



Dear Colleague

**UPDATING CEL 3 (2008) – STRATEGY TO  
COMBAT FINANCIAL CRIME IN NHS SCOTLAND**

1. This letter informs NHS Scotland bodies of the requirement to update the current strategy to combat financial crime in NHS Scotland and requests them to take note of new and specific actions in relation to this.

**Background**

2. In January 2008, the Scottish Government published its strategy document: [Don't Let Fraud Drain Our Resources](#). This updated the counter fraud strategy for the NHS in Scotland at that time, and outlined the general actions which were expected of NHS Scotland Counter Fraud Services (CFS), Health Boards and other NHS bodies, to tackle the menace of fraud and financial crime.

3. Complementary to that strategy document, the Scottish Government also published CEL 3 (2008) – [Strategy to Combat NHS Fraud in Scotland](#), which provided more detailed advice to Chief Executives and HR Directors of NHS Scotland bodies, on what specific actions they should be taking to meet the aims of the strategy. It also outlined the roles of Audit Committees, Counter Fraud Champions (CFCs) and Fraud Liaison Officers (FLOs).

**Progress against Actions of CEL 3 (2008)**

4. Since CEL 3 (2008) was issued, a considerable amount of work has been undertaken by CFS, in conjunction with NHS bodies and Professional organisations, to combat fraud and financial crime. The Partnership Agreement between CFS and Health Boards has been a successful initiative, as has the Memorandum of Understanding between CFS and HR Directors, in Boards. Since 2000, significant cost avoidance has been achieved and recoveries made, which otherwise would have been lost to fraud. The general levels of awareness on fraud matters, and counter-measures to defeat it, are now considerably more developed, across the Service.

**CEL 11 (2013)  
30 May 2013**

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**Addresses**

For action

Chief Executives, NHS Boards

Head of Service, NHSScotland Counter  
Fraud Services

For information

Chairs, Audit Committees, NHS Boards

Directors of Finance, NHS Boards

Fraud Liaison Officers, NHS Boards

Counter Fraud Champions, NHS Boards

Chief Internal Auditors, NHS Boards

Employee Directors, NHS Boards

Auditor General

Association of Chief Police Officers  
(Scotland)

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5. However, the threat from fraud and financial crime is increasing as fiscal pressures continue to emerge. Since 2008, the degree of sophistication in perpetrating financial crime has also increased, and the rise of organised crime gangs, and cyber crime, has brought a new dimension to that threat. The Scottish Government considers therefore, that steps need to be taken to reinforce the counter fraud message, including the placing of a more direct responsibility on Accountable Officers for their organisation's approach to countering fraud and the achievement of measurable outcomes that are required from actions to prevent fraud occurring.

### **Emphasis on 'Tone from the Top'**

6. Although the NHS has made strides over the last ten years, to combat fraud and other financial crimes, there is still much work to be done. Experience has shown that if fraud is taken seriously by an organisation and the 'tone from the top' is one that applies a zero tolerance to this crime, then the results can be encouraging. The hallmarks of a fraud-aware Board are:

- a. The Chief Executive (as the Accountable Officer) is aware of the need to set the tone and takes an active interest in tackling fraud, promoting the counter fraud message, and is prepared to accept any adverse publicity that might ensue. All Chief Executives are reminded that they have signed the formal Partnership Agreement with CFS, on behalf of their Board.
- b. An Executive Management Team who are 'fraud-aware' and have the determination to root out the causes of fraudulent activity.
- c. Having a significant number of fraud referrals is viewed as a testament to an organisation's willingness to tackling issues head-on.
- d. An effective Audit & Risk Committee, which has fraud as a permanent item on the Agenda and diligently monitors progress and actions.
- e. A Board member responsible for overseeing counter fraud measures and, in particular, the development of an effective Counter Fraud Strategy and awareness campaign. This may well be the Counter Fraud Champion.
- f. Having an effective Fraud Liaison Officer supported by the Chief Executive, who can develop close and professional links to CFS and who understands the need to control all referrals and follow-up work.
- g. Having an HR department which understands fraud and has policies in place to deal with the impact on staff, who might be caught up in fraud investigations.
- h. Having communications that are integral to the fraud policy of the organisation, and can direct effective awareness-raising campaigns, in conjunction with advice and support from CFS.

## **Actions Required to meet Updated CEL**

7. To ensure that this CEL has the maximum impact for the future, there will now be a requirement for NHS Scotland bodies to take a more proactive, measurable approach to counter fraud work. Chief Executives will be required to actively pursue their organisation's counter fraud policy and counter fraud work is to be measured on a more routine basis and will form part of the Health Board's Annual Review.

8. **Measurable Tasks.** The following measurable tasks are to be undertaken by NHS Boards:

a. **Board Audit & Risk Committees.** Required to take a more proactive stance on fraud. Committees are to ensure that all appropriate counter fraud measures are in place and that they have been made aware of all referrals submitted to CFS. They should be able to demonstrate that any counter fraud, or sanction-based recommendations made by CFS as part of an investigation within the Board, are appropriately addressed and followed up by the relevant Board officers. A summary of the Committee's actions in relation to fraud are to be provided to CFS on a Quarterly basis and a synopsis provided as part of the Board's Annual Report. CFS will be available to provide any advice, as required.

b. **Counter Fraud Checklist.** The Board, led by the Audit & Risk Committee, are required to carry out an annual gap analysis in respect of fraud. This should usually be completed at the beginning of the financial year. To assist, a Counter Fraud Checklist is attached at Annex A. A copy of the completed Checklist is to be submitted to CFS and a synopsis of the gaps identified, together with mitigating actions will be included in the Board's Annual Report.

c. **Fraud Risk Assessment.** All Health Boards must undertake a Fraud Risk Assessment (unless already completed), using the CFS Fraud Risk Assessment Methodology (FRAM) within 12-24 months of the publication of this CEL. The FRAM is designed to determine the top fraud risks in any organisation, based on the organisation's budget profile. Detailed advice on the FRAM is available from CFS. Evidence of progress with completion will be required to be provided to CFS on a Quarterly basis. Evidence of use of the Assessments will also be reported as part of the Board's Annual Report.

d. **HR DVD.** The counter fraud awareness DVD, sponsored by HR Directors, has been available to Boards since 2010. The formal rollout of the DVD, including the requirement for it to be accompanied by a structured training session, has been sporadic. Boards are now required to ensure that the DVD is actively used for training and a summary of use, reported to CFS by March 2014 (unless already completed). Thereafter, sessions are to be run on a two-yearly cycle and evidence of use reported at the Board's Annual Report.

e. **Counter Fraud eLearning Toolkit.** The Toolkit has been specifically designed to assist staff in understanding the impact of fraud. The Toolkit has been issued to Boards and now requires maximum publicity. Evidence of uptake by Boards will be produced on a Quarterly basis and also reported at the Board's Annual Report.

f. Counter Fraud Media. CFS is able to provide Boards with simple media material that can be shown on Board media facilities – in particular, corporate plasma screens. The same material can also be shown in other sites, for example Primary Care Contractor premises. Boards are to report on the use of such media in Board-controlled premises and are to actively support CFS in other suitable premises. A Quarterly Return to CFS is required to substantiate the use of this media.

## **Update Roles and Responsibilities of Key Counter Fraud Officers in Boards**

### **Fraud Liaison Officers**

9. The roles and responsibilities of FLOs in NHS bodies have been updated since 2008, and are clearly outlined in Annex B. As the concept of FLOs has been embedded since 2008, the Board must be able to demonstrate that there is a close and effective interface between NHS bodies and CFS.

### **Counter Fraud Champions**

10. The role of a CFC was articulated in CEL 3 (2008). However, despite every effort to create an effective network of Champions across NHS Scotland, the concept, as outlined in that CEL has not been fully achieved in every NHS body. There are a number of possible reasons for this situation, including:

- a. Lack of understanding as to the individual's roles and responsibilities
- b. Choice of Champions
- c. Availability of Champions
- d. Lack of support from Accountable Officers

11. With the knowledge gained on the role of CFCs since 2008, the roles and responsibilities of the Champion have been reviewed in order to decide how best to assist NHS bodies with implementing the original CEL. As a result, an expanded set of guidelines are attached at Annex C. These are designed to provide a more realistic framework for Champions, and include suggestions, which will make the tasks of Champions easier to understand, and implement.

### **Sharing and Utilising Best Practice**

12. It is incumbent upon FLOs, CFCs and CFS to share different methods of delivering counter fraud initiatives across all NHS Bodies, using CFS as a conduit. This will promote best practice and consistency. Examples of some of these initiatives, and their successful implementation, are demonstrated in Annex D. These initiatives are available to all NHS Bodies through the CFS Proactive Plan, and can be delivered by CFS staff at no charge.

### **Further Information**

13. Further information and advice on this CEL is available from the following colleagues at NHS Counter Fraud Services:

Brian Donohoe, Senior Investigator (email [bdonohoe@nhs.net](mailto:bdonohoe@nhs.net), or telephone 01506 705209) for Proactive Projects; and

Stephen Frier, Communications Manager (email [stephen.frier@nhs.net](mailto:stephen.frier@nhs.net), or telephone 01506 705240) for Communication Initiatives.

Yours sincerely

A handwritten signature in black ink that reads "John Matheson". The signature is written in a cursive style with a long horizontal line underneath.

**JOHN MATHESON**  
Director of Finance, eHealth and Pharmaceuticals

## NHS -----

## Counter Fraud Checklist

	Yes	No	Gap
<i>Adopting The Right Strategy</i>			
Do we have a zero tolerance policy towards fraud?			
Have we taken steps to set “the tone from the top”? Is there strong executive support for work to counter fraud and corruption?			
Do we have the right approach, and counter fraud strategies, policies and plans? Have we aligned our strategy with the Government strategy <i>Don't Let Fraud Drain Our Resources – Strategy to Combat Fraud in Scotland?</i>			
Do we have an effective counter fraud communication strategy throughout the Board that is acknowledged by those charged with governance?			
Do we have “adequate procedures” in place to prevent bribery as per the Bribery Act 2010?			
Does our Board have a clear programme of work attempting to create a strong deterrent effect?			
Has our Board “fraud proofed” (impact assessed) any relevant policies, procedures and systems to avoid occurrence and re-occurrence of fraud? Has the Board consulted with CFS regarding fraud proofing of policies and has this been reported to the Audit Committee?			
Have all identified weaknesses been fed back to the appropriate departments to ensure any loopholes are closed?			
Have we signed the Partnership Agreement with CFS?			
Does our Board’s Audit Committee have sight of CFS reports which make counter fraud recommendations?			
Does our Board’s Audit Committee monitor agreed changes to processes based on CFS’ counter fraud recommendations?			
Are staff in our Board aware of the channels for reporting fraud and corruption?			
Do staff in our Board know who the Fraud Liaison Officer (FLO) is and how to contact them?			

Do we have effective arrangements for:-			
· Reporting fraud			
· Recording fraud			
· Whistle blowing			
Do we raise awareness of fraud risks with:-			
· New staff (including agency staff)			
· Existing staff			
· Board members			
· Our contractors			
Do we risk assess posts and carry out enhanced vetting, where appropriate, to prevent potentially dishonest employees being appointed?			
Have we successfully implemented the counter fraud e-learning programme?			
Is there a programme to positively publicise fraud cases internally and externally which is endorsed by our communications team?			
<i>Accurately Identifying The Risks</i>			
Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action? Do we inform CFS of any issues?			
Do we maximise the benefit of our participation in the National Fraud Initiative and receive reports on our outcomes?			
Have we reassessed our fraud risks since the change in the financial climate? Have we reported this to the Audit Committee?			
Have we amended our counter fraud action plan in light of this?			
Have we undertaken and participated in a fraud Risk Assessment Methodology (RAM) exercise supported by CFS			
Has our Board "signed up" to any activities in the CFS Proactive Plan?			
Are we satisfied our procurement controls are working as intended?			
Are we satisfied our recruitment procedures:-			
· Prevent us employing people working under false identities;			
· Confirm employment references effectively;			
· Ensure applicants are eligible to work in the UK;			
· Require agencies supplying us with			

staff undertake the checks that we require?			
<i>Taking Action To Tackle The Problem</i>			
Do we have appropriate and proportionate defences against current and emerging fraud risks:-			
· Bank Account Takeover			
· Procurement Fraud			
· Sickness Absence Fraud			
· NHS “brand” abuse			
· Health Tourism			
Is our Board and relevant staff clear as to the procedures for involving CFS?			
Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?			
Do CFS provide us with regular alerts/updates on current fraud risks and issues?			



## **UPDATED ROLES AND RESPONSIBILITIES OF NHS FRAUD LIAISON OFFICERS**

### **1. Acting as Lead Conduit between CFS and the Health Board.**

The FLO is the key first point-of-contact between CFS and the Board, relating to specific cases.

### **2. Responsible for receiving information about suspected frauds, within their organisation, from staff or others and passing such information to CFS.**

In line with the Partnership Agreement, the FLO is the key channel for communication of fraud to CFS.

### **3. Responsible for facilitating investigations in their organisations and liaison between CFS and those within the Board whose interests are closely linked to any fraud referral to CFS.**

As summed up in the Board Partnership Agreement with CFS.

### **4. Responsible for briefing the Chief Executive and other senior Board Executives on specific cases.**

So that the tone from the top can be maintained, the FLO will have the responsibility to keep all senior managers (including the Chief Executive) fully briefed on any current cases.

### **5. Working with HR Department.**

Responsible for working with Director HR to ensure that staff governance is observed and particularly timing of actions which may involve staff.

### **6. Ensuring that Audit & Risk Committees are kept informed.**

Working with principal executive officers responsible for conduct of the Audit Committee, to ensure the Committee is properly briefed on fraud matters.

### **7. Facilitating Deterrence and Awareness Initiatives.**

Support CFS, national proactive initiatives to raise awareness by facilitating communications with the relevant Board officers (e.g. CFC, HR Directors, Learning & Development Leads, Communications Manager, etc).

## UPDATED ROLES AND RESPONSIBILITIES OF NHS COUNTER FRAUD CHAMPIONS

### 1. Raising the Profile of Counter Fraud Initiatives and Publicity.

The CFC should be in a position to gauge the level of understanding of financial crime in the organisation. If the level is low, the Champion should work with the board communications team to think of imaginative ways to promote fraud awareness. The Champion should also liaise with CFS to seek ideas, and mediums, to explain the message, utilising existing initiatives.

### 2. Make Regular Reports and/or presentations to the Audit Committee

The Champion must be an Executive Director/ Non Executive Director who is a regular attendee at the Audit Committee. This means that they will have a direct influence on the agenda when fraud is discussed, and can highlight gaps in the counter fraud regime.

### 3. Involvement in Counter Fraud Initiatives.

The Champion should have oversight of and, where possible be involved in, any initiatives being considered by the NHS Body for deterring and disabling fraud.

### 4. Monitor the degree to which recommendations resulting from investigations by CFS have been implemented within his/her organisation and take steps to ensure full compliance.

This is an important responsibility, and may well be the task of others within a Body. However, it should be the role of the Champion to enquire as to whom that responsibility is placed and make it their duty to ensure that matters resulting from investigations are being addressed. Again, this is best facilitated by the Champion being a member of the Audit Committee, but if the Champion is of sufficient seniority, then questions can still be asked as to the compliance with fraud investigation outcomes.

### 5. Relationship with FLO.

The FLO is the key, day-to-day link with CFS. All matters relating to any fraud investigation and counter fraud initiatives within NHS Bodies, comes through that portal. It is therefore important that the Champion knows who the FLO is, and offers support as necessary. The FLO and the Champion should certainly meet up to discuss ongoing cases and counter-fraud initiatives. Particularly important will be the need to spot any gaps in policy or counter-fraud awareness regimes and work closely to brief the Executive Management Team.

### 6. Relationship with Director Human Resources.

The Champion should make it known to the Director of HR that he/she is in place, and able to assist with promoting an anti-fraud culture in the organisation. In particular, the Champion should support the use of training tools developed in conjunction with HR Directors and their Teams; including the Counter Fraud DVD and the eLearning package.

**7. Relationship with Head of Communications.**

The Champion should be alive to any communication going to staff which involves counter-fraud messages. Ideally, the Champion should be involved in the drafting of any communication. The Champion should also be advised, in advance, of any media coverage resulting from successful prosecutions.

**8. Relationship with Employee Director.**

Encountering fraud in any organisation is stressful for staff. The Champion should therefore liaise with the body's Employee Director and work together to promote a safe environment for staff who report, or are witnesses in, any fraud investigation.

**9. Relationship with CFS.**

CFS exists to support any NHS Scotland Body in countering fraud. The Champion should feel free to contact CFS at any time to seek general advice on policy and policy implementation. Care should be taken not to obstruct the duties of the FLO, but this can be resolved through close working relationships with FLOs. The Champion will have access to the CFS Secure Website, so that general information can be accessed. The Champion should also attend an introductory briefing with CFS at the beginning of their tenure.

## Sharing Best Practice – Practical Applications of Counter Fraud Initiatives

<b>NHS Tayside - Staff Fraud Awareness Sessions – November 2012</b>		
<b>Activity</b>	<b>Target Audience</b>	<b>Outcome</b>
<p>At NHS Tayside's request, CFS delivered a series of fraud awareness sessions, at three hospital locations within the Board area.</p> <p>The sessions were advertised ahead of the sessions, using various internal communication platforms. The sessions involved CFS team members, with the support of the Board's Fraud Liaison Officer and Counter Fraud Champion, engaging with staff on a face-to-face basis. These took place in areas of high footfall (e.g. staff dining rooms or recreational areas and were timed during coffee and lunch breaks).</p> <p>Staff were also presented with an explanatory leaflet, outlining the role of CFS, were provided with some examples of NHS fraud, and asked to complete a short questionnaire. Over 250 staff participated in the sessions.</p>	NHS Staff	<p>Analysis of the questionnaires identified that:</p> <ul style="list-style-type: none"> <li>· 40% of respondents had heard of CFS prior to the sessions;</li> <li>· 70% of respondents found the sessions either very informative or informative;</li> <li>· 89% of respondents did not know the name of their Board's Fraud Liaison Officer;</li> <li>· 77% of respondents said they would report a suspected fraud against the NHS.</li> </ul>
<b>NHS Ayrshire and Arran - Fraud Awareness Workshops – Family Health Service Contractors</b>		
<b>Activity</b>	<b>Target Audience</b>	<b>Outcome</b>
<p>In response to a request from the board's dental nurse education co-ordinator, CFS facilitated the delivery of 'generic' fraud awareness workshops to 50+ student dental nurses over 2 evening sessions. These sessions were arranged as part of the students protected learning time (PLT) allocation.</p> <p>Flyers to publicise these events were forwarded in advance for distribution, electronically, throughout the board. Following the sessions, evaluation sheets were completed by all those who attended.</p>	Student Dental Nurses	<ul style="list-style-type: none"> <li>· 95% of respondents agreed or strongly agreed that the initial events were useful and informative</li> </ul> <p>Due to the success of these events, the Dental Practice Advise, and CFS are planning a CPD session for Dentists which will address issues specific to exemption and investigations.</p>

<b>NHS Greater Glasgow &amp; Clyde - Counter Fraud DVD Workshop</b>		
<b>Activity</b>	<b>Target Audience</b>	<b>Outcome</b>
<p>A counter fraud training DVD was produced at the request of HR colleagues, designed to promote an understanding of roles, processes, and interactions when a suspected fraud is reported at board level. It was designed to be used as part of a facilitated training event. Training notes that accompany the DVD were provided as an aide memoir.</p> <p>To enhance the use of the DVD, and as part of the training and development experience, an investigator from CFS attends the training session, in order to provide technical input and help facilitate the event.</p> <p>Following a successful pilot event, NHS Greater Glasgow &amp; Clyde conducted an ongoing series. The DVD content was used as a basis for the session. The board chose to expand the DVD's subject matter to cover other areas of interest to those attending; thereby adding value to the overall content.</p>	<p>HR staff, line managers and staff side representatives</p>	<p>The board has introduced an on-line process, whereby staff can register their interest in attending the workshop, via the counter fraud page on the staff intranet.</p> <p>Evaluation of the pilot event revealed that:</p> <ul style="list-style-type: none"> <li>· 95% of respondents agreed or strongly agreed that the event was useful and informative;</li> <li>· 94% of respondents though that the workshop was a productive use of their time.</li> </ul>
<b>NHS National Services Scotland (NSS) - e-Learning Programme</b>		
<b>Activity</b>	<b>Target Audience</b>	<b>Outcome</b>
<p>To reach staff who cannot attend face-to-face sessions for fraud awareness, an e-Learning programme was developed by CFS, and launched in August 2012. The on-line training takes about 20 minutes and explains; what constitutes fraud, the process for reporting suspected fraud and the support provided if fraud is found. Each section is followed by a series of questions relating to the content. The training is completely confidential, with no personal data stored. On completion, staff will be more aware of; the impact of fraud, the role of CFS, and the contribution they can make to combat fraud within their own organisation.</p>	<p>All board staff, particularly inductees</p>	<p>Although only recently re-launched, Initial statistical evaluation indicates a marked increase in staff participation</p>

<p>NSS re-launched the programme via board staff updates which featured a message of support from the HR Director, to encourage staff participation.</p>		
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