 53130L	EA	40
22/08/2018 14:16	£488.94	FGQ835	*** DISCONTINUED NOT REQUIRED *** CATH URETHRAL PRE-LUBRICATED INTERMITTENT FEMALE 2 SIDE EYES 8CH : 28508	EA	238
18/06/2018 07:03	£244.08	FST402	FRUIT JUICE CRANBERRY CRUSH 1 LITRE	EA	226
14/06/2018 09:26	£69.91	AAN153	FRUIT JUICE CRANBERRY CRUSH 1 LITRE	EA	151
14/06/2018 09:14	£10.19	AAN153	APRICOT HALVES IN NATURAL JUICE 822g	EA	22
18/05/2018 15:18	£14.40	AHG475	APRICOT HALVES IN NATURAL JUICE 822g	EA	12
18/05/2018 15:17	£40.80	AHG475	*** DISCONTINUED INSUFFICIENT USAGE *** APRICOT HALVES IN NATURAL JUICE 822g	EA	34
Total	**£2,028.28**				**931**

Appendix C

Cwmbran Stores Out of Date Stock April 2018 - March 2019

Transaction Date	Transaction Value	Item	Description	UOM	Primary Quantity
22/03/2019 13:52	£56.26	AEB167	BREAKFAST CEREAL BRAN FLAKES 500g	EA	58
20/03/2019 14:52	£6.77	FSF0145	BLADES SCALPEL NO22 (BOX 100) : 0208	BOX	1
29/01/2019 12:46	£21.15	ALQ210	PIE FILLING AND FRUIT TOPPING BLACKCHERRY 2.5KG	EA	5
04/01/2019 12:01	£29.00	THP1070	GAUZE X-RAY DETECT COTTON/VISCOSE BP FAST EDGE RIBBON ROLLS STERILE DOUBLE WRAPPED DETEX 2.5CM X 5M : 21313	EA	100
04/01/2019 11:27	£4.24	ALQ210	PIE FILLING AND FRUIT TOPPING BLACKCHERRY 2.5KG	EA	1
04/01/2019 11:27	£30.00	AJC099	POTATO MIX COMPLETE (FOIL BAG) 2.25KG	EA	5
03/01/2019 13:26	£51.10	ANK853	SAUCE TOMATO 342G	EA	70
23/12/2018 10:26	£9.84	AAR0987	JUICE CRANBERRY 1 LITRE : AAN019	EA	12
28/11/2018 10:14	£82.35	ALQ180	PIE FILLING BLACKCURRENT A10 2.5KG	EA	15
28/11/2018 10:14	£91.44	ANK001	SAUCE WORCESTER 150g	EA	72
05/11/2018 12:53	£3.15	AUP206	MARMALADE ORANGE 454g	EA	5
13/10/2018 10:43	-£33.90	AFC0080	*** DISCONTINUED ISSUE AFC060 AS ALTERNATIVE *** OIL FRYING VEGETABLE 15LTR	EA	-2
25/08/2018 12:36	£11.83	ANH210	SALAD CREAM 285g / 10oz	EA	7
02/08/2018 12:23	£21.60	AHG475	APRICOT HALVES IN NATURAL JUICE 822g	EA	18
31/07/2018 08:45	£15.16	ADB165	BISCUITS CREAM CRACKERS (TWO BISCUIT PACK) (CASE 2 x 168)	CSE	1
25/07/2018 15:28	£648.32	ABT0526	BABY MILK PREPARED FEED C&G RTF NUTRIPREM 1 14IB LOW BIRTHWEIGHT (CASE 24)	CSE	64
20/06/2018 14:50	£10.80	AML050	*** DISCONTINUED INSUFFICIENT USAGE *** HERB PARSLEY DRIED 190G	EA	12
20/06/2018 14:50	£9.00	AGU305	*** DISCONTINUED INSUFFICIENT USAGE *** SARDINES IN TOMATO SAUCE 120G	EA	12
24/05/2018 14:13	£27.40	ACD240	COFFEE INSTANT POWDER 750g	EA	4
23/05/2018 12:10	£43.33	ALK361	*** DISCONTINUED NOT REQUIRED *** CHEESECAKE FILLING MIX 96 PORTION	EA	7
15/05/2018 09:08	£192.24	ABT0002	BABY MILK SMA 1ST INFANT MILK RTF 100ML	CSE	24
Total	**£1,331.08**				**491**

MEETING	Velindre University NHS Trust Audit Committee for NHS Wales Shared Services Partnership
DATE	22 October 2019
AGENDA ITEM	6.6
PREPARED BY	Peter Stephenson, Head of Finance & Business Development
PRESENTED BY	Peter Stephenson, Head of Finance & Business Development
RESPONSIBLE HEAD OF SERVICE	Andy Butler, Director of Finance and Corporate Services
TITLE OF REPORT	Practice Note: Acceptance, Implementation and Monitoring of Audit Recommendations

PURPOSE

The attached Practice Note has been prepared by Paul Griffiths, Audit Committee Chair at Cwm Taf Morgannwg University Health Board. It sets out best practice for agreeing, reporting and monitoring audit recommendations. While NWSSP already largely follow this practice, the Committee is asked to **DISCUSS** the Practice Note to ensure that all independent members, auditors and NWSSP management and staff are reminded of the optimum process for agreeing and administering audit recommendations. This will also help to promote a consistent approach across NHS Wales.

Practice Note: Acceptance, Implementation and Monitoring of Audit Recommendations

Introduction

This Practice Note has been produced by the Audit Committee (referred to hereafter as 'the Committee') to provide a reporting framework for monitoring the acceptance and implementation of audit recommendations in accordance with agreed timescales. More specifically, it is also intended to clarify the reporting expectations of the Committee and the information required in support of any progress update or any request for implementation deadlines to be extended.

Acceptance and Implementation of Audit Recommendations

In considering this note it is important to remember that the Committee would expect all audit reviews to be conducted and reported to Committee with the full support of nominated Health Board staff.

Audit recommendations should be framed in a way which broadly meets the requirements of widely recognised SMART principles (i.e. they should be specific, measurable, achievable, realistic and timebound).

As a further matter of principle, the Committee would normally expect all recommendations to be accepted. However, no recommendation or timescale should be accepted unless the 'Responsible Officer' (RO) fully understands and is confident that the agreed actions are appropriate, can be delivered in practice and provide value for money. Officers should use the draft report clearance system to highlight for the attention of auditors any concerns they have about the wording, practicality or relevance of audit recommendations.

It is also important to assess, at an early stage, whether the recommendations can be actioned by the Health Board alone or whether implementation is outside of the Health Board's direct control because of the involvement and dependency on third parties. Such situations should be made clear at the outset (to both auditors and the Committee) and should be formally recorded in updates to the tracking register.

Auditors would be expected to highlight to officers any concerns they might have about the initial management response e.g. whether the response is specific, realistic and properly addresses the recommendations proposed.

Officers would also be expected to provide their management response in accordance with the timescales agreed with auditors to help avoid protracted delays in the reporting of agreed audit findings to Committee.

In summary, any differences of opinion regarding the applicability, relevance, practicality or timeliness of recommendations should be fully discussed between auditors and the RO (and the Executive Lead if deemed necessary) prior to it being submitted for consideration by the Committee. If an agreed way forward cannot be found, the issue(s) should be referred to

the Committee for further consideration and discussion. The Committee anticipates that such occurrences are likely to be rare.

Once the recommendations and timescales have been accepted the Committee expects the recommendations to be implemented as agreed.

Report to Audit Committee

Regular progress reports regarding the implementation of agreed recommendations are required to be submitted by the RO/Executive Lead (through the Board's Secretary's Office) to the Committee for monitoring and scrutiny purposes by updating the 'Audit Committee Tracking Register'.

As a minimum, updates should provide details of progress made since the date of the last Committee meeting, obstacles to further progress and confirmation, or otherwise, that progress to achieve the agreed implementation dates remain on track. In doing so, it is important to keep in mind the specific action required as set out in the original recommendation or in the agreed management response.

The Committee will expect to be given 'early warning' of any recommendations that are likely to miss their agreed implementation date. Updates should provide an explanation for the delay, details of the action to be taken to address the situation as quickly as possible and, where necessary, a request for the Committee to consider and approve a revised implementation timetable.

Where the implementation of a 'high risk' action is delayed beyond 3 months of the originally agreed date the responsible Executive Lead will be invited to attend the next meeting of the Committee to discuss the various issues involved.

Once all recommendations have been implemented to the satisfaction of the Committee they will be classified as closed and the actions and supporting statements formally removed from the 'live' tracking register.

Finally, It would be very helpful if RO's/Executive Leads could provide, where it is possible to do so, some indication of the impact the recommendations have had on the Health Board in terms of, for example, quality improvement, the provision of more efficient and effective patient care, improved governance, increased security or better use of resources etc.