

NHS Counter Fraud Authority

Annual Report and Accounts 2021-2022

For the period 1 April 2021 to 31 March 2022

Presented to Parliament pursuant to The NHS Counter Fraud Authority

(Establishment, Constitution, and Other Transfer Provisions) Order 2017.

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NHS Counter Fraud Authority, 9th Floor, Earlsdon Park, 55 Butts Road, Coventry,
CV1 3BH



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Foreword

The NHS Counter Fraud Authority (NHSCFA) was established in 2017. Our vision is to lead and proactively support the NHS to understand, find, prevent and respond to fraud.

To this end we:

- 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 Annual Report and Accounts 2021-2022 aims: (a) to give you details about how we performed over the year, (b) show you how we remained accountable to the Department of Health and Social Care (DHSC) and (c) provide you with a detailed picture of the NHSCFA's expenditure and income.



Message from the Chair

I am pleased to introduce the NHS Counter Fraud Authority Annual Report and Accounts for 2021-2022.

It has been another positive year despite changes on a number of fronts. We have welcomed a new Chief Executive Officer (CEO) and three new Non-Executive Directors (NEDs). In common with many NHS organisations, the ongoing impact of COVID-19 has challenged our ability to meet our targets. Extensive work was done on examining the implications of the Health and Care Act 2022*. We have also had to make preparations for relocating to our new London office and the reconfiguration of our Newcastle office.

Alex Rothwell has settled in well to the role of CEO, bringing significant expertise in our areas of principal activity. He has reached out to the wider NHS community to appreciate their understanding of our organisation. Joining a new organisation as its leader in the unusual circumstances caused by Coronavirus with enforced changes to our working lives cannot have been easy, but Alex has risen to the challenge.

Our three new NEDs have brought fresh and constructive challenge to our discussions, having arrived with considerable experience in the NHS and the wider fraud landscape.

This is timely as there has been considerable discussion in Government about the level of fraud in the economy, not just the NHS, and the steps being taken to counter it. During 2021-2022 we actively participated in the National Fraud Initiative, a programme which attracted praise at ministerial level as an important tool in the fight against economic crime.

We also had significant interaction with Government Ministers on the Health and Care Act. Clearly, we welcomed the proposal to abolish the three-year limit on Establishment Orders for Special Health Authorities. This will allow us to plan for the longer term with more certainty. We also discussed challenges regarding access to data, data sharing and investigatory powers which we would like to see addressed. In addition, we advised on procurement issues, new working arrangements for staff, conflicts of interest and collusion to ensure the Act achieves what it is intended to do.

Internally, we have been preparing to move our London Office as the DHSC contract for Skipton House expired. I appreciate the upheaval this causes for our people and we will

[*This was enacted on 28th April 2022 and is referred to as the Health and Care Act 2022 in the rest of this document.](#)

do everything we can to mitigate this. We have moved away from having the majority of our IT infrastructure physically located in our London Office to being cloud based. This will increase our business resilience and reduce the office space required, while still maintaining high levels of data security.

It has been a challenging period, but I would like to thank all our people for their considerable efforts and achievements in another exacting year. We continue to provide value for money for the taxpayer and I am confident this will continue, as we develop our Strategy for the next three years.

Tom Taylor FCCA FCPFA FCMI FIoD FHFMA

Chair



**PERFORMANCE
REPORT**

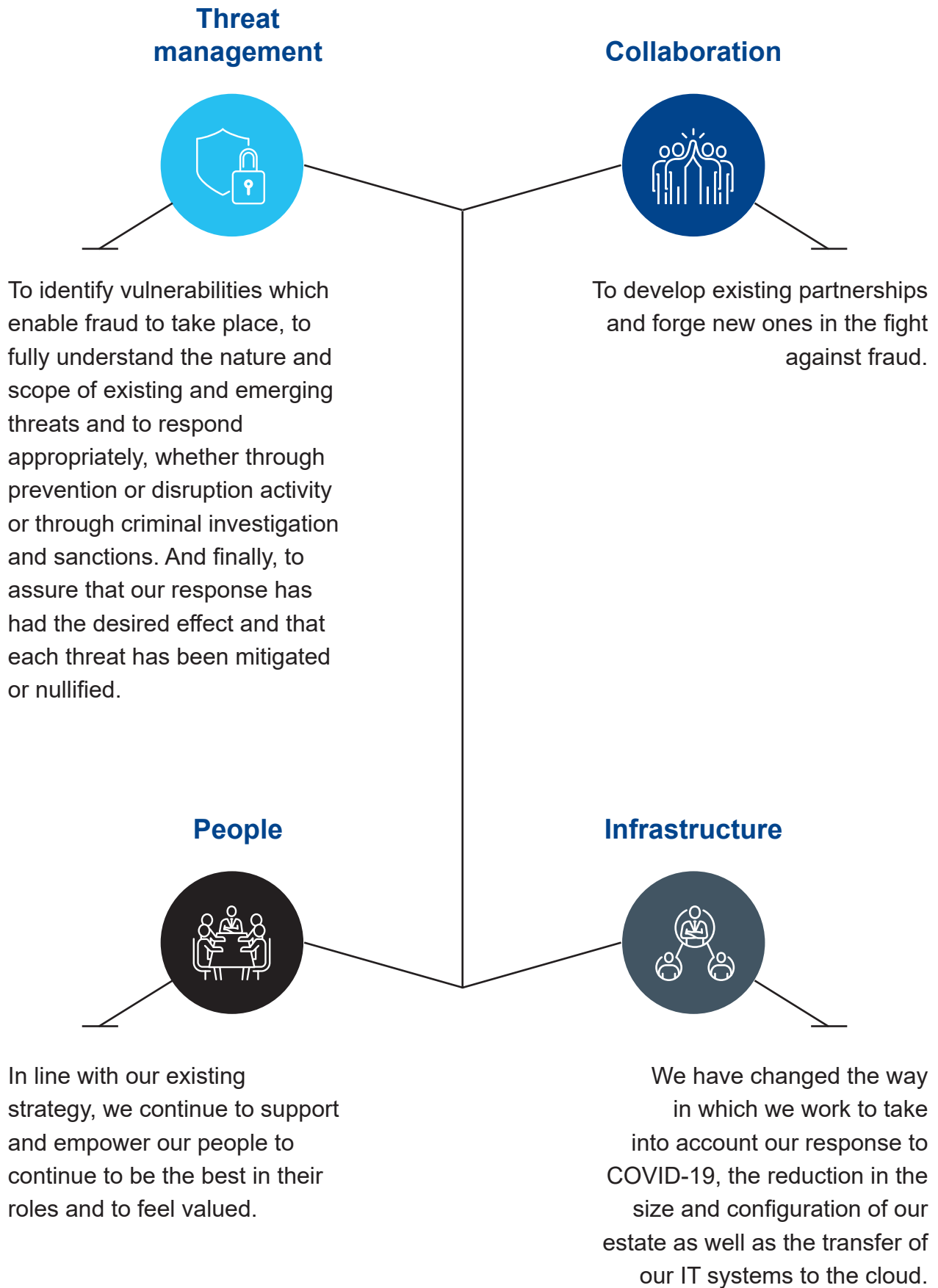
Performance overview

This section summarises our performance during 2021-2022. It explains the purpose and structure of our organisation and our current business model. It also gives an insight into the key challenges and risks which have impacted on our work over the last twelve months and how we have addressed them.

In addition, this section provides information regarding the Authority's financial performance during 2021-2022. We used our parliamentary allocation as planned in funding our people's salaries, estates, and administration costs. Unlike last year, where we delivered several capital programmes, we were unable to fully utilise our capital budget. This was because of our office relocation, where IT resources were devoted to maintaining our existing systems, as well as our decision to move to cloud storage rather than investing in refreshing IT assets.

This overview will provide you with sufficient information to understand what we do and to evaluate our performance. Further information about how we delivered against the objectives in our annual business plan and our three-year strategy, can be found in the performance analysis.

The performance analysis describes our key functions in the context of **four themes**. These are more fully described on the next page.



A message from the CEO

I was appointed CEO of the Authority last Autumn. Since my appointment I have listened to and learned from staff here, in our sponsoring organisation the DHSC, and in the wider counter fraud community. I have contacted many of our stakeholders and partners to gain an understanding of the current fraud landscape and where the NHS and the Authority are placed in that landscape.

I also recognise the excellent work carried out by my predecessor Susan Frith.

I am satisfied that we are equipped to continue to meet our objectives for 2020-2023 set out in our strategy document and strive to secure savings of £400M for the NHS which would otherwise be lost to fraud. I also look forward to playing my part in developing the next strategy document to set out how we can improve on our performance in the years to come.

I look to our intelligence teams to continue to identify and describe vulnerabilities to fraud through our Strategic Intelligence Assessments, and to use this information to prioritise our resources and those in the Local Counter Fraud Specialist (LCFS) community. Developing our peoples' skill and expertise in this important area is essential if we are to use an intelligence led approach to identify, understand, and respond to existing threats and vulnerabilities. We will continue our work in measuring the effectiveness of our approach in



accordance with Cabinet Office guidelines. I appreciate that organisations like ours will be liable to greater scrutiny as the economic environment changes, and I welcome that.

I want to see the NHSCFA develop its status as a trusted partner to other healthcare organisations and continue to develop close ties with other counter fraud agencies, government bodies and private sector organisations. I believe that close collaboration is an essential weapon in the fight against fraud. The opportunities to share experience, effective practice and data are too great to overlook.

We will continue to lend our wholehearted support to the Government Counter Fraud Profession by driving up membership amongst the LCFS Community.

We recognise that we are dependent on the wider NHS who act as our eyes and ears. We will work with our partners in the LCFS community to improve the level and quality of dialogue between us. I am pleased that we have successfully embedded Counter Fraud Champions across the health sector, some 357 were in position by the end of the reporting year. Together with accredited specialists they represent a wealth of experience in the NHS.

However, we need to build on our achievements, so we are developing the organisation through reviewing our performance, structure, and effectiveness through our Evolution Programme. This will involve a programme of scrutiny, discussion and challenge which will lead to a more efficient and productive NHSCFA.

I am confident we have the capability at senior management and Board level to carry through organisational changes resulting from our Evolution Programme which will commence in 2022-2023.

We have made changes to our IT infrastructure, partly as a direct response to the pandemic in moving to a home or hybrid working environment, but also to take advantage of a reduced office footprint by moving to the cloud. We continue to hold ISO accreditations in respect of our information security and management systems as well as our Forensic Computing Unit (FCU).

I have been impressed with the expertise and dedication of our people. They have shared their work and ideas with me. I am proud of their achievements in countering fraud in the NHS.

Alex Rothwell

Chief Executive Officer

Objectives

Lead and influence

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

Reduce fraud loss

We will work with partners to reduce fraud loss in the NHS.

Our three-year strategy 2020-2023 sets out four objectives.



Support and empower our people

We will support and empower our people to be the best in their roles and feel valued.

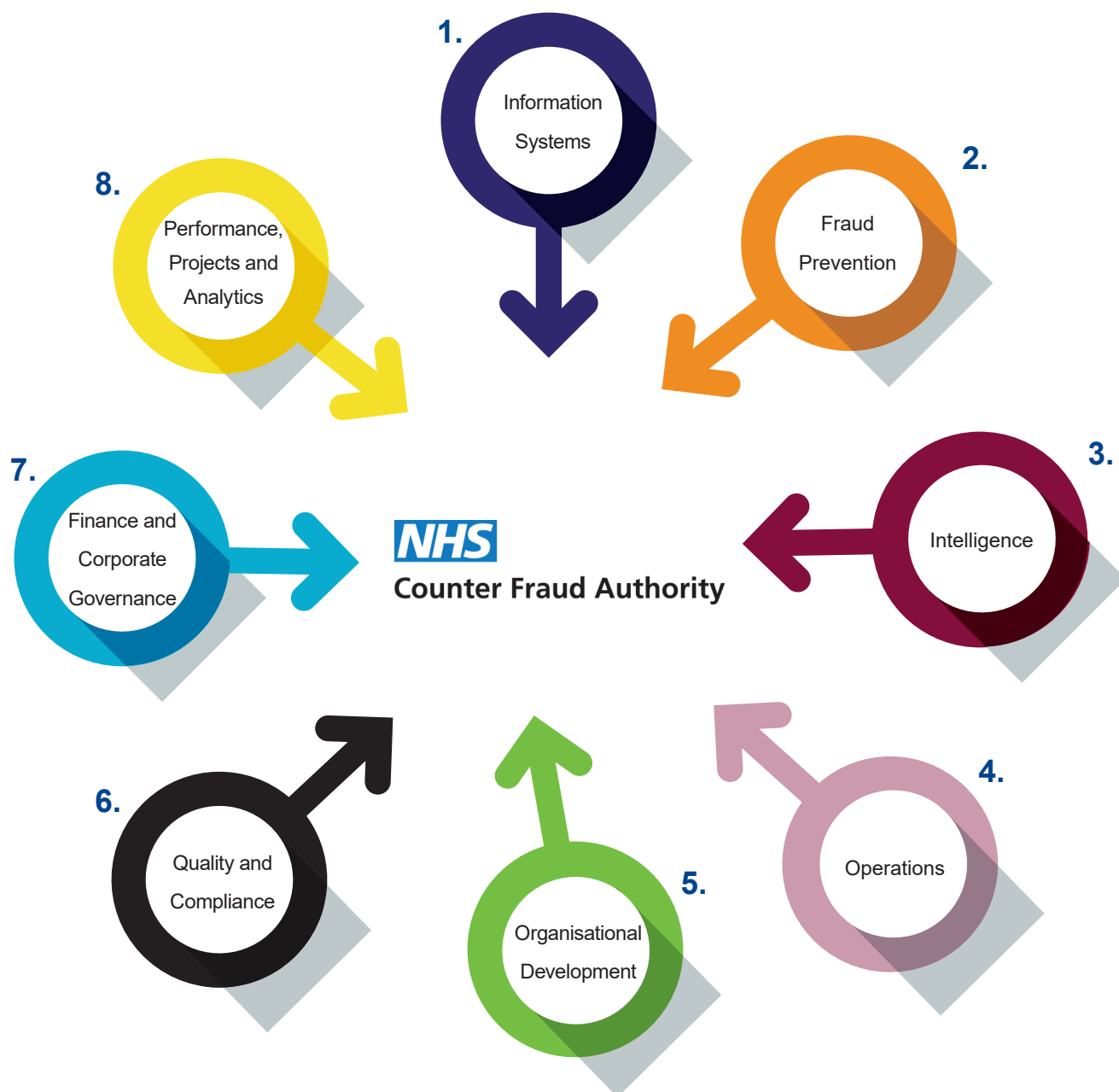
Effective use of our resources

We will effectively use our resources, identify and pursue opportunities for growth and innovation and reduce our operating costs.



Structure

The NHSCFA consists of several different business units:



1. Information Systems (IS)

IS are responsible for our digital infrastructure. They develop and maintain systems, ensure information security, create web applications and digital design products.

2. Fraud Prevention

The Fraud Prevention Unit (FPU) develop targeted fraud prevention solutions to address identified fraud risks. This includes reviewing and redesigning existing systems/processes or developing tailored guidance. The unit proactively identifies areas of vulnerability in conjunction with the Intelligence Unit, with the aim of developing and delivering fraud prevention opportunities.

3. 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 and identifying cases which may be suitable for further investigation by our Operations Unit.

4. Operations

The Operations Unit is responsible for investigating the most serious and complex cases of fraud against the NHS. They work 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. Our accredited FCU is able to recover and analyse digital evidence.

5. Organisational Development

The Organisational Development Unit combines communications, media relations and stakeholder engagement with training and professional development. The unit works with colleagues and stakeholders to raise awareness by publicising the work of the NHSCFA. Human Resources (HR) advisory services, previously procured from the NHS Business Services Authority (NHSBSA), have recently been brought in house.

6. Quality and Compliance

The overall purpose of the quality assurance programme is to enable the best possible outcomes for local NHS counter fraud work. This is achieved through benchmarking, assurance, inspection, and evaluation of effectiveness and value for money indicators in local counter fraud provision. The unit also provides nationally recognised risk assessment tools.

7. Finance and Corporate Governance

The Finance and Corporate Governance Unit's work spans:

- 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.

8. Performance, Projects and Analytics (PPA)

The PPA Unit supports performance by adopting a corporate approach to project and programme management. It monitors and challenges performance reporting from the other business units. This approach ensures that the Board are provided with timely and accurate performance information. They also manage the data and analysis tools applied to identify patterns and anomalies that may indicate fraudulent behaviour. These are used to support intelligence work and on-going investigations as well as our efforts to prevent fraud.

Changes ahead

These units, whilst independently directed, do not work in isolation but are to a high degree interdependent. The structures set out in this report have been subject to a functional review exercise over the course of the reporting year. The findings from this review will be the subject of intense scrutiny and it is anticipated that 2022-2023 will see some evidence of structural reconfiguration as part of the Evolution Programme. We will also discuss how any changes might affect our stakeholders and our relationships with them.



AVANTAGE

Our business model

Counter fraud leadership within the sector

Our enforcement

- National Investigation Service
 - including Forensic Computing Unit and Financial Investigators



Our compliance, advice guidance and intelligence

- Quality and Compliance
- Fraud Prevention
- Intelligence



Government Counter Fraud Functional Standard



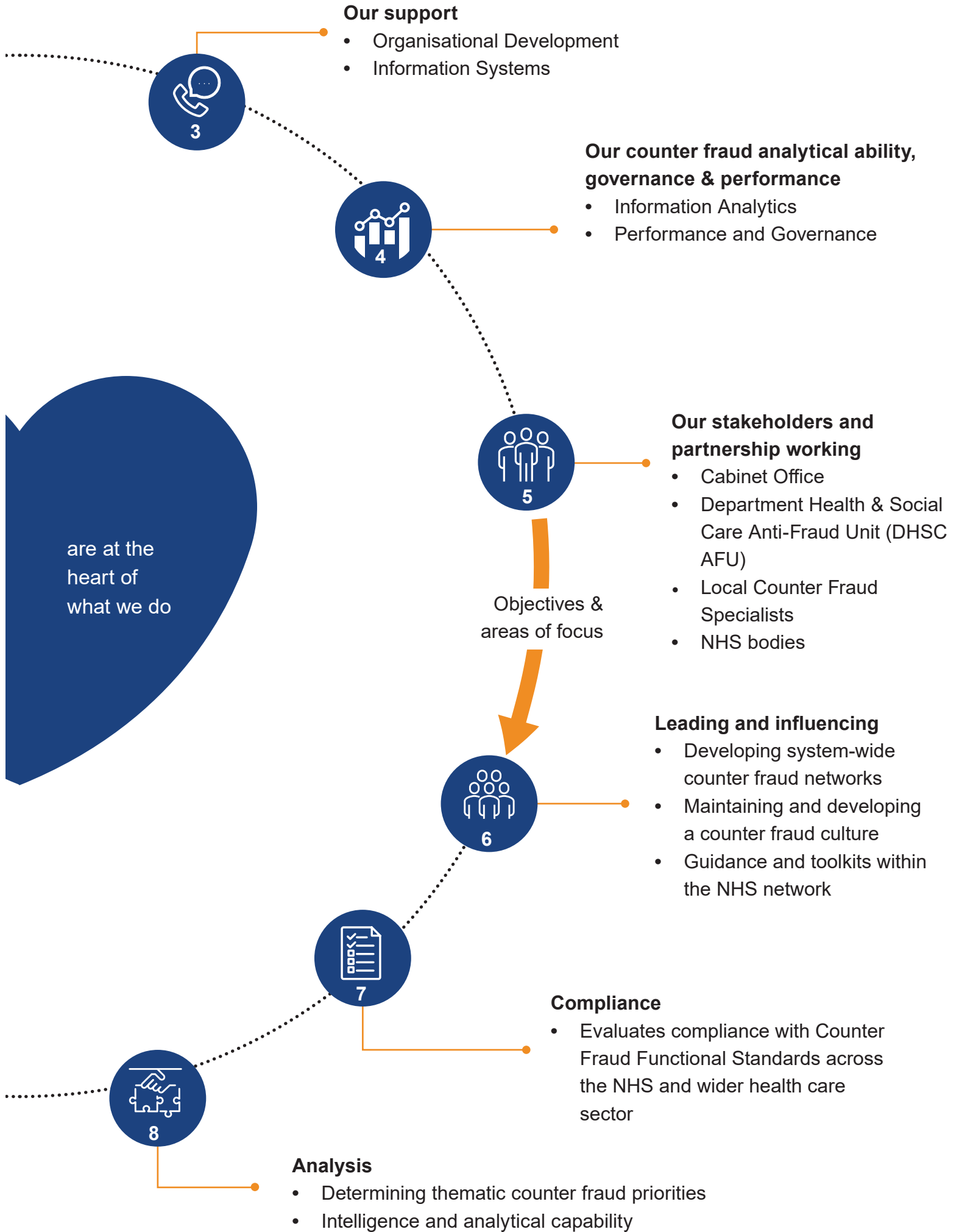
Identifying, assessing and informing

- Collating information against fraud threats
- Strategic Intelligence Assessment (SIA)

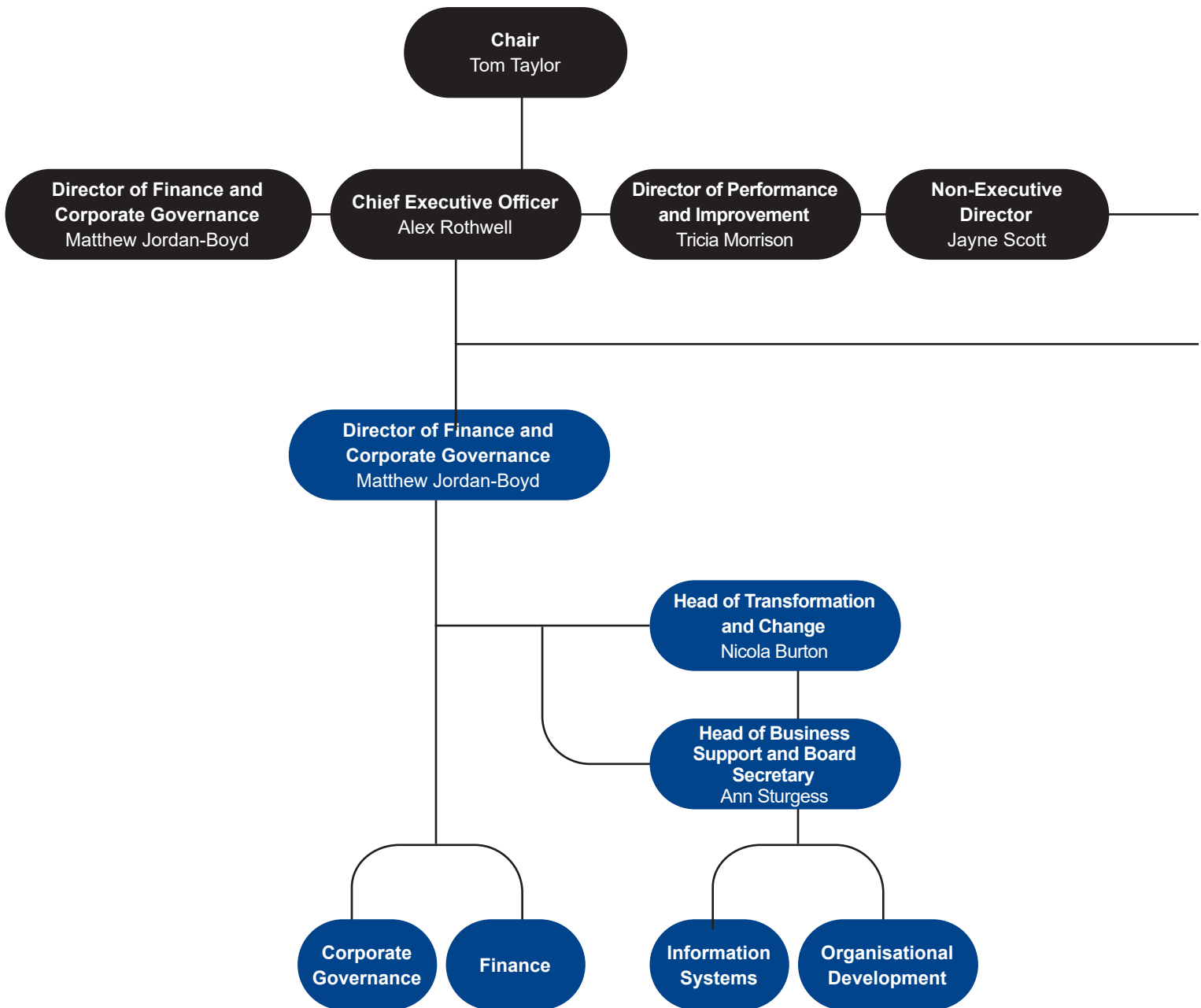
Investigative priorities

- Investigations are considered, prioritised and allocated
- Investigating allegations of fraud across national and local services




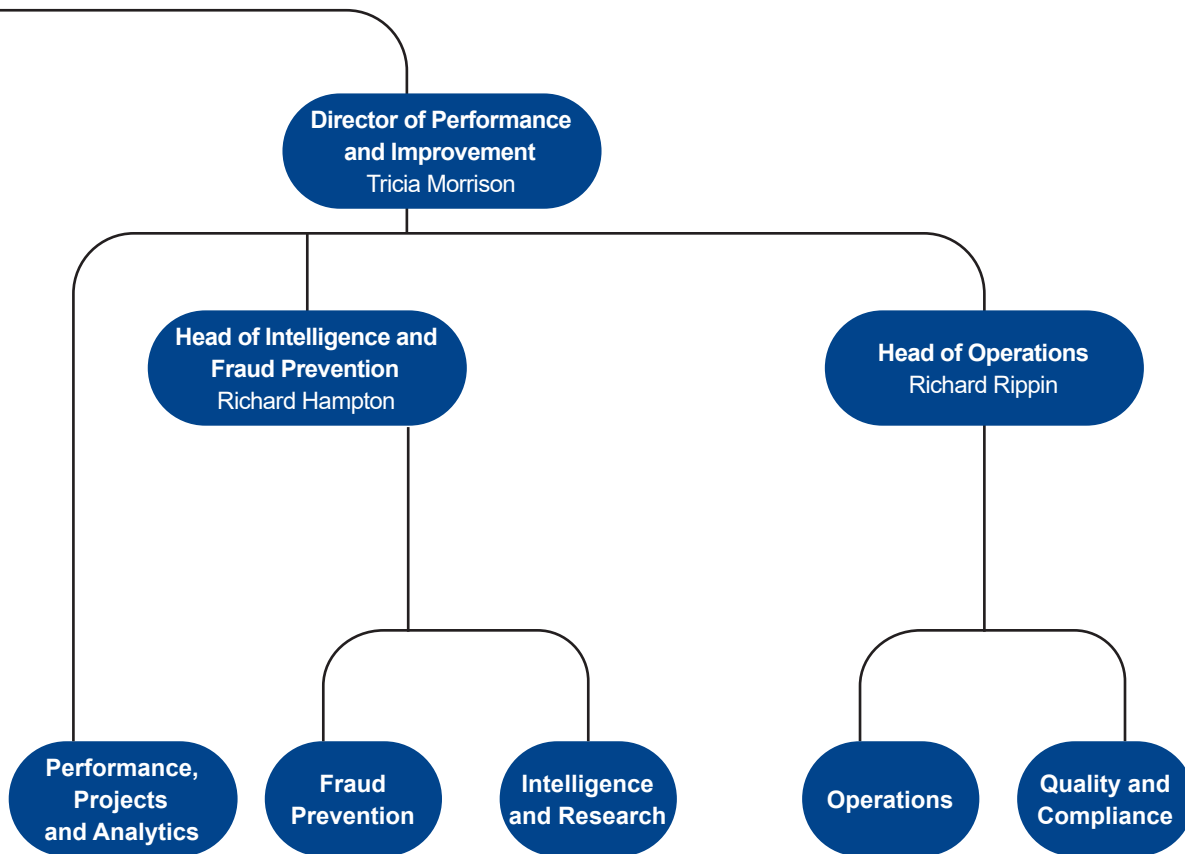
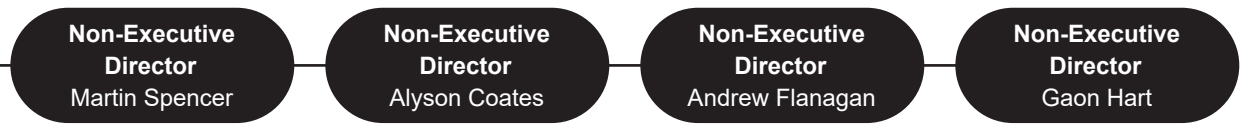


Board and high level structure chart as at 31/03/22



Key

 - Board members



Strategy, targets and themes

The NHSCFA is independent from other NHS bodies and is directly accountable to the DHSC.

We are currently working to meet the objectives set out in our 2020-2023 strategy, which can be found [here](#).

The COVID-19 pandemic caused us to revise our annual targets downwards between 2020 and 2022 but we are striving to meet our overall three-year target of recovering £400m. This is money which would otherwise be lost to fraud.

The NHSCFA is based in three locations, London, Newcastle and Coventry, although a large percentage of our workforce have become home workers or hybrid home/office workers.

This report touches on four themes (**Threat management, Collaboration, People and Infrastructure**) which run through all of our workstreams and link to one another. We believe they have played an integral part in our achievements in 2021-2022 and will continue to do so in the years to come.

Key challenges and risks

Whilst the impact of the COVID-19 pandemic abated, delays were still encountered in collecting data from the wider NHS to inform our efforts. The court system which had all but closed slowly reopened and we were able to start bringing cases to court after a long interval.

We continued to support our people throughout this time by enabling home working where desired and operationally appropriate. We have gradually reopened our offices under controlled conditions to those who wished to return to an office environment.

We have also commenced the first major review of the organisation since our establishment in 2017. This has been developed under the banner “Evolution – building a better NHSCFA”

This included reviewing all areas of our work to improve:

- our service delivery, so that we deliver the right things in the best possible way
- the quality of what we deliver
- the return on our investment
- the impact we have across the sector
- the NHSCFA as a place to work

There are more details regarding this programme at pages 59 to 62 of in this report.

The risks we concentrated on in 2021-2022 are explained in greater detail at pages 74 to 80 in the Accountability Report. They were and remain:

- inadequate resources
- lack of a proactive intelligence function
- changes to the fraud landscape brought about by legislative changes such as the Health and Care Act
- cyber enabled fraud against the NHS
- NHSCFA's own cyber security

Financial targets: summary of the year

Reduction of fraud losses



Target: **£149m**



Achieved: **£75.75m**

This is divided between **three** key areas of activity



For comparison purposes the figures below set out the results we achieved in each of these key areas in 2020-2021



Our targets explained

We have both financial and non-financial targets which we refer to as our key performance measures. The former relates to sums of money which through our counter fraud activities can be said to have either been prevented, detected, or recovered. All fraud prevented figures are calculated against methodologies which are formally approved by the Cabinet Office Fraud Prevention Panel a cross government panel of counter fraud experts who consider and endorse fraud prevention submissions. All values associated with detected and recovered fraud similarly comply with Cabinet Office reporting guidelines, and are subject to further scrutiny and validation by the internal NHSCFA Data Strategy Group prior to being published.



Why do they matter...?

Richard Rippin, Head of Operations explains:

"We all bear the cost when the NHS loses money to fraud. That is why financial targets are an important part of our collective response to fraud. We prevent money from leaving the NHS and recover money stolen from it, returning it so it can be used for what it was originally intended health services and patient care"



Our non-financial targets relate more to a measure of how we collaborate and communicate with stakeholders, our own people, and the public in general.

Financial targets

The financial targets NHSCFA are expected to achieve are set by our sponsor, the Department of Health and Social Care Anti-Fraud Unit and cover the life span of our current three-year strategy. The targets for the year 2021-2022 were set out in our 2021-2022 business plan and reflected our assessment of the areas under consideration and an analysis of what could be achieved. We were set a target of £149m for 2021-2022 based on our projections, whilst the achievement of £75.75m for this year represents a considerable increase of on last year's £52.2m it falls short of our 2021-2022 target.

- the National Investigation Service exceeded its target of £10m, achieving prevention, detection and recoveries totalling over 14.4m

Different factors came into play which affected our performance against the financial targets. These included changed priorities due to the ongoing pandemic and resource reallocation across the NHS.



We allocated resources to developing an innovative method of calculating behavioural change across scores of health bodies which demonstrated a reduction in vulnerability to fraud of £156.8m directly attributable to NHSCFA fraud prevention interventions. Whilst this amount is not reckonable in terms of our performance against our financial targets, (see pages 38 to 39 for more details), a figure of £50m was included in the target-setting process.

Substantial sums recovered through detections made in prescription and dental exemption claims by the NHS Business Services Authority (NHSBSA) related to 2021-22 have yet to be validated and will not become reckonable until 2022-2023.

Work undertaken on Post Event Assurance in respect of NHS procurement during the pandemic yielded £10m rather than the targeted £50m, however this does demonstrate a good level of assurance in the spend on COVID-19 by providers which is a positive outcome.

Direct enforcement undertaken by the LCFS garnered £2.2m against a target of £8m. This was slightly lower than the yield in 2020-2021, (£2.8m). NHSCFA will look to increase the support it gives to the LCFS community in 2022-2023 through the provision of specialist case-specific advice as well as specialist training.

Non-financial targets

Government Counter Fraud Profession, (GCFP)

The NHSCFA established a target relating to facilitating and enabling LCFSs working across the NHS to become members of the newly emerging Government Counter Fraud Profession (GCFP). Unfortunately access to the GCFP has not yet been extended to those members of the counter fraud community who operate outside of central Government Departments, or their designated ALBs as originally anticipated so this target has been carried forward into 2022/23 when it is expected that membership pathways for NHS LCFSs will become available.

Reports of fraud converted to investigations

On receipt of a report of fraud a decision needs to be made as to its accuracy and viability. A total of 1909 decisions on reports of fraud received were made during the year. Of these 1781 were deemed not to be actionable. However, 128 were converted onto the CLUE case management system for continued investigation. This gave a year end conversion rate of 6.1% which has exceeded the required 4% target.

Stakeholder perception of communication and engagement

A survey of our stakeholders asked respondents (n=108) to rate our communications and engagement at three key stages.

The survey will be used to establish a baseline against which we will continue to increase satisfaction amongst key stakeholders in the counter-fraud community by 5% next year.

Counter Fraud Champions

At the end of the financial year there were 357 nominated Counter Fraud Champions (CFCs) across the NHS in England including Commissioner, Independent Health Care Provider and NHS Provider organisations. This work is being led through our stakeholder engagement project and further details of this can be found on pages 42 to 45.

Our people

We have met our target of ensuring continued learning and development for our people. There have been 308 attendances at internally facilitated events and 131 attendances at externally facilitated events involving 166 attendees.

Results from recent staff surveys have been disappointing in terms of numbers of respondents as well as concerns expressed in those that have been received, regarding respondents' perceptions of the way they are led. Our Chief Executive together with our senior leaders have driven forward the design and implementation of an organisational action plan to address these concerns as a priority. Our new in-house HR resource also organised a series of focus groups for all staff to better understand the findings from the survey and to inform senior



management decisions.

“We ended the year in a strong position. We made very good progress against all our objectives. We identified areas for improvement and developed clear plans to address them. Our people have continued to innovate and demonstrate the resilience and determination needed to make a difference in countering fraud in the health service during the ongoing pandemic”.

Tricia Morrison Director of Performance and Improvement

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, at that time, for the Authority of 30 October 2023 as per Section 28A of the National Health Service Act 2006. At that time, this permitted the life of a Special Health Authority to be extended by order requiring approval of both Houses of Parliament. The Health and Care Act, which has now been enacted, removes this requirement therefore there is no longer a need to obtain parliamentary approval to renew, allowing the lifespan of the NHSCFA to continue.



**PERFORMANCE
ANALYSIS**

Introduction

The Performance Analysis provides greater detail on how we delivered against our strategic objectives for the year 2021-2022. We independently assess performance and delivery from each business unit every quarter. The assessments are undertaken by our Performance, Projects, and Analytics Team together with representatives from the Finance and Corporate Governance and Risk Management functions.

The findings are reported to the Board. As explained above 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 section provides further insight into the work undertaken by individual business units towards meeting our financial and non-financial targets. It covers the following aspects of our work:

- direct enforcement activity
- fraud prevention activity
- stakeholder engagement and growing the counter fraud community
- intelligence gathering, development and dissemination
- infrastructure, estates, and sustainability management
- how we treat our people and our values and behaviour framework
- how the organisation intends to evolve over the year ahead

Direct Enforcement

National Investigation Service (NIS)

The National Investigation Service, (NIS), operates as the criminal investigation arm of the NHSCFA and is responsible for investigating cases of serious and complex fraud, including those which have an element of bribery or corruption. It operates three teams across England with investigators based around each of our office locations.

NIS staff can utilise powers under the National Health Service Act 2006, the Proceeds of Crime Act 2002, the Regulation of Investigatory Powers Act 2000, and Investigatory Powers Act 2006 to assist them with their investigations.

All NIS investigations are required to comply with relevant legislation, principally, the Criminal Procedures and Investigation Act 1996, the Police and Criminal Evidence Act 1984 and the Human Rights Act 2000.

Offences are prosecuted under a wide range of legislation including:

- the Fraud Act 2006
- the Proceeds of Crime Act 2002
- the Computer Misuse Act 1990
- the Bribery Act 2010
- common law offence of conspiracy to defraud

Our Financial Investigators use the Proceeds of Crime Act 2002 to ensure that those who are convicted of such offences do not benefit from their crimes and that stolen monies are returned to the NHS.

NIS have also recently become responsible for ensuring that LCFS prosecution files comply with the Crown Prosecution Service basic file standards. This area of work is being further developed to support the LCFS community.

The NIS achieved a return of £11.6m in its direct enforcement capacity exceeding its operational target of £10m.



Quality management, post case review and continuous development

Serious and complex fraud investigations invariably generate enormous quantities of material, both in hard and digital format. The control and review of this material is both labour intensive and usually needs to be exercised over an extensive period.

One case which came to trial in 2022 was halted part way through the prosecution case and the defendants were acquitted. There were issues identified in the process used to deal with the identification and disclosure of relevant unused material. Unused material is anything collected during the investigation which is not used by the prosecution as evidence in court. The test for relevance and subsequent disclosure is that the material could undermine the case for the prosecution or assist the case for the defence. The case is currently being reviewed independently to examine the difficulties the case presented and to identify learning opportunities.

NIS have also recently introduced a quality management process which is designed to:

- review and refresh current operational procedures
- develop further guidance
- put in place a more robust case review process

NIS have collaborated with NHSCFA specialist trainers to develop and deliver a programme of continuous professional development for 2022-2023. This includes training to enhance the NIS staff interviewing skills, and refresh knowledge on matters such as the disclosure of unused material.

Forensic Computing Unit (FCU)

The FCU is an integral part of the Operations Unit and provides digital forensic services to support local and national counter fraud work across the NHS in England. Services are also provided to the DHSC AFU, and NHS counter fraud services in Scotland and Wales.

Recruiting to maintain a full complement of FCU specialists has proved difficult and much has been achieved with minimal resources. The London laboratory has closed temporarily to facilitate the move from Skipton House to South Colonnade. The Newcastle laboratory remains operational and continues to be accredited to ISO 17025 – “General requirements for the competence of testing and calibration laboratories”.

This standard specifies the general requirements for the competence, impartiality and consistent operation of laboratories. It is expected that after relocation, work to seek re-accreditation for the London Laboratory will begin in the late-summer of 2022.

Nine cases were submitted to the FCU in the reporting period, distributed as indicated in the table below.

Organisation	Number of cases
NHSCFA NIS	4
NHS England	2
NHS Counter Fraud Service Wales	2
NHS Scotland Counter Fraud Services	1

It should be noted that these figures relate to individual cases, each case may involve multiple suspects and numerous digital devices (PCs, laptops, tablets) requiring examination.

FCU has imaged over 5.5 Terabytes of forensic images in relation to these investigations. (One terabyte is generally estimated to contain 75 million pages of text).

FCU also attended the execution of two search warrants to provide on-site support. Ongoing support and further imaging have been provided for investigations submitted before this reporting period.

An out-sourcing contract is now in place (with an ISO 17025 accredited company) to provide mobile and tablet digital imaging. This should improve future turnaround times on investigations involving such devices.

People

In much the same way as the rest of the organisation many investigators have chosen to work from home where operationally appropriate.

One NIS investigator has been seconded to the DHSC AFU for the last 18 months to assist with their COVID-19 post-event assurance work.



Case studies

Contractor fraud

Case study - Operation ALGREN

This case concerned a dentist who made claims for providing NHS dental treatment over a three-year period, fraudulently obtaining over £74,000. She frequently stated that she had carried out dental procedures attracting the highest rates of NHS payments. Our investigation established that 378 false claims were made between 2014 and 2017.

The dentist pleaded guilty to all charges and prior to the trial repaid the money fraudulently obtained, with an additional amount to account for inflation. This took the overall repayment to £87,298.37. The court took this payment, the early guilty plea and previous good character into account when sentencing.

A sentence of 20 months imprisonment, suspended for two years, 250 hours of unpaid work, and a 20-day rehabilitation order was imposed.

Financial Investigation

One of our key objectives is the recovery of funds that have been illegally obtained from the NHS through fraud. One of the ways we seek to do this is by utilising our powers under the Proceeds of Crime Act 2000.

Case study - Operation BADON - update

In our 2020-2021 Annual Report and Accounts we reported on the successful prosecution of a senior NHS employee who diverted large amounts of NHS funds. These funds were diverted to companies they were a director of, for products and services that were never supplied. He was sentenced to imprisonment for a term of 5 years and 4 months for offences under the Fraud Act 2006.

Following an investigation by our financial investigators, the NHS employee's assets were identified and restrained. In January 2022 the Crown Court issued a Confiscation Order for £203,349.13. All of this will be returned to the NHS as compensation. This

figure represents the totality of the NHS employee's known assets and included £41,432.89 from his NHS pension pot.

This exemplifies the very real benefit of having trained and accredited financial investigators as part of our investigation arm.

It also demonstrates the patience required to see lengthy criminal investigations and prosecutions through from start to finish. Further delays were caused by the closure of the courts for a period during the COVID-19 pandemic. The investigation commenced in 2019.



**Threat
management**



Collaboration



The Fraud Prevention Unit (FPU)

COVID-19 Post Event Assurance (PEA)

The FPU was tasked by the Counter Fraud Board with examining how the relaxation of procurement rules as part of the COVID-19 pandemic response had been dealt with by NHS organisations. The aim of this was to better understand the nature, scope and potential value of procurement fraud risks associated with the measures.

FPU began by focussing on:

- the direct award of contracts, in the exceptional circumstances, where NHS organisations were permitted to procure goods, services and works with extreme urgency
- supplier relief payments. These payments were made by NHS organisations to ensure that “at risk” suppliers were able to continue to operate during the pandemic
- adherence to Government guidance issued in Procurement Policy Notes

The FPU identified savings from contract cancellations amounting to some £10M as well as a claw-back of supplier relief payments. These were identified by analysis of information / intelligence, or through due diligence enquiries which identified potential risks.

The FPU concluded that most NHS organisations had maintained good levels of financial governance, assurance, transparency, and fraud risk management for the periods examined.

There were a small number of instances within a minority of NHS organisations where performance could have been better.

Non-purchase order spend

This exercise used comparative data gathered across the health service to identify purchases made without the creation of a purchase order; an area known to be vulnerable to fraud. Data from 2018-2019 indicated a worrying level of non-purchase order procurement. The FPU undertook direct prevention activity to target and reduce the financial fraud risk vulnerability.

Financial fraud risk vulnerability refers to a budget or area of spend that is vulnerable to fraud through:

- poor controls
- lack of oversight
- staff bypassing established processes, systems, and controls, such as approving expenditure in the absence of a purchase order number

By engaging with LCFs and procurement and finance teams, through a directed communications campaign the FPU promoted the message further via:

- targeted workshops
- webinars/presentations
- production of specific procurement fraud guidance
- toolkits to assist LCFs in promoting procurement fraud awareness
- Q and A sessions & FAQs
- site visits

The aim was to reduce this area of vulnerability through raising awareness and encouraging behavioural change.

This would be demonstrated by improved policies and procedures and increased levels of fraud awareness.

Following this programme of engagement, the NHS Organisations were asked to submit up-to-date comparable data. 79 NHS organisations submitted completed data for both parts of the exercise, (before and after data). Analysis of this data revealed that fraud vulnerability in this area had been reduced by £156.8m. This can be broken down into a reduction in instances from 282 to 223 which equated to a reduction in vulnerability to fraud from £757.4m to £600.6m.

Conducting these exercises involved close collaboration between the FPU and other NHSCFA business units on data analysis and communications. Wider collaboration took place with the Cabinet Office, (in terms of methodology assurance) and with other parts of the wider NHS, as well as individual NHS organisations, their LCFs and senior management teams.



“We have successfully demonstrated how counter fraud practitioners can positively influence behaviour to reduce vulnerability to fraud.”

**Lorraine Harris,
Fraud Prevention Lead NHSCFA**

Stakeholder engagement

The Fraud Risk Knowledge Hub

This is a resource to support organisations in identifying, managing and recording their fraud risks in line with local policies and identifying the different ways fraud could occur.



This enabled them to conduct risk-based Local Proactive Exercises, (LPE), to prevent and detect fraud locally and to provide a measurable impact and demonstrate value for money for the £9M spent on proactive work each year throughout the NHS.

We held a series of workshops with LCFs between September 2021 and January 2022 to provide guidance on how to accurately capture proactive work on the CLUE case management system.

In 2021-2022 over 900 LPE were recorded. The financial benefits of these are currently being calculated.

Benchmark reporting

A series of workshops was also conducted to determine stakeholder requirements in respect of data benchmarking. The benchmark reports enable senior managers across the wider health service to view:

- objective data about their organisation's performance against national case criteria and successful sanction and recovery actions in other organisations
- organisational comparisons against similar organisations based on available criteria (size, type and budget)
- performance data pertaining to local healthcare groupings

Counter Fraud Functional Standards - NHS requirements

All NHS organisations are mandated under the NHS Standard Contract to submit annual returns in compliance with the NHS contract and Government Functional Standard: Gov S013. The purpose of this return is to measure whether the organisations adequately counter fraud, bribery and corruption.

These returns are used to develop responses to issues and concerns and to support engagement programmes. One item of interest from the last round was that spending on counter fraud work had reduced nationally by nine percent, (equating to about a million pounds). It is not known if this trend will continue but a key focus of engagement will be establishing whether levels of service have been affected by this reduction.

Further information on the NHS Standard Contract and Gov S013 can be found [here](#).

We have supported NHS Scotland in relation to developing and implementing functional standards and conducting local risk assessments. We have also supported the Department for Education in the same way.

Local Counter Fraud Specialists (LCFSs)

Considerable work has been undertaken to manage the LCFS nominations process. This process is used by NHS organisations to nominate individuals as their LCFS and enable them to access NHSCFA information and IT systems which they need to do their work. This will also support NHSCFA in the Evolution Programme having examined areas for organisational improvement.

During the year, we were particularly pleased to welcome Suzanne Lillford, an LCFS, to work with us on secondment who provided an invaluable perspective and input into our work.

“I have personally witnessed the desire for change and a cohesive working relationship across the sector ...there is definitely a strong desire to work together on our common purpose. There is an appetite to engender change, move forward and professionalise the whole NHS counter fraud service”.

Suzanne Lillford
LCFS



Stakeholder Engagement

During this difficult period, the Quality and Compliance team have maintained single points of contact with stakeholders externally.

As part of the stakeholder engagement project work, we established a stakeholder engagement group composed of volunteer Directors of Finance, Chief Financial Officers, LCFSs and Audit Committee Chairs. This group has provided very useful assistance in relation to a variety of topics, including the operation of the Functional Standard requirements, data benchmarking and Government Counter Fraud Profession (GCFP) onboarding.

We have offered significant assistance to the Cabinet Office in relation to the development of the GCFP fraud risk standards.

As a result of the risk management work we conducted, Tim Barlow (Senior Quality and Compliance Inspector) was awarded the GCFP Member of the Year award at the Public Sector Counter Fraud Awards 2022.

We established a Stakeholder Engagement portal on Go2 our intranet, to make staff aware of the project and to update them about our progress. We also held a series of workshops with the NHSCFA Aspiring Leaders cohorts to outline the scope and benefits of the project.

The Stakeholder Engagement Project group has, along with the CLUE Project team, been early adopters of the corporate project process. This has supported reporting, clear accountability, and achievement against deadlines across all workstreams. In addition, the Stakeholder Engagement Project were early adopters of the Verto project management application; this has saved an enormous amount of administrative input and has enabled clear oversight of the project for all participants.

Several supporting materials have been developed to complement materials already provided by the Project Management Office to assist with future corporate projects, such as an operational user guide and performance management dashboards.

Engaging with the NHS counter fraud community and the public

Communications strategy

Corporate Communication and Engagement team have created a Communications Strategy focused on improving internal and external stakeholder engagement. The aim is to improve how the NHSCFA and the services we deliver are perceived by the NHS counter fraud community.



Initial findings using a small sample indicated that the community's perceptions have improved between pre-COVID-19 and 2021, and we will continue to conduct surveys to monitor progress.

This is part of the stakeholder engagement programme designed to emphasise the value of cooperation in countering fraud. Among the programme highlights are:

- members of the executive team conducting webinars, (14 held last year)
- improving the content of our Ngage communications platform
- monthly awareness-raising articles on key topics
- introducing an LCFS secondment at NHSCFA

In terms of our reach

Advertising Value Equivalent (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.

Through our media relations work in the calendar year 2021 we achieved an AVE of £1.87m. In the first quarter of this calendar year, 2022 we have already achieved an AVE of £1.74m.

Counter Fraud Champions

We have supported the programme behind embedding Counter Fraud Champions,

throughout the health sector, many of them senior managers at their health bodies by:

- prioritising stakeholder groups then focusing on the top two tiers: LCFSs and Counter Fraud Champions, (Directors of Finance and Audit Chairs)
- developing the Counter Fraud Champions role as a distinct strategic role, supplementing the LCFS role within Trusts and aiming for 95% Trust compliance with the mandate to recruit a Counter Fraud Champions at a senior level
- creating webinars with our senior leads aimed at Counter Fraud Champions, ensuring effective dialogue with manageable numbers, recording, transcribing and publishing them
- attending regional LCFS and Counter Fraud Champions meetings

Specialist Training

Another area where connections are being made, and existing connections strengthened, is in the provision of specialist training in criminal investigation techniques, skills, and knowledge. The Organisational Development Unit training arm provides specialist training to NHSCFA staff and where capacity permits, to LCFSs. Training is delivered both face to face and online. These programmes have been well received and we believe will yield improved results in terms of local investigation outcomes.

Some of the feedback we received is reproduced below. The only negative feedback to have filtered through was that there was a desire for additional and more extensive courses.

“The trainers had immense knowledge of the course and were always willing to provide answers to questions. They are a great asset to CFA and their training model really reflected their commitment and support to the LCFSs”.

“Excellent. They have the practical knowledge as well as the case law to back it up. I have complete and total confidence in the advice they give and would rely on that in real investigations”.

“Overall, the content covered on the course is going to be invaluable to us as a team”.

Intelligence

The Strategic Intelligence Assessment (SIA)

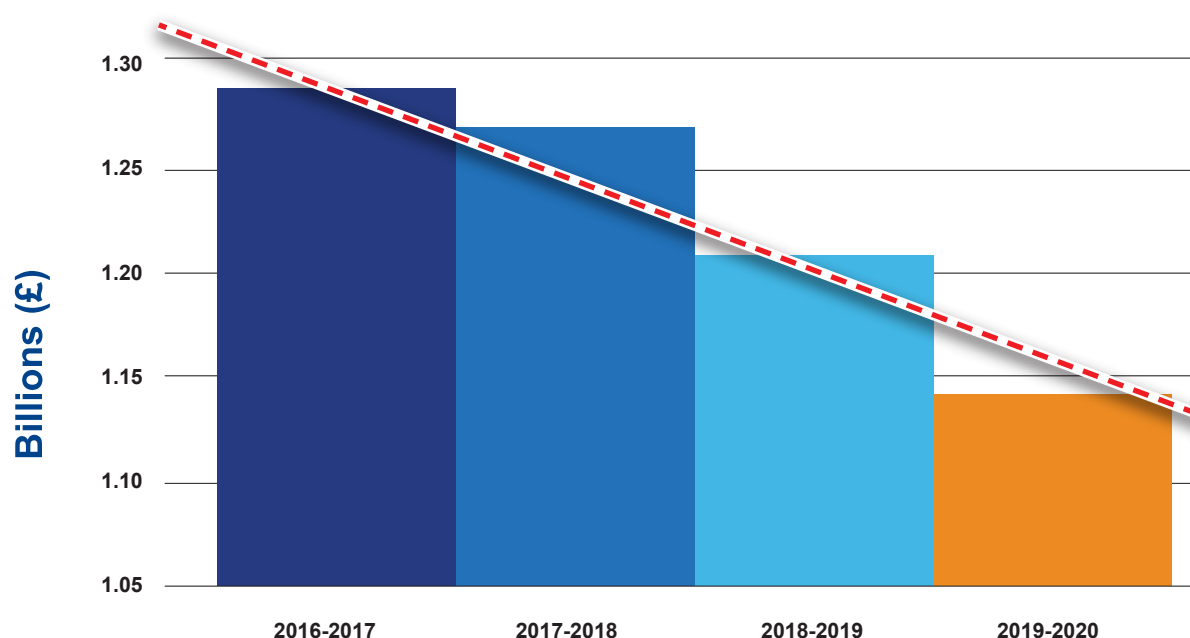
The NHSCFA completes a yearly SIA to provide an estimate of fraud losses. It identifies threats, vulnerabilities and enablers and measures the risk of fraud to the NHS alongside the NHSCFA's ability as an organisation to mitigate this risk.



Three aspects of risk in fraud against the NHS	
Threat	A threat is defined as a person or group, object or activity, which has the potential capability and intent to commit fraud against the NHS.
Vulnerability	Vulnerability describes a passive weakness in systems, policy, procedure, legislation, regulations or governance that allow fraud to occur.
Enabler	An enabler describes an active individual, group, object or system exploitation that allows fraud to occur, such as conflict of interest or collusion.

By identifying possible fraud, the NHSCFA, alongside stakeholders and other organisations, hopes to proactively reduce and stop public funds ending up in the hands of criminals.

Overall estimated vulnerability



Fraud vulnerability has been decreasing year upon year since the formation of the NHSCFA. This is a result of a proactive and collaborative approach from all stakeholders within the health group; working collectively to identify vulnerabilities and mitigate any risk posed.

The SIA is based on an analysis of fraud reports which are divided into fraud types known as “thematic areas”. The main source of allegations are members of the public or NHS staff. The thematic areas are listed in the table below together with the number of reports received in respect of each during 2019-2020, the most recent available figures.

Thematic area	Number of reports
NHS staff fraud	2369
Help with health costs (patient fraud)	1228
Procurement & Commissioning	384
Fraudulent access to secondary care	348
GP contractor fraud	165
Pharmaceutical contractor fraud	156
Dental contractor fraud	97
NHS Bursary fraud	52
Optical contractor fraud	27
Reciprocal healthcare fraud	24
NHS Pension fraud	23
National Tariff and Payment by Results data manipulation	13

These are risk assessed using a probability by impact formula. The risk assessment also considers the ability of the health sector to mitigate against the risk. A total of 4,886 reports were received over the course of the year, the vast majority of which related to the top four thematic areas. The SIAs are available to view on our website [here](#). The site also contains insights into the top thematic areas, together with estimates as to their exposure to fraud.

The next SIA will be available later in the year and will draw on data collected between 1st September 2020 and 31st August 2021. Later SIAs will be aligned with the financial year.

It is important to note that when discussing threat groups such as patients or NHS staff we are talking about the tiny minority who are exploiting vulnerabilities and enablers for personal gain. Such individuals not only cost the NHS money but can damage the reputation of an otherwise exemplary workforce and the trust the public has in the NHS.

The Central Intelligence Team (CIT)

The CIT assess the thousands of allegations received by NHSCFA each year to identify those which should be prioritised. They also decide the most appropriate form of enhancement or dissemination. Recipients may include:

- LCFSs
- regulatory bodies
- counter fraud services in Wales and Scotland
- other government departments
- the police
- local authorities

Allegations received by year (Sept – Aug)			
2016-2017	2017-2018	2018-2019	2019-2020
4,602	4,799	5,670	4,886



Information Governance (IG)

Infrastructure

The improvement of our IG infrastructure continues to be a priority area. We remain compliant with NHS Digital's Data Security and Protection Toolkit. Compliance is mandatory for all organisations that have access to NHS patient data and systems.

This means we comply with:

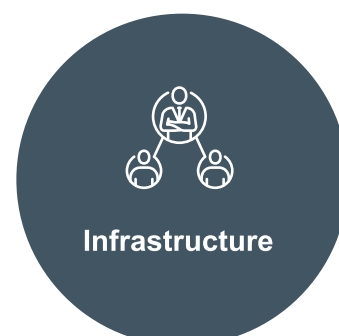
- the post Brexit UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018
- expected data security standards for health and social care, for receiving, holding, processing, retaining and sharing personal data
- the need to actively maintain confidentiality and privacy
- requirements in place to access secure methods of digital health and care information such as Summary Care Records (SCR); and recognised industry standards governing the use of our processes and information asset systems

IG training and awareness

Successful collaboration between IG and several other NHSCFA teams has been instrumental in maintaining our mandatory target of providing 95% of staff with annual IG training.

We have done this by:

- developing specific IG e-learning training bite modules. These are made available to staff via our intranet. This was supplemented by the publication of IG/cyber related awareness articles and phishing email campaigns
- updating the organisation's Information Asset Register. This provided the IG and ISA teams with information to identify potential risks, through understanding what information is held, what the asset is used for and the nature and purpose of the processing
- refining our Information Sharing Agreements and Data Protection Impact Assessments forms, so that they remain fit for purpose
- developing a bespoke organisational contract management



process and review programme, as one of the strands feeding into our own counter fraud requirements

Personal Data Loss Incidents

Confidentiality and security of personal data is of paramount importance to us. Most of the data is held in electronic form.

All incidents involving loss, unauthorised disclosure or cases of near misses are reported and recorded. We have a duty to report notifiable breaches, to the Information Commissioner's Office within 72 hours.

There were no such losses in 2021-2022.

Risk Management

We have well-established processes in place to identify principal risks that may influence or impact upon the delivery of our functions. These enable us to develop and implement appropriate and consistent controls to mitigate adverse risks and reduce their impact.

Central to our approach is our Risk Management Policy. This outlines the adopted methodology for identifying, recording, evaluating and managing risks to which NHSCFA is exposed, and is aligned with our stated risk appetite.

As part of this framework, we maintain a comprehensive risk register that records our Strategic, Corporate and Operational risks and issues. These are regularly reviewed and subject to challenge by the Senior Management Team, the Audit, Risk and Assurance Committee (ARAC) and our Board who take an active interest in our risk management processes.

Infrastructure, estate and sustainability

There have been several developments which have radically altered our IT infrastructure.

Our move to the Public Cloud was expedited by the necessity to exit our on-premises data centre within Skipton House, which housed about 80% of the NHSCFA's physical IT infrastructure.

This provided various network links to:

- other NHSCFA sites
- the Internet
- the Public Services Network (PSN)
- the NHS Health & Social Care Network

This was due for an imminent refresh which would have required a significant financial investment.

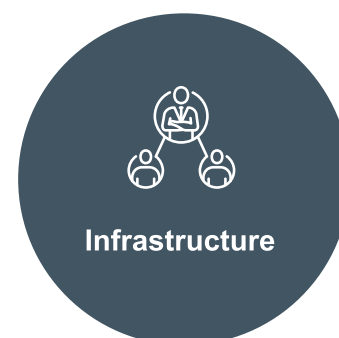
The move to the cloud was also compliant with the government's ["Cloud First"](#) approach.

We believe that the migration of our infrastructure to the cloud will offer the organisation some significant advantages:

- no need to research, source, and purchase new hardware of this type
- improved resilience (business continuity)
- IT requirements can be easily expanded or contracted
- further mitigation of cyber security risks
- a reduced office footprint

Introducing these changes required close collaboration with the NHSBSA. They provided expert help and advice from design through to implementation, and in the transition from project initiation to business as usual.

The NHSBSA also had a part to play in securing the physical move from Skipton House to South Colonnade. This will take place in May 2022.



Our Newcastle office is being reconfigured to reduce its size and to improve the office environment. This was due to begin in 2021 but was delayed by the pandemic.

Our people are moving, where desired and operationally appropriate, to home working or mixed home/office working. This and the Evolution Programme will influence future decisions about the management of our estate, including our Coventry premises.

The use across the organisation of Microsoft Teams and Office 365 has enabled us to continue to stay connected. The vast bulk of data held by individuals or business units was migrated to Sharepoint. This was supported by online training sessions, videos and FAQs which remain available for staff on the Go2 intranet system.

Infrastructure and security

We are accredited to ISO/IEC 27001 'Information technology — Security techniques — Information security management systems — Requirements'. This is an international standard that specifies the requirements for an information security management system within an organization.

Even though much of our data is now held on the cloud, we continue to maintain our own cyber security measures to protect the data we hold, much of which is sensitive personal and commercial data.

Sustainability

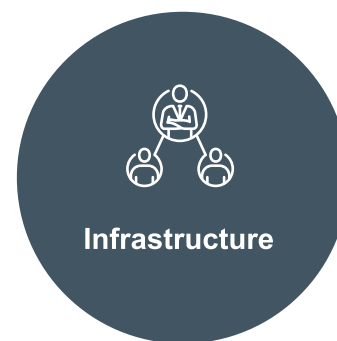
Reporting history

Between 2017, when we were established, and 2019 we were exempt from reporting under the Greening Government Commitment regime due to our size. In 2019 - 2020 we were not required to provide a stand-alone report as our figures were consolidated into the DHSC return.

We provided information on sustainability for the first time in our 2020-2021 Annual Report & Accounts. This reflected the upheaval caused by enforced home working during the pandemic, followed by the planned re-configuration of our estate and adoption of smarter working practices. Consequently, it is impossible to provide definitive statements in respect of many areas related to sustainability and it will be some time before we are able to produce reliable baseline figures for year-on-year comparison.

The current position

The increased uptake of remote and hybrid working, along with the reduction in the size of our offices, will reduce the amount of energy required to power and heat the NHSCFA estate and decrease water consumption. It is not possible to state what the net impact will be as we cannot determine the consequential increase in domestic energy and water consumption for staff working from home.



This shift has meant that there has not been a return to pre-pandemic levels of commuting and other business-related travel. While working patterns are still being established, we do expect this change to produce a significant reduction in travel related emissions. Without having information on pre-pandemic commuting arrangements, it is not possible to determine the net reduction. However, the significant reduction in the amount spent on business travel, indicates a substantial reduction to pre-pandemic, travel related emissions. Overall, in sustainability terms this should be considered alongside increases in domestic energy and water use.

Reduced vehicle use also has a positive impact in reducing the often overlooked but significant problem of micro-plastic and toxic transition metal particles released by wear on brakes and tyres. These particles not only pollute the environment but may be inhaled and cause serious health conditions.

NHSCFA continues to work towards being largely paper free and staff are discouraged from printing documents except where this is necessary, for example where printing may be a reasonable adjustment under the Equality Act 2010.

Increased working from home is also likely to reduce the amount of plastic waste from disposable drink cups and food packaging.

Future considerations

As we continue to change our estate profile and working practices we will continue to give due consideration to sustainability matters. While our operations do not usually offer us any opportunity to consider rural proofing, the fact that many of our roles can now be home based means that people in more remote areas of the country may now be able to seek employment with us. This benefits the NHSCFA too by increasing the pool of talent we can draw from.

Bringing Human Resources (HR) in-house

In 2021 we conducted a review of how and from where we resourced our HR function. This was being provided under contract from the NHSBSA. Informed by independent, specialist advice, the review concluded that as a stand-alone Special Health Authority it was appropriate and cost effective to bring this function in-house. This decision was reinforced by the NHSBSA informing us that they would not be offering this service beyond 31st March 2022.

We believe that with the function in-house we will be better able to:

- provide bespoke HR support to our people
- benefit from the provision of strategic HR advice to support management decisions
- professionally review and improve existing policies and procedures
- provide HR training tailored to our needs
- reduce the risk of non-compliance with legislation
- combine HR advisory services with feedback from staff gathered through our annual staff surveys to focus HR support

We have completed a skills analysis audit and are reviewing options for a talent management programme. Outcomes from these will help to shape the delivery of our people plan in 2022 – 2023.

Mental Health

In 2021-2022 the Mental Health Working Group arranged online Mental Health Awareness training for our people with no line management responsibility. This was in addition to a lecture given by an external speaker around suicide awareness. For managers, we offered a talk by an external speaker on managing the mental health challenges involved in returning to work in the physical office environment. This year we also trained our first cohort of Mental Health First Aiders.



Throughout the year we continued to raise awareness of and encourage openness and acceptance about mental health issues. Numerous articles on mental health have been

placed on our intranet. Where possible these have included links to sources of help and advice. We have also encouraged and received contributions from our people at all levels, who have written intranet articles about their own experiences of mental health challenges.



This work has been supported by our Board, new CEO, Senior Management, the People Engagement Group and Unison.

Equality, Diversity, and Inclusion (EDAI)

The EDAI committee, a forum for employees to discuss and make proposals for consideration in the organisation's planning process, was formed in 2020.

All of the initial short-term objectives were achieved and included:

- obtaining support from the senior management and a senior management lead
- appointing a NED to the committee
- embedding EDAI matters into staff surveys, management, and team meetings

Further work identified a clear need for policy review and development. We also established that action was needed to ensure that our recruitment processes integrated best practice. It was clear that this would require HR expertise that was not available at the time. Work in this area was consequently put on hold until this is available.

In the meantime, the EDAI committee has ensured that our intranet is used to provide information about a spectrum of EDAI issues and events. Members have also participated in several wider NHS forums and cross-government networks.



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.



During the reporting year we employed a total of 170 people of whom 165 were permanent employees. The previous year the figures were 168 and 164 respectively.

Our Values and Behaviour Framework

<p>Expertise</p> <p>Showing a commitment to keeping up to date with new ideas</p> <p>Having the necessary knowledge and skills to undertake your role</p>	<p>Integrity</p> <p>Behaving in an honest and ethical way appropriate to the aims of our organisation and the wider NHS</p>	<p>Professionalism</p> <p>Supporting the organisation's aims and vision</p> <p>Acting as a positive role model for colleagues</p>
<p>Fairness</p> <p>Demonstrating a commitment to equality and diversity</p> <p>Behaving in a supportive way to colleagues</p>	<p>Objectivity</p> <p>Being non-judgmental and impartial</p> <p>Maintaining balance in thinking and behaviour at all times</p>	<p>Vision</p> <p>Constantly seeking to see and understand the bigger picture</p> <p>Knowing how you fit into and contribute to the organisation and the NHS</p>

The Evolution Programme

We decided to conduct a series of functional reviews across the organisation to ensure that we were configured optimally to address changes in the fraud landscape and inherent risks. Analysis of these reviews soon led us to conclude that implementation of the findings required an organisation-wide approach.

Several factors influenced this decision:

- changes made to one business unit's functions would inevitably have consequences for others
- the relocation of our London office
- the reconfiguration of our Newcastle office
- the move of our IT infrastructure to the cloud
- the adoption of different working practices arising out of the pandemic

We concluded that rather than tinkering with the remit of individual units we would benefit from a more holistic approach.

This Programme is being conducted under the banner "Evolution".

The aims of the Evolution Programme, are to help us improve:

- our service delivery
- our return on investment
- our impact across the sector
- the NHSCFA as a place to work

The decision-making process will begin in earnest in 2022-2023, however a lot of preparatory work has already been undertaken. The first part of which was a series of some twenty workshops to determine:

- current effectiveness
- what we do well
- what we do less well
- what would happen if some work was not undertaken
- what could improve effectiveness
- whether work was being duplicated across units

We also mapped out a management and governance structure, including arrangements to ensure the Evolution Programme focuses on our commitment to work in partnership with the wider NHS, including the Counter Fraud Community.

This structure consists of several groups.

The Evolution Sponsor Group

The Evolution Sponsor Group is responsible for defining the programme's priorities, ensuring alignment to our strategy, and providing advice and support for successful delivery.

The group consists of:

- Director of Finance and Corporate Services
- Director of Performance and Improvement
- CEO
- Board Chair
- Head of Transformation and Change (programme lead)

The Director of Finance and Corporate Services is the Senior Responsible Officer (SRO) for the Programme. The ultimate authority and accountability for the programme resides with the SRO.

The Group will:

- be responsible for the scope of investment into the programme
- set overall programme priorities
- reconcile conflicts between programme priorities
- advise and support the SRO
- resolve strategic and programme issues and risks
- champion the programme
- approve required resources
- confirm successful delivery and sign-off at programme closure

The Evolution Programme Board

The Evolution Programme Board will support the SRO in making decisions and providing

challenge and approval on issues affecting programme progress.

It has a specific responsibility to set direction and oversee the progress and effectiveness of the Programme.

It will also provide the SRO with stakeholder or technical input to decisions affecting the programme.

The Evolution Programme Board will:

- optimise timing of workstream outputs
- provide assurance on delivery and realisation of benefits
- identify, assess, define and track outcomes and benefits
- identify significant costs and benefits to optimise business cases
- approve the stakeholder engagement strategy and change management plan
- manage and resolve risks
- release and commit resources for planning and delivery
- create new structures, operations and working practices
- report on benefits beyond the life of the programme

Evolution Change Panel

The Evolution Change Panel will assess recommendations for improvements.

Recommendations already implemented include:

- increasing the provision of specialist counter fraud training to LCFs
- diverting resources to make in-house e-learning more plentiful and effective

The External Challenge Group

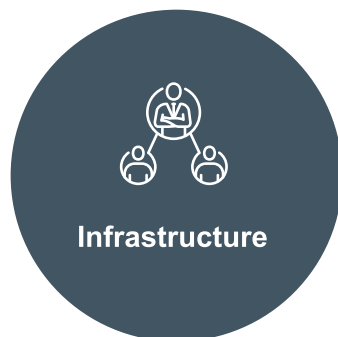
The External Challenge Group will be responsible for the check and challenge of proposals endorsed by the Evolution Programme Board. It will represent the interests of our external stakeholders to ensure that proposals consider impact, benefits, reputation and improvement of all potentially affected parties.

It will be made up of members of the Counter Fraud Community from different organisations.

For example, DHSC, NHS England/Improvement, NHSBSA and individual health bodies.

The group will:

- consider, review and constructively challenge proposals arising from the programme
- proactively consider the impact of programme direction on stakeholders
- actively engage with the programme to enhance specific proposals and measure benefits
- act as champions within their organisations to raise the profile of the programme
- facilitate feedback from their organisations



Chief Executive Officer
08/07/2022



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 remuneration and staffing details.
3. Parliamentary accountability and audit report. Disclosures required by parliament.

Taken together these contribute to demonstrating compliance with all our statutory obligations and accounting requirements. They also provide a clear description of our 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 our report and audited financial statement for the year ending 31st March 2022 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 2021-2022 the Board comprised of our Chair Tom Taylor, five NEDs and three executive Directors; except for a short period between 1st October 2021 and 7th November 2021, when the number of executive Directors was two pending the arrival of a new substantive CEO. 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"¹. 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](#).

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

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>

An analysis of our performance is set out on pages 31 to 62 and plans for our future on pages 59 to 62 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 pages 55 to 58.

The Comptroller and Auditor General is the statutory auditor of the NHSCFA. The fee for 2021-2022 is £65,000 compared with £70,000 in 2020-2021. 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.

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 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 our 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 (FReM) 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 FReM have been followed, and disclose and explain any material departures in the accounts
- 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 can confirm that:

- There is no relevant audit information of which NHSCFA's auditors are unaware.
- I have taken all steps I ought to have taken to make myself aware of any

relevant audit information and to establish that NHSCFA's auditors are aware of that information.

- The annual report and accounts as a whole are 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 our Chief Executive Officer, 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 [our website](#).

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 which include our assurance framework and assurance mapping process

Overall, it concludes that the control environment operated effectively, and it highlights areas for further improvement.

Sponsor Oversight

[The Framework Agreement](#) between DHSC and NHSCFA details the governance arrangements between the two.

Finance, performance and accountability meetings are a requirement of this agreement and provide opportunities at regular points through the year to discuss and inform:

- financial and budgetary status and resourcing
- performance in respect of financial and non-financial targets

- high level strategic decision making and planning

Regular working level meetings enable comprehensive and accurate forward planning at an operational level, through exchanges of information horizon scanning and problem solving.

NHSCFA Board

This year saw the expansion of the Board and its committees with the successful induction of three newly appointed Non-Executive Directors. This year the Board has overseen work to evolve the direction of NHSCFA including, our future stakeholder engagement and enforcement supporting strategies, and the continued positioning of the NHSCFA business plan to support the NHS in its ongoing response to the COVID-19 pandemic, its legacy affects, and the resulting fraud risks. Areas of oversight included:

- publication of our 2022-2023 Business Plan
- our evolution and transformation work
- our management of data access and data quality assurance
- Data Strategy Group outcomes, and progression of our approach to approved methodologies
- enforcement, disruption and alternatives to prosecution

The Board received quarterly performance reports, and highlight reports from corporate projects, as part of the organisation's established performance and project management approach. The Board considered aspects of the 2021-2022 delivery plan and metrics which required a pivoted approach in-year. This was caused by factors including:

- the withdrawal of stakeholder support for Optical Fraud loss analysis
- the suspension of our IBurn intelligence bulletins
- the impact of CLUE on the way we measure the proportion of fraud reports which result in investigation, which caused reporting against those metrics to be paused this year.

Further improvements remain to be implemented, including describing and disseminating the pathways for escalation of risks arising from corporate projects and their consideration by the Risk Register Review Group, (RRRG), before consideration by ARAC and the board as necessary.

Financial management and projection within project lifecycles have seen significant improvement, but room for further improvement remains. The documentation and escalation of risks arising from limitations of data access are also areas where greater maturity is needed. These are described below and summarised in the overall statement of effectiveness of internal controls.

The Board has overseen and received updates on our integrated business planning approach and the controls in place around it. We have established an Evolution Programme encompassing business Functional Reviews, Digital and Estates migration, transformation and change to enhance the approach. The Evolution Programme is working through proposals, options and associated risks from internal reviews conducted through 2021 of key organisational functions, processes and structures, to clearly establish resource requirements, structures and a foundation for delivery across the lifecycle of the Strategy and beyond. The controls and governance around this programme are set out in the risk management section.

This work will 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 Evolution Programme will oversee implementation of change intended to address our key strategic risks. A description of key strategic risks is included under risk management.

The Board reflected during the year 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 operational reporting to demonstrate operational impact, including judicial comments arising from individual trials, and lessons learned during the investigation and prosecution process. The Board welcomed a plan to create a plain-English description of the distinctions between reduction in fraud vulnerability compared to prevented fraud. Overall, the Board remained satisfied with the standard of the accompanying narratives and confirmed that the information they were provided with carried 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 members engage with the workforce informally via a virtual platform after each Board meeting and via a Board blog. Engagement is increasing as our people have become comfortable with this style of interaction. Implementation of recommendations made by internal audit ensured a clear pathway for the induction of the

three newly recruited Non-Executive Directors. No Board strategy and training days were held during the year, however as risk workshop was held and the opportunity to convene a Board awareness workshop on our current and future enforcement strategies has been identified for 2022-2023.

The Board noted the observations of the ARAC concerning the internal audit reports on Cyber Security Risk Management, Payroll, and Fixed Assets, where the assurance ratings received were Moderate, Substantial, and Moderate respectively. These reflected improvements in-year in payroll controls and fixed asset management, accounting and depreciation, and cyber security preparedness. The Board received updates from internal audit of Developing Externally Facing Guidance and Information, and Business Integrated Planning, both of which received Moderate assurance ratings, with adequate and effective arrangements in place. A range of suggested improvements will be taken forward next year. In respect of the audit of Business Delivery Model - Corporate Transformation Programme, where Limited assurance was provided, the Board has now approved the establishment of enhanced governance arrangements through the corporate Evolution Programme as described above.

NHSCFA Audit and Risk Assurance Committee (ARAC)

The ARAC was comprised of three Non-Executive Board members from 1st April 2021, when it welcomed a new member. It is chaired by Jayne Scott, who has recent and relevant financial experience. 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 and Assurance function
- the implementation of audit recommendations
- the maintenance of our risk register
- assurance maps
- 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 on the overview of the assurance map has

fed into further development of this and ongoing use in our wider assurance framework. This has informed discussion of 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 risk workshop on known and emerging risks, issues and opportunities, described under internal controls. The committee reviewed the NHSCFA [risk appetite](#) statement in the context of the wider environment and risk landscape.

NHSCFA Remuneration Committee (REMCO)

The REMCO is also comprised of three Non-Executive Board members, following the arrival of an additional member in April 2021. 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 2021-2022 the REMCO has supported the recruitment of a new Chief Executive Officer. The committee has also discussed and challenged reports in the following important areas of our work:

- workforce planning in relation to the delivery of the business plan and as part of the wider evolution of the organisation, including a review of relevant audit recommendations
- deployment of the organisational performance framework, review of skills and talent management opportunities
- people satisfaction and engagement as reflected in the annual Spotlight survey
- implementation of strategic and operational Human Resources capability

NHSCFA BOARD & COMMITTEE MEMBER APPOINTMENTS & ATTENDANCE RECORDS 2021-2022					
BOARD MEMBER & APPOINTMENT DATE	BOARD		ARAC	REMCO	FURTHER DETAILS
Tom Taylor 01.08.2018	10/10	Board Chair – Non-Executive Director	N/A	N/A	
Jayne Scott 01.08.2018	9/10	ARAC Chair – Non-Executive Director	5/5	5/5	
Martin Spencer 01.08.2018	7/10	REMCO Chair – Non-Executive Director	4/5	5/5	
Alyson Coates 01.04.2021	10/10	Non-Executive Director	5/5	N/A	
Andrew Flanagan 01.04.2021	10/10	Non-Executive Director	N/A	4/5	
Gaon Hart 01.04.2021	9/10	Non-Executive Director	N/A	N/A	
Sue Frith 01.08.2018	4/4	CEO	2/3	1/1*	Ceased employment 30.09.2021
Alex Rothwell 01.11.2021	4/4	CEO	2/2	1/1*	
Matthew Jordan-Boyd 01.11.2017	9/10	Director of Finance and Corporate Services	4/5	2/5*	
Tricia Morrison 15.06.2020	9/10	Director of Performance and Improvement	N/A	N/A	

* Sue Frith, Alex Rothwell & Matthew Jordan-Boyd are not REMCO members, only attendees

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; the development of organisational culture and they inform our leaders and managers on strategic and operational risks.

The review included updating procedure documents, implementing a structured Business Case and Vacancy Control process, working with managers to increase skills and confidence in describing and managing risks, and a review of contract monitoring arrangements. Managers meet regularly to review performance trajectories against targets and emerging risks, and formally report quarterly to the Performance and 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 is included under risk management below.

During the review no significant failings in controls were identified, however it was noted that further development of our capital policy will ensure assets are amortised/ depreciated from the month of acquisition.

Declarations of interest are requested annually as detailed within the NHSCFA Standards of Business Conduct policy which applies across the organisation. Declarations are reviewed to confirm there is no conflict of interest and considered as part of the 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 changes.

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 RRRG actively review and monitor corporate and emerging risks and 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 Concepts](#)

Principal risks reviewed in year and scrutinised at RRRG, ARAC, and subsequently at the Board Risk Workshop included;

- working arrangements in light of COVID-19 pandemic
- the Health and Care Act
- project and programme management
- changes to our estate
- onboarding of HR Provision
- business continuity planning, including cloud-based infrastructure
- financial pressures - risk of insufficient funding to deliver objectives
- suboptimal business infrastructure
- ineffective engagement
- risk of cyber security threats

As a result of detailed review, the key strategic risks have been consolidated under the following headings:

Resources

Whilst the current level of financial and people resource may be sufficient to support the delivery of our performance targets, stakeholder engagement requirements, digital planning, and innovation. A risk is posed by devoting the additional resources necessary to deliver the transformation strategy and Evolution Programme simultaneously.

Inability to proactively fight fraud

The organisation's design, which is currently geared towards a reactive function and does not have a proactive intelligence function, may not adequately support proactive initiatives.

Inability to deliver strategic objectives

Changing conditions within the NHS and counter fraud landscape may result in the existing NHSCFA structure no longer being fit to deliver strategic objectives effectively to counter fraud. These changes include the impact of the Health and Care Act and the

issue of our powers to deal with combined budget fraud losses going forward, as well as emerging stakeholder engagement requirements and the impact of COVID-19.

Cyber enabled fraud

The use of technology to commit and/or support the commission of fraud offences is a potentially significant and growing risk to the sector.

Cyber security threats

Maintaining our IT infrastructure, resources and resilience, to identify, plan and combat the additional potential issues raised by the organisation's migration to the cloud.

Challenges and potential impact

Potential impact, our response to these challenges and how we will approach mitigating these risks are discussed below.

Proposals in the Health and Care Act which makes provision for the abolition of Clinical Commissioning Groups and the introduction of Integrated Care Systems and Integrated Care Boards may engender several risks.

Potential fraud vulnerabilities and gaps include:

- the potential for increased fraud risks arising from the creation of new health bodies, including Integrated Care Boards,
- the absence of appropriate legal powers to investigate and prosecute financial losses comprising health, social care and local authority funds
- the absence of data sharing provisions to facilitate proactive counter fraud analytics.

This coupled with the increased threats from cyber enabled fraud, represents a potential change in the fraud risk landscape, stakeholder needs, and will impact on elements of NHSCFA's current structure and operating model; for example, the need to align databases and systems; as well as on the activities of many of our existing stakeholders.

Evaluation of the current and ongoing optimal business infrastructure for the organisation and its ability to respond to these risks has been embedded in our Evolution Programme.

The governance structures now include a Programme Sponsor Group, a Programme Board, a Change Panel and an External Challenge Group.

Identification, description and management of high-level Evolution Programme risks has begun. An internal HR Advisory service has been established to support the identification and management of workforce risks, and to support managers in achieving our People Strategies. Exploration of activity-based costing models continues, to further support operational delivery planning, and to ensure effective and efficient business processes.

In line with our established risk management approach, 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 Sponsor. Operational risk escalation and time critical decision making occurs via escalation to senior or executive management where necessary.

Development of our performance management arrangements with oversight by the Board continued in 2021-2022. The organisation has now implemented the use of new project management tools and developed and embedded bespoke project governance frameworks for corporate projects, with simplified arrangements for smaller 'lite' projects. Corporate project boards, and the establishment of project management roles continue to shape the implementation of flexible project management practices, tools and resources across our delivery.

The organisation implemented its intended internal control framework in relation to how data projects are managed. Our integrated data assurance framework aligns our data strategy and data quality management arrangements. We have established an expert reference group, the Data Strategy Group, (DSG), which reviews procedures and escalates issues and risks around access to data. The Board receives progress reports on the operation of the DSG, including action taken to facilitate access to data, and related opportunities for collaboration and engagement across government and between ALBs.

NHSCFA continued assurance mapping arrangements in 2021-2022 including the additional lines of defence provided by our maturing corporate project environment, and integrated data assurance framework. A number of risk-based internal assurance exercises were delivered in 2021-2022. Continuous 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. Increasingly our assurance mapping and

governance and management frameworks will be aligned to the Government Functional Standards and continuous improvement approach.

The overall risk profile of the organisation is considered when the [risk appetite](#) statement is reviewed. This statement was monitored throughout the year and is available on our website.

Robust target scores have been set for corporate risks, and greater emphasis placed on timely and appropriate application of mitigating actions and controls. The critical appraisal of possible control options to realistically achieve target scores will continue to be a focus during 2022-2023. Consideration has been given to further improvements for 2022-2023, which will focus on achieving a greater clarity in expression, evaluation and proactive management of risk of strategic significance.

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 ongoing and new toolkit requirements during the year and agreed on necessary action to support the final submission.

NHSCFA has commenced early preparatory work in respect of the COVID-19 Inquiry pending the release of the final terms of reference.

Whistleblowing Counter Fraud and anti-Bribery Arrangements

The internal procedures in respect of reporting fraud explain how to report allegations of suspected fraud. These were reviewed and updated during the year. Alongside this progress against the CFA counter fraud risk-based action plan was reported to the ARAC. This reflects the requirements set out in the Government Counter Fraud Standards. There were no fraud referrals made during 2021-2022.

Complaints

Three complaints were received during the financial year 2021-2022, one progressed to stage 2 but was not upheld. Stage 2 complaints are now dealt with at Board level. Our complaints policy can be found here on our [website](#).

As part of continued improvements to the complaints process we have clarified our internal guidance highlighting our responsibility to notify those who have been the subject of a complaint and to ensure they are routinely updated and supported throughout the process.

Lessons we have learned include that all complaints relating to investigations must only be undertaken by an appropriately experienced individual who is not in any way connected to the investigation.

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 2021-2022 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 2021-2022, 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 2021-2022"

Overall Review of Effectiveness of Internal Controls

As Accounting Officer, I have responsibility for reviewing the effectiveness of our internal controls. I have examined the information provided to me regarding the scope of performance reporting, financial management, risk management and information governance and assurance reports. I have also considered the opinion of our internal auditors. I have also discussed this with our Board, the ARAC and the executive management of the organisation.

I am satisfied our control environment operated effectively during 2021-2022, demonstrated robust integrated business planning, with associated risk management, and supported the delivery of our objectives.

We will strive to make the further improvements described in this statement. These will include but are not limited to:

- critical evaluation and clearer expression of risks
- effective oversight and governance of the Evolution Programme to ensure business plan delivery is not adversely affected
- continued support to staff by the provision of guidance on business planning, project delivery and risk management
- ensuring that the metrics we have in place will accurately measure the impact we have on countering fraud in the NHS

The continuing impact of the Health and Care Act will require us to remain agile and responsive. Changes will be brought about and further opportunities to engage with the wider counter fraud community will be embraced. The wellbeing of our workforce remains a high priority, and the management of work-force risks associated with a large-scale change programme (the Evolution programme) will need to be managed dexterously.

We remain committed to an integrated approach where horizon scanning, planning

and performance come together as part of our strategic cycle, where our people and stakeholders have a large part to play.

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 the Corporate governance in central government departments: Code of Good Practice.

NEDs 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 2021-22 are detailed in the tables below. These identify the salary, other payments and allowances and pension benefits applicable to both Executive Directors and NEDs.

<i>Subject to Audit</i>						
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
Jayne Scott Non-Executive Director	10-15	-	-	-	-	10-15
Martin Spencer Non-Executive Director	5-10	-	-	-	-	5-10
Gaon Hart ² Non-Executive Director	5-10 ⁵	-	-	-	-	5-10

<i>Subject to Audit</i>						
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)
Alyson Coates ² Non-Executive Director	5-10 ⁵	-	-	-	-	5-10
Andrew Flanagan ² Non-Executive Director	5-10	-	-	-	-	5-10
Susan Frith ³ CEO	45-50 (95- 100) ¹	-	-	-	-	45-50
Alex Rothwell ⁴ CEO	40-45 (105- 110) ¹	-	-	-	10-12.5	50-55
Matthew Jordan- Boyd Director of Finance and Corporate Governance	90-95	-	-	-	45-47.5	135- 140
Tricia Morrison Director of Performance and Improvement	90-95	-	-	-	22.5-25	115- 120

¹ Annual Equivalent

² Commenced employment 12/04/2021

³ Retired 30/09/2021. Pension benefits for Sue Frith is £nil as she retired in year and is in receipt of benefits.

⁴ Commenced employment 08/11/2021

⁵ 2021-22 paid salary and annual equivalent are the same banded value

Comparison 2020-2021

<i>Subject to Audit</i>						
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 ² Non-Executive Director	0-5 (5-10) ¹	-	-	-	-	0-5
Susan Frith CEO	95-100	-	-	-	-	95-100
Matthew Jordan-Boyd Director of Finance and Corporate Governance	90-95	-	-	-	22.5-25	115- 120
Tricia Morrison ⁴ Director of Performance	65-70 (90-95) ¹	-	-	-	17.5-20	85-90
Rachel Monaghan ³ Director of Performance and Improvement	20-25 (90-95) ¹	-	-	-	15-17.5	40-45

¹ Annual Equivalent

² Left the organisation 31.10.2020

³ Left the organisation 05.07.2020

⁴ Commenced employment 15.06.2020

Fair pay disclosure

The Authority discloses the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

Remuneration balance	<i>Subject to Audit</i>	
	2021-2022	2020-2021
Band of highest paid director's total remuneration (£000)	105 - 110	95 - 100
Median total (£)	46,071	44,503
Remuneration ratio	2.4	2.2

Percentage change in total salary for the highest paid director and the staff average.	<i>Subject to Audit Total Salary and allowances</i>	
	2021-2022	2020-2021
Staff Average	3.5%	0.0%
Highest Paid Director	14.6%	1.8%

Ratio between the highest paid directors' total remuneration and the lower quartile, median and upper quartile for staff pay.	<i>Subject to Audit</i>		
	Lower Quartile	Median	Upper Quartile
2021-22	3.4 : 1	2.4 : 1	2.1 : 1
2020-21	2.9 : 1	2.2 : 1	1.9 : 1

<i>Subject to Audit</i>						
Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits.	Lower Quartile 2021-22	Lower Quartile 2020-21	Median 2021-22	Median 2020-21	Upper Quartile 2021-22	Upper Quartile 2020-21
Salary	32,690	32,846	46,071	44,503	53,239	51,393
Total Pay and Benefits	32,690	32,846	46,071	44,503	53,239	51,393

The banded remuneration of the highest paid director in the financial year 2021-22 was £105,000 - £110,000. This was 2.4 times the median remuneration of the workforce, which was £46,071. In comparison, the remuneration of the highest paid director in the financial year 2020-21 was £95,000 - £100,000. This was 2.2 times the median remuneration of the workforce, which was £44,503.

An increase of in year vacancies has reduced the lower quartile salaries compared to prior year and a new CEO starting in 2021-22 has increased both the percentage change on table 2 and the ratios on table 3.

The range of staff remuneration in 2021/22 was £20,000 - £25,000 to £105,000 - £110,000.

Compared to the range of £20,000 - £25,000 to £95,000 - £100,000 for 2020/21.

In 2021-2022 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.

Pension Benefits

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

<i>Subject to Audit</i>							
<i>Pension benefits of senior managers</i>							
Name and Title	Real increase in pension at pension age (bands of £2500)	Real increase in pension lump sum at pension age (bands of £2500)	Total accrued pension at pension age at 31 March 2022 (bands of £5000)	Lump sum at age 60 related to accrued pension at 31 March 2022 (bands of £5000)	Cash Equivalent Transfer value at 31 March 2022 (£000)	Cash Equivalent Transfer value at 31 March 2021 (£000)	Real increase in Cash Equivalent Transfer value (£000)
Susan Frith¹ CEO	(2.5) - 0	0 - 2.5	50 - 55	160 - 165	-	1307	-
Alex Rothwell² CEO	0 - 2.5	0 - 2.5	0 - 5	0 - 5	10	-	4
Matthew Jordan-Boyd Director of Finance and Corporate Governance	2.5 - 5	2.5 - 5	20 - 25	40-45	337	295	27
Tricia Morrison Director of Performance	0 - 2.5	0 - 2.5	0 - 5	0 - 5	62	38	11

¹ Figures shown as at retirement date of 30/09/2021. Cash Equivalent Transfer Value for Sue Frith is £nil as she is in receipt of benefits.

² Commenced employment 08/11/2021

Staff numbers and costs

<i>Subject to Audit</i>			
<i>Staff numbers and related costs – Executive members and staff costs</i>			
	Total 2021-2022 £000	Permanently employed £000	Other £000
Salaries and wages	7,533	7,053	480
Social security costs	776	776	-
Employer contributions to NHS Pensions	1,291	1,291	-
Termination benefits	1	1	-
Apprenticeship levy	21	21	-
Total	9,622	9,142	480
Recoveries in Respect of Secondments	-189	-189	-
Capitalised Staff Costs	-139	-139	-
Total	9,294	8,814	480

<i>Subject to Audit</i>		
<i>Average number of persons employed</i>		
Total	Permanently Employed	Other
170	165	5

The whole time equivalent of staff whose cost was capitalised was 3.

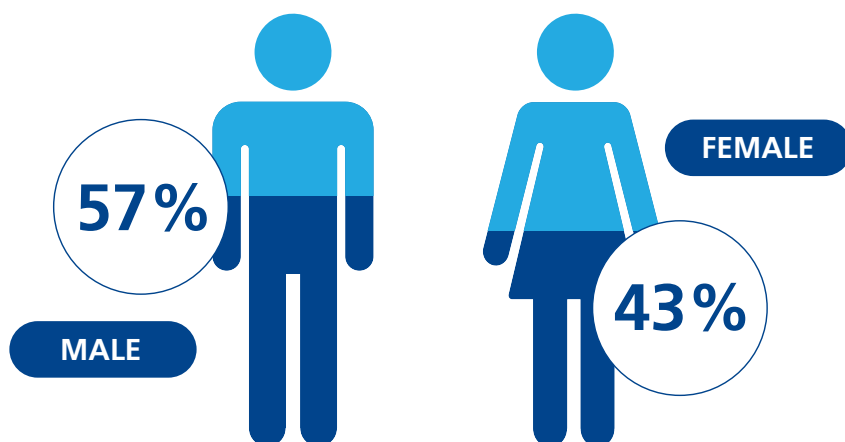
2020-2021 Comparison

<i>Staff numbers and related costs – Executive members and staff costs</i>			
	Total 2020-2021 £000	Permanently employed £000	Other £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	0	0	-
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

<i>Average number of persons employed</i>		
Total	Permanently Employed	Other
168	164	4

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

Gender Balance



Gender breakdown by pay band		
Pay Bands	Female	Male
4 - 6	36	18
7 & 8a	27	64
8b and above	11	9

Staff turnover was 10.3%

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.

Employee sickness

<i>Statistics produced by NHS Digital from ESR data warehouse</i>				
Calendar Year	Average FTE April 1st	FTE days available	FTE days lost to sickness absence	Average sick days lost per FTE
2021	168.0	57627.8	2032.76	3.53%
2020	162.0	59109.3	1987.6	3.36%
2019	162.0	59810.4	1701.9	2.85%

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.

Relevant union officials	
Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
5	5

Percentage of time spent on facility time	
Percentage of time	Number of employees
0%	3
1-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	
Provide the total cost of facility time	£0.002m
Provide the total pay bill	£9.294m
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.02%

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 was £480k, compared to £162k in 2020-21. The Authority had no consultancy expenditure in 2021-22.

Off-payroll engagements

Highly paid off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater.	
	Number of engagements
No. of existing engagements as of 31 March 2022	-
Of which...	
No. that have existed for less than one year at time of reporting.	-
No. that have existed for between one and two years at time of reporting.	-
No. that have existed for between two and three years at time of reporting.	-
No. that have existed for between three and four years at time of reporting.	-
No. that have existed for four or more years at time of reporting.	-

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater.	
	Number of engagements
No. of new engagements, between 1 April 2021 and 31 March 2022	2
Of which...	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	2
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which: no. of engagements that saw a change to IR35 status following review.	-

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022	
	Number of engagements
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	-

Exit packages (subject to audit)

There were no packages agreed in 2021-22 (2020-21 nil).



Alex Rothwell
 Chief Executive Officer
 Date: 08/07/2022

Parliamentary accountability and audit report

Disclosures of remote contingent liabilities (subject to audit)

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.

(2020-2021 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.

(2020-2021 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.

(2020-2021 Nil Return)

Fees and charges (subject to audit)

Nil return

(2020-2021 Nil Return)

Chief Executive Officer



08/07/2022

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 2022 under the National Health Service Act 2006.

The financial statements comprise the NHS Counter Fraud Authority's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

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 2022 and its net operating expenditure for the year then ended; and
- 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (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 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 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 financial statements nor my auditor's certificate thereafter. 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 extent 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Health Service Act 2006.

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

- the parts of the Accountability Report subject to audit 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 and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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 and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the NHS Counter Fraud Authority 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the NHS Counter Fraud Authority's accounting policies, key performance indicators and performance incentives.
- 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
 - » 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 NHS Counter Fraud Authority's compliance with 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 a result of these procedures, I considered the opportunities and incentives that may exist within the NHS Counter Fraud Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the NHS Counter Fraud Authority's framework of authority as well as other legal and regulatory frameworks in which the NHS Counter Fraud Authority operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in 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 and employment law.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; 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 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.

Other auditor's responsibilities

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 authorities which govern them.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

12th July 2022

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





**ACCOUNTS FOR THE YEAR
01 APRIL 2021 TO
31 MARCH 2022**

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Statement of Comprehensive Net Expenditure for the year ended 31 March 2022			
	Notes	2021-2022	2020-2021
Income from sale of goods and services	2	(254)	(237)
Other operating income	2	(23)	(22)
Total operating income		(277)	(259)
Staff Costs	3	9,294	8,976
Purchase of goods and services	4	3,581	2,851
Depreciation and impairment charges	4	1,584	1,521
Other operating expenditure	4	60	41
Total operating expenditure		14,519	13,389
Net operating expenditure		14,242	13,130
Finance income	6	-	-
Finance expense	7	-	-
Net expenditure for the year		14,242	13,130
Total Net Expenditure for the year		14,242	13,130
Total comprehensive net expenditure for the period		14,242	13,130

The notes on pages 108 to 140 form part of these accounts.

Statement of Financial Position at 31 March 2022			
	Notes	2021-2022	2020-2021
		£000	£000
Non Current Assets			
Property, Plant & Equipment	9	683	1,190
Intangible Assets	10	2,085	2,787
Other non-current receivables	11	9	85
Total non-current assets		2,777	4,062
Current Assets			
Trade and other receivables	11	564	657
Cash and cash equivalents	12	834	614
Total current assets		1,398	1,271
Total Assets		4,175	5,333
Current Liabilities			
Trade and other payables	13	(1,125)	(1,337)
Provisions for liabilities and charges	14	(97)	(97)
Total current liabilities		(1,222)	(1,434)
Total assets less current liabilities		2,953	3,899
Non-current liabilities			
Provisions for liabilities and charges	14	(70)	(70)
Total non-current liabilities		(70)	(70)
Total Assets Less Liabilities:		2,883	3,829
Financed by Taxpayers' Equity			
General Fund		2,883	3,830
Total Taxpayers' Equity:		2,883	3,830

The financial statements on pages 108 to 140 were approved by the Board on 07/07/2022 and signed on its behalf by:

Alex Rothwell
 Chief Executive and Accounting Officer
 08/07/2022



Statement of Changes in Taxpayers' Equity for the period ended 31 March 2022		
	General Fund	Total Reserves
	£000	£000
Balance at 01 April 2021	3,830	3,830
Changes in taxpayers' equity for 2021-2022		
Total net expenditure for the year	(14,242)	(14,258)
Total recognised income and expense for 2021-2022	(14,242)	(14,258)
Net Parliamentary Funding	13,295	13,295
Balance at 31 March 2022	2,883	2,868
	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 2020	3,830	3,830

Statement of Cash Flows for the year ended 31 March 2022			
	Notes	2021-2022	2020-2021
		£000	£000
Cash flows from operating activities			
Net operating expenditure for the financial year*		(14,242)	(13,130)
Depreciation and amortisation	4	1,584	1,521
(Increase)/decrease in trade & other receivables	11	169	(154)
Increase/(decrease) in trade & other payables	13	(152)	(140)
Increase/(decrease) in provisions	14	-	108
Net cash (outflow) from operating activities		(12,641)	(11,795)
Cash flows from investing activities			
(Payments) for property, plant and equipment		(11)	(609)
(Payments) for intangible assets		(423)	(2,147)
Net Cash (Outflow) from Investing Activities		(434)	(2,756)
Net Cash (Outflow) before Financing		(13,075)	(14,551)
Cash flows from financing activities			
Net Parliamentary Funding		13,295	13,895
Net Cash Inflow from Financing Activities		13,295	13,895
Net Increase / (Decrease) in Cash & Cash Equivalents		220	(656)
Cash & Cash Equivalents at the Beginning of the Financial Year		614	1,270
Cash & Cash Equivalents at the End of the Financial Year		834	614

The notes on pages 108 to 140 form part of these accounts.

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) 2021-22, issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the 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 uncertain

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 DHSC 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 Pension Scheme. This 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 administrative 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
 - » 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 initially recognised 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 in the 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 settle the 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 1.30% (2020-21: negative 0.95%) 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 0.47% (2020-21: minus 0.02%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.70% (2020-21: 0.18%) 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 0.95% (2020-21: 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 0.66% (2020-21: 1.99%) for inflation adjusted

expected cash flows exceeding 40 years from the Statement of Financial Position date.

- Cash flows are not discounted were the impact is immaterial.

1.13 Contingent liabilities 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
- 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 DHSC 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		
	2021-2022 Total	2020-2021 Total
	£000	£000
Income from sale of goods and services (contracts)		
Other Contract income	254	237
Total Income from sale of goods and services	254	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	23	22
Total Other operating income	23	22
Total Operating Income		
	277	259

3. Employee benefits and staff numbers 2021-2022			
3.1 Employee benefits			
	Total 2021-2022		
	Permanent Employees	Other	Total
	£'000	£'000	£'000
Employee Benefits			
Salaries and wages	7,053	480	7,533
Social security costs	776	-	776
Employer Contributions to NHS Pension scheme	1,291	-	1,291
Other pension costs	1	-	1
Apprenticeship Levy	21	-	21
Gross employee benefits expenditure	9,142	480	9,622
Less recoveries in respect of secondments	(189)	-	(189)
Total - Net admin employee benefits including capitalised costs	8,953	480	9,433
Less: Employee costs capitalised	(139)	-	(139)
Net employee benefits excluding capitalised costs	8,814	480	9,294

2020-2021 Comparison

3. Employee benefits and staff numbers 2020-2021			
3.1 Employee benefits			
	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	-	-	-
Apprenticeship Levy	20	-	20
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

3.2 Pension Costs

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

This is an unfunded, defined benefit scheme 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 NHSCFA to identify its share of the underlying scheme assets and liabilities.

Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the NHSCFA of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme 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 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.

4. Operating expenses		
	2021-2022 Total	2020-2021 Total
	£000	£000
Purchase of goods and services		
Rentals under operating leases	750	749
Establishment	104	67
Transport	5	2
Premises	976	1,035
Provision expense	-	108
Software costs	319	273
External Audit fees	65	70
Internal audit services	43	40
Legal & professional fees*	1,217	409
Education, training and conferences	102	98
Total Purchase of goods and services	3,581	2,851
Depreciation and impairment charges		
Depreciation	518	521
Amortisation	1,066	1,000
Total Depreciation and impairment charges	1,584	1,521
Other Operating Expenditure		
Chair and Non Executive Members	60	41
Total Other Operating Expenditure	60	41
Total operating expenditure	5,224	4,413

* Increase in legal and professional fees due modernisation of IT infrastructure.

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

There were no payments made in the 2021-2022 financial year (2020-2021: 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 2021-2022 and 2020-2021.

7. Finance costs

The Authority did not incur any finance costs during 2021-2022 and 2020-2021.

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				
2021-2022				
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
Payments recognised as an expense				
Minimum lease payments	-	729	21	750
Total	-	729	21	750

2020-2021 Comparison

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

8.1.2 Future minimum lease payments				
2021-2022				
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
Payable:				
No later than one year	-	223	16	239
Between one and five years	-	662	15	677
After five years	-	224	-	224
Total	-	1,109	31	1,140

Above table shows impact of signed lease agreements for office space in Coventry and London. Current London lease expires May-22. Newcastle lease is unsigned at 31/03/2022 and has been excluded.

2020-2021 Comparison

8.1.2 Future minimum lease payments				
2020-2021				
	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

8.2 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 three material operating leases which run beyond 1 April 2022, for use of office space in London, Coventry and Newcastle, which will be classified as right of use assets. The impact assessment includes the lease for South Colonnade (starting June 2022 with a lease asset and liability of £2,983k) and excludes Skipton House, which the Authority exited in May 2022. 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.

Impact of IFRS 16'		
	Asset	Liability
Estates	4,090	4,234
Lease Cars	17	17
Total	4,107	4,251

The implementation of this standard would result in additional expenditure being recognised in the statement of comprehensive net expenditure of £19k for 2022/23. Upon implementation, right of use assets would be recognised on the balance sheet of £4,107k, with a lease liability of £4,251k.

9. Property, plant and equipment					
9.1.1 2021-2022 Property, plant and equipment					
	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000
Cost at 01 April 2021	1,746	50	1,864	302	3,962
Additions purchased	-	-	11	-	11
Disposals	-	-	-	-	-
Cost at 31 March 2022	1,746	50	1,875	302	3,973
Depreciation 01 April 2021	1,417	50	1,042	263	2,772
Charged during the year	159	-	346	13	518
Disposals	-	-	-	-	-
Depreciation at 31 March 2022	1,576	50	1,388	276	3,290
Net Book Value at 31 March 2022	170	-	487	26	683
Asset financing:					
Owned	170	-	487	26	683
Total at 31 March 2022	170	-	487	26	683

2020-2021 Comparison

9. Property, plant and equipment cont'd					
9.2.1 2020-2021 Property, 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

9.3 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was £831k (2020/21: £797k). 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 Life (years)	Maximum Life (Years)
Buildings excluding dwellings	6	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.

10.1.1 2021-2022 Intangible non-current assets			
	Software Licences	Information Technology	Total
	£'000	£'000	£'000
Cost at 01 April 2021	2,190	1,673	3,863
Additions purchased	224	139	363
Disposals	-	-	-
Cost at 31 March 2022	2,414	1,812	4,226
Amortisation 01 April 2021	90	985	1,075
Charged during the year	798	268	1,066
Disposals	-	-	-
Amortisation At 31 March 2022	888	1,253	2,141
Net Book Value at 31 March 2022	1,526	559	2,085
Asset financing:			
Owned	1,526	559	2,085
Total at 31 March 2022	1,526	559	2,085

There is one software licence included above which has a carrying value which is significant to the financial statements. The carrying value and remaining amortisation period of the licence is £927k and 24 months.

2020-2021 Comparison

10.2.1 2020-2021 Intangible non-current assets			
	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)
Impairments charged	-	-	-
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
Held on finance lease	-	-	-
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.

10.3 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was £522k (2020-2021: £522k). 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 Life (years)	Maximum Life (Years)
Software licences	2	5
Information technology	2	5

11. Trade and other receivables

	Non-Current 2021-2022	Current 2021-2022	Non-Current 2020-2021	Current 2020-2021
	£000	£000	£000	£000
Contract receivables	-	58	-	1
Accrued income	-	0	-	104
Prepayments	9	373	85	330
VAT	-	60	-	41
Other receivables	-	73	-	181
Total	9	564	85	657
Total Trade & other receivables	573		742	

Included above:
NHS receivables

92

9

12. Cash and cash equivalents

	2021-2022	2020-2021
	£000	£000
Balance at 01 April 2020	614	1,270
Net change in year	220	(656)
Balance at 31 March 2021	834	614
Comprising:		
Cash with the Government Banking Service	834	614
Cash and cash equivalents as in statement of financial position	834	614

£5k is held on deposit in a separate bank account on behalf of a third party under the Proceeds of Crime Act 2002 (2020/21: £nil) and is excluded from the above values.

13. Trade and other payables

	2021-2022	2020-2021
	£000	£000
Contract payables	14	22
Accruals	1,079	1,105
Other payables	32	210
Total Trade & Other Payables	1,125	1,337
Included above:		
NHS payables		603
Capital payables - PPE	-	-
Capital payables - Intangibles	-	60

There were no non-current payables at 31st March 2022 (2020-2021: £Nil).

14. Provisions

	Current 2021-2022	Non-current 2021-2022	Current 2020-2021	Non-current 2020-2021
	£'000	£'000	£'000	£'000
Dilapidations	97	70	97	70
Total	97	70	97	70
Total current and non-current	167		167	

	Dilapidations 2021-2022	Total
	£000	£000
Balance at 01 April 2020	167	167
Arising during the year	-	-
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 2022 (2020-2021: £nil).

15.2. Contingent assets

There were no contingent assets at 31 March 2022 (2020-2021: £nil).

16. Commitments

16.1. Capital commitments

The Authority had no contracted capital commitments at 31st March 2022 (£322k to 2020-2021: £Nil).

16.2. Other financial commitments

The Authority had no other financial commitments at 31st March 2022 (2020-2021: £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 - 2021-2022				
	At 'fair value through profit and loss'	At 'amor-tised cost'	At 'fair value through other comprehensive income'	Total
		£'000	£'000	£'000
Contract receivables	-	58	-	58
Other receivables	-	133	-	133
Cash at bank and in hand	-	834	-	834
Total at 31 March 2022	-	1,025	-	1,025

2020-2021 Comparison

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

17.3 Financial liabilities - 2021-2022			
	At 'amortised cost'	Other	Total
	£'000	£'000	£'000
Contract payables	14	-	14
Other payables	1,110	-	1,110
Total at 31 March 2021	1,124	-	1,124

2020-2021 Comparison

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

All of the above financial liabilities 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 DHSC, 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 DHSC 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

In accordance with IAS 10, events after the reporting period are considered up to the date on which the financial statements are authorised for issue. There were no significant events after the reporting date that require adjustment or disclosure.

The authorised for issue date is the date of the Comptroller and Auditor General's audit certificate.

Glossary

Term	Explanation
ALB	Arm's-Length Body
ARAC	Audit, Risk & Assurance Committee
CFB	Counter Fraud Board: The Counter Fraud Board is chaired by Department of Health and Social Care which draws together key national organisations including: NHSCFA, NHS Business Services Authority and NHS England and NHS Improvement; with representation from Cabinet Office for strategic oversight of all NHS counter fraud activity.
CFC	Counter Fraud Community or Counter Fraud Champion
The CLOUD	The Cloud is a remote computer storage facility accessed by data users and owners via the internet removing the need for IT hardware
CLUE	The case management system used across the Counter Fraud Community
DHSC AFU	Department of Health & Social Care Anti-Fraud Unit: NHSCFA sponsor organisation
F&CG	Finance & Corporate Governance
DoF	Director(s) of Finance
EP	Evolution Programme
FCU	Forensic Computing Unit
FPU	Fraud Prevention Unit
GIAA	Government Internal Audit Agency
GCFP	Government Counter Fraud Profession
GDPR	General Data Protection Regulation
HR	Human Resources
ICB	Integrated Care Boards
IG	Information Governance

Term	Explanation
IT	Information Technology
IS	Information Systems
ISO	International Organization for Standardization
LCFS	Local Counter Fraud Specialist: an accredited counter fraud specialist providing counter fraud services to individual health bodies. They may be employed by public or private sector audit consortia or directly employed by a specific health body or bodies. There are 240 LCFS currently working in the health service. They are primarily involved in preventing, deterring and detecting fraud as well as conducting smaller scale criminal investigations.
LPE	Local Proactive Exercise: a risk-based exercise focusing on specific areas of vulnerability which are conducted by LCFSs.
NED	Non-Executive Director
NHSCFA	The National Health Service Counter Fraud Authority
NIS	National Investigation Service of the NHSCFA
PAP	Performance & Assurance Panels: A panel conducted every quarter to examine current performance levels for all business units and to offer challenge. The outcomes are reported to the Board.
PEA	Post Event Assurance: an exercise conducted to provide assurance or otherwise following a specific event or series of events
PPA	Performance, Projects & Analytics
PPN	Procurement Policy Note: guidance issued by the Cabinet Office to public bodies in respect of good practice in procurement.
REMCO	Remuneration and Nominations Committee
RRRG	Risk Register Review Group
SCR	Summary Care Record
SIA	Strategic Intelligence Assessment

