

The first three years of the NHS Counter Fraud Service :

- A network of 400 counter fraud specialists put in place
- Awareness Seminars held for all Directors of Finance
- A new Strategy and Professional and Ethical Framework
- A new Counter Fraud Manual
- Agreements reached with key stakeholders
- Agreements reached with the Audit Commission and the Police
- Losses reduced by 40% in some areas
- Recoveries increased five-fold
- A high success rate for criminal prosecutions (89 prosecutions and 143 civil and disciplinary cases)

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The First Three Years : Important Progress Made

The NHS Counter Fraud Service was formed in September 1998 with the appointment of its first Director, Jim Gee.

The Rt. Hon. Alan Milburn M.P., then Minister of State for Health, now Secretary of State, commented that it represented a new stage in the efforts made to protect the NHS's resources from fraud and corruption.

In December 1998, *'Countering fraud in the NHS'* was published describing the new NHS counter fraud strategy. It committed the NHS to reducing fraud to an absolute minimum, holding it permanently at that level and thereby freeing up resources for better patient care

In August of the following year *'The Professional and Ethical Approach'* was published describing the way that NHS counter fraud specialists would undertake their work in an objective, fair, professional and inclusive manner.

Three years have now elapsed since then and an awful lot of hard work has taken place to start turning the aims and objectives in the

strategy document into reality. This has included :

- Hundreds of Fraud Awareness Seminars have taken place addressing thousands of key NHS staff and managers;
- more than 400 counter fraud specialists have completed their professional training and been accredited
- Almost a 1000 investigations have taken place
- Many policy and procedural changes have been implemented.

Now, for the first time comprehensive performance statistics are available showing the progress that has been made.

Inside this newsletter, these statistics are highlighted for each area where the action was promised in 1998 :

- The creation of a strong counter fraud structure

Using this to take action :

- Developing a real anti-fraud culture

- Deterring fraud where possible
- Preventing fraud where it is not deterred
- Detecting fraud where it is not prevented
- Objectively and fairly investigating fraud where it is suspected
- Seeking to apply an appropriate combination of sanctions where fraud is present
- Providing information to allow fraud losses to be recovered

As the reader will see inside, a strong start has been made and the NHS's resources are better protected than ever before. But there is no room for complacency and there is much work to be done. Directors of Finance and Local Counter Fraud Specialists have key roles to play in this work. This newsletter will support them in doing it.

[Note : The NHS CFS Performance Statistics 1999-2001 will shortly be published to all DoFs, LCFs and other stakeholders.]

A high rate of return

Countering fraud in the NHS is a practical exercise designed to free up resources to be spent on better patient care. Figures for the first three years show a high rate of return on the money in-

vested in counter fraud work.

The 2001-2002 budget for the NHS Counter Fraud Service is £5.4 million. Against this expenditure there has been a £48 million measured

reduction in losses, £9 million recoveries and £7 million losses identified and stopped (see inside). This represents a ratio of better than 10 :1. This should improve further in 2002-2003.

1999-2001 : THE PROGRESS MADE

Building a strong Counter Fraud structure

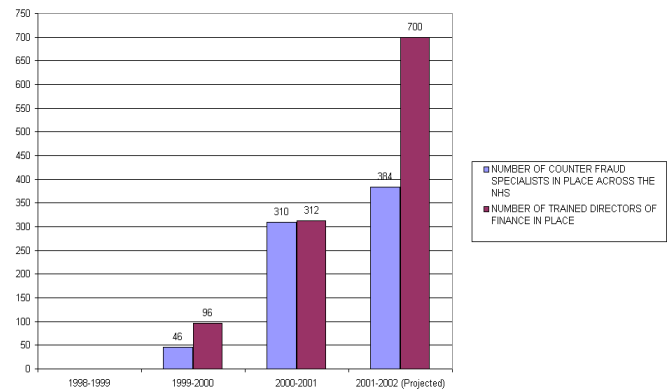
Since 1998, much of the work of the NHS Counter Fraud Service has involved creating a national counter fraud structure in what is the largest organisation in Europe. This has involved professionally training almost 400 counter fraud specialists and spending a day each with small groups of Directors of Finance across the NHS.

The chart opposite shows the increase in the number of

trained counter fraud specialists and Directors of Finance since 1999.

In 2002, this work continues with Local Counter Fraud Specialists from Primary Care Trusts being trained and Fraud Awareness Seminars being held for PCT Directors of Finance.

NHS CFS : BUILDING A STRONG COUNTER FRAUD STRUCTURE



Developing a real anti-fraud culture

Since 1999, strenuous efforts have been made to develop a real anti-fraud culture in the NHS. By this is meant an organisational culture where all those who work in or use the NHS recognise and understand their responsibility to protect their organisation and its resources.

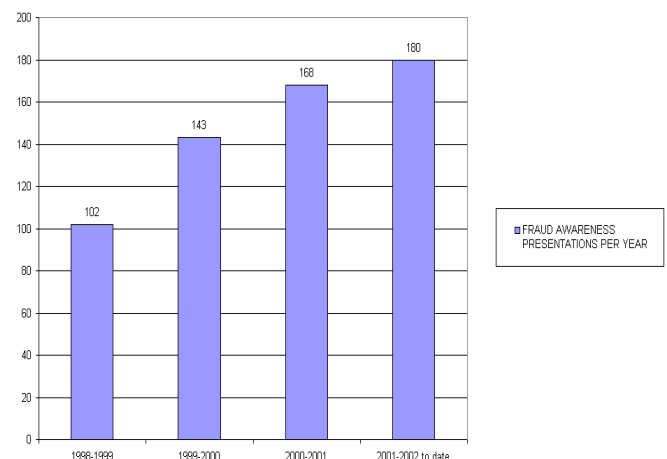
The chart opposite shows the hundreds of Fraud Awareness Seminars that have been held involving key managers and staff.

To assess the effects of this

work self-assessment questionnaires are routinely distributed to attendees. These show dramatic increases in the percentages of those responding who understand the role they can play and their responsibilities.

Other work in this area includes the development and implementation of Counter Fraud Charter agreements with NHS stakeholders. From zero in 1999, 36% of staff are now involved.

NHS CFS : ACTIVITY TO GENERATE AN ANTI-FRAUD CULTURE



Creating a strong deterrent effect

If possible it is best to deter potential fraudsters from even making an attempt. The deterrent effect is based on their perceptions as to strength of the systems in place to stop them, the likelihood of their being detected, the chances of an investigation uncovering evidence of what they have done, the probability of effective sanctions being imposed and the extent to which the monies which they might obtain are likely to be recovered.

Peer group pressure, indicat-

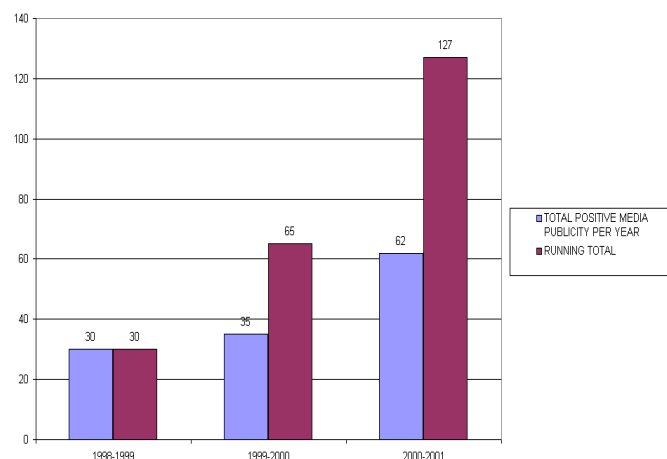
ing that fraud is unacceptable, also has an important effect.

Consequently, a strong deterrent effect arises where information about effective work in all these areas is publicised.

The NHS CFS does not publicise its activity for its own sake but to create this effect.

The chart opposite records the increasing number of positive articles and reports in the media over this time.

NHS CFS : THE DETERRENT EFFECT



Preventing losses to fraud

The NHS CFS Central Unit is specifically orientated to revising policy and processes to ensure that weaknesses that have allowed fraud to take place are removed so that fraud does not recur.

Much work has been done since 1999, both to prevent contractor and patient based frauds. Patient checks are now operated by contractors in each area.

The chart opposite shows a measured reduction in losses to Pharmaceutical Patient Fraud of 41% from £117 million to £69 million.

The NHS CFS Risk Measurement Project (RMP) measures losses to an accuracy of +or- 1% (or better). The National Audit Office

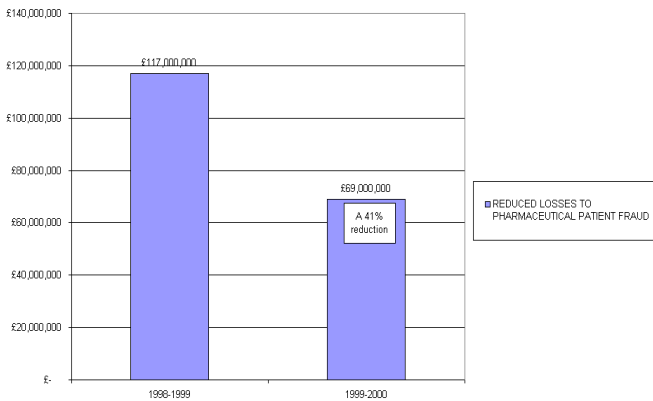
was satisfied with the accuracy of these figures.

Action which has taken place to revise policy and processes in Dental and Optical Services are believed to have had a similar effect.

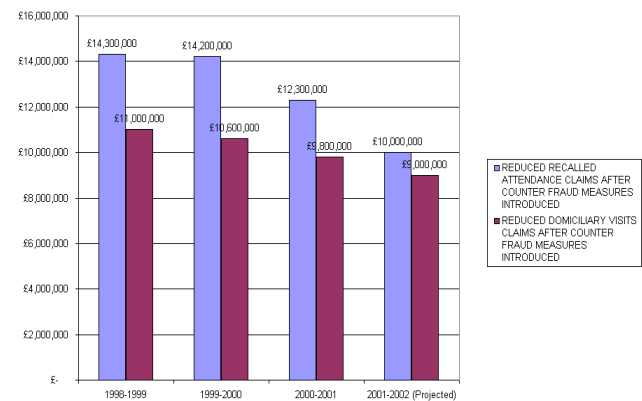
Action in the area of Dental Services produced more results.

Claims by contractors concerning Recalled Attendance and Domiciliary Visits fees have fallen by between 18 and 30% after the changes - the results of close working with the British Dental Association - were introduced.

NHS CFS : REDUCED LOSSES TO PHARMACEUTICAL PATIENT FRAUD



NHS CFS : REDUCED CLAIMS FROM DENTAL CONTRACTORS AFTER COUNTER FRAUD MEASURES WERE INTRODUCED



Detecting and investigating suspicions of fraud

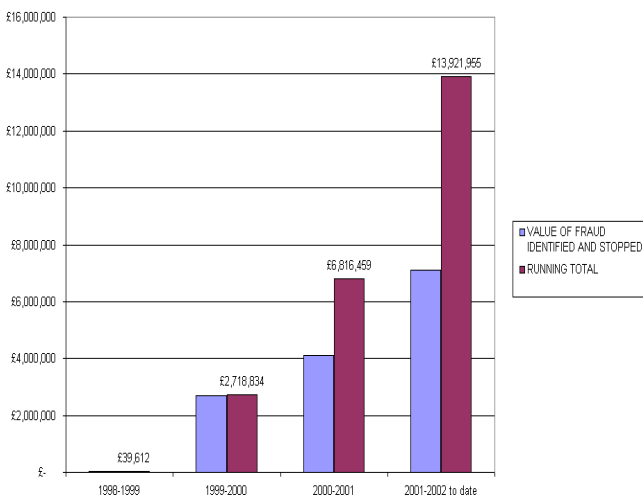
The extent to which fraud is being effectively detected and investigated has improved considerably since 1999.

For the NHS CFS alone, it is expected that more than 1000 investigations will be completed by the end of the 2001-2002 financial year.

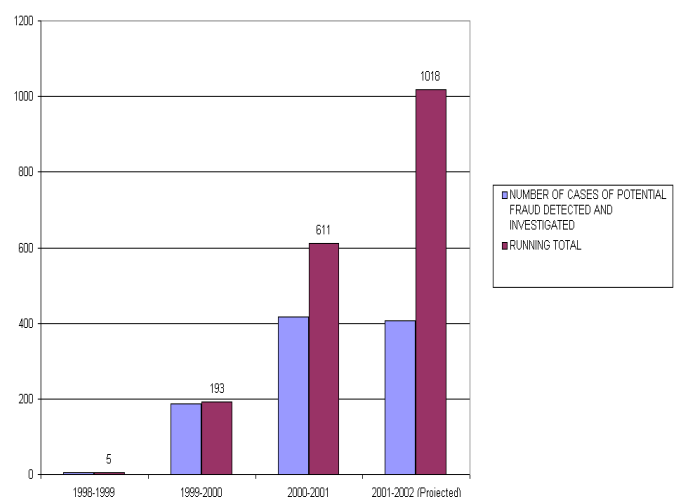
Fraud affects all organisations. They should be judged on their effectiveness in identifying and stopping it and thereby reducing losses. Unless, the fraud is detected then it will continue, so better detection rates are a good not a bad thing.

In the NHS, each year the value of the fraud identified and stopped has risen, freeing up these resources to be spent on patient care.

NHS CFS : VALUE OF FRAUD IDENTIFIED AND STOPPED



NHS CFS : DETECTING AND INVESTIGATING POTENTIAL FRAUD



Seeking to apply sanctions where fraud is present

At the conclusion of a fair and objective investigation into a suspicion of fraud there will be an assessment as to whether fraud is present or not.

Where fraud is believed to be present, on the basis of the evidence uncovered, then a suitable combination of sanctions will be sought.

It is the policy of the NHS CFS to seek to combine the application of disciplinary, civil and criminal sanctions - to dismiss an employee or suspend or deregister a professional, to obtain orders in civil law to freeze assets and recover funds and to impose a criminal sentence.

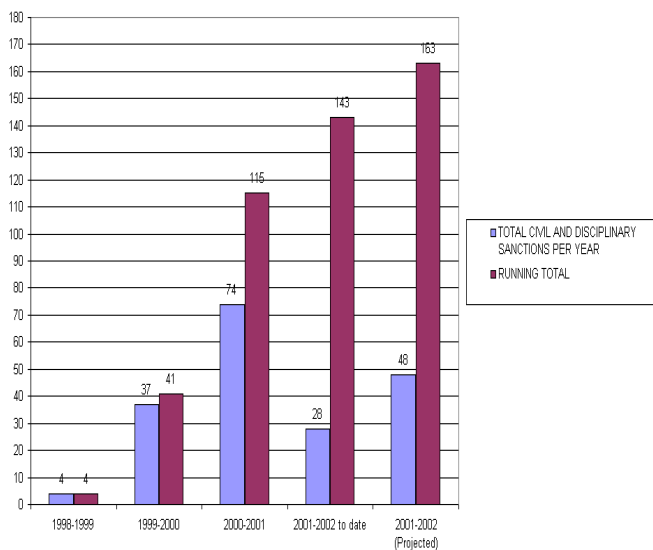
The charts which are below show the extent to which the NHS CFS has successfully done this since its creation in 1999,

At the end of November 2001, 89 criminal prosecutions had been completed with a further 32 cases awaiting court hearings.

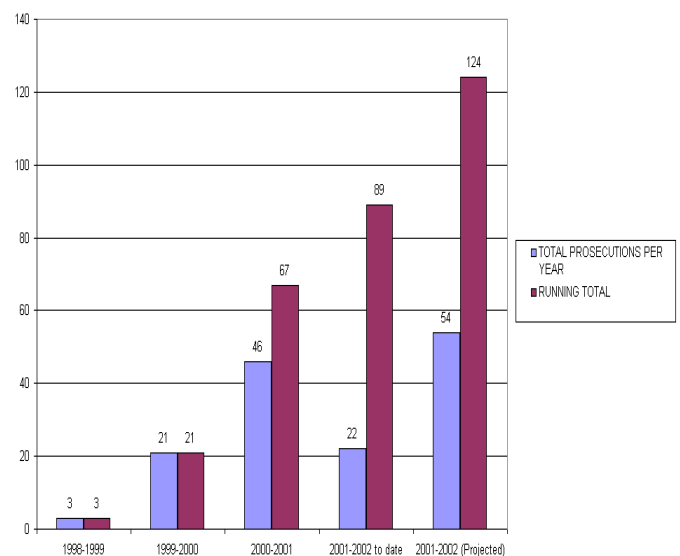
A further 143 civil and disciplinary cases had been successfully completed by this time.

Whenever sanctions are imposed the NHS CFS works with stakeholders to publicise the application of the sanctions and to help create a strong deterrent effect.

NHS CFS : TOTAL CIVIL AND DISCIPLINARY SANCTIONS



NHS CFS : CRIMINAL SANCTIONS



Recovering losses

A key aspect of the NHS CFS's work has been to ensure that fraud losses are recovered so that the resources can be spent on patient care.

By the end of November 2001, the levels of recoveries for 2001-2002 were already running at five times the figure for the whole of 1998-1999 and a total of £9 million had been recovered.

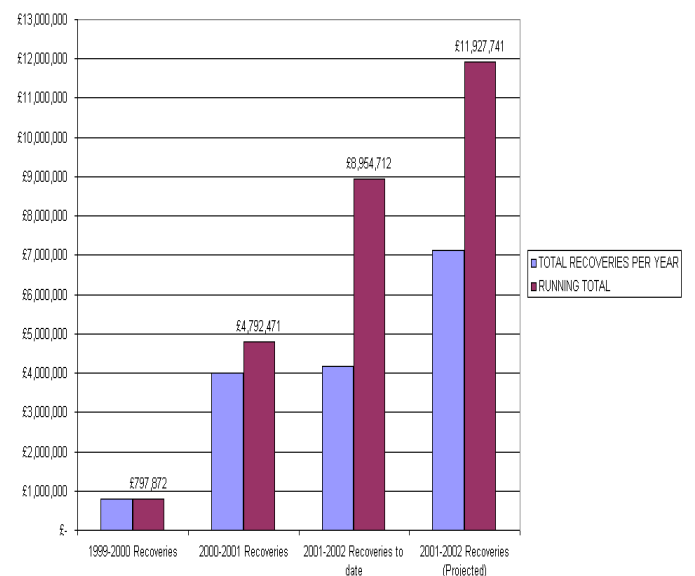
The NHS CFS supply information derived from effective investigations to health bodies so that they can identify and recover these losses.

Again, as with the figures for investigations and sanctions, figures for work undertaken by

LCFSs will be added later in the year.

While there is always more work to be done - and 2002 should see a major review of the effectiveness of the NHS in recovering losses to fraud - it is clear that improvements have taken place.

NHS CFS : TOTAL RECOVERIES



NEWS NEWS NEWS NEWS NEWS

A new agreement to work with the Police

A new Memorandum of Understanding with the Association of Chief Police Officers (ACPO) has been agreed and will be launched shortly.

The memorandum is ground breaking in going considerably beyond generalities to cover detailed practical issues concerning how the NHS CFS, LCFSS and the police will work together to counter NHS fraud.

These practical issues include identifying specific liaison points within each police force, determining who does what as suspicions of fraud are dealt with under the Secretary of State's Directions, and setting out what information can be exchanged.

The memorandum is designed to improve a situation where,

prior to 1998, NHS fraud (and fraud in general) had slipped down the priority lists of many police forces.

Sometimes it has taken months to get a case taken on by the police and it may take many more months before it reaches a conclusion.

The police have recognised our concerns and were anxious to reach agreement with the NHS.

Allan Carter (The NHS CFS Regional Manager for the North West) has worked very hard on getting the agreement right and it should be launched and distributed across the NHS very shortly.

For further information E-mail Allan.Carter@cfos.nhs.uk.

Version 2 of the Manual

Staff in the NHS CFS Quality Group have been working hard to produce a new, revised version of the Counter Fraud and Corruption Manual.

Zoe Porton, the Strategy Officer leading on Quality issues, has been trying to ensure that what has been learnt over the last year is built into the new Manual. It will include guidance for Primary Care Trusts and will be distributed to be used from April 2002.

New features will include advice on what have been found to be the best ways of providing an LCFS service and two days seminars will be held with LCFSSs to focus on implementation.

For further information E-mail Zoe.Porton@doh.gsi.gov.uk

New proactive exercises

New national proactive counter fraud exercises (NPEs) are planned for 2002. The intention is that there should be three or four national exercises looking proactively for fraud where intelligence indicates that there is a high risk of fraud.

All NHS health bodies will be expected to participate in this work and will be provided with easy to use 'packs' to simplify the process.

The exercises will vary between Primary Care Trusts and Strategic Health Authorities and NHS Trusts. A likely first exercise in the Secondary Care area will concern Bank Nurse fraud.

More information will be available shortly.

The launch of the new counter fraud profession

On October 17th, the government launched a new profession of counter fraud specialist. Lord Philip Hunt of King's Heath, NHS Fraud Minister (pictured standing) and Malcolm Wicks M.P., Minister of State for Work and Pensions, both spoke at the public launch of the new Counter Fraud Professional Accreditation Board (CFPAB).

Already 3064 counter fraud specialists from the NHS, Department of Work and Pensions, Inland Revenue, Customs and Excise, Consignia (formerly the Post Office), local government and the Abbey National, have received their Foundation Level (Accredited Counter Fraud Specialist - ACFS) accreditation. A further 50 have completed the year long distance learning based Advanced Level (Certified Counter Fraud Specialist - CCFS) certification with another 190 currently completing the course.

From April the NHS CFS and the Institute of Criminal Justice Studies at Portsmouth University will be working to develop the first ever BSc. in Criminal Justice and Counter Fraud Studies. It is hoped that the new degree will be available by the end of the 2002-2003 financial year. Already accepted in the largest part of the public sector, discussions are continuing with the banking, finance and communications industries which are likely to see these new

professional standards become accepted more widely in the private sector.

For more information E-mail Paul.Tiffen@doh.gsi.gov.uk.



From the left : Professor Steve Savage (ICJS), Lord Hunt, Malcolm Wicks (Department of Work and Pensions Minister of State), Jim Gee (CFPAB Vice-Chair) and Frank Ashford (DWP) launching the new profession.

NEWS NEWS NEWS NEWS NEWS

PROTECTING OUR NHS

The NHS Counter Fraud Service
Newsletter for NHS Directors of Finance and Local Counter Fraud Specialists

Your newsletter

This newsletter will be produced quarterly for NHS Directors of Finance and Local Counter Fraud Specialists.

It will focus on the latest counter fraud developments, share important information and best practice and seek to ensure that all of the 'counter fraud community' can be effective in protecting the NHS's resources.

It is important that the newsletter belongs to all of us. If you have a news story or article which you think should be in it, please write to
CounterFraudNewsletter@doh.gov.uk.

Contact details

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Pharmaceutical Fraud Team -
0191-203-5029
National Proactive Team -
020-8339-4619
**FRAUD AND CORRUPTION
REPORTING LINE** :
08702-400-100

Key events

The next few months will see a number of Key Events which are planned as follows :

End of January - The launch of the new Memorandum of Understanding with the Police together with the NHS CFS Performance Statistics 1999-2001

End of February - New Counter Fraud Charters have been agreed with the Royal Pharmaceutical Society of Great Britain (RPSGB) and the General Medical Council (GMC)

Start of April - A new NHS Counter Fraud Research Unit is established / work starts to create new BSc degree in Criminal Justice and Counter Fraud Studies.

What they say about us

Each issue of the newsletter will include a section recording what other organisations say about us. We start with some comments made over the last three years :

- **National Audit Office** - Report on the NHS Summarised Accounts 1998-99

"The initiative taken by the Department of Health in the establishment of the Directorate [of Counter Fraud Services] is a positive step to co-ordinate and enhance anti-fraud activities in the NHS."

- **Audit Commission** - Stewardship and Financial Governance in Local Government and the NHS in England and Wales 1999-2000

"The Commission welcomes the close co-operation that has been established with the Director of Counter Fraud Services (DCFS) and its operational arm, the Counter Fraud Operational Service. The work of these bodies has certainly increased the awareness across the NHS of the risks of fraud and corruption."

"The preventative measures put in place by the DCFS are welcomed and have our full support."

- **The Fraud Advisory Panel (Chair, George Staple)**

Refers to "The important example set by the NHS' anti-fraud programme which demonstrates how much can be achieved by a truly committed and holistic approach."

"The benefits of a holistic approach to fraud are vividly illustrated by recent developments in the NHS The formation of the Directorate of Counter Fraud Services in 1998 has proved a major step forward."