



## **ANNUAL REPORT**

<b>Title of Report:</b>	<b>Annual Report of the Counter Fraud Service 2005-2006 West Gloucestershire Primary Care Trust</b>
<b>Status:</b>	<b>Final</b>
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**In Confidence**

**Restricted Circulation**

## **Introduction**

Secretary of State Directions (SSDs) to NHS Trusts on counter fraud and corruption measures require the LCFS to present an annual report to the Trust to detail activity undertaken by the Local Counter Fraud Service. The report includes a tabulated description of how the Trust and LCFS are working together to comply with SSDs (Appendix 4).

The workplan for 2005-06 was based on the model suggested by the Counter Fraud and Security Management Service (CFSMS) with adjustments made based on previous activity and economies of scale afforded by the Shared Service arrangement within the county. 81.5 days were allocated to this PCT but a total of 109 were actually provided. This was due to one particular case involving the Dental Fraud Team which required heavy involvement by the two LCFS locally and also the appointment of a temporary member of staff (costs recovered from the DFT).

## **Management Summary**

### Secretary of State's Directions

During 2005/2006 the Local Counter Fraud Service have worked with the Trust to provide a balanced approach to countering fraud in accordance with the Counter Fraud and Security Management Service (CFSMS) 7-point strategy comprising: creating an anti-fraud culture, deterring fraud, preventing fraud that cannot be deterred, detecting fraud that cannot be prevented, investigating allegations, applying appropriate sanctions and seeking redress.

### Creation of an anti fraud culture

The LCFS have raised awareness of counter fraud issues through Fraud Awareness Presentations and distributing promotional items (posters, leaflets, pens) and information on successful national and local investigations. We also have a regular slot on the induction programme and have attended monthly sessions all through the year. We circulate a quarterly newsletter in conjunction with colleagues in Avon and Wiltshire and continue to develop the counter fraud website: [http://www.glos.nhs.uk/counter\\_fraud/](http://www.glos.nhs.uk/counter_fraud/).

### Deterrence

Deterrence activity has been closely linked both with creating an anti-fraud culture and during investigations. We have also made contact with the cross-county Communications Officers group.

### Prevention

The Counter Fraud Policy has been updated in accordance with new SSDs. The National Proactive Exercise was completed on schedule with work being undertaken in the categories of 'employee' and 'qualifications' among staff at The Dilke Hospital. No instances of fraud were discovered.

## Detection

The National Fraud Initiative was completed with no adverse findings to report. Good relationships were maintained with internal and external audit and the liaison contact within the Regional CFSMS team.

A pilot exercise to recover unpaid prescription charges and an additional penalty charge from members of the public who had attempted to evade prescription charges was conducted. We have been able to demonstrate that the work would cover its own cost and more and have recovered £2692.30 for the PCT since September 2005.

## Investigation

As part of the Shared Service arrangement for countering fraud across the county, a nominal allocation of investigative time is included in the workplan for each health body. These days are then 'pooled' so that there is no additional cost to any health body requiring more than their nominal allocation. When the total number of days required for investigations across the county exceeds the allocation, days are taken from other areas of activity rather than 'buying in' days from an outside provider at additional cost. This approach has been agreed by all health bodies. During 2005-06, the nominal county-wide allocation of days was 146 and the actual number required was 220. Consideration will be given as to how resources should be apportioned in 2006-07 in the light of activity in 2005-06.

Six cases were opened during the year:

- one case was closed with no case to answer;
- one was investigated with the Dental Fraud Team in accordance with SSDs;
- one was referred to the Compliance and Prosecution Unit of HM Revenue and Customs;
- one resulted in the admission of wrongdoing but no admission of dishonest intent;
- two are still on-going.

## Sanction

One case opened in 2003-04 and referred to the Dental Fraud Team was closed regarding further action by the Counter Fraud Service but was referred for consideration under contractor terms of service and professional disciplinary actions.

One case resulted in the resignation of the staff member.

## Redress

One subject agreed to repay overclaimed money to the Trust and a recovery of £500 has been made.

## 1 Secretary of State's Directions (November 2004)

The grid in Appendix 4 identifies the key requirements under Secretary of State's Directions and how the PCT is complying.

## 2 Developing an Anti-Fraud Culture

2.1 The LCFS will work with the Counter Fraud Services to develop a real anti-fraud culture within the NHS.

- 11 induction sessions were attended and presentations made. Leaflets, publicity handouts detailing successful cases and pens were distributed.
- 7 fraud awareness presentations were made to staff groups (1 GP practice, 1 hospital, Family Health Services, Finance and Security) and to members of the public and other public bodies where leaflets, publicity materials and pens were distributed.
- 3 editions of 'Counter Measures' - the fraud awareness newsletter produced in conjunction with Avon and Wiltshire - were circulated.
- Articles have been submitted and printed in the in-house newsletter.
- Posters are available and have been circulated.
- Promotional pens bearing telephone contact details for local and national reporting lines continue to be distributed.
- There is a Counter Fraud website: [http://www.glos.uk/counter\\_fraud/](http://www.glos.uk/counter_fraud/)

2.2 In accordance with the Secretary of State Directions, each health body will:

'7(h) require its LCFS, its other employees and any persons whose services are provided to the NHS body in connection with counter fraud work to have regard to guidance and advice on media handling of counter fraud matters which may be issued by the CFSMS.'

- As in previous years, there has been good communication and liaison with the Trust's HR department and Communications Manager. The LCFS has also attended a meeting with the county's Joint Communications Team. Liaison was established between local and CFSMS communications teams in one case where it was anticipated there could have been local press interest. Press releases were prepared in advance, but the press made no contact and it was not felt appropriate for us to initiate contact.
- Successful disciplinary actions are included (anonymised) in presentations.

### 3 Deterring Fraud

3.1 The LCFS will assist by providing information that can be used in deterring fraud to Regional Liaison Officers and the National Communications Manager, and by communicating messages intended to deter fraud effectively within their health body.

- National Fraud warnings and bulletins are circulated electronically to appropriate staff by the LCFS, and are reported to the Audit Committee.
- Fraud warnings issued locally are circulated to all staff.
- The LCFS scan the CFSMS website regularly to ensure publicity materials remain topical.
- Advance warnings have been issued to CFSMS as required at appropriate times during investigations and details of all active investigations have been reported to CFSMS through the case management system..
- Meetings with the Regional Liaison Officer have been somewhat erratic during the year as he has been on prolonged sick leave. However, the regional team have been kept informed of local activity through LCFS attending the mandatory quarterly meetings.
- The Fraud Steering Group has met on 3 occasions. Activity is monitored against the action plan, Trust managers have an opportunity to introduce areas of concern and the LCFS is able to advise managers of issues to report back to staff.

3.2 To be effective locally, publicity needs to have local relevance and it is important for the LCFS to communicate local successes, particularly around sanctions and redress

- FAPs contain specific examples of local cases and more generic local frauds – for example timesheets, travel expenses and working while on sick leave. Where cases do not progress to the public arena of court, however, it is essential to preserve the confidentiality of the subject.

## 4 Preventing Fraud

4.1 LCFS will provide reports on systems weaknesses in each case where fraud is established, to:

- CFSMS
- Internal Audit
- External Audit

- All investigation reports contain recommendations for strengthening systems where appropriate and are shared with IA and EA and members of the Audit Committee.
- All investigation and final reports are submitted to the Director of Finance and CFSMS. In this financial year 4 reports were issued.
- The LCFS has attended 4 Audit Committee meetings during the year and presented an update of activity including recommendations for system improvements.

4.2 LCFS will provide reports on policy weaknesses in each case where fraud is established to CFSMS.

- The Case Management System has been fully employed and through this CFSMS are kept informed at all stages of investigation.
- Final reports in all cases are copied to CFSMS. All final reports include, where appropriate, recommendations for strengthening policies.
- No examples of significance that required specific referral to CFSMS were discovered.

## 5 Detecting Fraud

LCFS will take account of:

- Information from the internal and external audit functions regarding system weaknesses and
- NHS CFS analyses on data, reports and trends in prioritising detection work

- All Internal Audit reports were shared with the LCFS.
- There is a very good relationship between the LCFS and Internal Audit and information is shared between the two.
- The National Fraud Initiative (NFI) was completed on schedule and there were no adverse findings to report.
- The Patient Fraud Checks Pilot was undertaken during the year and we have been able to show that as a county the work will cover its own costs and more. The work was devolved down to PCTs in April 2005 and we have been actively pursuing recovery of unpaid fees and penalty charges since September. £2692.30 has been recovered for this PCT with £3962.90 outstanding. A full report for the county is being prepared along with a business case to increase the work into 2006-07.

## 6. Investigating Fraud

6.1 LCFS will investigate cases in accordance with the Secretary of State's Directions.

- 7 cases were referred to the LCFS in 2005/06. All were investigated in accordance with SSDs.
  - two cases were closed with no case to answer;
  - one was investigated with the Dental Fraud Team in accordance with SSDs;
  - one was referred to the Compliance and Prosecution Unit of HM Revenue and Customs;
  - one resulted in the admission of wrongdoing but no admission of dishonest intent;
  - two are still on-going.

Case summaries in Appendix 2.

6.2 LCFS will refer cases to CFS Operational Service in accordance with the Secretary of State's Directions.

- 2 cases were investigated with the Dental Fraud Team.
- Case summaries in Appendix 2.

6.3 LCFS will provide NHS CFS, Internal Audit and External Audit, Directors of Finance and Audit Committees with a concluding report on each case.

- Investigation reports have been issued in the cases opened in previous years and closed during this year. Until the outcome of disciplinary action is known, however, final concluding reports cannot be issued. See case synopses in Appendix 3.

## 7. Applying Sanctions and Seeking Redress

7.1 The LCFS will give consideration to the different sanctions available to them and have regard to the triple track approach to investigations.

- One subject resigned following our investigation.
- A case opened in 2003-04 and led by the Dental Fraud Team is currently being considered as a breach of the terms of service for primary care contractors and is being led by this PCT as a joint action with Cotswold and Vale PCT.
- A potential overclaim by another contractor was identified during this investigation and documentation will be provided to the PCT to effect recovery.
- One case relating to forged NHS cards was referred to HM Revenue and Customs as a potential tax fraud.

7.2 The LCFS will supply their health body with information where fraud is established to enable them to recover the lost resources.

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| <ul style="list-style-type: none"><li>• The LCFS recovered £500 on behalf of the PCT in a case of an employee working elsewhere whilst on sick leave.</li><li>• Action is in hand to provide the PCT with the necessary information to begin recovery of sums claimed for services not provided.</li></ul> |
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**8. Other Information**

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| <ul style="list-style-type: none"><li>• The Memorandum of Understanding between LCFS, Internal and External Audit was updated.</li></ul>  |
| <ul style="list-style-type: none"><li>• The LCFS attended all quarterly Regional Meetings.</li></ul>  |
| <ul style="list-style-type: none"><li>• The lead LCFS attended the Intermediate Investigative Skills training course in Reading.</li></ul>  |
| <ul style="list-style-type: none"><li>• The lead LCFS holds the position of membership secretary of the Institute of Local Counter Fraud Specialists.</li></ul>                       |
| <ul style="list-style-type: none"><li>• The lead LCFS is a member of the focus group set up to advise the Risk Measurement Team over the Local Risk Measurement Exercise 2.</li></ul> |
| <ul style="list-style-type: none"><li>• The lead LCFS sits on the Scholarship Committee for applicants to the BSc in Counter Fraud and Criminal Justice Studies.</li></ul>            |

**Sallie Cheung**  
Local Counter Fraud Specialist  
April 2006

## Appendix 2

### Case Summary

Summary of all cases conducted by the LCFS for the period April 2005 to March 2006

Area	Number of cases		Number resulting in prosecution and outcome	Number resulting in disciplinary proceedings and outcome	Money recovered (£)	Other
	Opened	Closed				
Contractor Fraud	1 (plus 1 from 2003)			1 case referred for internal and professional disciplinary procedures. Outcome not yet known	2 cases should result in recovery of overclaimed fees	Investigated by Dental Fraud Team
Timesheets	2	1				1 case: No case to answer 1 – on-going
Working whilst sick	1	1		Subject resigned	£500	
Forged NHS cards	1	1				Referred to HM Revenue and Customs
Patient Fraud	1					On-going

Appendix 3 CONFIDENTIAL - SENSITIVE

Case Synopses

<p><b>CV2/03 Operation INA</b></p>	<p>Allegation of a contractor submitting claims for treatment not provided. Referred to Dental Fraud Team in accordance with SSDs. Joint case with C&amp;V PCT. The contractor has acknowledged that inappropriate claims were made but denied fraudulent intent citing disorganised practice procedures. Subject has offered to repay the sums involved. On-going.</p>
<p><b>No case number assigned by DFT</b></p>	<p>Concerns came to light during investigation of CV2/03 above. Appears that a contractor has submitted claims for treatment not provided. Documentation to be submitted to PCT.</p>
<p><b>WG1/05 SWRT/05/00009</b></p>	<p>Allegation that a member of staff had been working elsewhere at a private business whilst on sick leave. Subject admitted allegation but denied dishonest intent. Resigned from post following interview and agreed to repay £500 to the PCT.</p>
<p><b>WG2/05</b></p>	<p>A number of forged NHS medical cards came into the possession of the LCFS. Both Regional and National fraud managers refused authority to proceed with any investigation as it was deemed there had been no loss to the NHS. Referred to the Compliance Unit of HM Revenue and Customs as a potential attempt at tax fraud.</p>
<p><b>WG3/05</b></p>	<p>Allegation that a member of staff had been claiming twice for the same shift. The case was closed as unsubstantiated when documentation failed to identify any double claim. Systems weaknesses relating to the completion and submission of timesheets were identified along with lack of communication between departmental managers.</p>
<p><b>WG4/05 SWRT/05/00056</b></p>	<p>Allegation that a member of staff had been submitting fraudulent timesheets. LCFS were unable to find a witness prepared to come forward and make a formal statement. Recommendations that the PCT needs to consider how it can encourage staff to come forward when they have information relevant to an enquiry. On-going.</p>
<p><b>WG5/05 SWRT/06/00017</b></p>	<p>This case was identified as a result of the patient fraud checks (evasion of prescription charges). The subject was in prison when a prescription was dispensed. Investigations on-going.</p>

## APPENDIX 4 SECRETARY OF STATE'S DIRECTIONS

<b>Paragraph</b>	<b>Instruction</b>	<b>Action by NHS body</b>
2 (1)	<p>Each NHS body must take all necessary steps to counter fraud in the NHS in accordance with these Directions and in accordance with -</p> <ul style="list-style-type: none"> <li>(a) the NHS Counter Fraud and Corruption Manual; and</li> <li>(b) the policy statement "Applying appropriate sanctions consistently" published by the CFSMS,</li> <li>(c) and having regard to guidance or advice issued by the CFSMS.</li> </ul>	<p><i>The Trust has taken every step to ensure compliance with the manual, policy statement and guidance through the activity of two full time LCFS .</i></p>
2 (2)	<p>Each NHS body must require its Chief Executive (CE) and Director of Finance (DoF) to monitor and ensure compliance with these Directions.</p>	<p><i>The Trust monitors compliance through its Audit Committee and contact between DoF and LCFS when required. The Fraud Steering Group has met on 3 occasions to review activity and progress against the action plan.</i></p>
3 (1)	<p>Each NHS body must co-operate with the CFSMS to enable the CFSMS efficiently and effectively to carry out its counter fraud functions and in particular each NHS body must, subject to the following paragraphs of this direction —</p> <ul style="list-style-type: none"> <li>1 enable the CFSMS to have access to its premises;</li> <li>2 put in place arrangements which will enable the CFSMS to have access, as appropriate, to the NHS body's staff; and</li> <li>3 supply such information including files and other data (whether in electronic or manual form) as the CFSMS may require</li> </ul> <p>For the purposes of the CFSMS' counter fraud functions.</p>	<p><i>The LCFS have had access to all staff, premises and documentation as and when required.</i></p> <p><i>The Trust have made all information available to CFSMS as required.</i></p>

<b>Paragraph</b>	<b>Instruction</b>	<b>Action by NHS body</b>
3 (2)	In the case of information required under paragraph (1)(c) in connection with the CFSMS' responsibility for quality inspection, fraud measurement, National Proactive Exercises (NPEs) and fraud prevention reviews, inspections and instructions, an NHS body must respond to any request from the CFSMS as soon as reasonably practicable.	<i>All requests with regard to NPE, LRME and prevention reviews have received a positive response.</i>
3 (3)	In the case of information required under paragraph (1)(c) for the purposes of investigations relating to the CFSMS' counter fraud functions, an NHS body must respond to a request as soon as reasonably practicable and in any event within seven days from the date the request was made.	<i>All requests in relation to both reactive and proactive activities have received a positive response.</i>
3 (4)	Nothing in paragraph 1(b) contravenes any right a member of staff may otherwise have to refuse to be interviewed.	<i>All letters inviting staff to interview under caution (IUC) or to provide witness statements clearly state the voluntary nature of the request.</i>
3 (5)	Nothing in paragraph 1(c) or direction 7(f) obliges or permits an NHS body to supply information which is prohibited from disclosure by or under any enactment, rule of law or ruling of a court of competent jurisdiction or is protected by the common law.	<i>The Trust is aware of its legal responsibilities and acts accordingly.</i>

<b>Paragraph</b>	<b>Instruction</b>	<b>Action by NHS body</b>
3 (6)	<p>Without prejudice to the generality of direction 2(1)(a), each NHS body must comply with the requirements specified in the NHS Counter Fraud and Corruption Manual concerning—</p> <ul style="list-style-type: none"> <li>(a) the arrangements for reporting fraud cases to the LCFS and to the NHS body's audit committee and auditors;</li> <li>(b) the arrangements for agreeing to undertake a criminal prosecution and to refer a matter to the police;</li> <li>(c) the confidentiality of information relevant to the investigation of suspected fraud;</li> <li>(d) the arrangements for the LCFS to report weaknesses in fraud related systems to the CFSMS and the NHS body's audit committee and auditors; and</li> <li>(e) the arrangements for gathering information to enable the Director of Finance to seek recovery of money lost through fraud.</li> </ul>	<p><i>The Trust monitors LCFS activity to ensure compliance. LCFS liaise as required with auditors, Audit Committee, Regional Office.</i></p>
5 (1)	<p>Each NHS body must nominate at least one person that it proposes to appoint as the body's LCFS within six weeks of the date on which these Directions come into force.</p>	<p><i>The Trust has a lead LCFS and one additional LCFS. Both are full time but provide a similar service to 5 other health bodies. This complies fully with SSDs.</i></p>
5 (2)	<p>A person nominated under paragraph 5(1) may be either employed by the NHS body or a person whose services are supplied to it by an outside organisation.</p>	<p><i>Both LCFS are employed by the Trust within Finance Shared Service .</i></p>
5 (3)	<p>The name of the nominee must be notified to the CFSMS together with the information specified in the NHS Counter Fraud and Corruption Manual within 7 days of the nomination.</p>	<p><i>Notified as required.</i></p>

<b>Paragraph</b>	<b>Instruction</b>	<b>Action by NHS body</b>
5 (4)	Without prejudice to the generality of direction 2(1), before making a nomination each NHS body must take into account any guidance issued by the CFSMS on the suitability criteria for an LCFS.	<i>Suitability criteria are met.</i>
5 (5)	After a nominee has— (a) been approved by the CFSMS as a person suitable for appointment; (b) successfully completed any training required by the CFSMS; and (c) been accredited by the Counter Fraud Professionals Accreditation Board, the NHS body may appoint the person as its LCFS.	<i>LCFS are accredited and appointed.</i>
5 (6)	Where an NHS body nominates a person whose services are provided to it by an outside organisation, it must (a) comply with the requirements of the CFSMS as to the suitability of the organisation in question; (b) satisfy itself and the CFSMS that the terms on which those services are provided are such as to enable the LCFS to carry out his functions effectively and efficiently and in particular that he will be able to devote sufficient time to that NHS body; and (c) give to the CFSMS a copy of the contract under which the services of the LCFS are supplied to it.	<i>N/A</i> <i>The LCFS are employed by the Trust.</i>
5 (7)	A further nomination must be made within 3 months of the date on which an NHS body learns that there is to be a vacancy for an LCFS.	<i>N/A during 2005 - 06</i>
5 (8)	The procedures in paragraphs (3) to (6) also apply to a person nominated under paragraph (7).	<i>Currently N/A</i>

<b>Paragraph</b>	<b>Instruction</b>	<b>Action by NHS body</b>
6 (1)	Each NHS body must specify a job description for its LCFS which includes the operational and liaison responsibilities specified by the CFSMS.	<i>In place.</i>
6 (2)	The job description under paragraph (1) must include a requirement that the LCFS must adhere to the CFPAB Principles of Professional Conduct as set out in the NHS Counter Fraud and Corruption Manual.	<i>Included.</i>
6 (3)	An LCFS must report directly to the NHS body's Director of Finance.	<i>Direct reporting in place.</i>
6 (4)	An LCFS must not undertake responsibility for or be in any way engaged in the management of security for any NHS body.	<i>The LCFS do not provide a security service.</i>
7	Each NHS body must—	<i>2005 – 2006 Workplan agreed and in place. Attached at Appendix 1</i>
	(a) require that in addition to the job description mentioned in direction 6(1), the LCFS and the Director of Finance agree, at the beginning of the financial year a written workplan which outlines the LCFS's projected work for that financial year by reference to the seven generic areas of counter fraud activity set out in the NHS Counter Fraud and Corruption Manual;	
	(b) enable its LCFS to attend the NHS body's audit committee meetings;	<i>Lead LCFS attends Audit Committee.</i>
	(c) require its LCFS to keep full and accurate records of any instances of fraud or suspected fraud;	<i>Full records maintained.</i>
	(d) require its LCFS to report to the CFSMS any weaknesses in fraud related systems of the NHS body and any other matters which may have fraud related implications for the NHS;	<i>LCFS does this through closure reports.</i>

<b>Paragraph</b>	<b>Instruction</b>	<b>Action by NHS body</b>
	(e) ensure that its LCFS has all necessary support including access to the CFSMS secure intranet site to enable him efficiently and effectively to carry out his responsibilities;	<i>Full compliance.</i>
	(f) subject to any contractual or legal constraint, require all of its staff to co-operate with the LCFS and in particular that those responsible for human resources disclose information which arises in connection with any matters (including disciplinary matters) which may have implications in relation to the investigation, prevention or detection of fraud;	<i>Good relations between LCFS and HR have been developed and maintained.</i>
	(g) enable its LCFS to receive training recommended by the CFSMS;	<i>Intermediate training course attended.</i>
	(h) require its LCFS, its other employees and any persons whose services are provided to the NHS body in connection with counter fraud work to have regard to guidance and advice on media handling of counter fraud matters which may be issued by the CFSMS;	<i>Noted. LCFS has held meetings with the Trust's Communications Manager and all advice and guidance is fed to him.</i>
	(i) enable its LCFS to participate in activities in which the CFSMS is engaged, including national anti-fraud measures, where he is requested to do so by the CFSMS;	<i>All requests actioned. NPE completed on schedule in the areas of 'employee' and 'qualifications'.</i>
	(j) enable its LCFS to work in conditions of sufficient security and privacy to protect the confidentiality of his work;	<i>LCFS have a lockable office.</i>
	(k) enable its LCFS generally to perform his functions effectively, efficiently and promptly.	<i>The work of the LCFS is fully supported by the Trust.</i>