

Annual report and accounts

2020-2021

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



NHS Counter Fraud Authority Annual Report and Accounts 2020-2021 For the period 1 April 2020 to 31 March 2021 Presented to Parliament pursuant to the NHS Counter Fraud Authority (Establishment,

HC 668

Constitution, and Staff and Other Transfer Provisions) Order 2017.

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

Message from the Chair

As the response to COVID-19 placed the NHS under unprecedented pressure, we focused on supporting our frontline colleagues' work in any way we could. Despite the NHSCFA facing its own crisis-related challenges we are emerging fitter, stronger and



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more resolute than ever, thanks to the dedication and professionalism of everyone.

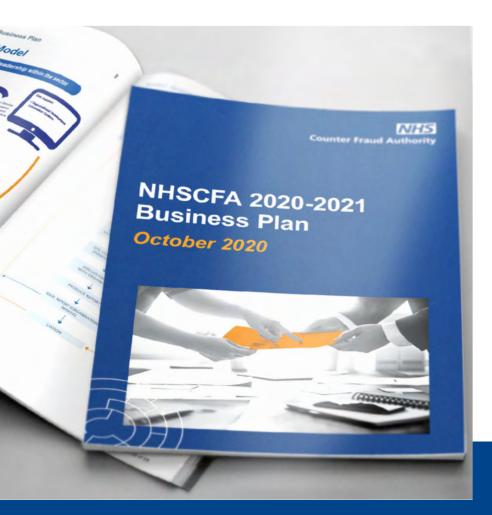
As suggested last year, we adapted to the circumstances into which we were all plunged; gathered closer; re-prioritised and continued, determined to play our part in protecting the NHS from fraud.

This has been an exceptional year, not just because of the extraordinary demands placed on everyone in the NHS but also the exceptional pressure placed on finances and resources. The response from colleagues has been truly exceptional.

Unfortunately, as many pivoted and adapted to the pressures of the COVID-19 response on their work and personal lives, criminals set about finding new and increasingly cynical ways to exploit vulnerability, including spikes in cyber and vaccine fraud. Yet we anticipated and responded again.

After doing all we could to supercharge internal and external communication and ensure that we prioritised the welfare and security of our people, we set about the business of ensuring that we had short term goals and targets to move us through the crisis, step by step while staying true to our vision, a beacon in dark times. We rightly placed increased stock in finalising that vision and strategy, including a transformation agenda to continuously adapt and improve how we operate. The completion and launch of our three-year strategy during this period helped colleagues see through and past the COVID-19 crisis and helped create a sense of collective foresight, aims and confidence when most needed.





We then re-prioritised our business plan for the year, re-negotiating and spreading our financial goals over that three-year horizon. This helped us adapt to the need to make temporary changes to our operating model owing to the demands of working under lockdown with the constant and sadly very real ongoing sickness and wellbeing risks. Throughout the year we operated almost

one fifth under establishment capacity. Yet, despite these challenges, we are pleased to report that we have achieved all of our primary objectives. In addition, gaining parliamentary approval to renew our mandate has allowed planning for delivery of our three-year strategy to take place.

As this report attests, we have delivered a significant volume of projects, programmes and continuous improvements that have positively impacted our ability to combat fraud. During a period in which criminal proceedings were slowed down considerably by court closures, prevention

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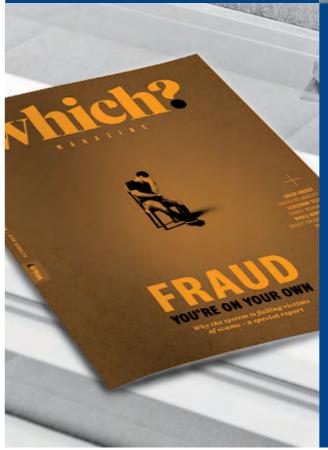
has been at a premium.

Significant project and programme launches this year include the comprehensive CLUE case management system; a new cyber fraud section of our Fraud Reference Guide, an invaluable tool in identifying the increasingly sophisticated types of fraud targeting the NHS; new and common requirements for NHS counter fraud work aligned to the Government Counter Fraud Functional Standard; the digitisation of our website and the launch of Ngage, now the common communications portal for the NHS counter fraud community.

In spite of the difficulties of remote working, we have pressed forward with our stakeholder engagement strategy. From a rolling start which included the launch of Ngage and a series of monthly webinars across our proposition and operating model, this has now become a comprehensive and well-managed programme.

Engagement levels have risen considerably within our key communities in the last six months, including at senior levels within health bodies.





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Next year will see the theme of working together gather pace. This year, in external publications and on various counter fraud platforms, including international gatherings, several of the senior executive team, including our CEO, have promoted the theme of span-breaking, cross-border, partner and systems working as key to having an exponentially greater influence in the ongoing battle against fraud, generally and within the NHS specifically. We are relatively small in number, but we intend to be large in influence by cultivating relationships with stakeholders, including other government and arm'slength bodies, to boost the impact of our fraud fighting efforts.

There are over a million pairs of eyes and ears working in the NHS and we need them all to bring the criminals to account who we estimate cost the NHS over £1 billion, the equivalent of more than 40,000 nurses.



Of course, none of this year's success in the face of adversity would be possible without the dedication, resilience, and expertise of our people. Our People Strategy continues to provide focus and the Board was delighted to see employee engagement levels actually rise, yes rise significantly in the eye of the pandemic.

Much credit is due to line managers and communications colleagues who have been the pivotal local executives during these toughest of times. We really can not thank them enough.

I would also like to take a moment to thank our CEO Susan Frith who, sadly for us, stepped down in September 2021. It is no exaggeration when I say that Sue's hallmark is on every positive outcome and every building block.

Next, as we follow the government roadmap and can hopefully ease restrictions and improve access to our offices, we are ensuring that we learn lessons from this period of isolation. Our intention is to remain and become increasingly successful as a smart



working organisation, one that carefully cultivates our culture, offers truly flexible working and is representative and inclusive. We want the NHSCFA to be genuinely seen as a great place to work that is as attractive for existing colleagues as it is for prospective employees.

We are a considerable way through a comprehensive review of our operating model, a project that has involved extensive consultation with stakeholders and colleagues alike.

We expect to emerge from this more agile and focused still. The aim is that we are able to continue to adapt in response to the inevitable pressures that will stem from the tail of the pandemic.

The Board has extended the leadership team to include a well-established performance director and more recently a head of transformation. We have also witnessed several cohorts of our emerging talent progress through our bespoke leadership programme and have filled three more non-executive Board positions with dedicated professionals who bring their extensive public and private sector knowledge. We now feel well equipped to see our demanding three-year strategy through.

It has certainly been a year like no other. Never have we been so proud to be part of the NHS, or so determined to ensure that we continue to play our part in protecting the resources that underpin its performance.

It is in that spirit of resolute confidence, optimism, and continuous improvement that I approve and offer this report for your considered attention.

Tom Taylor FCCA FCPFA FCMI FIOD FHFMAChair

PERFORMANCE REPORT

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Performance Overview

This section summarises the NHSCFA's performance during 2020-2021 and explains the purpose and structure of our organisation and its current business model. It also gives an insight into the key challenges and risks which have had an impact on our work over the last twelve months and how we have dealt with them. This section also provides information regarding the authority's financial performance during 2020-2021. The authority used its parliamentary funding as planned in funding its salaries, wages, estates, and administration costs commitments. In addition, the authority delivered several capital programmes which utilised its capital funding in full.

The information here should provide you with sufficient information to understand what we do and to evaluate our performance. If you need more detailed information on how we delivered against the objectives set out in our annual business plan and our three-year strategy, then please read the **performance analysis**.

A message from the outgoing Chief Executive Officer



I am proud to echo the words of the Chair in the opening to what will be my final address as Chief Executive.

The NHSCFA has emerged from the COVID-19 pandemic stronger than we entered it. We have secured a remit from the Department of Health & Social Care to operate on the back of an ambitious three-year strategy. In the face of the extreme and exceptional demands of the pandemic, disruption, and very real threat to the most basic of wellbeing

considerations, our employee engagement and satisfaction scores rose considerably during the period. This is testimony to the tenacity, resilience and passion of my colleagues. I am extremely pleased with the way we have faced the prolonged adversity of this period and can't thank all of my colleagues enough.

I recently made the decision to retire. The political, economic, social and technological pressures of the COVID-19 crisis on every organisation and household, forced us all into positions where we have had to evaluate our priorities. Having worked hard to get our organisation into a position of stability before and during the pandemic, I have taken the decision to step back, hand over to a successor and tackle and complete personal projects that are going to need much more of my focus. However I would never have been in the position to make such a bold call had it not been for our collective achievements over the last few years.

There is little doubt that the challenges posed by COVID-19 have been met by the performance of our core teams which is testimony to the systems approach we have taken to our strategy. The outcomes over the next few pages bear this out in black and white.

Our People Strategy has helped us initiate a coordinated programme of change and transformation, linking enablers to outcomes, to ensure we are in the



best possible position to continue delivering on our overall business strategy and plan. Structurally, we have adapted and made several significant appointments at Board and management levels. Our leadership development programmes have paid dividends in terms of enabling our people to shape and support the change we need, as well as providing stable and consistent line management during this toughest of times. All of this along with excellent colleague communication has doubtless influenced our employee engagement statistics, which I am delighted to report continue to climb.

Securing our renewal by Parliament on the back of three years of great performance and delivering a strategy for the next three years, has been critical to ensuring funding to stabilise our future and retain the key personnel who will continue to steer us through the various waves of the crisis. This structure and focus have also helped us to grow the Board, the vital source of security and continuity of voice and approach while there is change at the top.

It has been my privilege to serve as the CEO of the NHSCFA. I've become increasingly convinced, during my tenure, that the catalyst for combatting fraud is working together with key stakeholders. Or, in short, working together across organisations.

Togetherness is going to become increasingly important, something people in general have literally been so deprived of for so long. But the togetherness I allude to is that of working increasingly closely across our counter fraud communities, something I've been passionately promoting of late. I can not express how delighted I am to witness our internal and external engagement scores continue to improve, and I have been heartened to see the NHS counter fraud community's growing support for our shared



agenda. We will need one another, and we need the leaders in our communities to continue mounting a strong response to fraud if we are to keep the unscrupulous criminals at bay.

I am pleased that this year has seen the fraud prevention agenda progressed, especially as new threats emerged during the COVID-19 pandemic. The work of our horizon-scanning and intelligence teams is very important in spotting fraud, which is why we have been very happy to invest in the technology and practices they need to promote their work. Our counter-fraud alerts, fraud prevention notices and threat updates are greatly valued by the fraud-fighting communities and we're increasingly in demand to partner with government counter fraud counterparts, keen to share expertise whether in prevention, fraud risk, enforcement or even communications and campaigns.

Together with our colleagues in the wider NHS counter fraud community, this year, in the teeth of the pandemic, the cumulative financial value of our work, including enforcement and prevention, has been £54.1m, broken down as follows:

- NHSCFA enforcement activity £10m
- Local Counter Fraud Specialist (LCFS) enforcement activity £2.8m
- Impact assessments (2018-19 and 2019-20) £12.1m
- Procurement prevention £1.9m
- NHS Resolution's prevention value £26.2m
- Pre-COVID-19 prescription/dental exemption checking (PECS/DECS) activity £1.1m

We are pleased to have met our revised financial targets for this year despite the inevitable impact and disruption of the health crisis and economic issues following in its wake. But I am acutely aware that there is still much to do and that we are only one third of the way through our strategy.

During my tenure, I have placed significant stock in reviewing, adapting and re-focusing. I have been especially happy to support the ongoing mentoring and development of the next generation of leaders. This group will be the leadership cadre who will finish the structural transformation we have embarked upon. They will carry our story forward and will see us through to the achievement of our vision and I am confident that I will be leaving the organisation in safe hands at all levels.

In my time, I have seen the NHS counter fraud community mature into the realisation that working across organisational boundaries and silos is the only way to significantly

reduce the impact that the unscrupulous have on the NHS and other government budgets. We are also all increasingly aware that prevention is much more effective and efficient than cure. We have invested in the intelligence, prevention and enabling fields as a consequence, confident that this will help us achieve our key outcomes. At the same time we are clear that when fraud does happen, a relentlessly effective enforcement response is vital for detection and deterrence. With this in mind, I am pleased that we launched CLUE this year, an improved case management system. CLUE also supports system weakness reporting and the recording of local proactive exercises, all vital elements for spotting and stopping fraud.

In the time I have left I will ensure that we finish adapting to the demands and ongoing waves of the crisis and that we tap into the sort of innovative thinking we are going to need to hit our financial goals.

I am keen to see fresh and creative thinking, strategizing, and planning. I am also keen to tap into the power of communication as a fraud fighting tool, increasingly embracing social media and other channels and platforms. To illustrate this potential, during the toughest lockdown period, one of our articles in Which? had over 21,000 views and was said by Which? to be 'one of our strongest ever guest contributions' – it also resulted in nearly 600 new users of our website. As sponsor for our stakeholder engagement programme I have high hopes that we will build on positive early successes to grow our influence, extending to the parts of the NHS that we have up to now found harder to reach. Working in close and constructive partnership with local ambassadors has never been more important.

We have many very talented and committed people in our teams, the type of people who see working to protect the NHS as a vocation as well as a job.

Speaking for myself, that is very much how I have seen my privileged position as the NHSCFA's CEO. I am honoured to have served, to have enabled and opened doors and pathways for others and would like to thank every one of my colleagues for their efforts in this very tough year, the outcomes from which will set them up well for the future.

A message from the incoming Chief Executive Officer

Since joining the organisation, I have taken the opportunity to acquaint myself with the work delivered against our performance targets and the financial position set out in this report. I echo the words of my predecessor regarding the importance of working together to combat fraud. I join an organisation which continues to adapt, and I look forward to building on the achievements detailed in this report.

The role of the NHS Counter Fraud Authority

The NHS Counter Fraud Authority (NHSCFA) is a special health authority tasked to lead the fight against fraud, bribery and corruption in the NHS. As a special health authority focused entirely on counter fraud work, the NHSCFA is independent from other NHS bodies and is directly accountable to the Department of Health and Social Care (DHSC).

Our vision and purpose are set out within the NHSCFA's 2020-2023 strategy.

OC OUR VISION

Our vision is to lead and proactively support the NHS to understand, find, prevent and respond to fraud.

OUR PURPOSE

Our purpose is to:

- Provide leadership and expertise in counter fraud as a valued NHS partner
- Collaborate nationally and locally with the NHS to understand fraud threats, vulnerabilities and enablers
- Deliver intelligence-led counter fraud services to find, respond to and prevent fraud
- Reduce the impact of fraud on the NHS
- Work with partners to deliver financial savings that can be reinvested in patient care

The NHSCFA's departmental sponsor is the DHSC Anti-Fraud Unit, (DHSC AFU), which holds the NHSCFA Board to account for the delivery of its strategy.

Our remit covers the NHS and the wider health group in England. In Wales, we provide specialist counter fraud support functions to the Welsh Government under section 83 of the Government of Wales Act 2006.

Our 2020-2023 strategy sets out our approach to delivering our work. We also work closely with the DHSC to deliver their 2020-2023 counter fraud strategy which sets out the approach being taken to tackle fraud across the healthcare system.

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OUR BOARD

The NHSCFA's Board provides strategic leadership for the organisation and ensures that we are accountable to Parliament and the public on how we deliver our functions.

The Board consists of the Chair, five Non-Executive Directors (one of them also chairs the Audit and Risk Assurance Committee, and another chairs the Remuneration Committee), the Chief Executive Officer, the Director of Finance and Corporate Services and the Director of Performance and Improvement.

\Box

OUR STRUCTURE

The NHSCFA has eight units which have different functions. They are briefly described below.

£ FINANCE AND CORPORATE GOVERNANCE

The Finance and Corporate Governance unit's work spans several areas, including Finance, Board Support, Governance and Assurance, Information Governance, Risk Management, and Quality Assurance (including ISO 17025 accreditation and auditing). Its work forms part of and complements the wider assurance framework overseen by the Audit and Risk Assurance Committee.



FRAUD PREVENTION

The Fraud Prevention Unit develops a range of targeted fraud prevention solutions to address identified fraud risks. This includes reviewing and redesigning systems/processes or developing tailored guidance and solutions. The unit reviews, anticipated or future potential fraud prevention opportunities, proactively identifying areas of vulnerability in conjunction with the information supplied by the Intelligence unit.



INFORMATION SYSTEMS

The Information Systems unit is made up of various teams:

- the Digital Development team is responsible for the ongoing development and maintenance of the organisation's digital assets, including bespoke applications and graphic design elements.
- the Information Systems team works with our outsourcing partners to ensure IT equipment works effectively. This includes providing, managing and maintaining our IT infrastructure.
- the Information Security team monitor the systems to ensure that the information we hold and exchange is safe and secure.



INTELLIGENCE

The Intelligence unit leads on the collection, collation and analysis of information that has intelligence value. It also manages the process of generating fraud referrals identifying cases which may be suitable for further investigation. The Intelligence unit is made up of the Strategic Intelligence Team, responsible for overarching threats and operational analysis, and the Central Intelligence Unit, responsible for the development of allegations into intelligence and the review of LCFS allegations.



OPERATIONS

The Operations unit is responsible for investigating the most serious, complex and high-profile cases of fraud against the NHS, and works closely with the police and the Crown Prosecution Service and other agencies to bring offenders to justice. Our specialist financial investigators have powers to recover NHS money lost to fraud, and we have a forensic computing team who collect and analyse digital evidence.

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ORGANISATIONAL DEVELOPMENT

The Organisational Development unit combines communications, media relations and stakeholder engagement with training, professional development, e-learning expertise and corporate programme delivery workstreams.

The unit works with colleagues and stakeholders to raise awareness of NHS fraud and its impact and publicises the work of the NHSCFA. It is also responsible for developing a skilled workforce, in line with the government's counter fraud professional standards.

QUALITY AND COMPLIANCE

The overall purpose of the NHSCFA's quality assurance programme is to enable the best possible outcomes for local NHS counter fraud work. This is achieved through regular benchmarking, assurance, inspection, evaluation of effectiveness and value for money indicators. The unit also provides analysis of trends and patterns in performance for each health sector organisation.



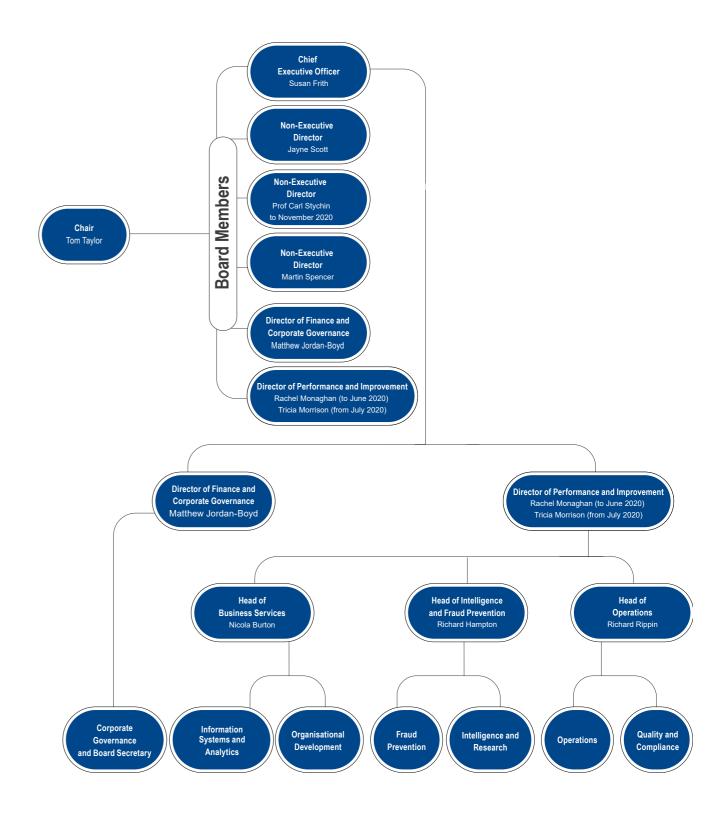
PERFORMANCE, PROGRAMME AND ANALYTICS

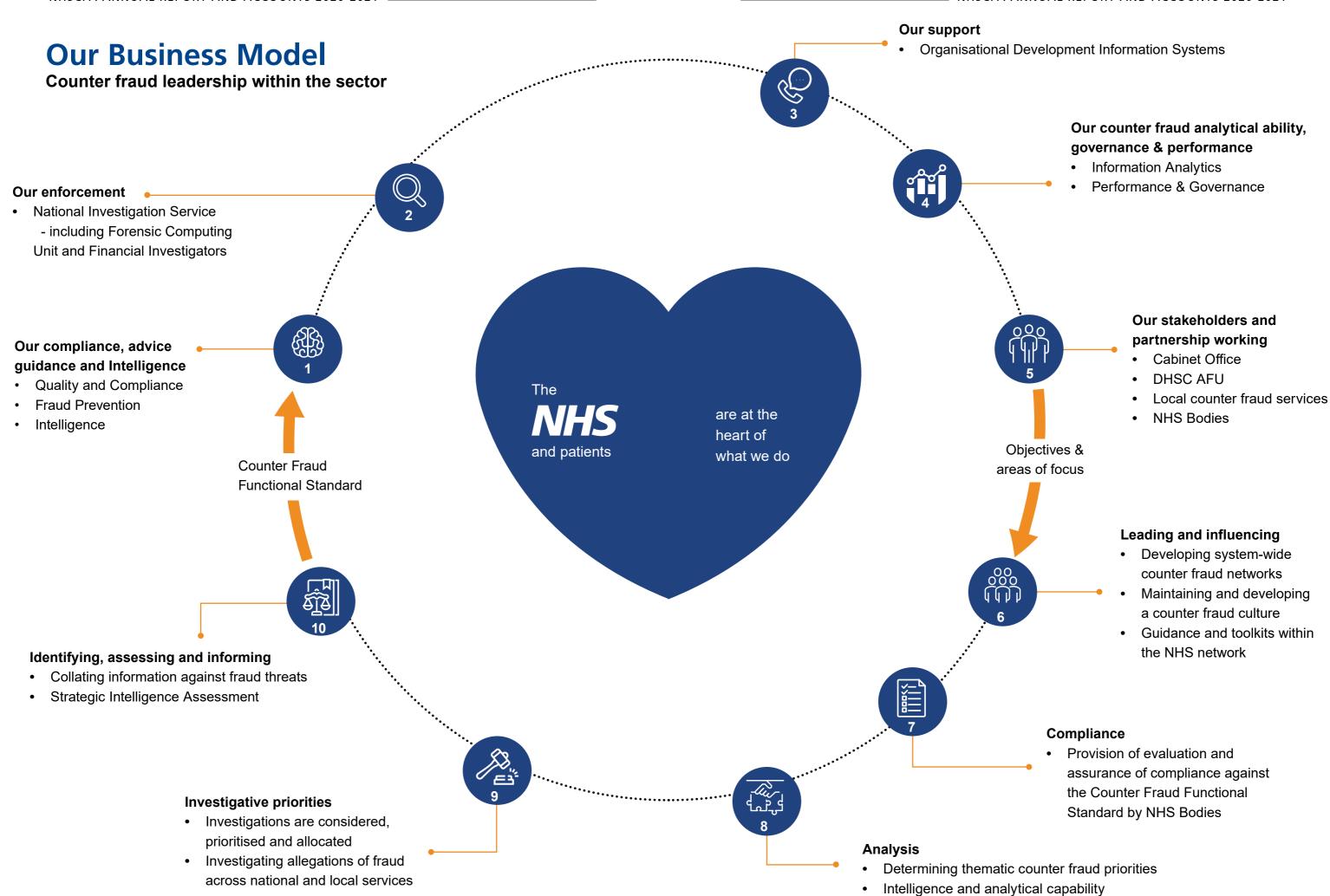
The Performance, Programme and Analytics unit supports the NHSCFA's performance and improvement by developing our corporate approach to project and programme management, supporting operational and project delivery, delivering performance management and operational improvement for the organisation and exploring innovative approaches for our use of data to support the fight against fraud as well as our internal operations.

While distinct, the eight units' areas of work are obviously related and to varying degrees dependent on one another. Examples of where these interdependencies have come into play appear in the rest of this report.



Board & high level structure Chart as at 31.3.21





Our strategic objectives

The NHSCFA's 2020-2023 strategy identifies four objectives to translate our ambitions into delivery:

- We will lead and influence the NHS to find, prevent, and reduce fraud, recovering losses and putting money back into patient care
- 2. We will work with partners to reduce fraud loss in the NHS
- We will support and empower our people to be the best in their roles and feel valued
- 4. We will effectively use our resources, identify and pursue opportunities for growth and innovation and reduce our operating costs

Our 2020-2021 business plan sets out a programme of work to achieve our strategic objectives. Revised during the financial year due to the impact of the COVID-19 response, the business plan sets out our integrated planning approach and includes the workstreams, deliverables and key corporate projects that are aligned to each of the four objectives.

More details are available in the business plan document on our website.

Key challenges and risks

The political, economic, social and technological (PEST) context was almost entirely COVID-19 dominated for most organisations, but those who are part of the NHS were in the very eye of the healthcare storm.

The NHSCFA followed the government's guidelines and adhered to the various recovery pathways laid out in them. The NHS brand has seldom received as much positive attention and frontline staff were viewed as heroes of the pandemic, possibly resulting in the general public paying more attention to fraud-related communication on social media, especially during lockdown.

We anticipated that the immediate health crisis would lead to economic uncertainty and hardship and our fraud threat assessments and horizon scanning warned of the rising dangers of cyber fraud and vaccination-related crime.

We placed increasing emphasis on the working relationship with the DHSC AFU, which has helped renew our parliamentary remit, and we have strengthened relations with other counter-fraud bodies, sharing campaigns and partnering with the Cabinet Office in the fight against COVID-19 vaccine fraud. Like previous years, 2020-2021 has seen increasing emphasis on cross-government collaboration in the fight against fraud. Working together to combat fraud has continued to be a key theme for the NHSCFA and will remain a key thread moving forward.

The health and wellbeing of our own people was a priority and although we had several cases of COVID-19, some of which were very debilitating for the individuals and their teams, we placed great focus on local, line management support. Our line managers became our pivot points as well as communication and wellbeing coordinators. We also ramped up our communications department, an example of a diverse team working well in support of our core values and this undoubtedly contributed to the rise in our employee engagement scores, despite the challenges and privations of lockdown working.

Technologically, once established, Microsoft Teams has become our mainstream operating platform and we now use most of the functionality for day to day operations. We held regular internal town hall-style meetings throughout the year, which were well attended by colleagues, and our Go2 intranet platform continues to be the pivot for internal communication.

In terms of external engagement, following some difficult comments from internal audit, we have revised our Stakeholder Engagement strategy and now have a fully committed programme board in place and project management protocols. We developed a new communications and collaboration platform for the NHS counter fraud community, and started a series of monthly webinars, recognising the need to share best practices and connect more during lockdown especially. These events have been very well received.



Financial targets: summary of the year Reduction of fraud losses



Target

Achieved

This is divided between three key areas of activity

£27.3m Arm's-length Bodies

Arm's-length bodies NHS Resolution £26.2m NHSBSA £1.1m £12.1m Fraud Prevention

Fraud Prevention
General activity £12.1m
Specific activity £1.9m

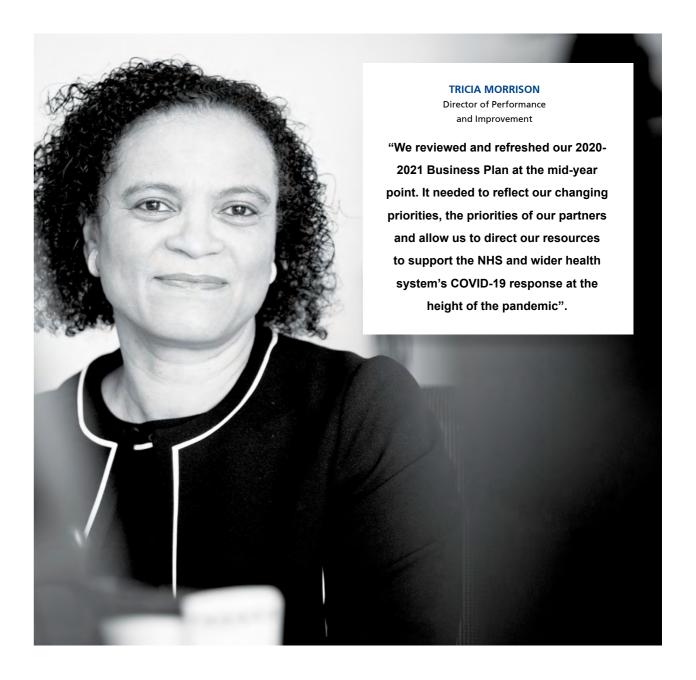
£12.8m
Direct enforcement action

Direct enforcement NHSCFA £10.0m LCFS £2.8m

Our financial targets explained

The financial targets we are expected to achieve are determined by our sponsor the Department of Health and Social Care. The targets for the year 2020-2021 relate to our stated objective to reduce losses to fraud. This target was revised downwards from the original because the original was clearly not achievable this year due to the COVID-19 pandemic. By way of comparison last year, (2019-2020), we were able to report a reduction of £128m in losses to fraud.

As Tricia Morrison our Director of Performance and Improvement said:



This year's achievements are integral to our three-year strategy which states that, together with partners, we will prevent, detect, and recover a combined minimum total of £400m by the end of March 2023.

Here is an explanation of where the reduction to losses from fraud for 2020-2021, (£54.1m), have come from.

Working with partners

We, together with two other arm's-length bodies, NHS Resolution and the NHS Business Services Authority (NHSBSA), have managed to reduce losses to fraud by £27.3m. This is derived from the prevention of fraudulent claims made to NHS Resolution (£26.2m), and the prevention of fraudulent claims for help with healthcare costs in respect of prescriptions and dental services by the NHSBSA (£1.1m). The latter is much reduced from last year's figure of £4.39m, because the mechanism to detect prescription fraud was paused during the pandemic and dental treatment was reduced to the provision of urgent treatment only.

Direct enforcement activity

Our National Investigation Service conducted investigations into NHS fraud which have resulted in a reduction of losses to fraud of £10m. In addition to this, investigations conducted at a health body level by Local Counter Fraud Specialists garnered an additional £2.8m in loss reductions.

Fraud prevention initiatives

Our Fraud Prevention Unit (FPU) assessed the financial impact of the work they conducted between 2018 and 2020 and have calculated that losses to fraud in 2020-2021 have been reduced by £12.1m through general fraud prevention activity. This work may take the form of Fraud Prevention Notices (FPN), alerting health bodies to fraud methodologies and potential systems weaknesses as well as focused fraud quick guides. In addition, specific fraud prevention activity saved one foundation trust £1.9m in procurement costs.

Going concern



NHSCFA's annual report and accounts have been prepared on a going concern basis.

The NHSCFA was established under the NHS Counter Fraud Authority (NHSCFA) (Establishment, Constitution, and Staff and Other Transfer Provisions) Order 2017 (SI 2017 No. 958).

This order was renewed in October 2020 with an abolition date for the Authority of 30 October 2023 as per Section 28A of the National Health Service Act 2006 which permits the life of a Special Health Authority to be extended by order requiring approval of both Houses of Parliament.

Performance analysis

Introduction

This section provides greater detail on how we delivered against our strategic objectives for the year 2020-2021. We independently assess performance and delivery from each business division every quarter. The assessments are undertaken by our Performance and Improvement Team together with representatives from the Finance & Corporate Governance and Risk Management functions. The findings are reported to the Board. Our strategic objectives are not limited to financial targets, although these of course are important, but we also seek to deliver against other aspects of countering fraud and their place within the wider health care sector. Our strategic objectives are set out in our three-year strategy and state that:

we will lead and influence the NHS to find, prevent, and reduce fraud, recovering losses and putting money back into patient care

we will work with partners to reduce fraud loss in the NHS

we will support and empower our people to be the best in their roles and feel valued we will effectively use our resources, identify, and pursue opportunities for growth and innovation and reduce our operating costs

This analysis seeks to set out what we have achieved in the first year of the strategy, a year which has been made even more challenging by the COVID–19 pandemic and the seismic upheavals throughout the wider NHS.





We now look again at these and other notable outcomes in the context of each of our strategic objectives.

Strategic priority 1: We will lead and influence the NHS to find, prevent, and reduce fraud, recovering losses and putting money back into patient care.

This is an important part of our primary purpose. We are small in number, but through influencing key stakeholder communities within and beyond the NHS, we intend and need to be large in influence. As key enablers and change facilitators, we have continued to lead and influence the NHS to find, prevent and reduce fraud, recovering losses and putting money back into patient care.

Building on the work completed in 2019-2020, we have continued to work to increase the engagement across the health sector to build counter fraud capability and support NHS organisations to evolve and develop better understanding of their fraud risks, vulnerabilities and threats.

Lead and influence - outcomes

Completed a major project to deliver CLUE, a digital solution supporting investigations and other areas of counter fraud work, to counter fraud specialists across the NHS. As of 31 March 2021, 96% of Local Counter Fraud Specialists had been onboarded onto the new system

Our Intelligence unit produced monthly threat assessment in relation to COVID-19 related fraud throughout 2020-2021

The NHSCFA provided counter fraud expertise and resources to NHS Test and Trace, including seconding a member of the team to support the counter fraud work that the service needs

Successfully transitioned the NHS counter fraud community to a new digital collaboration platform (Ngage)

Launched a new programme of webinars for the NHS counter fraud community (3 events delivered in Q4 2020-2021 and 12 more planned for 2021-2022)

Launched new NHS counter fraud requirements mapped against the Government Counter Fraud Functional Standard

Lead and influence - outcomes

Continued to develop and update the counter fraud benchmarking reports, which provide NHS organisations with data about the performance and value for money of their counter fraud services

Overall while the number of referrals converted into reports decreased, there was an increase in the proportion of reports that resulted in formal investigations. The year saw a reduction in overall reporting, considered to be due in large part to the impact of COVID-19, including the reduction of activities in many areas of the NHS that may be vulnerable to fraud.

Through our media relations work we achieved a reach of 12,487,133 and an Advertising Value Equivalent, (AVE) of £266,460. AVE is an approximate guide to the publicity value of a piece of free editorial by reference to how much it would have cost to purchase similar coverage as an advertisement. Given our core communications remit is to ensure that stakeholders spot, report and stop fraud, exposure of this nature within major external publications together with social media output and reach raises awareness considerably.

We have also continued to re-prioritise in light of the pandemic and have undertaken other COVID-19 specific activities:

- We provided Nightingale hospitals with support, by working with LCFSs to provide guidance and advice in all areas that may impact the work undertaken within this activity.
- Our Intelligence unit worked collaboratively with partners in NHSBSA and DHSC to formulate a consolidated area of lessons learned from activities associated with the pandemic.
- We provided support to the vaccine roll out. The organisation collaborated with the Government Counter Fraud Function and supported its activities targeted at members of the public, providing counter fraud advice and relating to personal fraud risks in areas such as phishing and fraudulent data collections.
- Responding to reports relating to COVID-19 vaccine fraud which NHSCFA are receiving, our Intelligence team routed reporting that relates to fraud targeted at the public to the National Economic Crime Centre (NECC).

Strategic priority 2: We will work with partners to reduce fraud loss in the NHS

Financial facts as outcomes make a compelling case when assessing impact. Even though we have worked with greatly reduced capacity owing to COVID-19 and establishment challenges and to re-negotiated goals, we have and we will continue to strive relentlessly with NHS and other partners to reduce fraud loss in the NHS. This year Intelligence Development and Fraud Prevention strategies primarily focused on:

- Measuring the impact of NHSCFA Fraud Prevention Guidance and Advice
- Undertaking Loss Analysis work to inform our intelligence picture
- COVID-19 Procurement Post Event Assurance
- Identification of the reduction in vulnerability to losses to fraud.

Reduce fraud loss – outcomes

Achieved 108.2% of our overall financial target for the year (£54.1m against a target of £50m)

Within the overall target, the financial impact of enforcement activities was 60% above target (£40m against a target of £25m)

The cumulative financial value reported from the work undertaken by LCFSs was £2.8m, 6.5% below the Q4 revised annual target

Identified £12.1m worth of savings through impact assessment of fraud prevention notices and guidance (relating to 2018-2019 and 2019-2020). These savings are set against the overall target of £50m

Developed a COVID-19 procurement post-event assurance exercise aimed at NHS provider organisations (to be delivered in 2021-2022)

Work around loss analysis and identifying a reduction in vulnerability to fraud losses has been impacted by data access and data quality issues, as well as by delays due to COVID-19, which prevented the achievement of objectives during 2020-2021

An internal review of our business plan in-year enabled us to spread our annual financial goals over a longer horizon. We have now exceeded our revised financial target for the year, and we are fully aware that the re-structuring of that target does create further challenges which we feel we are well positioned to face due to our three-year strategy.

Strategic Priority 3: Enable our people to be the best in their roles and feel valued

- Continued alignment with the Places for Growth Programme.
- Targeted leadership training programme.
- Promote equality, diversity, and inclusion in our workforce, applying clear, fair, and consistent policies.

Our people – highlights

There was a 25.6% increase in job satisfaction compared to 2019-2020 (as measured by the NHSCFA people survey)

92% of NHSCFA people completed learning and development requested on Personal Development Plans

37 people went through the Leadership Essentials and Aspiring Leaders programmes

NHSCFA people's satisfaction with internal communication increased to 77%, up from 62% in the previous year

We, like our peers, were forced, at short notice, to work from home exclusively and at first did not have the technology platforms or IT infrastructure to enable full access. However, we undertook a rapid re-prioritisation and re-negotiation exercise, ensured that the wellbeing of our colleagues was paramount and switched to an integrated planning approach over the three-year horizon of our strategy. This has borne significant dividends.

Firstly it enabled us to quickly upgrade IT systems and switch 100% to Microsoft Teams as an operating platform, restoring full operational viability and business continuity and permanently changing our capability to offer fully-flexible, hybrid working as an option even when office occupation is restored at scale. This has helped and will continue to help us reach a talent pool we never previously had access to and offer proper flexible options that will prove invaluable in attracting and retaining a diverse portfolio of key people post pandemic.

Re-prioritisation mid-way through the COVID-19 crisis bought us the time to make some fundamental changes to our key processes and operating model in line with another of our strategic priorities.

As Nicola Burton, Head of Business
Support during this period highlights, our
people have risen to the challenge, largely
because of the time, effort, and resources
we have invested in cultivating our internal
culture.>>>

"Our Organisational Development (OD) or People Strategy is based upon the key principle of systems working: where we ensure that we have an OD vision aligned to the organisation's vision and strategy; that we set out the key people components and then ensure that they work together to help deliver our goals.

We are an enabling function supporting the frontline operations of our colleagues. But are fully invested in their goals and outcomes and apply the same standards to our own KPIs and other performance criteria.

Communication has been very much at the forefront this year as we have re-focused, re-prioritised and continued to battle the pandemic. Colleague communication has been a priority and we have relied heavily upon line managers as our core communicators as well as channels like our bespoke intranet (Go2) and intranet (Ngage), creating COVID-19 best practice portals that have served us well while working remotely, as we have all year.

Monthly executive updates in writing and online have been complemented by weekly roundup communication which has evolved through time creating a sense of a journey through the crisis, guided by the beacon of the three-year strategy. This was an important narrative creating light during dark times when colleagues were directly or indirectly impacted by the pandemic.

We were extremely pleased to report that because of our efforts across the board, colleague engagement levels rose significantly during the crisis.

Externally, although our investigations and enforcement process was hampered by the crisis given court closures, we put continued emphasis on Spotting and Reporting fraud and placed regular articles in industry journals educating stakeholders on new and existing fraud

risks, exacerbated by the global pandemic. We also expanded our range of exposure to include publications like "Which?", management, personnel and computing magazines, thinking laterally about fraud and the source of most threats.

Communication has also been vital for continuously contextualising the business transformation journey we have embarked upon to ensure that we are and remain fit for purpose in the eyes of staff and external parties.

We have undertaken a review of HR provision; have spearheaded SMART working, taking learnings from the pandemic, and are conducting a series of business transformation reviews, all of which require robust, engaging communication that practices what we preach.

Much of our communication inside and out has been increasingly themed around the subject of Working Together, accentuating our strategy of forming closer alliances with colleagues as well as externally with arm's-length bodies, fraud authorities and government departments to extend our reach and achieve greater impact, for less. Our CEO has maintained this thread as a core theme in her speeches throughout the year and it will continue throughout the duration of our three-year strategy.

Our Stakeholder Engagement programme

strategy was devised within OD and, despite further lockdowns, got off to a running start with a year-long series of webinars on key strategic and tactical themes, showcasing landmark projects and involving our Local Counter Fraud Specialists, Fraud Champions, Director of Finance and Audit Chair contacts (all priority stakeholders). These sessions have become a regular opportunity to listen, support, challenge and own joint goals and standards. They have all been extremely well received and all places are quickly reserved every month.

The development of our people has remained a priority in a very difficult year where all learning and development had to quickly be transferred to a blended learning approach and delivered in a virtual format.

We were in the middle of the Strategic Leadership programme for all senior leaders as the first lockdown began. But we ensured that we were able to successfully continue virtually and then designed and delivered the Leadership Essentials/Aspiring Leaders programme for all other line managers and those who aspire to move into this role. 71 people have now completed these leadership programmes, having access to a common source of ideas and practical skills bespoke to NHSCFA and linked to our Values and Behaviours/Leadership Expectations framework. We will continue with the Aspiring Leaders programme in 2021-2022 to develop our leaders of the

future.

As the start of our progression to a coaching culture, we rolled out an internal Coaching for Leaders workshop continuing the development of our leaders in using coaching conversations as their default leadership style.

The CLUE programme, a critical NHSCFA project, was enhanced by the development programme delivered by our specialist counter fraud trainers. During the year they delivered 45 workshops to the LCFS community as well as to DHSC, NHS England, and internal people.

As the frontline and first-line management version of the organisation-level planning process, we have continued to develop our with Optimising Performance and Development management process and have just achieved 100% completion rate in line with our deadline. This has been quite the achievement given the very many pressures our people, especially line managers, are under. We developed a new way to prioritise learning and development requests to ensure we spend our budget effectively and source best value suppliers; this included involving heads of service and leadership team in decision making.

Looking ahead, unfortunately, as hopes shifted to returning to offices bases, our estates strategy has been radically altered by a late decision, beyond our control, not to renew the lease on our main London HQ. Fortunately, having invested in the

engaging SMARTer working strategy and having employee wellbeing approaches in place, we are well placed to take the time we need to listen to changing needs, adapt and pivot to make the correct, lasting decisions. Specialist cross-functional teams are in place resolving this key priority which will have lasting repercussions throughout the life of our strategy." 41



During the financial year and leading into next year, we have been mindful of the need to continue to evolve; to retain a transformation mindset and ensure that we remain fit for purpose. This has always been the essence of our fourth strategic priority.

Strategic Priority 4: We will effectively use our resources, identify, and pursue opportunities for growth and innovation and reduce our operating costs

In practice this means we will:

- Identify and explore opportunities to secure additional funding and investment by demonstrating positive financial impact.
- Work with NHS partners to develop shared programmes of intervention, including identifying opportunities for income generation.
- Integrate financial, business and workforce planning, translating our strategy into effective, resourced deliverables.
- Develop effective performance and project management approaches to drive delivery of our priorities.
- Reduce operating costs through review and rationalisation of estates to embrace and reflect new ways of working.
- Application of good governance arrangements.

Effective use of resources – outcomes

We agreed and implemented a new project and programme management approach – this was successfully applied through the CLUE implementation project

The response to COVID-19 accelerated the adoption of Smarter Working principles – a programme to embed these into the organisation continues into 2021-2022

Due to all NHSCFA people working from home during 2020-2021, the reduction in spend on travel and subsistence significantly exceeded our 20% target

The impact of COVID-19 meant we were unable to reduce our estate as planned, this work continues into 2021-2022

During this period, we have and continue to:

- undertake a significant review of our operating model from a transformation perspective
- address key Board and other leadership changes
- re-negotiate with core personnel to retain their services
- re-set our significant stakeholder relationships under the Stakeholder Engagement programme
- back colleague development and career progression

We have also completed and/or started a series of key projects, including Stakeholder Engagement, Benchmarking, Standardisation; Case Management, Project Management etc all of which will bear significant fruit in the future.

Case studies

Below we have set out some examples of aspects of our work undertaken by and across several of our business units.

Operations

Our National Investigation Service (NIS) consists of three teams and they conduct criminal investigations across the whole of England. They carry a caseload of over 40 investigations at any one time. Below are just a couple of examples of the types of case they investigate. Their work involves collaboration with other law enforcement agencies, including the police and HM Revenue and Customs.

This year has been challenging. It has not been possible to conduct arrest and search operations and contacting witnesses has proven difficult. In addition, the courts have accumulated a backlog of cases and the whole criminal justice process has slowed down considerably. Here are two cases which NIS are currently handling:

Operation Badon

Who? An NHS IT manager

What? Using a front company to invoice the NHS for work that was never done.

What action taken? An investigation to identify and hold the suspect's assets, identify assets abroad and a parallel HMRC investigation into revenue offences.

How much is involved? A loss to the NHS estimated to be in the region of £800K **What next?** The suspect pleaded guilty to charges under the Fraud Act (2006) as well as Cheating the Revenue. On 30th June Barry Stannard was sentenced to 5 years and 4 months imprisonment.

Operation Quaglia

Who? Three suspects, one an NHS employee

What? Theft of medical supplies which were then sold back to the NHS by the suspects using a front company.

What action taken? They were arrested and interviewed, and a search of domestic and business premises resulted in the recovery of stolen property and evidence.

How much is involved? A loss to the NHS estimated to be over £300K as well as a potential safety threat to patients.

What next? A Crown Court trial due to take place in mid-2022.

NIS also have accredited financial investigators who are able to commence proceedings

under the Proceeds of Crime Act 2002 enabling us to retrieve funds fraudulently obtained from the NHS and return them to patient care.

Almost all criminal fraud investigations involve the extraction of evidence from electronic systems and the NIS Forensic Computing Unit is one of only a few digital forensic laboratories in the UK to have achieved ISO 17025 accreditation. However, the past twelve months has seen a marked reduction in throughput for the FCU.

"In 2019-2020 we handled a total of 281 digital exhibits in relation to ongoing fraud investigations. In 2020/2021 this figure was significantly reduced to just 72 exhibits. This was due to the COVID-19 Pandemic and the inability of our various customers to conduct warrants, or engage with Trusts, (whose priorities obviously lay elsewhere), to obtain data relevant to criminal investigations".

Nikki Crook Forensic Computing Unit Technical Lead



CLUE implementation

In 2020-2021 the NHSCFA completed a major project to deliver CLUE, a digital solution supporting a wide range of counter fraud work, to counter fraud specialists across the NHS.

CLUE is a cloud-based application that is available to LCFS working for NHS organisations at both national and local level in England and Wales, as well as to people in the Operations and Intelligence teams within the NHSCFA and at the DHSC AFU. It replaces a previous NHS fraud case management system (FIRST).

In summer 2020, significant work had been completed to implement CLUE within the NHSCFA and lay the groundwork for its wider rollout to the NHS. At this point it was recognised that a more structured project management approach would be needed to complete the rollout, this coincided with a new approach to projects being introduced across the organisation.

The project required input from colleagues across the NHSCFA, as well as a number of external users who provided input and support with testing throughout implementation.

Highlights of the implementation were as follows:

- Significant work was carried out to customise CLUE, an off-the-shelf application, to
 make sure it met the needs of counter fraud specialists working at both national and
 local level across the NHS and wider health group. The resulting product was not only
 a significantly improved case management system, but an application that is able to
 support key aspects of counter fraud work beyond investigations from the reporting
 of system weaknesses to the recording of local proactive exercises.
- The NHSCFA designed and delivered training for all users of the new application, starting with colleagues at the Department for Health and Social Care, NHS England and Improvement, NHS Business Services Authority and NHS bodies in Wales. From December 2020 this was extended to LCFSs responsible for clinical commissioning groups (CCGs), NHS trusts, NHS foundation trusts and independent healthcare providers.
- Following training, users were onboarded onto the system. This was done in stages, starting from December 2020, with the launch to the largest group of users (LCFSs in CCGs and providers) taking place on 8 March 2021. As of 31 March 2021, 210 LCFSs operating in England, (96% of the total), had been onboarded onto the system.
- Support was provided to users throughout the rollout. We published regular updates on the NHSCFA intranet and extranet platforms. In October 2020, the first of six CLUE awareness webinars were delivered by the supplier in partnership with the NHSCFA. These ran through to February 2021. In November 2020, a CLUE Q&A page was launched on the NHSCFA extranet along with a dedicated email inbox. In December the CLUE Ambassador initiative was developed, which saw each LCFS supplier nominate an LCFS to help in the development and embedding of CLUE. During March 2021, 37 drop-in sessions were held via Microsoft Teams for users onboarded onto the system. These sessions, which continued into the new financial year, were held with both internal user groups and external LCFS. A user guide was also developed and published on the Digital Fraud Manual, a secure website for the NHS counter fraud community, starting from March 2021.

As of 31 March 2021, 54 new incident reports had been entered into CLUE, and 7 investigations had been created. This is in addition to 9 local proactive exercises and 7 system weakness reports that had been recorded.

This was an encouraging start for a system that supports a wide range of counter fraud work. CLUE helps the NHS counter fraud community identify fraud risks, it supports the reporting of fraud allegations and it helps colleagues across the NHS in their work to stop fraud, from both an enforcement and a prevention perspective.

Building on the successful launch, a post-implementation project to fully embed the new NHS fraud case management system and take forward its further development started in early 2021-2022.

"Regular engagement with our users was a vital part of delivering CLUE across the NHS. This project saw colleagues from across the NHSCFA pull together to achieve something that will hopefully have a real impact on NHS counter fraud work, including not just investigations but also intelligence and fraud prevention."

Caine Black, Senior Quality and Compliance Inspector

Ngage

The NHSCFA has long had a secure, password-protected website (extranet) for colleagues in the wider NHS counter fraud community. Historically this included LCFS and Directors of Finance/Chief Financial Officers, although the audience has recently expanded to include Audit Committee Chairs and Fraud Champions.

Until 2020-2021, the extranet was primarily a way for the NHSCFA to share news, information and guidance which would help colleagues in discharging their counter fraud functions, but which was too specialised or too sensitive to be published on our website.

Early in the financial year a project was started to create a new extranet for the NHS counter fraud community. This was prompted by listening to user feedback on the existing service, launched in 2016, which had performed well overall but needed improvement in terms of its usability and the range of content provided. A strong focus within our new strategy on influencing and working together with stakeholders in the community also justified the creation of an upgraded engagement platform enabling two-way communication.

The new extranet was developed in Oak, a digital collaboration platform which was already used to run the NHSCFA's staff intranet and provided excellent functionality for user interaction and engagement.

A survey of internal and external users was carried out, and a user group including LCFSs and Audit Committee Chairs was formed to help test the new extranet throughout its development. After testing of an initial (alpha) version of the service with the user group and with colleagues across the NHSCFA, a beta version was developed and launched to all users in February 2020. The name given to the new extranet, chosen

with input from users, was Ngage.

Since the start of the COVID-19 pandemic the NHSCFA extranet had become the primary channel for communicating with the NHS counter fraud community. This continued as the baton was passed to Ngage, which got off to a good start – 300 users in the first 30 days for which data was available, nearly double the average monthly figure for the old extranet in 2020-2021. We are now working to further expand the content of Ngage and help the community to make full use of the opportunities for collaboration and engagement provided by the platform.

At the same time as Ngage was developed, the NHS counter fraud manual and a range of other operational guidance previously hosted on the NHSCFA extranet was reissued in a digital format on a secure website developed by our Digital team. Consequently we now host a single sign on facility for stakeholders enabling them to easily access and use CLUE, Ngage and the Digital Fraud Manual as tools to counter fraud in the NHS.

Fraud prevention

As mentioned above, the Fraud Prevention Unit have assessed that their activity during the previous two years has led to savings of £12.1m.

In 2020-2021 the FPU issued a further 9 FPN on subjects including:

- bank mandate fraud (also referred to as payment diversion fraud), an unauthorised request to change the details of a bank transfer mandate by a fraudster masquerading as a genuine supplier to the NHS
- timesheet fraud where hours worked are overstated or fabricated
- procurement fraud involving front companies being approved as suppliers of goods and services to the NHS

Many of the frauds described in the FPNs are found to be the result of system weaknesses. This is an inadequate internal control which may result in a health body facing a greater threat from fraud. Examples include poor pre-employment checks, failure to comply with policies or procedures or structural vulnerabilities in the processes themselves.

Comprehensive and timely identification of system weaknesses enables the:

collection of data from reports by LCFS

- analysis of the data to identify common system weaknesses
- issue of FPNs to help health bodies strengthen weak systems and prevent them from being exploited

We believe that system weakness reporting will be enhanced by developments arising from the CLUE case management system.

The FPU also continued to develop the Fraud Reference Guide (FRG), an <u>online</u> resource available to everyone on our website.

It features details on the current 13 lead thematic risk areas of fraud as well as classifying 123 types of fraud affecting the NHS. We have expanded the FRG to offer advice on tackling cyber fraud together with practical advice on the do's and don'ts when fraud is suspected.

Intelligence

Our Central Intelligence Team deals with all allegations of fraud. These come from a variety sources which include, the Fraud and Corruption Reporting Line (FCROL), e-mails, letters and referrals from other regulatory bodies and law enforcement agencies. The last financial year saw the team process 3,195 reports from FCROL. Following assessment several hundred of these were converted into Information Reports for the LCFS community to progress. The unit also processed over 2,000 other enquiries received into the team. These included undertaking enquiries of the Police National Computer and the Electronic Staff Records system.

The unit acts as a liaison point with other organisations for example, the Government Agencies Intelligence Network of which NHSCFA is a founder member, the Department for Work and Pensions, they also liaise with other agencies to combat fraud threats arising out of the COVID-19 pandemic.

Where Information reports have been referred to LCFS. they are monitored by Information Management Officers (IMOs) from the unit. The IMOs provide a pivotal link between the NHSCFA and the LCFS and last year were involved in over 1700 enquiries.

Where complex cases require closer investigation and intelligence development the team will provide in depth intelligence packages to the Tactical Tasking and Coordination Group (TTCG), the management body responsible for allocating cases to the National Investigation Service or referring matters to other agencies.

This is an important 'filter' which allows us to focus on cases which warrant criminal investigation. Last financial year this team provided 18 cases for NIS to investigate.

During the financial year 2020-2021 we have seen a decline in reporting and LCFS activities of up to 40% as NHS resources and priorities changed in the wake of the pandemic.

In respect of the pandemic the Strategic Intelligence Team started collating and analysing COVID-19 threats and vulnerabilities in April 2020 and have released 1 COVID-19 fraud assessment and 16 COVID-19 related fraud threat assessments.

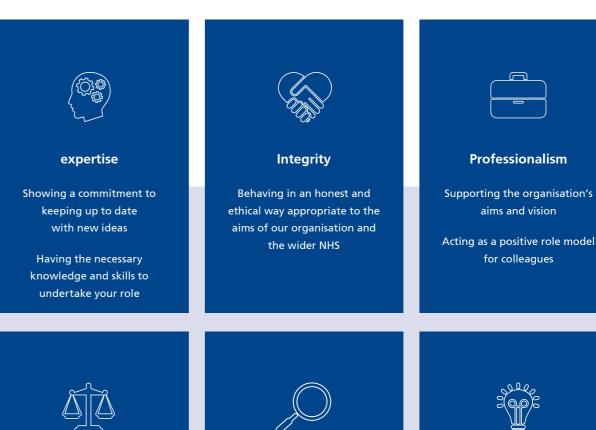
These assessments were compiled from ongoing research involving a total of 822 allegations specifically related to COVID-19 fraud.

During 2020-2021 the NHSCFA identified and disseminated 146 COVID-19 related fraud threats and vulnerabilities, an additional 43 non-fraud related warnings and 14 updates. All these support local and national risk management measures to mitigate the threat from fraud arising from the pandemic.

Our principles, our people

As part of our Values and Behaviour Framework, our six principles of good practice underpin everything we do. We deal fairly and professionally with everyone we encounter, ensuring that they are heard and that where relevant, their rights are applied in accordance with all relevant legislation.

At 31 March 2021 we employed 166 people to deliver our services, from those working remotely to those based in our offices. We have a diverse workforce and recognise the need to provide them with an inclusive workplace where they are respected and valued.





Behaving in a supportive

way to colleagues





Sustainability report

The year in brief

Our initiatives, focussing on improving awareness of green issues and our environmental performance, were heavily impacted by the sudden changes to our working practices and the use of our office estate brought about by the COVID-19 pandemic.

Our existing carbon footprint was significantly reduced from April 2020 as a direct result of changing our workforce, from a predominately office based one, to one where every employee became home-based.

We provided all our people with laptops equipped with video conferencing and telephony facilities. The equipment also provided a platform for document sharing and real time collaboration on shared projects.

All our Board and sub-committee meetings have taken place virtually as have all team and business unit meetings.

Recycling schemes, for example waste reduction and reusable drinks containers within the offices, have become significantly less relevant during the last year. However, we have swiftly embedded the of use electronic documentation across our organisation. We have also strengthened the range of electronic information and material available to our external stakeholders via our website and Ngage.

Our investigation teams have been unable to undertake those areas of work which involve face to face contact and travel. For example, arrests of and interviews with suspects, interviews with witnesses and searches of premises. This too has contributed to the reduction in travel across our organisation.

We have rolled out large scale Leadership and Coaching training sessions through to short e learning modules throughout the year, as well as sessions on mental health and well- being delivered by external providers.

Consequently, our people have not had to travel to attend any essential training sessions or meetings as everything has been done using the conferencing platform.

To engage with the wider local counter fraud community, we replaced a planned

programme of face to face seminars across England and Wales with a series of webinars, again reducing the need for travel as well as providing learning material solely in electronic format.

The 2018 Government Estates Strategy set an ambitious target of 6 m² per full time equivalent occupancy ratio for all new government hubs. Our current space utilisation is 13.13 m² per fulltime equivalent. Negotiations commenced to reduce this early in the year, but these were placed on hold once the pandemic caused us to vacate all of our office premises. We are currently reviewing our estates strategy. We expect to make fundamental changes to our working arrangements and practices both in the latter stages of the pandemic and when the threat from COVID-19 is thought to have receded sufficiently. It is inevitable that our post-pandemic utilisation of office space will be considerably reduced.

Discussions regarding our environmental impact have taken place at the Safety Health & Environment meetings. The results of these meetings and actions are shared with the Senior Management Team. During 2020-2021 we have worked with the NHSBSA, to increase awareness of compliance with Government Buying Standards when undertaking procurements, which the NHSBSA undertake on our behalf. The reduction in travel mentioned earlier, and the review of our longer-term estates' requirements will require further amendments to relevant polices.

Our workforce is encouraged to use public transport where available and we promote the cycle to work scheme. NHSCFA does not deliver frontline services to rural areas, however rural proofing will be considered when arriving at our revised estates strategy.

During the year we have convened a Smarter Working Group. The group has held live events and promoted information on options for our people which include the expanded use of technology in the future which will further support sustainability.

Linking sustainability to our integrated planning process is an area which we will develop further in 2021-2022.

Anti-corruption and anti-bribery matters

We are committed to the highest standards of integrity, honesty, and professionalism; and these are embedded in all we do through our Values and Behaviours Framework.

In addition, all our staff have access to fraud, bribery, and corruption awareness training to ensure they understand what fraud looks like. Staff are familiar with the required standards of business conduct, and the gifts, hospitality, additional employment, or outside interests which are required to be declared. We have in place a whistleblowing policy and we encourage staff to use the procedures set out in the policy to raise concerns about any potential wrongdoing. We take all such concerns very seriously and all allegations are promptly investigated, and action taken. We adhere to the standards required of other health bodies and have reviewed and documented the processes we have in place to control our exposure to fraud risks, and supplement these where appropriate

Financial obligations	2020-2021			2019-2020		
Target (£'000)	Target £'000	Perfor- mance £'000	Vari- ance £'000	Target £'000	Perfor- mance £'000	Vari- ance £'000
Capital resource limit does not exceed tar- get set by DHSC	2,568	2,567	-1	2,134	721	-1,413
Depreciation and am- ortisation resource limit does not exceed target set by DHSC	2,000	1,521	-479	1,606	1,549	-57
Non-Ring-Fenced Revenue resource expenditure does not exceed the limit set by DHSC (excludes depreciation and amortisation)	11,327	11,609	282	11,352	11,368	16

Overall financial performance

Our finances

Total cash drawn down as Parliamentary funding for 2020-2021 was £13.895m. The Revenue outturn position excluding depreciation and amortisation is an overspend of £0.282m. Due to the second year of flat cash parliamentary funding and minimal opportunity to reduce costs (77% costs relate to workforce), the NHSCFA planned to make significant efficiencies within the costs of its estate to achieve a break-even outturn

for 2020-2021. Unfortunately, lease negotiations regarding our properties could not be delivered during the national pandemic. The NHSCFA identified cost pressures early in the financial year and implemented several cost improvement programmes, totalling £0.860m, to keep the impact to a minimum. This included a more robust approach to vacancy management, resulting in delayed recruitment 22 vacant posts.

Throughout 2020-2021, the Authority spent £8.976m on salaries and wages, £1.634m on estates and facilities and £1.217m on administration costs.

The NHSCFA's Capital programme has been delivered in full.

The assets and liabilities of the NHSCFA are set out in the Statement of Financial Position in the Financial Statements and include external and internally generated software, amounts due to the Authority in relation to contract income and amounts owed to suppliers for services delivered. This Statement shows that the net assets have increased by £0.765m from £3.065m as at 31 March 2020 to £3.830m as at 31 March 2021. The main change is in relation to the extension of bespoke software licences which expired in 2020-2021.

Performance report summary and looking ahead

The 2020-2021 financial year was unprecedented in terms of the scale, reach and the longevity of the pandemic-induced political, economic, social, and technological impacts brought to bear on NHS, including the NHSCFA and our stakeholders.

Given the key role the NHS has played as the frontline defence against the health crisis, the equity in the NHS brand has probably never been higher. That certainly presents some opportunities. However, this also brings greater pressure on support functions, especially those responsible for safeguarding the NHS' finances.

The NHSCFA have had to deter and deal with criminals seeking to take advantage of these unique circumstances; to anticipate new fraud threats; as well as support its own people who have had to cope with the daily realities of managing work and home life, in some cases while impacted personally and very directly by the pandemic.

The NHSCFA has been fortunate to have set out clearly its:

- purpose
- strategic priorities

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goals

Which are described above at pages 32 to 43. We adopted a shadowing position regarding remote working, tracking changes until we were fully confident about when we might consider returning to office-based working in a state approaching normality.

But regardless of the many successful adaptations made, everything this financial year reflected in this report has been impacted by lockdown and the preventative measures taken to either limit the spread of the pandemic or to mitigate its impact.

The Immediate Horizon

Due to the response to COVID-19 the Courts have largely been shut or operating a reduced service. In addition to which the investigative process in terms of search, arrests and interviews has been interrupted. As the criminal justice system has resumed prosecutions in earnest we have succeeded in achieving notable convictions where the sums we intend to recover following financial investigation may well exceed £1m.

Re-organisation internally enabled us to spread our annual financial goals over a longer horizon. Even though we have now exceeded our revised financial target for 2020-2021, we are fully aware that the re-structuring of that target will create at least one and probably more and higher hurdles over the lifetime of our three-year strategy. We shall continue with a programme of vociferous and rigorously robust enforcement activity. However, our spotlight moving forward will not only be to detect and prosecute fraud but to increasingly extend the focus on prevention. We will also seek to leverage partnerships across the counter-fraud community including government, especially within the territories of our core communities of LCFS, Fraud Champions, and arm's-length bodies.

We realise that the impact of the pandemic on the nation's health and well being has been for many devastating. We now expect that finances across government will come under increasing pressure as the COVID-19 shock waves continue to ripple out from the centre and change from health to economic hardships.

We will be very much looking to do more with what we have; to do things differently and to do different things.

We will have to if we are to bridge the financial gap created by COVID-19.

Our Chief Executive is retiring in 2021. When she leaves in September, she will be doing so with the NHSCFA still facing significant challenges and new opportunities, alongside virtually every other organisation in the UK. Our organisation will benefit greatly from the

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Chief Executive Officer Signature 20/01/2022

existence of a strategy and plan that has always looked well beyond the health crisis.

Our plans have been developed by engaged colleagues, who have been consulted, who own and are involved in a structure review largely implemented and led by a re-focused senior team. The strategy is being rolled out within a culture where remote and blended working is happening and internal and external engagement levels remain either stable and/or are increasing, because we have invested in culture and communications and organisation development. This, and the continuity provided by an established and refreshed Board will provide consistency, solidity, support, challenge, and the basis for some fresh but informed innovative thinking of the type required to achieve the stretching goals ahead.

This annual report is being finalised at a truly critical juncture for the NHSCFA, as the architect of many of the positive strategic changes at the organisation, our CEO, readies herself to leave. It's never easy when one CEO cedes to another. But we have made provisions for the transition.

The pinnacle of the handover process will hopefully occur during the next Colleague Conference which, in light of uncertain circumstances, will be held over a week and consist of bite-size, online engagement sessions. These will not only celebrate relative successes during the pandemic but will act as a re-bonding and re-energising process as colleagues look forward to a more optimistic future and some actual teamworking in person in the foreseeable future.

That prospect, along with the stability arising from the parliamentary endorsement we received October 2020, enabling us to continue operating for three more years, will provide a much-needed boost for a strategy that has been widely shared and has the support and backing of key stakeholders inside and out.

Despite a tough year, our commitment to our core purpose remains unwavering. We fully intend to press on with our work of safeguarding NHS finances and protecting a brand that has undoubtedly become a national treasure in the eyes of millions.

We now need to continue on the journey towards galvanizing those millions of eyes and ears that work for the NHS to help us protect the NHS and stamp out NHS fraud altogether and ensure that precious taxpayer money is invested exactly where it's needed.

ACCOUNTABILITY REPORT

Overview

This Accountability Report contains three sections: combined they contribute to demonstrating accountability to parliament and compliance with corporate governance requirements.

- 1. Corporate governance report which explains our governance structure and is set out in three parts
 - Directors' report; setting out statutory disclosures not covered elsewhere
 - Statement of Accounting Officer responsibilities; setting out the requirements placed upon the Accounting Officer and the legislative basis for these
 - Governance statement; setting out the composition of the NHS Counter Fraud Authority (NHSCFA), the governance framework
- 2. The Remuneration and staff report. This sets out details on remuneration and staffing details.
- 3. Parliamentary accountability and audit report

Taken together these contribute to demonstrating compliance with all our statutory obligations and accounting requirements. They also provide a clear description of our prudent governance arrangements and how they enable effective scrutiny and challenge of our internal controls and risk assessment and management measures.

Corporate Governance Report

Directors' Report

The NHSCFA, accountable to the Secretary of State for Health & Social Care, supports the policies of the Secretary of State and complies with statute and any Direction given by the Secretary of State. The NHSCFA presents its report and audited financial statement for the year ending 31st March 2021 in the form directed. The Accounting Officer has authorised these financial statements for issue on the date of certification by the Comptroller and Auditor General.

The NHSCFA was created in November 2017 under enabling legislation contained within the National Health Service Act 2006. The Establishment Order (SI 2017/958), established the NHSCFA as the Special Health Authority responsible for discharging the Secretary of State's counter fraud functions in relation to the health service. These functions are set out at s.195 (2) of the 2006 Act.

The Establishment Order 2017 also set out requirements for the constitution and membership of the Board. In 2020-2021 the Board comprised of our Chair Tom Taylor, three Non-Executive Directors (NED) and three executive Directors until 31 October 2020 when the Non-Executive Directors reduced to two. Recruitment to the vacancy and an additional two NED roles was successfully completed during March 2021 with the new members taking up roles in April 2021. Biographies of all our Board members and their declarations of interest are shown on our website

The Board has two committees: an Audit & Risk Assurance Committee (ARAC), and a Remuneration and Nominations Committee (REMCO). Together these provide strategic direction and oversight of assurance on risk management, governance and internal control. The composition and terms of reference for these committees can be found at NHSCFA Board and Committees Terms of Reference. The Board supports the Accounting Officer in ensuring that the NHSCFA exercises proper stewardship of public funds, including compliance with the principles laid out in "Managing Public Money". The relevant sections of HM Treasury's Corporate Governance Code² are also taken into consideration.

The NHSCFA gained parliamentary approval to continue until 30th October 2023 as detailed in Establishment Order 2020 (SI 2020/1071). Further details relating to the legislation can be found at The NHS Counter Fraud Authority (Establishment, Constitution, and Staff and other Transfer provision) (Amendments) (SI 2020/1071) Order 2020.

1_https://www.gov.uk/government/publications/managing-public-money

²_https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017

The Accounting Officer is responsible for maintaining a system of internal controls which support the delivery of the NHSCFA objectives in accordance with the above legislation. The efficacy of these controls is described in our Governance Statement, which explores aspects such as:

- integrated planning
- risk management
- performance assurance
- data breaches
- counter fraud and anti-bribery arrangements and complaints.

An analysis of our performance is set out on pages 32 to 54 and plans for our future on pages 55 to 58 of the Performance Report. This includes our work to build and maintain the resilience of our people by promoting and supporting measures to improve their physical and mental health and wellbeing, as described on page 82.

The Comptroller and Auditor General is the statutory auditor of the NHSCFA. The fee for 2020-2021 is £70,000 compared with £80,000 in 2019-2020. No fees for non-audit work have been charged. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all the steps they ought to make themselves aware of any relevant audit information and to ensure the auditors are aware of that information.

Statement of Accounting Officer's Responsibilities

The NHSCFA prepares and presents before Parliament accounts for each financial year under the requirements of the National Health Service Act 2006 and details under 6(1) of the NHS Counter Fraud Authority (NHSCFA) Directions, with Supplemental Directions to the NHS Business Service Authority 2017. The NHS Counter Fraud Authority (Establishment, Constitution, and Staff and Other Transfer Provision) (Amendments) Order 2020 came into force 30 October 2020 extending the tenure of the organisation to 30 October 2023.

The accounts are prepared on an accrual basis and must give a true and fair view of the income, expenditure and cash flows of the NHSCFA and its financial position.

In preparing the accounts, the Accounting Officer of the organisation is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental public bodies;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

As CEO and Accounting Officer I am personally responsible for the controls which underpin the achievement of the NHSCFA's objectives as set out in the business plan. This includes the responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the NHSCFA's assets, requirements for which are set out in Managing Public Money.

As Accounting Officer, I have taken all appropriate steps to make myself aware of any information which would be relevant to the NHSCFA's auditors. As far as I am aware there is no relevant audit information of which the NHSCFA's auditors are unaware.

I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Introduction

The Accounting Officer for the NHSCFA is Alex Rothwell. The Accounting Officer confirms the assurances provided in this Governance Statement are in line with the HM Treasury guidance. As explained in the Directors' report, details of the legislation which established the organisation are available via the weblink.

The governance arrangements summarised in this statement describe how assurance is gained by the Board and Accounting Officer. It includes information relating to the effectiveness of:

- our Board and its Committees
- our risk management including identification of emerging risks
- internal controls

Overall, it concludes that the control environment operated effectively and it highlights areas for further improvement. It notes the increase in assurance provided to the Board and Accounting Officer in both the performance and project management and risk management arenas which were areas highlighted as requiring further development in the 2019-2020 annual report.

Sponsor Oversight

<u>The Framework Agreement</u> between DHSC and NHSCFA, which details the governance arrangements between the two, was renewed during 2020-2021. Regular working level, finance, performance and accountability meetings provide the opportunity to review and challenge the progress by NHSCFA on meeting agreed objectives and targets. This year the positive inclusion of the working level meeting, has brought the opportunity for fresh perspective by both organisations. This has contributed to improved forward planning and communication.

NHSCFA Board

In this extraordinary year, the Board has overseen work to develop the strategic direction of NHSCFA, as well as the re-positioning of the NHSCFA business plan to support the NHS during its response to the COVID-19 pandemic, and the resulting fraud risks. Areas of oversight included:

- oversight of the process of parliamentary approval to continue our work as a Special Health Authority through the granting of an Extension Order
- publication of our 2021-2022 Business Plan reflecting our pivoted response to COVID-19

The Board noted the increased maturity of the organisation's approach to performance and project management, with quarterly performance reporting to Board now embedded, and highlight reports being generated by corporate projects.

Further improvements remain to be implemented, including establishing the pathways for escalation of risks arising from corporate projects and their consideration by the Risk Register Review Group (RRRG). Financial management and projection within project lifecycles, and identification of risks arising from access to data are additional areas where maturity is required. These are described below and summarised in the overall statement of effectiveness of internal controls.

The approach to integrated planning was set out and approved by the Board. This provided the opportunity to clearly establish resource requirements and foundation for delivery across the lifecycle of the Strategy. A series of internal reviews have also commenced to specifically address risks associated with having structures and resources in place to optimise delivery over this lifecycle and beyond. These reviews will be progressed during 2021-2022 and recommendations made will be developed into a transformation project to oversee the implementation. This work will also support an agile approach to the counter fraud landscape, the emerging threats and vulnerabilities presented, and the control environment required to underpin counter fraud work.

The Board reflected that the standard of Board papers, reports and presentations by subject matter experts had been high throughout the year. The Board provided feedback on areas for further improvement to ensure consistency in language and ratings but were satisfied with the standard of the accompanying narratives and confirmed that information provided sufficient detail and was both balanced and accurate.

A review of the effectiveness of Board and sub-committee meetings is routinely conducted at the end of each meeting. All Board members' performance is appraised annually. The Board also held a strategy day towards the end of the year, as part of ongoing Board training and development. This focussed on a review of current and emerging risks and the analysis of Board effectiveness. Further details about the impact and outcome of the risk review follows in the risk management section. The Board members engage with the workforce informally after each Board meeting. These sessions have moved to a virtual platform and engagement is increasing as our people become comfortable with this style of interaction. Implementation of recommendations made by internal audit has ensured there is clear pathway for the induction of the newly recruited Non-Executive Directors.

The Board noted the observations of the Audit and Risk Assurance Committee (ARAC) concerning the internal audit reports on Key Financial Controls and Contract Management. These reflected improvements in financial controls in-year, regular and comprehensive budget reviews, revenue and capital management, and strengthened accountability for contract management and procurement. Assurance ratings received for Key Financial Controls and Contract Management were substantial and moderate respectively.

NHSCFA Audit and Risk Assurance Committee (ARAC)

The ARAC was comprised of three Non-Executive Board members until 31st October 2020, when this was reduced to two. It is chaired by Jayne Scott, who has recent and relevant financial experience. The ARAC will welcome a new member from April 2021. The ARAC reviews our internal control arrangements and the adequacy of all aspects of our risk management, governance and assurance and audit mechanisms. This includes the review and appraisal of:

- the annual internal audit plan
- reports made by our external and internal auditors
- reports made by our internal Governance & Assurance function
- the implementation of audit recommendations
- the maintenance of our risk register
- financial management
- the annual report and accounts

The ARAC noted the receipt of a full assurance map which highlighted areas showing lower levels of assurance across corporate areas of compliance and delivery of

objectives. Challenge and feedback provided has fed into further development of this. This has informed the management of risks and mitigating actions.

The ARAC has regularly scrutinised corporate risks and issues including ratings, and the adequacy of mitigating actions and control measures. This was supplemented by a specific session on the Board Strategy day described under internal controls.

The ARAC completed a deep dive into the specific areas of risk surrounding our preparedness for defending our IT infrastructure against cyber-attack. Following positive feedback from the committee the risk mitigations and controls were subsequently reviewed. Improved articulation of these resulted in a reduction of the residual risk score.

The committee reviewed <u>the NHSCFA risk appetite statement</u> in the context of the wider environment and risk landscape.

NHSCFA Remuneration Committee (REMCO)

The REMCO was also comprised of three Non-Executive Board members until 31st October 2020, when this was reduced to two. It is chaired by Martin Spencer. The REMCO oversees contractual and remuneration issues concerning the CEO and Executive Directors. It also ensures that the mechanisms for evaluating the effectiveness of the Chair, CEO and Executive Directors are fit for purpose. During the year 2020-2021 the REMCO has received reports and challenged in the following important areas of our work including:

- succession planning
- workforce planning
- performance appraisal
- staff engagement and satisfaction, as explored via the Staff Spotlight Survey

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• the effectiveness of leadership and coaching training programmes

NHSCFA BOARD & COMMITTEE MEMBER APPOINTMENTS & ATTENDANCE RECORDS 2020-2021						
BOARD MEMBER & APPOINT- MENT DATE	BOARD		ARAC	REMCO	FURTHER DETAILS	
Tom Taylor 01.08.2018	8/11	Board Chair – Non-Executive Director	N/A	N/A		
Jayne Scott 01.08.2018	11/11	ARAC Chair – Non-Executive Director	8/8	4/4		
Martin Spencer 01.08.2018	11/11	REMCO Chair – Non-Executive Director	8/8	4/4		
Carl Stychin 01.11.2018	4/4	Board Vice Chair – Non-Executive Director	5/5	2/2	Ceased employment 31.10.2020	
Susan Frith 01.08.2018	11/11	Chief Executive.	8/8	4/4	Attends REMCO as stipulated in Terms of Reference	
Matthew Jor- dan-Boyd 01.11.2017	11/11	Director of Finance and Corporate Governance	7/8	2/2	Added as an attend- ee from 01.01.2021	
Rachel Monaghan 06.05.2019	1/2	Director of Performance & Improvement	N/A	N/A	Ceased employment 05.07.2020	
Tricia Morrison 15.06.2020	9/9	Director of Performance & Improvement	N/A	N/A	Commenced employment 15.06.2020	

Internal Controls

The NHSCFA has reviewed its existing internal controls and the ways in which these controls interact to provide a framework within the control environment. The elements that form these controls include risk management, information governance, performance management, assurance and financial controls. They support the delivery of objectives, development of the organisational culture and they inform our leaders and managers on strategic and operational risks.

The review included updating procedure documents, working with managers to increase skills and confidence in managing performance, and a review of measurement metrics. Managers meet regularly to review trajectories against targets and report formally quarterly to the Performance & Assurance Panels (PAPs). The effectiveness of the internal controls is summarised in the overall review of effectiveness. Planned enhancement to internal control arrangements are described under risk management. A description of key strategic risks are included under risk management. Declarations of interest are requested annually as detailed within the NHSCFA Standards of Business Conduct policy which applies the across organisation. Declarations are reviewed to confirm there is no conflict of interest and are considered as part of procurement procedures. Declarations made by members of the Board are published externally. Each Board and Committee meeting has a standard agenda item to note any amendments.

During review no significant failings in controls were identified, however it was noted that:

- Obtaining independent assurance of the adequacy and robustness of services received from the NHSBSA would identify if management controls and processes are designed and working as intended.
- Further development of our capital policy will ensure assets are amortised/ depreciated from the month of acquisition.

Risk Management

Managers identify, evaluate and manage the operational, principal and emerging risks faced by the organisation and raise these for discussion at PAPs. The Risk Register Review Group (RRRG) actively review and monitor corporate and emerging risks &

issues throughout the year, considering discussions at PAPs, gap analysis, and external factors identified by the Horizon Scanning Working Group. The impact of EU exit was also considered. Risk Management is conducted in line with HM Government's - The Orange Book – Management of Risk – Principles and Concepts³.

Principle risks reviewed in year and scrutinised at RRRG, ARAC, and subsequently at the Board Strategy Day, included:

- the risk to working arrangements & delivery due to COVID-19 pandemic
- the risk of insufficient funding to deliver objectives
- the risk of not having an optimal business infrastructure in place to support effective delivery
- the risk to maintaining databases and interfaces with independent systems required to underpin an effective stakeholder engagement control environment
- the risk of cyber security threats

In order to evaluate the current and ongoing optimal business infrastructure for the organisation, an internal review of corporate services, external review of operational delivery models, and the revision of Key Performance Indicators for services provided by the NHSBSA, were commenced in 2020-2021. Exploration has also begun of activity-based costing models to further support operational delivery planning, and to ensure effective and efficient business processes. The findings from these reviews will inform elements of our transformation programme for 2021-2022.

Identified emerging risks include those presented by the Government White paper proposals in the Health and Care Bill. This makes provision for the abolition of Clinical Commissioning Groups (CCGs) and the introduction of Integrated Care Systems (ICS) and Integrated Care Boards (ICB).

A number of fraud vulnerabilities and gaps were identified; these included the potential for increased collusion between ICBs, the absence of appropriate legal powers to investigate and prosecute financial losses comprising health, social care and local authority funds and the absence of data sharing provisions to facilitate proactive counter fraud analytics.

All of which represents a potential change in the fraud risk landscape and will have an impact on elements of NHSCFA's current infrastructure, for example the need to align databases and systems, as well as on the activities of many of our existing stakeholders. All emerging risks and issues are raised and discussed at the RRRG where decisions are taken on whether to monitor, escalate to ARAC/Board or refer to the Departmental

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866117/6.6266 HMT Orange Book Update v6 WEB.PDF

Sponsor.

The principle risk to implementation of the new investigation case management system to the wider counter fraud sector was closed on completion of the project.

Following feedback from the ARAC, target scores have been set for corporate risks, and greater emphasis placed on appropriate and timely escalation of mitigating actions and controls.

Building upon arrangements for performance management via the management reporting system, and oversight via quarterly PAPs, the organisation has devised additional internal controls in relation to how Strategic and Data Projects are managed, as follows:

- corporate project boards, and the establishment of project management roles to shape the implementation of flexible performance management practices, tools and resources across our delivery
- implementation of an integrated data assurance framework, aligning our Data Strategy and data quality management arrangements, and establishing an expert reference group for the review of procedures and escalation of issues and risks around access to data.

Further development of the performance management system with oversight by the Board will continue in 2021-2022.

NHSCFA continued assurance mapping arrangements in 2020-2021 and extended these to include our COVID-19 response activities. Mapping of the additional lines of defence provided by our maturing corporate project environment, and integrated data assurance framework described above, has begun. Several risk-based internal assurance exercises were delivered in 2020-2021. Ongoing review of the assurance map will be used to identify any assurance gaps and provide the basis for additional internal assurance work to be commissioned.

The risk profile of the organisation is considered when the <u>risk appetite statement</u> is reviewed. This statement was monitored throughout the year and is available on our website.

In addition to the above, consideration has been given to improvements for 2021-2022. Ensuring target risk scores are robust and a clear pathway detailing how these will be

achieved will be an area of focus.

Information Governance

The NHSCFA has maintained a robust Information Governance Framework to ensure effective processes and procedures are in place to protect both confidential personal data and sensitive business information. All data breaches are tracked and escalated if required. There were no breaches which required notification to the Information Commissioner's Office. All Freedom of Information requests and Subject Access Requests were actioned within the statutory response deadline.

A self-assessment undertaken against the requirements of the NHS Digital Data Security and Protection Toolkit reflected compliance with the mandatory requirements of the toolkit. The IT Security Forum reviewed the toolkit requirements and agreed on the higher risk areas that will be subject to a Governance and Assurance review to support the final submission.

Whistleblowing Counter Fraud and anti-Bribery Arrangements

The NHSCFA has established policies and procedures in respect of whistleblowing and counter fraud, all of which were reviewed during the year. The ARAC reviews the counter fraud action plan on an annual basis. This includes work to map our internal controls linked to contract management, recruitment and financial payment systems. No internal fraud investigations were opened in 2020-2021.

Complaints

We continue to try and learn lessons from any complaints we receive. In 2020-2021 two complaints were received. One has been investigated and judged to be unsubstantiated. The other, which is linked, is currently under review. To date the NHSCFA have not had cause to escalate any complaint to the Parliamentary & Health Service Ombudsman under whose jurisdiction we came in early 2020.

Public Interest Disclosure Act

The NHSCFA is classified as a 'Prescribed Person' in the Public Interest Disclosure (Prescribed Persons) Order 2014 (as amended by The NHS Counter Fraud Authority (Investigatory Powers and Other Miscellaneous Amendments) Order 2017). Our annual report, detailing relevant activity in respect to this responsibility can be accessed here on our website.

Internal Audit

A range of audits have been completed between 2020-2021 by Government Internal Audit Agency (GIAA). The team providing the service operates in accordance with the prescribed Public Sector Internal Audit Standards and complies with procedures and standards set by the GIAA. The implementation of all recommendations made by GIAA are tracked and their status reported to the ARAC.

Following completion of planned audit work for the NHSCFA during 2020-2021, the Head of Internal Audit has objectively considered the adequacy and effectiveness of the NHSCFA's systems of risk management, governance and internal control throughout the year and provided the following opinion.

"In accordance with the requirements of the UK Public Sector Internal Audit Standards, I am required to provide the Accounting Officer with my annual opinion of the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

My overall opinion is that I can give Moderate assurance to the Accounting Officer that the NHSCFA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2020-2021".

Overall Review of Effectiveness of Internal Controls

As Accounting Officer, I have responsibility for reviewing the effectiveness of internal controls over 2020-2021. I have considered the information provided to me on the scope of the performance reporting, financial management, risk management system, information governance and assurance reports. I have also considered the internal audit opinion and been informed by Board, ARAC and the leadership of the organisation.

Based on the above I am satisfied that the overall control environment operated effectively throughout the year, supporting the delivery of our objectives. The organisation has continued to mature since inception. Our culture is developing and an increased emphasis has been placed on the importance of our people during the year. This has been reflected in the delivery of our people plan which will be a continuing journey during 2021-2022. Concerns noted in last year's governance statement have been progressed in a positive manner. However, there remain areas where work to fully embed enhanced arrangements will improve assurance will increase confidence in future. These include further development of identifying and mitigating strategic corporate risks as we emerge from the COVID -19 pandemic and ensuring we have a business model which effectively supports our vision for delivery.

Remuneration and staff report

The Board structure and operation is aligned with recognised best practice in terms of governance and accountability. The Board also ensures proper governance arrangements are in place to facilitate the delivery of objectives which take into account good practice outlined in Corporate governance code for central government departments.

Non-executive directors are appointed by the Secretary of State for a fixed term. Executive directors have NHSCFA contracts of employment. Other than statutory requirements and other normal pay provisions, there are no contractual clauses or other agreements for compensation in the event of early termination of office.

Emoluments of Board members

Remuneration figures for all directors in post, past and present during 2020-2021 are detailed in the tables below. These identify the salary, other payments and allowances and pension benefits applicable to both Executive and Non-Executive Directors.

					Subjec	t to Audit
Name and Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Perfor- mance pay and Bonuses (bands of £5,000)	Long Term Per- formance pay and Bonuses (bands of £5,000)	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
	£000	£00	£000	£000	£000	£000
Tom Taylor Chair	10-15	-	-	-	-	10-15
Martin Spencer Non-Executive Director	5-10	-	-	-	-	5-10
Jayne Scott Non-Executive Director	10-15	-	-	-	-	10-15
Carl Stychin** Non-Executive Director	0-5 (5-10)*	-	-	-	-	0-5
Susan Frith Chief Executive Officer	95-100	-	-	-	-	95-100

					Subjec	t to Audit
Name and Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Perfor- mance pay and Bonuses (bands of £5,000)	Long Term Per- formance pay and Bonuses (bands of £5,000)	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
Matthew Jordan-Boyd Director of Finance and Corporate Governance	90-95	-	-	-	22.5-25	115- 120
Tricia Morrison **** Director of Performance	65-70 (90-95)*	-	-	-	17.5-20	85-90
Rachel Monaghan*** Director of Performance and Improvement	20-25 (90-95)*	-	-	-	15-17.5	40-45

^{*} Annual Equivalent

2019-2020 Comparison

					Subjec	t to Audit
Name and Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Performance pay and Bonuses (bands of £5,000)	Long Term Per- formance pay and Bonuses (bands of £5,000)	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
	£000	£00	£000	£000	£000	£000
Tom Taylor Chair	10-15	-	-	-	-	10-15
Carl Stychin** Non-Executive Director	5-10	-	-	-	-	5-10
Martin Spencer Non-Executive Director	5-10	-	-	-	-	5-10

					Subjec	t to Audit
Name and Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Perfor- mance pay and Bonuses (bands of £5,000)	Long Term Per- formance pay and Bonuses (bands of £5,000)	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
Jayne Scott Non-Executive Director	10-15	-	-	-	-	10-15
Susan Frith Chief Executive Officer	90-95	-	-	-	37.5-40	130- 135
Matthew Jordan-Boyd **** Director of Finance and Corporate Governance	70-75	-	-	-	27.5-30	100- 105
Rachel Monaghan*** Director of Performance	80-85 (85-90)*	-	-	-	27.5-30	105- 110

^{*} Annual Equivalent

Fair pay disclosure (Subject to Audit)

The NHSCFA discloses the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the financial year 2020-2021 was £95,000 - £100,000. This was 2.2 times the median remuneration of the workforce,

^{**} Left the organisation 31.10.2020

^{***} Left the organisation 05.07.2020

^{****} Commenced employment 15.06.2020

^{**} Left the organisation 31.10.2020

^{***} Left the organisation 05.07.2020

^{****} FTE 0.8 through 2019-2020, increased to 1.0 FTE 2020-2021

which was £44,503 (full year equivalent figures used). In comparison, the remuneration of the highest paid director in the financial year 2019-2020 was £90,000 - £95,000. This was 2.1 times the median remuneration of the workforce, which was £44,503 (full year equivalent).

The range of staff remuneration in 2020-2021 was £20,000 - £25,000 to £95,000 - £100,000.

Compared to the range of £20,000 - £25,000 to £90,000 - £95,000 for 2019-2020.

In 2020-2021 no employees received remuneration in excess of the highest paid director. In 2019-2020, no employees received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

		Subject to Audit
Remuneration balance	2020-2021	2019-2020
Band of highest paid director's total remunera- tion (£000)	95-100	90-95
Median total (£)	44,503	44,503
Remuneration ratio	2.2	2.1

Pension Benefits

The table below sets out the pension benefits of the Chief Executive Officer and senior managers of the NHSCFA.

				Pension	benefits o		to Audit nanagers
Name and Title	Real in- crease in pension at pen- sion age (bands of £2500)	Real increase in pension lump sum at pension age (bands of £2500)	Total accrued pen- sion at pension age at 31 March 2021 (bands of £5000)	Lump sum at age 60 relat- ed to accrued pen- sion at 31 March 2021 (bands of £5000)	Cash Equiv- alent Transfer value at 31 March 2021 (£000)	Cash Equiv- alent Trans- fer value at 31 March 2020 (£000)	Real increase in Cash Equivalent Transfer value (£000)
Susan Frith Chief Executive Officer	0 - 2.5	(2.5) - 0	50 - 55	160 - 165	1307	1251	22
Matthew Jordan- Boyd Director of Finance and Corporate Governance	0 - 2.5	(2.5) - 0	20 - 25	35 - 40	295	265	13
Patricia Morrison Director of Performance	0 - 2.5	0 - 2.5	0 - 5	0 - 5	38	17	8
Rachel Monaghan Director of Performance and Improvement	0 - 2.5	0 - 2.5	20 - 25	0 - 5	271	219	12

Staff numbers and costs

Subject to Audit Staff numbers and related costs – Executive members and staff costs				
	Total 2020-2021 Permanently		Other	
	£000	employed £000	£000	
Salaries and wages	7,137	6,975	162	
Social security costs	763	763	-	
Employer contribu- tions to NHS Pensions	1,297	1,297	-	
Termination benefits	-	-	-	
Apprenticeship levy	20	20	-	
Total	9,217	9,055	162	
Recoveries in Respect of Secondments	-101	-101	-	
Capitalised Staff Costs	-185	-185	-	
Total	8,931	8,769	162	

	Average nu	Subject to Audit Average number of persons employed		
Total	Permanently Employed	Other		
168	164	4		

The whole time equivalent of staff whose cost was capitalised was 4.

2019-2020 Comparison

Subject to Audit Staff numbers and related costs – Executive members and staff costs				
	Total 2019-2020	Permanently employed	Other	
	£000	£000	£000	
Salaries and wages	6,801	6,752	49	
Social security costs	739	739	-	
Employer contribu- tions to NHS Pensions	1,247	1,247	-	
Termination benefits	-	-	-	
Apprenticeship levy	19	19	-	
Total	8,806	8,757	49	
Recoveries in Respect of Secondments	-10	-10	-	
Capitalised Staff Costs	-144	-144	-	
Total	8,652	8,652	-	

	Average nu	Subject to Audit Average number of persons employed			
Total	Permanently Employed	Other			
163	161	2			

The whole time equivalent of staff whose cost was capitalised was 4.

Cash equivalent transfer value (subject to audit)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

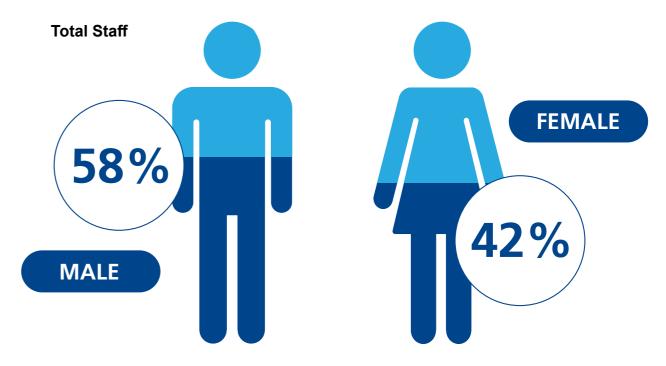
The CETV figure and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV (subject to audit)

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of period.

80

Gender Balance



Staff turnover for 2020-2021 was 0.51%, a decrease of 0.2% from 2019-2020

Non-Executive Directors					
Dates	Male	Female			
01-04-20 to 31-10-20	3	1			
01-11-20 to 31-03-21	4	2			
Senior Managers, band	Senior Managers, band 9 and above				
01-04-20 to 14-06-20	1	2			
15-06-20 to 05-07-20	1	3			
06-07-20 to 31-03-21	1	2			
Senior Managers, band 8c					
01-04-20 to 31-03-21	2	1			

Employee sickness

Calendar Years

2020-2021	2019-2020	Sickness rate %
Average FTE 166.5	Average FTE 162	3.4%
FTE days sick 1702 (unadjusted)	FTE days sick 1988 (unadjusted)	2.8%

Workforce engagement

Our annual spotlight survey had a response rate of 82.7%. Of those responding it showed:

- 77% feel proud to be a part of NHSCFA
- a rise of 20.6% in respondents feeling prepared and supported to cope with any organisational change affecting them (to 50.8%)
- an increase of 25.6% who have overall job satisfaction at NHSCFA (rising to 71.2%)

Requirements for giving full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities is taken into consideration during recruitment. In the event any of our people become disabled during employment specific adjustments will be made to meet needs. These may include, but are not limited to additional training, reasonable adjustments to the working environment, alternative career pathways and requirements as set out in the Equality Act 2010.

Our People Strategy is now in place with short and long-term goals. We have placed greater emphasis on equality, diversity & inclusion and supporting mental health. We have also taken steps to address mental health issues through the formation of a working group.

"In 2020-2021, amongst other things, the Mental Health Working Group has introduced NHSCFA's first mental health policy; a mental health e-learning module for all staff, raised awareness of mental health issues via the organisation's intranet with information and articles around mental health, and organised virtual classroom training for NHSCFA managers about mental health and wellbeing issues in the workplace. This work has been supported by NHSCFA's Board, management, People Engagement Group and Unison"

George Squire, Mental Health Working Group

Our People Engagement Group has reviewed its terms of reference in year and continues to support initiatives. These have included arranging virtual social events during lockdown.

Trade Union recognition

The NHSCFA currently has a recognition agreement with UNISON. Under this agreement UNISON representatives are accorded facility time in which to conduct their trade union and industrial relations activities. The tables below set out the time spent in respect of this.

2020-2021	Relevant union officials		
Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number		
9	9		

2020-2021	Percentage of time spent on facility time
Percentage of time	Number of employees
0%	2
1-50%	7
51%-99%	0
100%	0

2020-2021	Percentage of pay bill spent on facility time
Provide the total cost of facility time	£0.001m
Provide the total pay bill	£8.976m
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x	

2020-2021	Percentage of time spent on facility time
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%

Expenditure on temporary staff

The total contingent labour expenditure on temporary staff incurred on the provision of operating services in 2020-2021 was £162k (2019-2020 £49k). NHSCFA has had no consultancy expenditure.

Off-payroll engagements

The total contingent labour expenditure incurred on the provision of operating services in 2020-2021 was nil (2019-2020 nil).

Exit packages (subject to audit)

There were no packages agreed in 2020-2021 (2019-2020 nil).

Signed: Alex Rothwell Chief Executive Officer Date: 20/01/2022

Parliamentary accountability and audit report

Disclosures of remote contingent liabilities

The NHSCFA is aware of its obligation for disclosure of material remote contingent liabilities (under Parliamentary requirements not IAS37) and an estimate of its financial effect. For this accounting period the NHSCFA discloses a Nil return in this area. The NHSCFA declares that the income and expenditure recorded in the financial statements have been applied for the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

(2019-2020 Nil Return)

Disclosures of gifts (subject to audit)

The NHSCFA is aware of its obligation to disclose gifts made over the value of £300K (as per managing public Money, annex 4.12). For this accounting period the NHSCFA discloses a Nil return in this area.

(2019-2020 Nil Return)

Losses and special payments (subject to audit)

The NHSCFA is aware of its obligation to disclose losses and special payments recorded in excess of £300K. For this accounting period the NHSCFA discloses a Nil return in this area.

(2019-2020 Nil Return)

Fees and charges (subject to audit)

Nil return

(2019-2020 Nil Return)

Chief Executive Officer Signature 20/01/2022

The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the NHS Counter Fraud Authority for the year ended 31 March 2021 under the National Health Service Act 2006. The financial statements comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and the Department of Health and Social Care Group Accounting Manual.

I have also audited the information in the accountability report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the NHS Counter Fraud Authority's affairs as at 31 March 2021 and of the NHS Counter Fraud Authority's net expenditure for the year then ended;
- have been properly prepared in accordance with the National Health Service Act 2006 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the NHS Counter Fraud Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the NHS Counter Fraud Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the NHS Counter Fraud Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the NHS Counter Fraud Authority is adopted in consideration of the requirements set out in applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the accountability report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extend otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the accountability report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Health Service Act 2006; and
- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the NHS Counter Fraud Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the performance report and accountability report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the accountability report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- · internal controls as the Accounting Officer determines is necessary to enable the

- preparation of financial statement to be free form material misstatement, whether due to fraud of error.
- assessing the NHS Counter Fraud Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the NHS Counter Fraud Authority will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service Act 2006.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Inquiring of management, the NHS Counter Fraud Authority's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the NHS Counter Fraud Authority's policies and procedures relating to:
 - » identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - » detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - w the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the NHS Counter Fraud Authority's controls relating to the National Health Service Act 2006 and Managing Public Money.
- · discussing among the engagement team regarding how and where fraud might

- occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals, accounting for estimates and other areas of management judgement such as provisions; and
- obtaining an understanding of the NHS Counter Fraud Authority's framework of authority as well as other legal and regulatory frameworks that the NHS Counter Fraud Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the NHS Counter Fraud Authority. The key laws and regulations I considered in this context included the National Health Service Act 2006, Managing Public Money, pensions legislation, tax legislation and employment law.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above:
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

authorities which govern them.

Report

I have no observations to make on these financial statements.

Gareth Davies Comptroller and Auditor General

27th January 2022

National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP

ACCOUNTS FOR THE YEAR
01 APRIL 2020 TO
31 MARCH 2021

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Statement of Comprehensive Net Expenditure for the year ended 31 March 2021			
	2020-2021	2019-2020	
Income from sale of goods and services	2	(237)	(237)
Other operating income	2	(22)	(39)
Total operating income		(259)	(276)
Staff Costs	3	8,976	8,652
Purchase of goods and services	4	2,851	2,930
Depreciation and impairment charges	4	1,521	1,549
Other operating expenditure	4	41	62
Total operating expenditure		13,389	13,193
Net operating expenditure		13,130	12,917
Finance income	6	-	-
Finance expense	7	-	-
Net expenditure for the year		13,130	12,917
Net gain/(loss) on transfer by absorption		-	-
Total Net Expenditure for the year		13,130	12,917
Total comprehensive net expenditure for the per	iod	13,130	12,917

The notes on pages 99 to 136 form part of these accounts.

Statement of Financial Position at 31 Ma	rch 2021		
	Notes	2020-2021	2019-2020
		£000	£000
Non Current Assets			
Property, Plant & Equipment	9	1,190	1,306
Intangible Assets	10	2,788	1,626
Other non-curent receivables	11	85	0
Total non-current assets		4063	2,932
Current Assets			
Trade and other receivables	11	657	588
Cash and cash equivalents	12	614	1,270
Total current assets		1,271	1,858
Total Assets		5,334	4,790
Current Liabilities			
Trade and other payables	13	(1,337)	(1,666)
Provisions for liabilities and charges	14	(97)	(59)
Total current liabilities		(1,434)	(1,725)
Total assets less current liabilities		3,900	3,065
Non-current liabilities			
Provisions for liabilities and charges	14	(70)	-
Total non-current liabilities		(70)	-
Total Assets Less Liabilities:		3,830	3,065
Financed by Taxpayers' Equity			
General Fund		3,830	3,065
Total Taxpayers' Equity:		3,830	3,065

The notes on pages 99 to 136 form part of these accounts.

The financial statements on pages 95 to 136 were approved by the Board on 20/01/2022 and signed on its behalf by: $\bigcirc \bigcirc$

Chief Executive and Accounting Officer 20/01/2022

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2021		
	General Fund	Total Reserves
	£000	£000
Balance at 01 April 2020	3,065	3,065
Changes in taxpayers' equity for 2020-2021		
Total net expenditure for the year	(13,130)	(13,130)
Total recognised income and expense for 2020- 2021	(13,130)	(13,130)
Net Parliamentary Funding	13,895	13,895
Balance at 31 March 2021	3,830	3,830
	General Fund	Total Reserves
	£000	£000
Balance at 01 April 2019	3,100	3,100
Changes in taxpayers' equity for 2019-2020		
Total net expenditure for the year*	(12,917)	(12,917)
	-	
Total recognised income and expense for 2019-2020	(12,917)	(12,917)
Net Parliamentary Funding	12,500	12,500
Notional funding for pension increase**	382	382

^{*}Net expenditure includes £382k for the notional cost of the NHS Pension uplift funded directly by the DHSC in 2019-2020 only

The notes on pages 99 to 136 form part of these accounts.

^{**}Included above is £382k notional funding for the pension uplift in 2019-2020 only

Statement of Cash Flows for the year ended 31 March 2021			
	Notes	2020-2021	2019-2020
		£000	£000
Cash flows from operating activities			
Net operating expenditure for the financial year*		(13,130)	(12,917)
Depreciation and amortisation	4	1,521	1,549
(Increase)/decrease in trade & other receivables	11	(154)	(92)
Increase/(decrease) in trade & other payables	13	(140)	392
Increase/(decrease) in provisions	14	108	(80)
Notional pension funding**		-	382
Net cash (outflow) from operating activities		(11,795)	(10,766)
Cash flows from investing activities			
(Payments) for property, plant and equipment		(609)	(106)
(Payments) for intangible assets		(2,147)	(755)
Net Cash (Outflow) from Investing Activities		(2,756)	(861)
Net Cash (Outflow) before Financing		(14,551)	(11,627)
Cash flows from financing activities			
Net Parliamentary Funding		13,895	12,500
Net Cash Inflow from Financing Activities		13,895	12,500
Net Increase / (Decrease) in Cash & Cash Equivalents		(656)	873
Cash & Cash Equivalents at the Beginning of the Financial Year		1,270	397
Cash & Cash Equivalents at the End of the Financia	ıl	614	1,270

The notes on pages 99 to 136 form part of these accounts.

*Net operating costs include £nil (2019: £382k) for the notional cost of the NHS Pension uplift funded directly by DHSC.

**Included above is £nil (2019: £382k) notional funding for the pension uplift

Notes to the financial statements

1. Accounting policies

These financial statements have been prepared in a form directed by the Secretary of State and in accordance with the Financial Reporting Manual (FReM) 2020-21, issued by HM Treasury, and the Department of Health and Social Care Group Accounting Manual (GAM) 2020-21. The accounting policies contained in the FReM and GAM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM or GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of NHS Counter Fraud Authority (NHSCFA) for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Going concern

NHSCFA's annual report and accounts have been prepared on a going concern basis.

The NHSCFA was established under the NHS Counter Fraud Authority (NHSCFA) (Establishment, Constitution, and Staff and Other Transfer Provisions) Order 2017 (SI 2017 No. 958). This order was renewed in October 2020 extending the current life of the authority to 30 October 2023 as per Section 28a of the National Health Service Act 2006, which permits the life of a Special Health Authority to be extended by order requiring approval of both Houses of Parliament.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified where material to account for the revaluation of property, plant and equipment, intangible assets, and certain financial assets and financial liabilities.

1.3 Critical judgements and key sources of estimation uncertainty

In the application of the Authority's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NHSCFA do not consider any judgements or uncertainties to be critical.

1.4 Income

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

- NHSCFA does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- NHSCFA is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration

corresponds directly with value of the performance completed to date.

 The FReM has mandated the exercise of the practical expedient offered in the Standard that requires NHSCFA to reflect the aggregate effect of all contracts modified before the date of initial application.

Income in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

The main source of funding of the Authority is Parliamentary Funding from the Department of Health and Social Care within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it is received.

Operating income is income which relates directly to the operating activities of the Authority. It principally comprises charges for services provided on a full-cost basis to external customers, as well as public repayment work. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.5 Employee benefits

1.5.1 Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.5.2 Retirement benefit costs

Most past and present employees are covered by the provisions of the NHS Pensions Scheme. These scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State for Health and Social Care. The scheme is not designed to be run in

a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it were a defined contribution scheme: the cost to NHSCFA of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

1.6 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.6.1 Value added tax

Most of the activities of NHSCFA are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.7 Property, plant and equipment

1.7.1 Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for adminsitrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to NHSCFA;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and either
- the item has a cost of £5,000 or more; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

• it forms part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.

1.7.2 Measurement

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

The land and buildings currently used for the Authority's services and for administrative purposes are held under operating leases and are not valued for inclusion as Property, Plant & Equipment. Leasehold improvement work to these properties is capitalised at cost, and in the absence of an active market, carried at depreciated historic cost as a proxy for current value in existing use.

Fixtures, IT Equipment and Plant & Machinery are capitalised at cost. In the absence of an active market, as they are short-lived and/or of low value, they are carried at depreciated historic cost as a proxy for current value in existing use. The useful life of these assets is a realistic reflection of the life of the asset and the depreciation method used provides a realistic reflection of the consumption of that asset class.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset, and thereafter to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive net expenditure in the Statement of Comprehensive Net

Expenditure.

The Authority does not currently have any revalued assets, hence there is no balance in the revaluation reserve. Fixed assets are carried at depreciated historic cost as a proxy for current value in existing use.

1.8 Intangible assets

1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of NHSCFA's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, NHSCFA; where the cost of the asset can be measured reliably; and where the cost is at least £5,000.

Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.8.2 Measurement

Intangible assets acquired separately are initially recognised at cost. The amount initiallyrecognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised inthe period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, which is the case with all current NHSCFA intangible assets, at amortised historic cost. An exercise has been performed to demonstrate that amortised historic cost is not materially different to depreciated replacement cost, which is the valuation method set out in the GAM and FReM.

1.9 Depreciation, amortisation and impairments

Depreciation and amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straightline basis over their estimated useful lives. The estimated useful life of an asset is the period over which NHSCFA expects to obtain economic benefits or service potential from the asset. This is specific to NHSCFA and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life, unless NHSCFA expects to acquire the asset at the end of the lease term, in which case the asset is depreciated in the same manner as for owned assets.

At each financial year end, NHSCFA checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure.

1.10 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

1.10.1 NHSCFA as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of NHSCFA's cash management. Cash, bank and overdraft balances are recorded at current values.

1.12 Provisions

Provisions are recognised when NHSCFA has a present legal or constructive obligation as a result of a past event, it is probable that NHSCFA will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The

amount recognised as a provision is the best estimate of the expenditure required to settlethe obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of negative 0.95% (2019-20: negative 0.5%) in real terms. All general provisions are subject to four separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A nominal short-term rate of minus 0.02% (2019-2020: positive 0.51%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.18% (2019-2020: 0.55%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.
- A nominal long-term rate of 1.99% (2019-2020: 1.99%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.
- A nominal very long-term rate of 1.99% (2019-2020: 1.99%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

1.13 Contingent liabiltites and contingent assets

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NHSCFA; or
- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NHSCFA. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

1.14 Financial assets

Financial assets are recognised when NHSCFA becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and NHSCFA has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

1.14.1 Financial assets at amortised cost

All of NHSCFA's financial assets are measured at amortised cost, as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes all trade and other receivables.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that

exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.14.2 Impairment

For all financial assets measured at amortised cost, NHSCFA recognises a loss allowance representing expected credit losses on the financial instrument.

NHSCFA adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. NHSCFA therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and NHSCFA does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.15 Financial liabilities

Financial liabilities are recognised when NHSCFA becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has

expired.

1.15.1 Other financial liabilities

All of NHSCFA's financial liabilities are measured at amortised cost. After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability.

1.16 Foreign Currencies

NHSCFA's functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March.

Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Net Expenditure in the period in which they arise.

1.17 Third party assets

Assets belonging to third parties are not recognised in the accounts since NHSCFA has no beneficial interest in them. Details of third party assets are given in note 12 to the accounts.

1.18 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different

categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHSCFA not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.19 IFRS Standards that have been issued but have not yet been adopted

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2020-21. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2022-23, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases The Standard is effective 1 April 2022 as adapted and interpreted by the FReM.
- IFRS 17 Insurance Contracts Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

An outline assessment of the impact of IFRS 16 is provided in note 8 to the accounts.

2. Other operating income		
	2020-2021 Total	2019-2020 Total
	£000	£000
Income from sale of goods and services (contracts)		
Other Contract income	237	237
Total Income from sale of goods and services	237	237

Income from contracts all related to services provided to UK Devolved Administrations.

Performance obligations relating to all services provided are satisfied over time and fall entirely within the financial year.

Other operating income		
Other non contract revenue	22	39
Total Other operating income	22	39
Total Operating Income	259	276

3. Employee benefits and staff 3.1 Employee benefits	numbers 2020-2021		
		Total 2020-2021	
	Permanent Employees	Other	Total
	£'000	£'000	£'000
Employee Benefits			
Salaries and wages	7,009	162	7,171
Social security costs	767	-	767
Employer Contributions to NHS Pension scheme*	1,304	-	1,304
Other pension costs	0	-	0
Apprenticeship Levy	20	-	20
Other post-employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	-	-	-
Gross employee benefits expenditure	9,100	162	9,262
Less recoveries in respect of secondments	(101)	-	(101)
Total - Net admin employee benefits including capitalised costs	8,999	162	9,161
Less: Employee costs capitalised	(185)	-	(185)
Net employee benefits excluding capitalised costs	8,814	162	8,976

3. Employee benefits and staff numbers 2019-2020 3.1 Employee benefits Total 2019-2020 **Permanent** Other **Employees** Total £'000 £'000 £'000 **Employee Benefits** Salaries and wages 6,752 49 6,801 739 Social security costs 739 Employer Contributions to 1,247 1,247 NHS Pension scheme* Other pension costs 19 19 Apprenticeship Levy Other post-employment benefits Other employment benefits Termination benefits **Gross employee benefits** 8,757 49 8,806 expenditure Less recoveries in respect of (10) (10) secondments Total - Net admin employee benefits including 49 8,796 8,747 capitalised costs Less: Employee costs (144)(144) capitalised Net employee benefits 8,603 49 8,652 excluding capitalised costs

On 1 April 2019, the employer contribution rate for the NHS Pension scheme increased by 6.3%. The additional cost, funded directly by DHSC, was £382k in 2019-2020. During the year ended 31st March 2021, this cost was met directly by NHSCFA.

3. Employ	yee benefits a	and staff nu	ımbers 2	020-2021
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3.1.2 Recoveries in respect of secondments

	Total 2020-202	21	
	Permanent Employees	Other	Total
	£'000	£'000	£'000
Secondments - Revenue			
Salaries and wages	101	-	101
Social security costs	-	-	-
Employer contributions to the NHS Pension Scheme	-	-	-
Other pension costs	-	-	-
Other post-employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits		-	-
Total recoveries in respect of secondments	101	-	101

3. Employee benefits and staff numbers 2019-2020

3.1.2 Recoveries in respect of secondments

	Total 2019-20	20	
	Permanent Employees	Other	Total
	£'000	£'000	£'000
Secondments - Revenue			
Salaries and wages	10	-	10
Social security costs	-	-	-
Employer contributions to the NHS Pension Scheme	-	-	-
Other pension costs	-	-	-
Other post-employment ben- efits	-	-	-
Other employment benefits	-	-	-
Termination benefits	-	-	-
Total recoveries in respect of secondments	10	-	10

3.2 Pension Costs

Most past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes are not designed to be run in a way that would enable the NHS Counter Fraud Authority to identify our share of the underlying scheme assets and liabilities.

Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to the NHS Counter Fraud Authority of participating in the scheme is

taken as equal to the contributions payable to the scheme for the accounting period.

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

3.2.1 Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

3.2.2 Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The

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Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

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4.Operating expenses		
	2020-2021 Total	2019-2020 Total Represented
	£000	£000
Purchase of goods and services		
Rentals under operating leases	749	740
Establishment*	67	443
Transport	2	27
Premises**	1,035	751
Provision expense	108	(81)
Software costs	273	210
External Audit fees	70	80
Internal audit services	40	46
Legal & professional fees	409	533
Education, training and conferences	98	181
Total Purchase of goods and services	2,851	2,930
Depreciation and impairment charges		
Depreciation	521	646
Amortisation	1,000	903
Total Depreciation and impairment charges	1,521	1,549
Other Operating Expenditure		
Chair and Non Executive Members	41	46
Expected credit loss on receivables	-	16
Total Other Operating Expenditure	41	62
Total operating expenditure	4,413	4,541

Reclassification of 2019/2020 totals to show software costs of £210k, provision expense of -£81k and education, training and conferences of £181k, previously included under premises and establishment, to provide greater clarity on classification of spend.

^{*} Reduction of travel and subsistence expenditure in 2020-2021 due to Covid-19

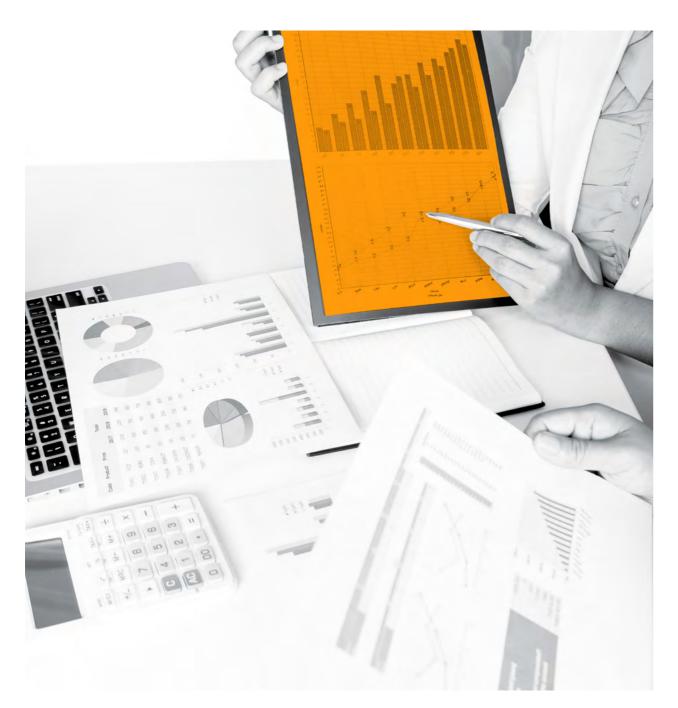
^{**} Increase in costs due to expiry of rent free period of Earlsdon Park

5. The Late Payment of Commercial Debts (Interest) Act 1998

There were no payments made in the 2020-2021 financial year (2019-2020: none) from claims made under this legislation nor compensation paid to cover debt recovery costs.

6. Finance income

The Authority did not receive any finance income during 2020-2021 and 2019-2020.



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7. Finance costs

The Authority did not incur any finance costs during 2020-2021 and 2019-2020.

8. Operating leases

8.1 As lessee

The Authority leases office space in Coventry, London and Newcastle. The Authority also has several lease cars (other in the tables below).

8.1.1 Payments recognised as an Expense											
		2020-2021									
	Land	Buildings	Other	Total							
	£'000	£'000	£'000	£'000							
Payments recognised as an expense											
Minimum lease payments	_	729	21	750							
Total	-	729	21	750							

8.1.1 Payments recognised as a	an Expense			
		2019-20	020	
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
Payments recognised as an expense				
Minimum lease payments	-	717	23	740
Total	-	717	23	740

8.1.2 Future minimum lease pa	yments			
		2020-20	21	
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
Payable:				
No later than one year	-	430	17	447
Between one and five years	-	434	10	444
After five years	-	353	-	353
Total	-	1,217	27	1,244

8.1.2 Future minimum lease pa	8.1.2 Future minimum lease payments									
		2019-20	20							
	Land	Buildings	Other	Total						
	£'000	£'000	£'000	£'000						
Payable:										
No later than one year	-	538	19	557						
Between one and five years	-	756	12	768						
After five years	-	461	-	461						
Total	-	1,755	31	1,786						

8.2 As lessor

The Authority does not act as a lessor.

8.3 Assessed impact of the application of IFRS 16

IFRS 16, Leases, as interpreted and adapted by the FReM is to be effective from 1st April 2022, having been deferred from 1st April 2021.

NHS Counter Fraud Authority holds 1 material operating lease which will run beyond 1st April 2022, for use of office space in Coventry, which will be classified as right of use assets. There is an unsigned lease for office space in Newcastle which has been excluded fom this assessment. Talks are currently progressing with the landlord in terms of signing a new lease agreement with reduced space. NHS Counter Fraud Authority also has right of use assets relating to a car lease scheme. Both the leases of cars and buildings will result in a right of use asset being recognised on the balance sheet, along with a lease liability, upon the adoption of IFRS 16.

The implementation of this standard would result in additional expenditure being recognised in the statement of comprehensive net expenditure of £4k for the 2022/23. Upon implementation, right of use assets would be recognised on the balance sheet of £775k, with a corresponding lease liability.

9. Property, plant and equipment									
9.1.1 2020-2021 Prope	erty, plant and	equipment							
	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total				
	£'000	£'000	£'000	£'000	£'000				
Cost at 01 April 2020	1,921	50	1,684	340	3,995				
Additions purchased	-	-	405	-	405				
Disposals	(175)	-	(225)	(38)	(438)				
Cost at 31 March 2021	1,746	50	1,864	302	3,962				
Depreciation 01 April 2020	1,354	50	1,022	263	2,689				
Charged during the year	238	-	245	38	521				
Disposals	(175)	-	(225)	(38)	(438)				
Depreciation at 31 March 2021	1,417	50	1,042	263	2,772				
Net Book Value at 31 March 2021	329	-	822	39	1,190				
Asset financing:									
Owned	329		822	39	1,190				
Total at 31 March 2021	329	-	822	39	1,190				

9. Property, plant and equipment cont'd									
9.2.1 2019-2020 Prope	erty, plant and	equipment							
	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total				
	£'000	£'000	£'000	£'000	£'000				
Cost at 01 April 2019	2,331	50	1,599	332	4,312				
Additions purchased	-	-	228	83	311				
Disposals	(410)	-	(143)	(75)	(628)				
Cost at 31 March 2020	1,921	50	1,684	340	3,995				
Depreciation 01 April 2019	1436	50	911	274	2671				
Charged during the year	328	-	254	64	646				
Disposals	(410)	-	(143)	(75)	(628)				
Depreciation at 31 March 2020	1,354	50	1,022	263	2,689				
Net Book Value at 31 March 2020	567	-	662	77	1,306				
Asset financing:									
Owned	567	-	662	77	1,306				
Total at 31 March 2020	567	-	662	77	1,306				

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9.3 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was £797k (2019/20: £1,177k). This value primarily relates to fixtures and fittings at leased premises and digital storage facilities. When the useful life of these assets was extended, they had an immaterial net book value, therefore this relife has not been reflected in the financial statements.

9.4 Economic lives	Minimum	Maximum
	Life (years)	Life (Years)
Buildings excluding dwellings	2	10
Plant & machinery	5	5
Information technology	2	5
Furniture & fittings	3	5

Buildings excluding dwellings only include the cost of improvements to leasehold premises, which are written off over the term of the lease; hence the low values for minimum and maximum life.

	Software Licences	Information Technology	Total
	£'000	£'000	£'000
Cost at 01 April 2020	1,486	1,654	3,140
Additions purchased	1,977	185	2,162
Disposals	(1,273)	(166)	(1,439)
Cost at 31 March 2021	2,190	1,673	3,863
Amortisation 01 April 2020	688	826	1,514
Charged during the year	675	325	1,000
Disposals	(1,273)	(166)	(1,439)
Amortisation At 31 March 2021	90	985	1,075
Net Book Value at 31 March 2021	2,100	688	2,788
Asset financing:			
Owned	2,100	688	2,788
Total at 31 March 2021	2,100	688	2,788

There are two software licences included above which have a carrying value which is significant to the financial statements. The carrying value and remaining amortisation period of the licences are £1,391k, £338k and 36 months each respectively.

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10.2.1 2019-2020 Intangible non-current assets					
	Software Licences	Information Technology	Total		
	£'000	£'000	£'000		
Cost at 01 April 2019	1,520	1,613	3,133		
Additions purchased	214	196	410		
Disposals	(248)	(155)	(403)		
Cost at 31 March 2020	1,486	1,654	3,140		
			-		
Amortisation 01 April 2019	322	692	1,014		
Charged during the year	614	289	903		
Disposals	(248)	(155)	(403)		
Impairments charged	-		-		
Amortisation At 31 March 2020	688	826	1,514		
Net Book Value at 31 March 2020	798	828	1,626		
Asset financing:					
Owned	798	828	1,626		
Held on finance lease	-	-	-		
Total at 31 March 2020	798	828	1,626		

There are four software licences included above which have a carrying value which is significant to the financial statements. The carrying value and remaining amortisation period of the licences are £414k, £166k, £145k and £45k and 12 months, 15 months, 36 months and 36 months respectively.

There are four software licences included above which have a carrying value which is significant to the financial statements. The carrying value and remaining amortisation period of the licences are £414k, £166k, £145k and £45k and 12 months, 15 months, 36 months and 36 months respectively.

10.3 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was £522k (2019-2020: £204k). This value relates primarily to internally generated computer software. When the useful life of these assets was extended, they had an immaterial net book value, therefore this relife has not been reflected in the financial statements.

10.4 Economic lives

	Minimum	Maximum
	Life (years)	Life (Years)
Software licences	2	5
Information technology	2	5

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11. Trade and other receivables

	Non-Current 2020-2021	Current 2020-2021	Non-Current 2019-2020	Current 2019-2020
	£000	£000	£000	£000
Contract receivables	-	1	-	111
Accrued income	-	104	-	20
Prepayments	85	330	-	350
VAT	-	41	-	52
Other receivables	-	181	-	55
Total	85	657	-	588
Total Trade & other receivables	742		588	

Included above:

NHS receivables 92

12. Cash and cash equivalents

	2020-2021	2019-2020
	£000	£000
Balance at 01 April 2020	1,270	397
Net change in year	(656)	873
Balance at 31 March 2021	614	1,270
Comprising:		
Cash with the Government Banking Service	614	1,270
Cash and cash equivalents as in statement of financial position	614	1,270

£5k is held on deposit in a separate bank account on behalf of a third party under the Proceeds of Crime Act 2002 (2019-2020: £nil) and is excluded from the above values.

13. Trade and other payables

	2020-2021	2019-2020
	£000	£000
Contract payables	22	49
Accruals	1,105	1,615
Other payables	210	2
Total Trade & Other Payables	1,337	1,666
Included above:		
NHS payables	603	100
Capital payables - PPE	-	204
Capital payables - Intangibles	60	45

There were no non-current payables at 31st March 2021 (2019-2020: £Nil).

14. Provisions

	Current 2020-2021	Non-current 2020-2021	Current 2019-2020	Non-current 2019-2020
	£'000	£'000	£'000	£'000
Dilapidations	97	70	59	-
Total	97	70	59	-
Total current and non-current	167		59	

	Dilapidations 2020-2021	Total
	£0003	£000
Balance at 01 April 2020	59	59
Arising during the year	108	108
Reversed unused	-	-
Balance at 31 March 2021	167	167
Expected timing of cash flows:		
Within one year	97	97
Between one and five years	-	-
After five years	70	70
Balance at 31 March 2020	167	167

15. Contingencies

15.1. Contingent liabilities

There were no contingent liabilities at 31st March 2021 (2019-2020: £nil).

15.2. Contingent assets

There were no contingent assets at 31 March 2021 (2019-2020: £nil).

16. Commitments

16.1. Capital commitments

The Authority had no contracted capital commitments at 31st March 2021 (2019-2020: £322k).

16.2. Other financial commitments

The Authority had no other financial commitments at 31st March 2021 (2019-2020: £Nil).

17. Financial instruments

17.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

As the cash requirements of the Authority are met primarily through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

17.1.1 Currency risk

The Authority is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Authority has no overseas operations. The Authority therefore has low exposure to currency rate fluctuations.

17.1.2 Interest rate risk

All of the Authority's financial assets and financial liabilities carry nil or fixed rates of interest. The Authority is not, therefore, exposed to significant interest-rate risk.

17.1.3 Credit risk

Because the majority of the Authority's income come from funds voted by Parliament and from other public bodies the Authority has low exposure to credit risk.

17.1.4 Liquidity risk

The Authority's net operating costs are financed from resources voted annually by Parliament. The Authority largely finances its capital expenditure from funds made available from Government under an agreed capital resource limit. The Authority is not, therefore, exposed to significant liquidity risks.

17.2 Financial assets -	2020-2021			
	At 'fair value through profit and loss'	At 'amor- tised cost' £'000	At 'fair value through other comprehensive income' £'000	Total £'000
Contract receivables	-	1	-	1
Other receivables	-	325	-	325
Cash at bank and in hand	-	614	-	614
Total at 31 March 2021	-	940	-	940

17.2 Financial assets - 2019-2020					
	At 'fair value through profit and loss'	At 'amortised cost'	At 'fair value through other comprehensive income' £'000	Total £'000	
Contract receivables	-	111	-	111	
Other receivables	-	127	-	127	
Cash at bank and in hand	-	1,270	-	1,270	
Total at 31 March 2020	-	1,508	-	1,508	

17.3 Financial liabilities - 2020-2021				
	At 'amortised cost' £'000	Other £'000	Total £'000	
Contract payables	22	-	22	
Other payables	1,316	-	1,316	
Total at 31 March 2021	1,338	-	1,338	

17.3 Financial liabilities - 2019-2020			
	At 'amortised cost' £'000	Other £'000	Total £'000
Contract payables	49	-	49
Other payables	1,617	-	1,617
Total at 31 March 2020	1,666	-	1,666

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All of the above financial liabilties have a maturity date within one year.

18. Operating segments

The Board as 'Chief Operating Decision Maker' has determined that the Authority operates as a single segment, which is counter fraud.

This work is within one main geographical segment, the United Kingdom.

19. Related party transactions

The Authority is a body corporate established by order of the Secretary of State for Health and Social Care.

The parent department, the Department of Health and Social Care, is regarded as a related party. During the year the Authority had a number of material transactions with the Department and with other entities for which the Department is regarded as the parent department, including NHSBSA.

During the year none of the Department of Health and Social Care Ministers, Authority board members or member of the key management staff, or parties related to any of them, has undertaken any material transactions with NHSCFA.

20. Events after the end of the reporting period

The Authority is not aware of any impacts on the cash flows, assets or liabilities reflected within the financial statements for the year ended 31 March 2021.

21. Losses and special payments

The Authority had no losses or special payments for the year ended 31 March 2021.