

Effectiveness of Counter-Fraud Arrangements – **Welsh Ambulance Services NHS Trust**

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Summary report

Background

- 1 On 11 June 2019, the Auditor General published [Counter-Fraud Arrangements in the Welsh Public Sector: An Overview for the Public Accounts Committee](#). The report was a high-level, descriptive review of the arrangements in place within the Welsh Government, the NHS and local government (unitary authorities only), and highlighted some important messages:
 - losses caused by fraud in the public sector are significant. In a time of austerity, every pound lost to fraud is a pound that could be spent on public services.
 - fraud in all its forms is constantly evolving, so counter-fraud measures need to keep pace with the fraudsters.
 - resources devoted to counter-fraud activity vary widely across the public sector in Wales.
- 2 Following publication of the report, the Public Accounts Committee endorsed the Auditor General's proposal to undertake further work across a range of Welsh public sector bodies to examine how effective counter-fraud arrangements are in practice and to make recommendations for improvement. This work was undertaken between December 2019 and February 2020.
- 3 On 30 July 2020, the Auditor General published a national report called **Raising our game – Tackling Fraud in Wales** which summarises the key findings from our review across Wales. It does not describe in detail the arrangements in place in individual bodies, but it identifies a range of opportunities to improve counter-fraud arrangements across Wales.
- 4 Whilst the national report identified that NHS counter-fraud arrangements are the most developed across the public sector, it identified that there is still a challenging agenda to make counter-fraud fit for the next decade where globalisation and the advent of digital technology have created new risks, and opportunities for the fraudsters.
- 5 The report calls on NHS bodies to satisfy themselves that:
 - counter-fraud resources are determined based on an assessment of local risk factors;
 - counter-fraud risk assessments are integrated with corporate risk management arrangements;
 - strategies are in place to make greater use of data analytics to both prevent and detect fraud; and
 - strategies are in place to improve collaboration within the sector and more widely across sector boundaries.

- 6 This summary report sets out our assessment of the arrangements of the Welsh Ambulance Service NHS Trust (the Trust) for preventing and detecting fraud. Our assessment is based on document reviews, including board and committee papers, and interviews with a small number of staff.

Main findings and areas for improvement

- 7 Our assessment identified that the Trust demonstrates a clear commitment to counter-fraud, has suitable arrangements to support the prevention and detection of fraud and is able to respond appropriately where fraud occurs. Our key findings from the work are set out in more detail in the following section of this report.
- 8 In undertaking this work, we identified some areas for improvement (**Exhibit 1**); they should be considered alongside the themes identified in the national report. The Trust's management response to the areas for improvement is available in **Appendix 2**.

Exhibit 1: areas for improvement

Areas for improvement	
Counter-fraud training	
I1	Implement mandatory counter-fraud training for some or all staff groups.
Counter-fraud staff capacity	
I2	Consider the LCFS capacity required to resource required levels of proactive and investigative work, including staff training, and build in resilience to the team.
Risk assessment	
I3	Produce a counter-fraud risk assessment in accordance with the current WAST risk management process, to complement the annual review of risks set out in annual work plans.

Exhibit source: Audit Wales

Detailed report

Our findings

9 The following table sets out the areas of focus within our work and our findings.

Exhibit 2: areas of work and findings

Areas of work	Findings
<p>We considered whether the top tier demonstrates a commitment to counter-fraud and provides the necessary leadership to fight fraud.</p> <p>We expected to see:</p> <ul style="list-style-type: none">• the Board/Executive team promoting a clear commitment to zero tolerance of fraud and championing counter-fraud work;• senior leadership actively promoting and cascading an anti-fraud culture;• an organisation-wide understanding of responsibilities for preventing fraud and for reporting suspected fraud; and• an organisational commitment to counter-fraud and ethics awareness training, with appropriate and targeted mandatory counter-fraud training for all staff.	<p>We found the following good practice:</p> <ul style="list-style-type: none">• the Executive Director of Finance is the Board executive responsible for counter-fraud.• counter-fraud is a standing item on the Audit Committee agenda.• policies and strategies send out a consistent message that fraud will not be tolerated, and that all steps will be taken to take criminal or disciplinary sanctions against perpetrators. The Trust ensures that there are effective lines of communication between those responsible for counter-fraud, bribery and corruption work and other key staff groups and managers within the organisation.• the Local Counter-Fraud Specialist (LCFS) provides regular updates which are published in an internal newsletter. The LCFS also liaises with the Trust's Communications Team to publicise counter-fraud news within the organisation.• the Trust gives press and social media updates on counter-fraud news and developments. <p>We identified the following area for improvement:</p> <ul style="list-style-type: none">• counter-fraud training is not mandatory.

Areas of work	Findings
<p>We considered whether the organisation has a suitable structure and sufficient skilled resources to prevent and detect fraud.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> • a designated LCFS with designated responsibility for counter-fraud and the ability to influence the level of counter-fraud resources; • an appropriate level of experienced, trained and accredited counter-fraud staff to undertake investigations and counter-fraud work; • clarity in respect of counter-fraud roles, responsibilities and lines of accountability; • investment in counter-fraud based on informed decisions derived from a fraud which highlights risks and determines the resources needed to address them; and • an annual programme of proactive counter-fraud work (fraud prevention work) which covers the risks identified in the risk assessment with ring fenced time allocated to proactive work. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Trust has a designated LCFS lead, with the ability to influence the level of counter-fraud resources designated by the Executive Director of Finance. • (Appendix 1). The whole-time equivalent (WTE) of local counter-fraud resources per 1,000 staff is 0.57 WTE compared to the average for NHS Wales of 0.19 WTE. The Trust employs two fully accredited and experienced counter-fraud specialists. • the Trust has clearly articulated counter-fraud roles and responsibilities. There is a protocol which sets out the roles and responsibilities of the counter-fraud, finance and workforce teams in relation to pursuing fraud sanctions. • the LCFS and counter-fraud staff have access to all systems, records and premises required to do their work. • where issues (risks) are identified, they are incorporated into the counter-fraud work plan, together with any issues/risks identified through general counter-fraud work. The work plan identifies proactive work priorities for the year. <p>We identified the following area for improvement:</p> <ul style="list-style-type: none"> • although staffing levels are just above the average for Wales, staffing levels are just 2.0 WTE. If the level of investigative work increased, or if any member of staff were to be absent, this could impact on the ability to deliver the agreed level of proactive counter-fraud work. • during 2018-19, counter-fraud training was delivered to 222 members of staff, this represents less than 6.5% of the Trust's workforce.

Areas of work	Findings
<p>We considered whether the organisation has a sound policy framework to support effective counter-fraud arrangements.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> • a counter-fraud strategy/policy which sets out the organisation’s approach to managing fraud risks and defines specific counter-fraud responsibilities; • a Code of Conduct setting out acceptable behaviours and how to report and manage conflicts of interest; • sound whistleblowing arrangements which set out mechanisms for reporting fraud; • maintained registers of gifts and hospitalities; and • pre-employment screening. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Trust has a comprehensive Counter Fraud, Bribery and Corruption Policy (the policy), which was published in 2018 and is scheduled for review in 2021. The policy includes a counter-fraud response plan. • staff awareness of the policy is measured by counter-fraud awareness surveys. • the Trust has an appropriate Code of Conduct, and whistleblowing and cyber security policies with review and renewal processes in place. • the Trust has appropriate arrangements to maintain and review registers of interests, gifts and hospitality. • the Trust has arrangements in place to ensure that all new staff are subject to the pre-employment checks before commencing employment within the organisation. <p>We did not identify any areas for improvement.</p>

Areas of work	Findings
<p>We considered whether the organisation has an effective fraud risk assessment together with appropriate responses to emerging issues. We expected to see:</p> <ul style="list-style-type: none"> regular and comprehensive fraud risk assessments discussed and agreed with senior leaders and the Audit Committee; fraud risk assessments featuring as part of the organisation's overall risk management framework; and fraud risk built into system design to minimise opportunities for fraud. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> the LCFS evaluates fraud risk on a day-to-day basis to inform the setting of priorities in the annual counter-fraud work plan. counter-fraud resource levels are proportionate to the risk level identified. Measures to mitigate identified risks are included in the workplan, which is approved by the Audit Committee. fraud risk features in the Trust's overall risk management framework. the Risk Management Strategy and Framework, 2018-2021, specifies that it is the responsibility of line management to identify and manage fraud risks that occur as a product of the day to day running of the Trust. Those risks only need to be considered by the Board if they are a specified principal risk, or have an impact on strategic aims, in which case the risk would migrate to the Board Assurance Framework. policies and paper-based procedures are fraud proofed using guidance issued by the NHS Counter-Fraud Authority. The LCFS reviews policies and proposes changes where it is deemed necessary. the LCFS meets with procurement managers to discuss and promote fraud and anti-fraud measures. <p>We identified the following area for improvement:</p> <ul style="list-style-type: none"> the Trust reviews risks each year and sets these out in the annual counter-fraud plan. This would be enhanced by producing a counter-fraud risk assessment in accordance with the current WAST risk management process, to complement the annual review of risks set out in annual work plans.

Areas of work	Findings
<p>We considered whether the organisation's internal control environment supports effective arrangements for preventing and detecting fraud. We expected to see:</p> <ul style="list-style-type: none"> • internal controls designed and tested to address identified fraud risks and help prevent fraud occurring; • internal audit reviews of fraud risks and testing of controls designed to prevent and detect fraud; • the organisation acting on recommendations to strengthen controls if internal controls are found to be not operating as well as intended and lessons learned from fraud incidents; and • that the organisation uses data matching to validate data and detect potentially fraudulent activity. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Trust's Internal Audit team reviews fraud risks and tests controls designed to prevent and detect fraud as part of its annual programme of work. Information and intelligence are shared with local counter-fraud services in line with the agreed information sharing protocol. • the Trust acts upon recommendations to strengthen controls if internal controls are found to be not operating as well as intended and learns lessons from fraud incidents. The LCFS maintains direct links with each service directorate to communicate information to help avoid future fraud. • the Trust participates in the National Fraud Initiative data matching exercise and other local checks (such as payroll). • the Trust uses case management software to record all system weaknesses as identified as a result of investigations and/or proactive prevention and detection exercises. An important aspect of this software is recording lessons learned. <p>We identified the following area for improvement:</p> <ul style="list-style-type: none"> • our national review identified only a few examples of data analytics being used as a means of preventing fraud, predominantly the National Fraud Initiative data matching exercise.

Areas of work	Findings
<p>We considered whether the organisation has an appropriate response to fraud.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> • a comprehensive fraud response plan which sets out clear arrangements for reporting and investigating allegations of fraud; • action to ensure that all allegations of fraud are assessed; • documented procedures for conducting fraud; • investigations which follow proper professional practice and in line with the fraud response plan; • consideration of the full range of sanctions available, and redress sought (for example the recovery of money and assets) where appropriate; • an appropriate case management system to record and monitor the progress of potential fraud cases; and • collaboration with external partners to tackle fraud. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • the Trust’s Counter-Fraud, Bribery and Corruption Policy sets out procedures for undertaking investigations in line with statutory requirements and good practice. • qualified staff investigate all cases of suspected fraud, and in line with the Fraud Response Plan. Outcomes of investigations are reported to the Audit Committee and to the NHS Counter-Fraud Authority. • the Trust utilises the full range of sanctions available (staff disciplinary action, civil action and criminal action) and seeks to recover monies where appropriate and cost effective to do so. • the LCFS has access to specialist fraud investigation teams eg surveillance, computer forensics, asset recovery, and financial investigations through national bodies including the NHS Counter-Fraud Authority. • all investigations are documented on case management software. Learning from fraud is shared with appropriate staff to action and implement changes to systems and procedures where appropriate. <p>We did not identify any areas for improvement.</p>

Areas of work	Findings
<p>We considered whether the organisation has proper reporting and scrutiny in place to ensure its counter-fraud culture and framework are operating effectively.</p> <p>We expected to see:</p> <ul style="list-style-type: none"> • a record kept of fraud losses and recoveries; • the Audit Committee taking a proactive approach to prevent fraud and promote an effective anti-fraud culture; and • the Audit Committee challenging and reviewing counter-fraud work, and ensuring it discharges its duties in relation to counter-fraud. 	<p>We found the following good practice:</p> <ul style="list-style-type: none"> • there is a record of fraud losses and recoveries which is reported to the NHS Counter-Fraud Authority Wales, the Audit Committee (details included in the 'Holding to Account' section of each quarterly update provided by the LCFS), and which is included in the Trust's annual counter-fraud report. • the Audit Committee provides oversight and scrutiny of counter-fraud activities and signs off the annual counter-fraud workplan. • the LCFS provides an update report for the Audit Committee at each of its meetings. The reports are clear and consistently structured, covering most of the expected good practice outlined in the Areas of work column opposite. <p>We did not identify any areas for improvement.</p>

Appendix 1

Counter-fraud resources

The following exhibit sets out the number of LCFS resources per 1,000 staff.

Exhibit 3: Number of LCFS resources per 1,000 staff (in order of highest to lowest)

	LCFS WTE	Total number of staff within the organisation	LCFS WTE per 1,000 staff (headcount)
Health Education and Improvement Wales ¹	0.2	280	0.71
Welsh Ambulance Services NHS Trust	2.0	3,535	0.57
Powys Teaching Health Board ²	1.2	2,286	0.52
Cwm Taf Morgannwg University Health Board ²	2.6	11,944	0.22
Hywel Dda University Health Board	2.0	10,032	0.20
Aneurin Bevan University Health Board	2.6	13,659	0.19
NHS Wales (average)	18.2	94,614	0.19
Swansea Bay University Health Board ²	2.2	12,962	0.17
Betsi Cadwaladr University Health Board	2.9	18,491	0.16
Public Health Wales NHS Trust ¹	0.3	1,903	0.16
Velindre University NHS Trust ¹	0.4	4,411	0.16
Cardiff & Vale University Health Board ¹	1.8	15,111	0.12

¹ The Cardiff & Vale University Health Board LCFS Team also provides services to Health Education and Improvement Wales, Public Health Wales NHS Trust and Velindre University NHS Trust via an annual Service Level Agreement.

² The Swansea Bay University Health Board LCFS Team also provides services to Cwm Taf Morgannwg University Health Board and Powys Teaching Health Board via an annual Service Level Agreement.

Source: Counter-Fraud Authority NHS Wales, Operational Performance Report 2019-20 (Quarter 3), and Stats Wales Headcount as at 30 September 2019 (extracted from the NHS Electronic Staff Record system).

Appendix 2

Management response

The following table sets out the Trust's management response to the areas for improvement.

Completion date: 24 June 2020 (LCFM – Local Counter Fraud Manager).

Exhibit 4: Trust's management response to the areas for improvement.

Ref	Area for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
11	Counter-fraud training Implement mandatory counter-fraud training for some or all staff groups.	To ensure that staff have a clear understanding of the issues and responsibilities associated with counter-fraud activities.	Y	Y	<p>Actions identified:</p> <p>To present a case for implementation to both education service leads, and Director of Finance for consideration. Support could be gained through Audit Committee consultation.</p> <p>This area of work has already been cited within the annual work plan, although historically with the demands upon the mandatory learning</p>	Sept 2020	<p>Chris Turley Director of Finance /</p> <p>Carl Window LCFM</p>

Ref	Area for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>portal, particularly within the operations teams, Counter Fraud hasn't been seen as a high priority in relation to the other core learning areas.</p> <p>The LCFM will give assurance to revisit this and present a case for need in this regard.</p>		
I2	<p>Counter-fraud staff capacity Consider the LCFS capacity required to resource required levels of proactive and investigative work, including staff training, and build in resilience to the team.</p>	To maximise the potential of the Counter-Fraud Service and to ensure its resilience.	Y	Y	<p>Actions identified:</p> <p>To review and consider any development and training needs, alongside ensuring that support from the Counter Fraud Service Wales team can be relied upon in times where WAST Counter Fraud service may be impacted from sickness / reduced resource etc.</p>	Ongoing	<p>Chris Turley, Director of Finance</p> <p>Carl Window, LCFM</p>

Ref	Area for improvement	Intended outcome/benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					Such agreements are already in place with CFS Wales, but continued review of needs is completed annually to maintain resilience.		
I3	<p>Risk assessment</p> <p>Produce a counter-fraud risk assessment in accordance with the current WAST risk management process, to complement the annual review of risks set out in annual work plans.</p>	To provide a periodic opportunity for a more formal risk assessment to support and further inform the annual approach to risk assessment.	Y	Y	<p>Actions identified:</p> <p>A co-ordinated risk approach which annually provides deliverables at the start of each year, is already present through the annual counter fraud plan.</p> <p>However, the LCFM accepts that this should be complemented by a more formal specific counter-fraud risk assessment completion, as there are already alternative mechanisms for naturally reviewing</p>	Sept 2020	<p>Chris Turley, Director of Finance</p> <p>Carl Window, LCFM</p>

Ref	Area for improvement	Intended outcome/ benefit	High priority (yes/no)	Accepted (yes/no)	Management response	Completion date	Responsible officer
					<p>risk as an ongoing theme within counter-fraud work.</p> <p>The LCFM will aim to encourage and enhance recognition of fraud risk with local risk register managers, so that they encompass fraud risk within their local registers.</p>		



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