

# Counterfraud Annual report



Tackling fraud and managing security

## Introduction

The Secretary of State for Health, in exercise of powers conferred by sections 7 and 126(4) of the National Health Service Act 1977 gave directions to each Trust regarding their arrangements for counter fraud and corruption work. The revised Directions issued in November 2004 are legally binding upon Trusts.

Each Trust shall require its Chief Executive and its Director of Finance to monitor and ensure compliance with these Directions and with such other instructions on countering fraud and corruption against the NHS as may be notified by Counter Fraud & Security Management Services.”

This report has been written in accordance with the provisions of the Secretary of State Directions on fraud and corruption, which require Local Counter Fraud Specialists (LCFS) to provide a written report, at least annually, to the Trust on counter fraud and anti-bribery work undertaken within the Trust.

This report summarises the work undertaken by the Trust’s LCFS for the period 1 April 2013 - 31 March 2014

A risk based approach to address the requirements of the Secretary of State Directions has been undertaken; and the results used to assist in the drafting of the counter fraud work plan for 2014/15/

A crime risk assessment for 2014/15 has been completed and forwarded to the Trusts Lead Commissioners.

Area of Activity	Red/ Amber/Green level
Strategic Governance	Green
Inform and Involve	Green
Prevent and Deter	Green
Hold to Account	Green
<b>Overall Level</b>	<b>Green</b>

The information in this table should reflect the results of the standards Self Review Tool assessment conducted by the organisation for 2013-2014 This Self Review Tool should be completed in full and sent to NHS Protect with the annual report.

## Declaration

I declare that the anti-fraud, bribery and corruption work carried out during the financial year 2013/14 has been self-reviewed against the NHS Protect Standards for Providers - Fraud, Bribery and Corruption/NHS Standard Contract and the above rating has been achieved.

Organisation Name .....St George’s Healthcare NHS Trust

Signature.....

Director of Finance/Chief Financial Officer/Executive Board Member

## Strategic Governance

1. In order to raise the strategic counter-fraud anti-bribery presence at St George's Healthcare NHS Trust it is necessary to keep the Director of Finance, Performance and Informatics and the Audit Committee fully informed of counter fraud & bribery activity. Executive and political support for counter fraud & bribery work within the Trust is considered to be well established. Counter fraud & bribery is a standing item on the agenda at Audit Committee and the LCFS maintains regular contact with the Director of Finance, Performance and Informatics to discuss progress across the four generic areas.
  - 1.2 The lead local counter fraud specialist (LCFS) and the Director of Finance, Performance and Informatics have had regular meetings throughout 2013/14 and through these meetings the organisation has clearly demonstrated a high level of commitment to countering fraud, bribery and corruption. And, continues to maintain a zero tolerance to fraud, bribery and corruption.
  - 1.3 The lead LCFS has regular meetings with the Internal Auditors to discuss any system weaknesses that may have been identified. Meetings are also held with Local Security Management Specialist to discuss Trust issues. The counter fraud team has met with the Director of Human Resources and attended a human resources managers meeting whilst also having regular liaison with the Human Resources managers. The lead LCFS also meets regularly with the Head of Procurement to discuss fraud and bribery issues. The counter fraud team also has regular meetings with police and regular liaison with the United Kingdom Boarder Agency (UKBA).
  - 1.4 The counter fraud team attends the Croydon Fraud and Enforcement Forum. Whilst this is hosted by Croydon Council fraud team, representatives attend from various bodies including the DWP, other council's fraud department, NHS LCFS's, Anti-fraud specialist from local CCG's, UKBA and the Police. This forum is very useful for networking with the other agencies and also to gain an insight into current fraud and bribery trends.
  - 1.5 The Audit committee has a written counter fraud report at each meeting. The LCFS attends the audit committee to present the counter fraud update and to discuss any issues the audit committee wish to raise with the lead LCFS. Salient extracts from the counter fraud report are then passed to the Trusts Board.
  - 1.6 The counter fraud team have access to the chair of the Audit Committee should the need arise. All fraud over 50k is automatically reported to the chair.
  - 1.7 The counter fraud team reviews all policies prior to ratification to ensure that these are fraud, corruption and bribery proofed. The Counter fraud team regularly attends the policy ratification committee

- 1.8 The counter fraud team attends the Trust Parking committee meetings to assist the panel with parking ticket appeals. There have been a number of fraud investigations undertaken from intelligence gained at these meetings. .
- 1.9 Organisational Risk Committee. Whilst it is not possible for either of the LCFS's to attend this meeting. The papers are also circulated to the counter fraud team for review and for information
- 1.10 As from the end of April 2013 there are now two accredited LCFS working for the Trust. The Lead LCFS continues to work full time whilst the assistant LCFS works three days a week. This will be reviewed if the workload increases.
- 1.11 The communications team have published a number of articles in eG, advertising the anti-fraud and anti-bribery training awareness sessions. Whilst the staff take up was slow, a working protocol is in place. The protocol is due to be reviewed inline the new director of communications strategy.

## Inform and Involve

The primary objective is to address the fraud & bribery culture within an organisation. A key aim is to ensure that all levels of the organisation are fully aware of the impact of fraud & bribery; where fraud & bribery can occur and what to do if they become aware of a potential irregularity. The objective is to create a culture where staff feels they can readily raise their concerns without fear of victimisation, and that where this is necessary, they are clear on how to do this.

- 2.1 All new staff are required to attend the Mandatory and Statutory Training (MAST) face to face presentation, staff given a counter fraud and bribery leaflet, which informs them how to contact the counter fraud team and what to do if they wish to report a fraud/bribery or corruption. This has proved to be effective as new and existing staff raised 108 concerns during 2013/14.
- 2.2 During the second year of employment all staff has to complete on-line mandatory questions which include questions relating to fraud, bribery and corruption.
- 2.3 There is a counter fraud & bribery page on the Trust's intranet site providing useful information regarding fraud and bribery. This is updated on a regular basis.
- 2.4 Whilst face to face Counter Fraud awareness is not included on the induction programme, it is included in the Trust's e-learning package which includes a section on countering fraud & bribery.
- 2.5 A separate e-learning package for fraud corruption and bribery awareness is at the drafting stage. The lead LCFS is being supported by the Trusts training and education department with its development.

- 2.6 A generic email address [counterfraud@stgeorges.nhs.uk](mailto:counterfraud@stgeorges.nhs.uk) was set up to enable people to easily report Fraud, Bribery and corruption. Staff has commented that this has made it easier to contact the counter fraud team as staff no longer need to search for the counter fraud teams names.
- 2.7 Initially the take up for the Anti –Fraud, Anti-Bribery and Procurement workshops was minimal, but the take up has now improved. During the fraud awareness day in November 2013 the counter fraud team visited wards and departments to explain the department role and give out counter fraud leaflets, a number of ad hoc training sessions were arranged. A proportion of the Finance and procurement staff has so far attended. Further workshop dates are planned for the autumn 2014.
- 2.8 A number of articles have appeared in the Trust electronic magazine eG mostly advising staff of fraud/ bribery and procurement sessions.
- 2.9 As a number of cases investigated by the counter fraud team were related to identity theft, an article was published in eG alerting staff to the issue of ID and how to be ID aware.

### ***Beware of identity thief***

*As many of us will be going away on holiday, relaxing with a good book and a glass of something refreshing is the main thing on people's minds. Please do not over relax when it comes to protecting yourselves from fraudsters this summer.*

*When we are on holiday we tend to carry a lot of important personal information, including passport and driving licence. This makes us prime targets for ID fraud because it can only take three items of information about an individual for a fraudster to be able to steal their identity. Holidaymakers need to be vigilant at all times and aware of the security of their personal documents and belongings. It is just not foreign holidays “staycations” also present opportunities for fraudsters*

*Small things such as leaving a bag unattended could give a fraudster a vital window of opportunity. While everyone knows they should cancel credit and debit cards and a mobile phone contract if their bag is stolen, they may be less aware of other pieces of information that lead to them becoming victims of fraud."*

### *Top tips*

- *Don't display your home address on your luggage. Instead use a work address or mobile phone number.*
- *Don't write down PINs -- use a number you can remember easily*
- *Keep your personal documents, such as your passport, in the hotel safe.*
- *In crowds, keep your bag either strapped across your body or held firmly.*
- *A concealed money belt is an ideal way to carry your cards and valuables.*
- *Leave your passport number and a photocopy with someone you trust in the UK in case it is stolen or lost. Don't carry these details around with you.*

- *Have the phone numbers for your bank with you so you can quickly cancel any lost or stolen cards*
- *Make sure your mobile/smartphone/ipad are password protected and where possible have tracking apps that can disable your equipment*
- *On the return home, check statements on your credit card to make sure there hasn't been any fraudulent activity.*

2.10 The Trust has an anti-fraud policy along with an anti-bribery and corruption policy these are due to be revised in early 2015.

2.11 The Trust has been running a number of staff surveys which included questions regarding the counter fraud team, the results have yet to be collated

## **Prevent and Deter**

A key objective of the Trust's LCFS is to deter people from committing fraud & bribery in the first place. The aim is to create a culture that opposes fraud & bribery rather than accepts or ignores it, to raise awareness of what impact fraud & bribery can have on the NHS and by publicising successes.

### **Communications**

Articles have been published in the Trust's eG online weekly magazine. The fraud and security awareness day was advertised in this forum. The anti-bribery policy and revised anti-fraud policy were also announced in this publication. A report from the Fraud and security awareness day was published in the Trust's Gazette.

### **Payslip Messages**

A message on all employees' pay slips (temporary and permanent staff) will be issued advising that the Trust is taking part in the National Fraud Initiative for 14/15. A more detailed article will be published in the Trusts eG magazine

As in previous years the contact details of the counter fraud team will be included, in case staff had any questions.

### **Invoice fraud**

During 2011/12 NHS Protect investigated a number of high value fraud cases where bank details of legitimate suppliers and contractors have been changed on some NHS Trust finance systems in order for payments to be diverted to bank accounts controlled by fraudsters. As a consequence fraudulent payments of approximately 3.5m have been made to date. At least nine legitimate companies have had their identities "hijacked" in this way and the payments have ranged from several thousand pounds to £1.4m. There is no evidence that St George's has been a victim of this activity.

In March 2012 the financial controller implemented a new procedure to approve changes to bank details in order to enhance controls in response to the increased risk of fraud in this area.

Up to the end of March 2013 no instances of this type of fraud have been identified at St Georges.

## **Procurement**

As a follow on from a questionnaire published by NHS Protect in 2011, relating to Procurement and the Trusts fraud & bribery controls. The head of Procurement and the lead LCFS produced a working spreadsheet which took a risk based approach to fraud and bribery in the Trust procurement process. A procurement strategy was drafted which seeks to strengthen the identified weaknesses. The strategy was circulated to the committee with the November 2012 papers. Our head of procurement has also given a presentation at NHS Protects London LCFS forum to exhibit our procurement process.

## **Joint Fraud and Security awareness day**

On the 7 November 2013 in the Hospital main foyer a joint Anti Fraud/ Bribery and Security Awareness Month was held. The purpose of this day was to demonstrate that St George's Healthcare NHS Trust is serious in reinforcing that St Georges is a safe, secure and crime free place to work and visit. Displays informed staff and visitors about the damaging effects of crime and violence and some simple ways to stop it. Another Anti-Fraud/ Bribery and Security Awareness day is planned for autumn 2014.

## **Fraud Intelligence**

NHS Protect issued a number of National Fraud Alerts during the year. These alerts were discussed with relevant staff, and the Trust remains unaffected by any of the issues i.e. rogue publishers, invoice fraud, staff whom NHS Protect have an interest in. In addition, the London Area Anti Fraud Specialist issued a number of "beware notices" in respect of individuals or companies who were known to NHS Protect. The Trust once again remains unaffected by any of the issues raised.

## **Anti-bribery awareness training**

From December 2012 the Assistant Director of Finance-Procurement and the lead LCFS will be running Procurement/Anti-Bribery workshops. The workshops will continue to ensure that all the list of 597 staff, as identified by internal audit as working in a procurement/finance role. So far approximately 120 have attended which included staff from procurement and finance departments. Further training sessions are planned for Autumn 2014.

## **UKBA**

The Lead LCFS continues, as the pilot Trust, to work with United Kingdom Border Agency (UKBA) in respect of identifying illegal workers. The number of illegal workers found to have been employed by the Trust has significantly reduced since the introduction of the passport scanners in Human Resources. No further applicants have been identified as using counterfeit passports.

UKBA have also passed to the Lead LCFS a number of NHS cards for people whom they have arrested as being illegally in the UK. This information was passed to the Trusts overseas team so treatment can be invoiced for. The information was also passed to the PCT LCFS's who have deregistered the patients from their GP's; this in turn has saved the NHS money.

### **Passport Scanners**

Since the installation of the two passport scanners in recruitment and the note on our application forms that documents will be scanned for authenticity, there have been no further instances of illegal workers being employed. Any anomalies have been passed to the LCFS and the authenticity has been confirmed with UKBA.

### **Overseas patients**

The Lead LCFS has received a number of contacts from members of staff with concerns that patients are gaining treatment whilst using a stolen/fake ID. These are currently under investigation.

The LCFS now have access to the list of departments and wards who fail to identify patients as being overseas patients. These patients are identified further on in their treatment or the Trust is informed of their status by UKBA. This makes it very difficult to apply the Stabilise and Treat policy and to collect monies owed to the Trust for treatment.

### **Fraud and Security Awareness Day**

The security and counter fraud teams dedicated Thursday 7 November 2013 as Security and Fraud Awareness day. Last year the Security team and the Trusts LCFS hosted a security and fraud awareness information stand in the Trusts main entrance

Fraud and theft against the NHS is a drain on the valuable assets and costs the health service hundreds of millions of pounds every year and there are many types of fraud. The work of the Security and Local Counter Fraud Service and the national NHS Protect has already recovered millions of pounds of NHS money and led to many criminals being prosecuted.

Fraud and theft is not a victimless crime and if we are to do all we can to improve health services for its users, we need to ensure we are protecting the resources set aside for patient care. The LCFS would ask all St George's staff to find out, such as through events like this, how you can help fight fraud and theft to protect resources for the health service

The local safer neighbourhood team were on site during the afternoon offering free bicycle security marking, this proved to be a great success

### **Policy ratification Group**

The counter fraud teams are members of the Policy Ratification committee and reviews all policies prior to ratification to ensure that they are fraud/ corruption and bribery proofed. In the year 2013/14 eighty two policies have been reviewed and ratified.

### **Op Bantam**

This member of staff was arrested in a joint operation with police on Friday 16 August 2013. The counter fraud team assisted the police with the property search and a number of documents of interest were identified and seized by the Police. Unfortunately due to the person becoming unwell in custody the police had no



option but to bail the individual. They returned to Wandsworth police station in August 2013 and Interview under Caution. At all times the suspect denied any knowledge of the allegations and was subsequently further bailed. Case file sent to the CPS by the police. CPS requested a face to face meeting. The Lead LCFS attended with Police. The case was discussed and permission to charge given. Following on from meetings with the CPS, the suspect was charged on the 20 December 2013 with obtaining a pecuniary advantage by deception. She appeared at Wimbledon Magistrate's court in January 2014 when she pleaded "not guilty". The case has been sent to Kingston Crown Court for trial. This is due to start week beginning 3<sup>rd</sup> November 2014. A compensation claim has been submitted to the court on behalf of St George's for £142,833.29. Further compensations claims for the work undertaken have also been submitted by Kings College Hospital for £11,995.78 and for Guys and St Thomas's £82,153.02.

### **Op Broadway**

This person has again been offering a service to other hospitals which is normally undertaken by the Trust. He has been undertaking this work privately during his normal working day and also charging St George's for his travel and parking costs. Invited by Police Station to attend Wandsworth Police Station for a caution plus 3 interview under caution (IUC). A referral has been made to Human Resources for disciplinary consideration

Interview under caution (IUC) undertaken on 12 March 2014. The Trusts LCFS's along with a police officer conducted the interview. At a case conference after the IUC a decision was taken not to take this case to the CPS for criminal action. After the disciplinary hearing, his employment at St George's was terminated.

### **Op Belsize**

A patient has made excessive claims for travel costs for fictitious appointments and has also made duplicate claims. They has also made claims for travel from an address which is a greater distance from the Trust than where he actually resides to make a financial gain. The suspect was arrested on the 7 April 2014 at their home and taken to Wandsworth Police station. He was bailed until a later date. Case file submitted to the CPS for a charging decision.

### **Op Bond**

Agency employee submitted timesheets for shifts not worked. Statements taken from Trust staff and prosecution file completed, to be Interviewed under Caution due to take place in July 2014.

## **4 Other Cases**

### **Op Ausford**

This investigation has now been completed and a report has been issued to the Director of Finance (DOF), Director of Estates, General Manager Estates and Human Resources. A number of recommendations have been made and system weaknesses have been identified by the LCFS's. The DOF is working with the Deputy Director of HR to further some of the recommendations. LCFS's will follow up the case in September 2014 to ensure that the recommendations have been implemented and the system weaknesses addressed.

## Joint investigation with the Home Office

### Op Berkeley

Staff bank employee, case is on hold due to suspect's health issues. This case will be taken forward by the prosecution team at UKBA once suspect returns to London.

### Op Cambro

Suspect is a Sri Lankan national who previously had a dependent visa which expired in January 2014. The suspect then provided an Italian passport as proof of his right to work. Identified by the passport scanner as counterfeit, this was confirmed by UKBA.

Suspect was arrested on site in February 2014 where he admitted using a counterfeit passport in order to maintain his employment. Suspect is now in a Home Office detention centre awaiting return to Sri Lanka.

## Hold to Account

### Proactive - blue disabled permit fraud

In conjunction with the Trusts security a review of the usage of blue disabled permits by Trust staff is on-going. To date one member of staff has been referred to HR for consideration for disciplinary. There are a number still under investigation. A full update will be included in my next counter fraud update to the Audit Committee.

### Car Parking cases – as at 17<sup>th</sup> June 2014

13 cases referred to Counter Fraud in the 2013/2014 financial year.

8 cases closed

5 cases referred to HR for Disciplinary consideration – awaiting outcome

0 cases on-going investigation with LCFS

£1352 recovered to date

REFERRAL RECEIVED DATE	OP NAME	DESCRIPTION	SANTIONS	AMOUNT RECOVERED
05/03/2013	BERNARD	BLUE BADGE FRAUD	FINAL WRITTEN WARNING	£800
21/5/2013	BROUGH	BLUE BADGE FRAUD	NONE	£64
21/5/2013	BRECKLAND	BLUE BADGE FRAUD	TEMPORARY CONTRACT TERMINATED	£64
21/05/2013	BSA	BLUE BADGE FRAUD	FINAL FORMAL WARNING	£64
23/05/2013	BRISTOL	BLUE BADGE FRAUD	FINAL FORMAL WARNING	£100
30/05/2013	BRITANNIA	BLUE BADGE FRAUD		
04/06/2013	BRITISH SALMSON	BLUE BADGE FRAUD	NONE	£0
13/08/2013	BUCKINGHAM	BLUE BADGE		

		FRAUD		
20/08/2013	BROOKE	CAR PARKING APPLICATION FRAUD		
15/10/2013	BUSHBURY	BLUE BADGE FRAUD	FINAL FORMAL WARNING	£160
29/11/2013	CARLTON	POOL PERMIT FRAUD		
13/12/2013	CALTHORPE	CAR PARKING APPLICATION FRAUD		
22/01/2014	CAMARGUE	POOL PERMIT FRAUD	INFORMAL WARNING	£100
13/02/2014	CASTLE	POOL PERMIT FRAUD	INFORMAL WARNING	

### **Other issues**

#### **NHS Pensions Agency - reimbursement**

Applications can now be made by LCFS's on behalf of Trusts for reimbursement of pension paid in the event of a member of staff being found guilty of fraud. Proof of custodial sentence has been sent to NHS Pensions in respect of investigation undertaken by the Lead LCFS in 2008. NHS Pensions have advised that the Trust will be reimbursed with approx. £16,000. Further claims have also been made. The committee will be undated as and when agreement to reimburse pensions is received

#### **NHS Protect training**

Both LCFS's have attended key skills training sessions hosted by NHS Protect. In November 2013, I attended "enhanced witness interviewing techniques". In December 2013, Agnese attended "enhanced suspect interviewing techniques". Both courses were very informative and honed our skills.

#### **St George's v ST**

This case involved the Trust purchasing a van for £3,800 from a private seller who had advertised on Gumtree. Whilst the Trust paid the seller for the van, the van was never received by the gardening team. . Papers were submitted to the civil courts. The Defendant failed to submit a defence or acknowledge service of the proceedings and therefore an application was been made to the court for a Default Judgment, which was granted. We also successfully argued for and were awarded damages to be added to the judgment taking into account storage costs and interest on the outstanding claim. The Defendant is looking at a total bill of over £7k in order to meet the obligations of the judgment!

#### **NHS Protects Self-Assessment (SRT)**

NHS Protect is committed to ensuring NHS resources are appropriately protected from fraud, bribery and corruption and has developed a national strategy and a series of standards for providers of NHS services.

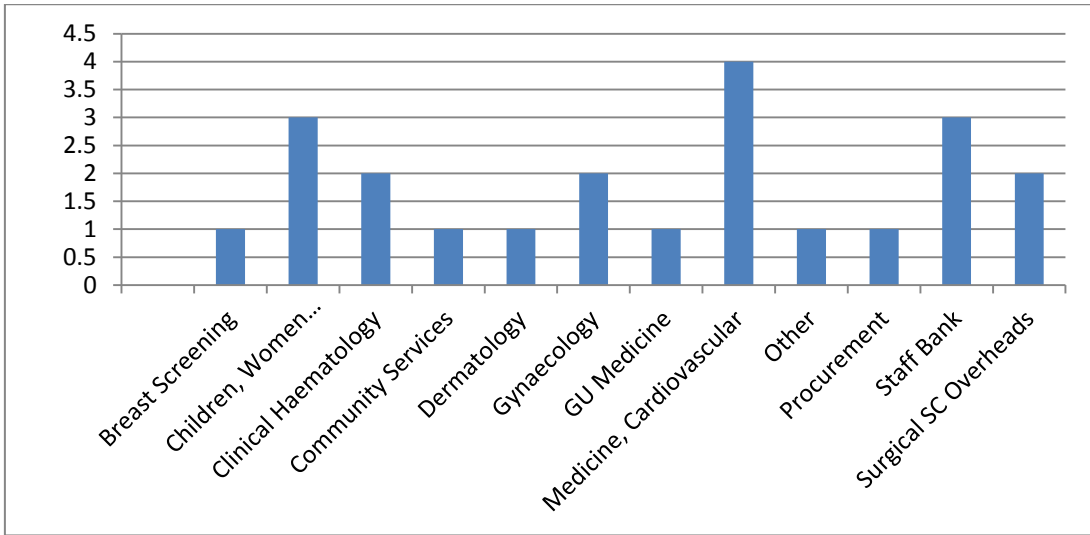
Providers should ensure that NHS funds and resources are safeguarded against those who to commit fraud, bribery or corruption. Failure to do so will impact on a provider's ability to deliver services and treatment, as NHS funds and resources are wrongfully diverted from patient care. Having appropriate measures in place helps to protect NHS resources against crime and ensures they are used for their intended purpose, the delivery of patient care. It is the responsibility of the organisation as a whole to ensure it meets the required standards. The previous SRT was a paper exercise. The current exercise is an online version. the final completion date is 30 June 2104. St George's submission will be made during week beginning 16 June 2014.

AREA OF ACTIVITY	DAYS USED
STRATEGIC GOVERNANCE	35
INFORM AND INVOLVE	70
PREVENT AND DETER	55
HOLD TO ACCOUNT	70
TOTAL DAYS USED	230

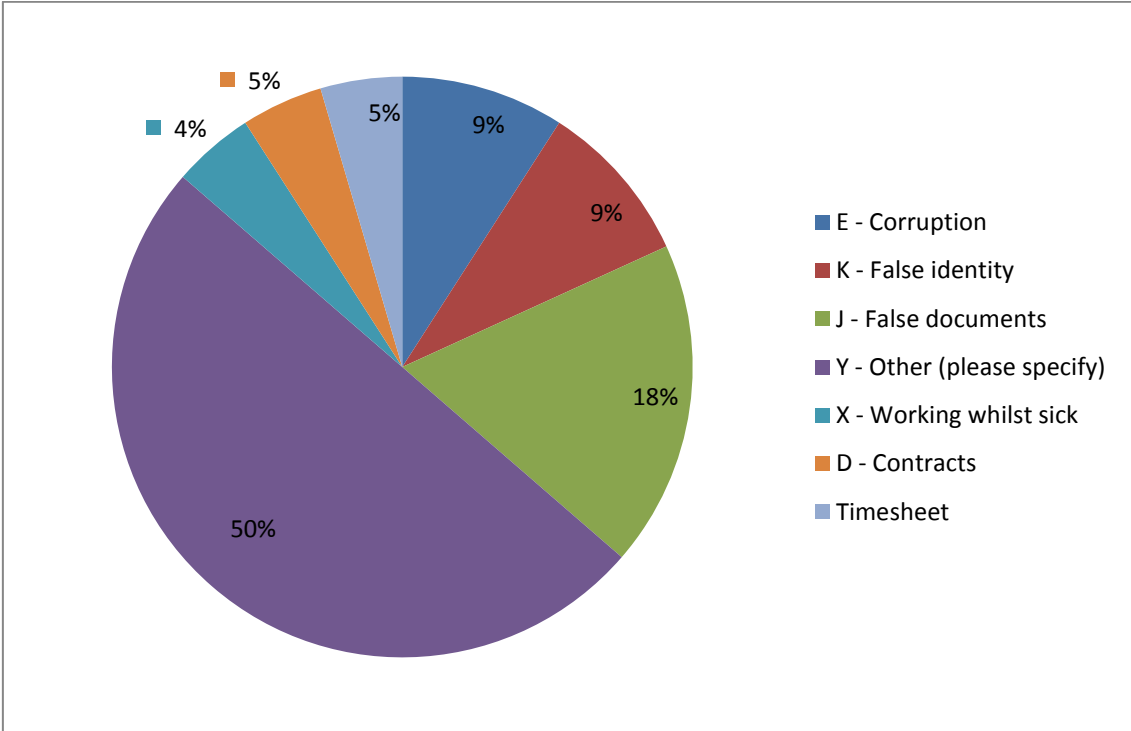
#### Measuring fraud investigations

	April 12 – March 13	April 13 – March 14
Number of contacts from April 2012	97	108
Number of new investigations from April 2012	9	24
Average length of closed investigations	12 months	6 months
Number and value of frauds by service area	see chart	see chart
Number and value of frauds by area of fraud	see chart	see chart
Number of staff suspensions	3	4
Number of successful prosecutions	1	1

#### Allegations of fraud by service area 1 April 2013 to 25 February 2014



**Allegations by Area of fraud 1 April 2013 to 25 February 2014**



## Appendix 1

### COMMERCIAL FUNDING APPROVAL

Please complete this form for commercial sponsorship of meetings, seminars, conferences, training, overseas visits and away-days. Approval must be obtained <b>before</b> the event takes place. <b>Once completed and signed send to the head of procurement</b>
<b>NAME OF APPLICANT:</b>
<b>JOB TITLE:</b>
<b>DIRECTORATE:</b>
<b>ADDRESS:</b>
<b>CONTACT DETAILS:</b>
<b>I have read and followed the Hospital's Gifts, Hospitality procedure</b>
<b>SIGNATURE</b>
<b>Date</b>
<b>EVENT DETAILS</b>
<b>ORGANISER</b>
<b>DATE(S)</b>
<b>LOCATION(s)</b>
<b>OUTLINE OF EVENT AND STATEMENT OF OBJECTIVES:</b>
<b>PROPOSED SPONSORING COMPANY/COMPANIES:</b>
<b>FINANCIAL VALUE OF SPONSORSHIP FROM EACH COMPANY</b>

<p><b>DETAILS OF THE SPONSORSHIP</b></p> <p><b>What will the sponsor gain from sponsoring the event?</b></p>
<p><b>Benefits of sponsorship to St Georges Healthcare NHS Trust</b></p>
<p><b>Potential risks to St Georges Healthcare NHS Trust</b></p>
<p><b>Potential impact of event on service/Hospital objectives</b></p>
<p>How will the source of sponsorship of meetings, conferences, away-days be disclosed</p> <p>Register on gifts &amp; hospitalities register <b>Yes / No</b></p> <p>Complete conflict of interest declaration <b>Yes / No</b></p> <p>Evidence of sponsorship: i.e. agenda, joining letter, conference papers etc)</p>
<p>Name:</p> <p>Signed</p> <p>Director for:</p> <p>Dated</p>

Appendix 2



**Counter Fraud and Procurement Strategy v2**

**May 2014**

**Pauline Lewis  
Lead Local Counter-fraud Specialist**

**Vince Pross  
Assistant Director of Finance-Procurement**

**May**

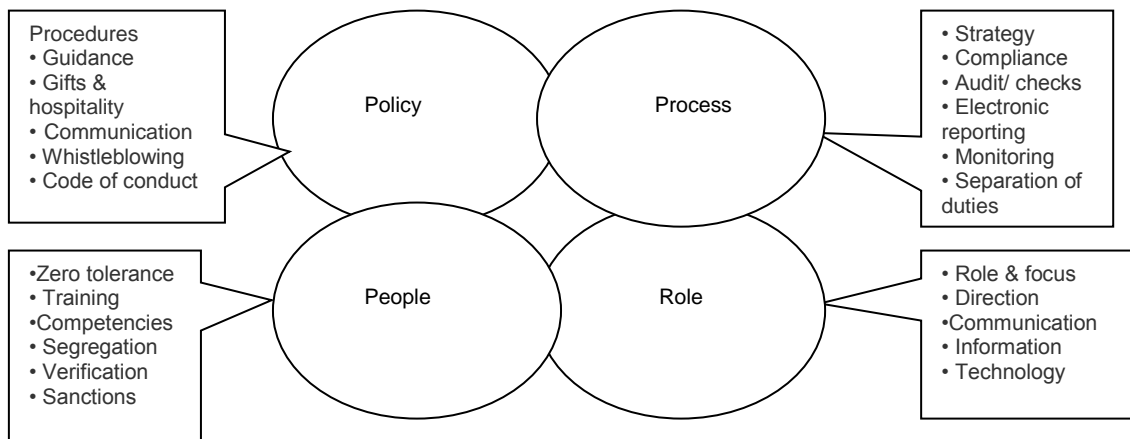
**2014**



## Finance/Procurement Counter Fraud Strategy May 2014

Financial fraud as a result of poor Finance or Procurement practice is currently on the rise. It is one of the major risks that public sector organisations face, potentially resulting in the loss of vast sums of money either directly or indirectly. It has been shown that during an economic downturn, the incidence of fraudulent activity increases and abuses of the procurement process is one area in which fraud regularly occurs. This is because this is the area where goods and services are ordered by staff and is therefore the area deliberately targeted by any staff member who wishes to defraud their organisation. Therefore a key element of the Procurement Function is to prevent fraud

There is also a growing threat from organised crime groups involved in money 'laundering'. This involves criminals using companies bidding for public sector contracts to acting as fronts to hide income gained from criminal activity including drugs, human trafficking and counterfeit goods. In 2013 the National Fraud Authority stated that losses to Fraud were estimated to be £2.3bn which is a reduction of the 2011 figure of 2.4bn . In an attempt to stop instance of fraud a number of systems have been put in place:



### 1. Procurement Strategy

This strategy outlines a 4-year strategy for Procurement & Supply Management for this Trust which is in line with;

- the Trust's strategic direction and corporate objectives;
- the Audit Commission's Report Goods for your Health,
- Health Service Circular 1999/143, Review of NHS Procurement , and the
- Gershon Review 2004.

This strategy involves ensuring all expenditure by the Trust is legally compliant and represents best value.

### 2. Communication

- A Procurement Operating Manual has been drafted and agreed and has been made available on the Trust intranet. This guidance helps to inform all staff of due process, their personal adherence obligations and to ensure compliance.

- Procurement best practice guidance is included in fraud and bribery awareness workshops. All staff are invited to attend fraud and bribery awareness workshops.

### **Actions**

2.1 The presentation to be added to the counter fraud intranet and procurement intranet page to which all staff has access.

2.2 The fraud and Bribery policies will be added to the Trusts website

2.3 Staff can contact the Trusts' Counter Fraud Team (LCFS) during office hours **0208 725 3990/2971 or 07917552460** in order to raise concerns or get advice. NHS Protect also have a reporting line to which people can make their referrals:

**Fraud & Corruption Reporting Line; 0800 028 40 60**

## **3. Compliance Assurance Strategy Actions**

### **3.1 Formal Tendering & Contracting:**

A Contracts Section of the Procurement Department maintains a full Contracts Register. All staff must ensure that Contracts Team are informed of all current contracts and signed copies submitted to them to maintain the central record. Any new contracts **must** have the involvement of the procurement team as stated in the Trust Standing Financial Instructions. This mandatory process will ensure transparency and non-compliance to this may instigate a formal investigation by Counter Fraud.

The Procurement Department is working to ensure all expenditure is covered by a legally compliant formal contract. This forms a core part of the Procurement strategy as stated above. These contracts are awarded as the result of a legally compliant, open and fair tendering process which therefore reduces the risk of fraud to the Trust

### **3.2 Supplier Vetting:**

For formal tender, suppliers undergo pre-qualification via a Pre-purchase questionnaire - For formal tenders above 50k. Suppliers and Trust Project Team Members are required to sign a formal declaration to confirm that have no interests to declare and are compliant with our counter fraud procedures and relevant law.

### **3.3 Structural Change: Centralized Procurement:**

All requisitions (with only a very few official exceptions for Clinical reasons) have now been centralised via the procurement department and the electronic remote requisitioning system (Agresso) this will ensure price transparency and an audit trail of authorisations.

- New suppliers are reviewed in order to ascertain their financial status via Dunn and Bradstreet and the NHS Supplier Information Database (NHS SID). This will also ensure that no bogus suppliers are registered on Agresso in turn this will reduce the risk of fraud.

### **3.4 Site visitors prior to tendering process**

Any staff wishing to visit a business site to view equipment/supplies prior to the tendering process will now be required to complete a questionnaire in advance which will require Director approval via formal sign off and may be challenged. This will

ensure that the procurement process will be transparent at all stages. The completed and signed off form will be kept in Procurement. See appendix 1

### **3.4 Governance**

#### **3.4.1 Declaration of Interests**

A register is held by the Trust Secretary and regularly updated. The Procurement Lead (Assistant Director of Finance-Procurement) must have regular access to the register. This would ensure that no undue influence is applied to contract award or spend decisions. The LCFS needs to review the information collated on this register to ensure clarity and transparency. This register also needs to be reviewed by the Trust secretary on a quarterly basis in order to authorise or prevent staff member from having undue influence, or to limit the impact of the relation on the Trust.

**Action** - A formal report to the Audit Committee should be submitted.

#### **3.4.2 Review of Waivers Requests of the Tendering SFI Obligations:**

Single tenders - Procurement is now reviewing all requests for single tender waiver action and is rejecting application as appropriate.

**Action** - A report should be prepared for the audit committee and the LCFS for review.

#### **3.4.3 Consultant Engagement -**

This is now done via template standard documents with NHS terms and conditions. Under the new regulations any consultants with a senior decision making or financial spend authority paid more than £220 per day shall be made to become a short term member of staff or engaged via staff bank to ensure compliance with income tax regulations.

#### **3.4.4 Gifts and Hospitalities Register -**

The Assistant Director of Finance-Procurement must be regularly (monthly) sent a the register for review, This will help ensure that no undue influence is applied to contract awards. The LCFS also has access to the register and can review the information. The Assistant Trust Secretary is responsible for reviewing this register in order to identify any issues

#### **3.4.5 Invoice Payment Policy**

A 'no purchase order equals no payment policy' has been enforced by Accounts Payable. This is also monitored by Accounts Payable. Invoice Manager software was implemented in May 2012. This makes it easier for managers to check and authorise invoice payments electronically as part of the Agresso system.

**Action taken:** The Counter fraud team now has access to the register of invoices received without a purchase order being raised. A pro-active exercise is on-going looking into why work/orders have been permitted without due process. Accounts payable continue to follow on invoices received without a purchase order.

#### **3.4.6 Segregation of Duties**

This is applied so that the same person who requests goods does not receipt the goods on Agresso or authorise payment of invoices. For example:

- Inappropriate High Value Purchase - the risk that a senior individual makes a large value purchase e.g. £0.5m for an unauthorised purpose in which they approve the vendor account. Agresso purchasing system workflow prevents requisitioning and approving by the same person. It is now possible to electronically audit trail

### **3.4.7 Bribery Policy**

An Anti-Bribery policy has been ratified. This policy has the support of the Trust Chief Executive Trust Secretary, Director of Finance and Head of Procurement.

### **3.4.8 Training & Communication of Policy**

Counter fraud/Bribery/Procurement workshops run throughout the year across the St George's sites and are available to all staff. The workshops are run by the Counter fraud team and the Assistant Director of Finance-Procurement

**Action:**

Counter Fraud Team to increase the take up.

**Future Action:**

Presentation to be made available to staff on line

<b>Name and date of meeting:</b>  Trust Board 25 September 2014
<b>Document Title:</b>  Counter Fraud & Anti-Bribery Annual Report April 2013 – March 2014
<b>Action for the Trust Board:</b>  To advise the Trust Board on the work undertaken by the Counterfraud Department  The report is for information only.
<b>Key Issues for the Trust Board:</b>  To update the Trust Board of the investigations and other work undertaken to counter fraud and bribery throughout the Trust
<b>Recommendations:</b>  The Trust Board is asked to accept this report
<b>Author and Date:</b>  Pauline Lewis Lead Counterfraud Specialist  27 August 2014
<b>Contact details:</b> Tel: 0208 725 3990 e-mail: PaulineLewis@nhs.net