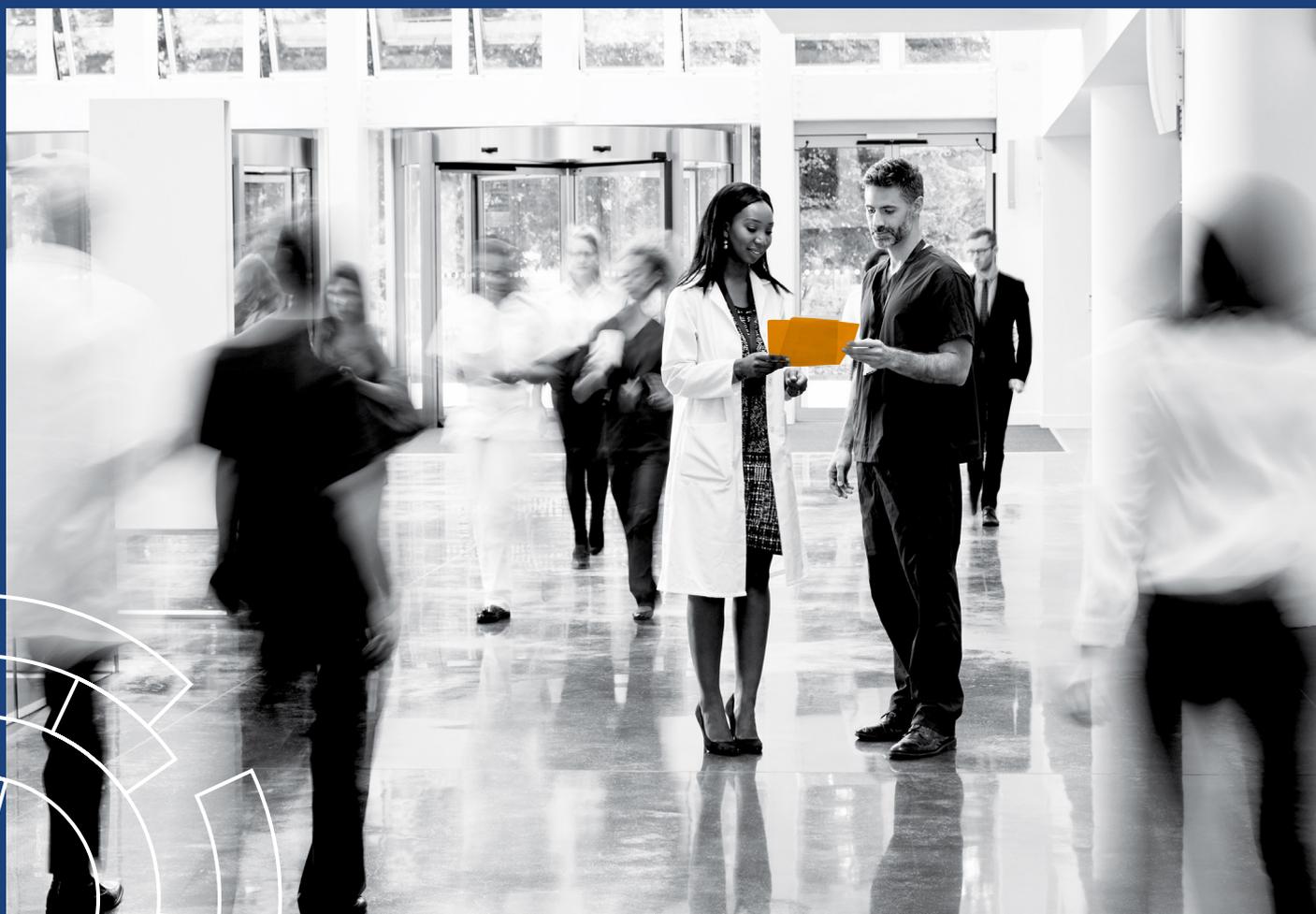


# Annual report and accounts

**2019-20**



# **NHS Counter Fraud Authority Annual Report and Accounts 2019-20**

Presented to Parliament pursuant to The NHS Counter Fraud Authority (Establishment, Constitution, and Staff and Other Transfer Provisions) Order 2017.

Ordered by the House of Commons to be printed 10th December 2020

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



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## Contents

Message from the Chair	6
<b>Performance report</b>	<b>8</b>
Performance overview	9
An introduction from the Chief Executive Officer	10
About the NHS Counter Fraud Authority	12
Key challenges and risks	17
Summary of the year	18
Going concern	21
<b>Performance analysis</b>	<b>22</b>
Delivery against 2019-20 organisational priorities and objectives	23
Guiding principles	29
Our principles, our people	43
Our commitment to sustainability	45
Anti-corruption and anti-bribery matters	45
Overview of financial performance	46
<b>Accountability report</b>	<b>49</b>
Corporate governance report	51
Remuneration and staff report	63
Parliamentary accountability and audit report	74
Financial Statements and notes to the accounts	76

## Message from the Chair

I am pleased to introduce the NHS Counter Fraud Authority's (NHSCFA) annual report and accounts for 2019-20.

As the financial year ended, the NHS was facing a time of extraordinary challenge and change as it built up its response to the Covid-19 pandemic. While we also refocused our work to support the response to Covid-19, our fundamental mission didn't change: to lead the fight against NHS fraud and protect NHS resources for patient care. As we never tire to remind our colleagues, fraud against the NHS is a crime against every single person who uses NHS services, as it takes away resources meant for their care. This is no less true during this global health emergency than at any other time.

The NHSCFA has achieved much in its work to protect NHS resources since its foundation in November 2017, working in partnership with the wider NHS counter fraud community and stakeholders across the public sector and beyond.

As a Board, we have continued to promote and facilitate collaboration with our stakeholders in 2019-20. We have also supported and challenged the organisation as it increasingly focused on delivering measurable financial benefits for the NHS. Significant progress has been made which is great news for all NHS organisations in their fight against fraud and most of all for our patients.

There are aspects of our work which will not be fully captured by financial measures but are also important to our success. Whether it's breaking new ground in counter fraud data analytics, refining our intelligence picture, successfully investigating complex fraud, increasing awareness of fraud among people working in the NHS and the public, or setting standards and driving improvements in the quality of NHS counter fraud work, the expertise of our people has kept the NHSCFA at the forefront of counter fraud in the public sector.

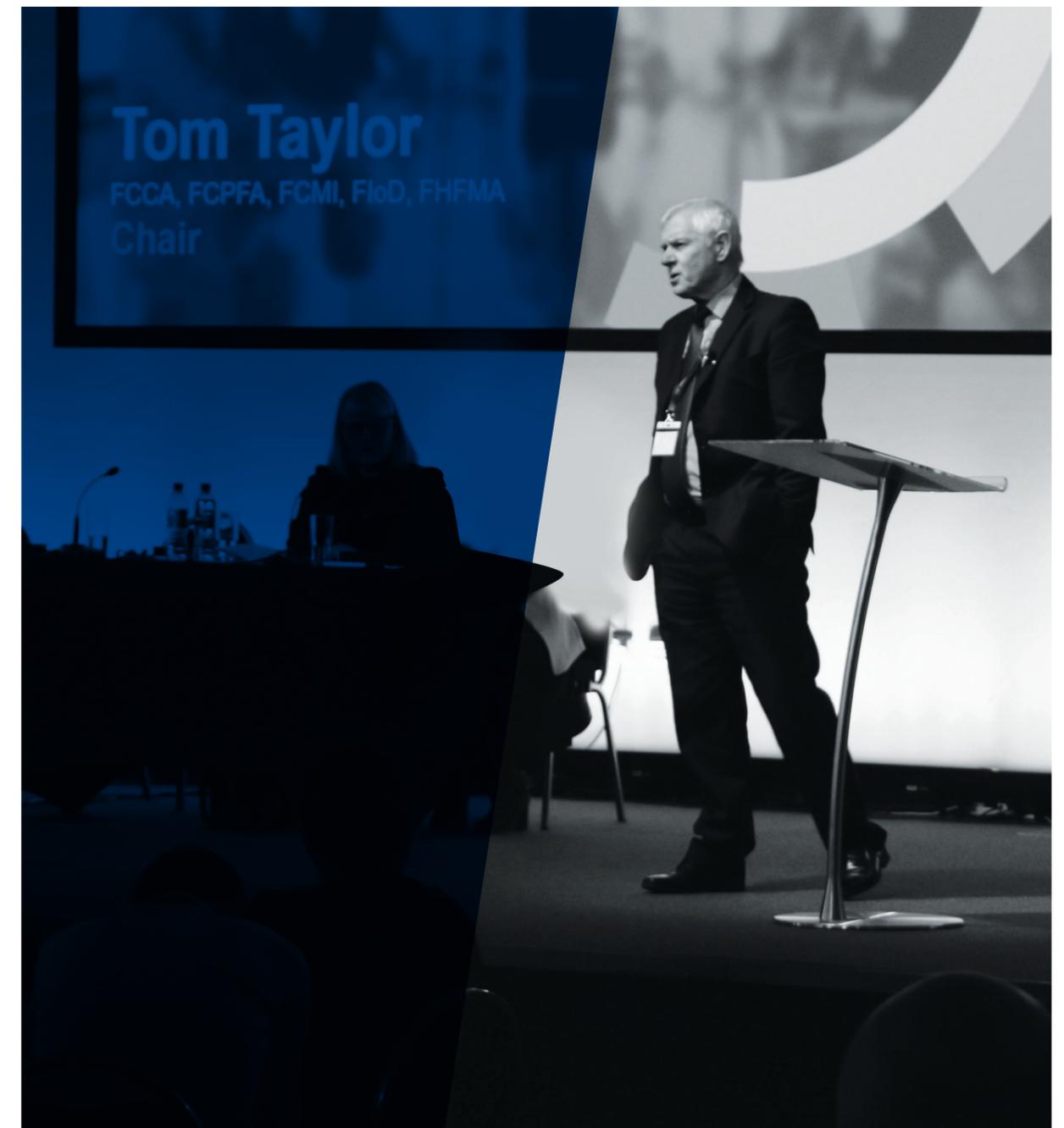
This has helped us in our work with partners across government as part of the Government Counter Fraud Function, which we will continue to contribute to and benefit from in our work going forward.

As we prepare to publish our new strategy for 2020-2023 and continue to adapt our work to the challenges posed by Covid-19, I am confident we will continue to make progress in

our work to fight fraud against the NHS, to the benefit of patients and all taxpayers. I am grateful to my colleagues on the Board and to all NHSCFA staff for their commitment and dedication in making this happen.

**Tom Taylor**

*Chair*



## PERFORMANCE REPORT

## Performance overview

The purpose of this section is to provide a summary of the NHSCFA's performance during the 2019-20 financial year, along with a brief overview of the organisation's purpose, structure and business model, and a summary of the key challenges and risks which affected our work during 2019-20.

The aim of the performance overview is to provide you with information to understand the organisation and evaluate its performance during 2019-20. If you need more detailed information on how we delivered against the objectives set out in our 2019-20 business plan, please read the performance analysis section on page 22.



## An introduction from the Chief Executive Officer

As we publish this report on the NHS Counter Fraud Authority's work in 2019-20, the NHS is facing perhaps the greatest challenge since its creation as it continues to respond to the Covid-19 pandemic. In these uncertain times, we have refocused our work to monitor emerging fraud risks relating to the Covid-19 response and provide advice and guidance to the NHS on mitigating those risks. We are keen to support our NHS frontline colleagues as much as we can during this time, and for us the best way to do this is to continue our work to protect NHS resources from fraud.

Just as fraud has a real impact on NHS services, by taking away resources which would otherwise be spent on patient care, our counter fraud work must realise tangible benefits for the NHS. We set ambitious financial targets for NHS counter fraud work at both national and local level in 2019-20. Together with our stakeholders in the wider NHS counter fraud community, overall, we detected £17.3m worth of fraud, prevented £99.2m from being lost to fraud and recovered fraud losses of £9.6m. While we fell slightly short of our overall financial target, these results represent a significant improvement over comparable figures for 2018-19.

Collaboration with our stakeholders to prevent, detect and investigate fraud against the NHS was at the heart of our work during the year. For example, without our stakeholders we could not have undertaken a major national exercise on the prevention of procurement fraud. The information we collected from NHS providers in 2019-20 has allowed us to improve our understanding of fraud risks and vulnerabilities in this area, develop new guidance and set a baseline which will allow us to measure the impact of further preventative work.

We have continued to work closely with the wider NHS counter fraud community, and I am grateful to Local Counter Fraud Specialists (LCFSs), Finance Directors and Audit Committee Chairs across the NHS for supporting our work and advancing the counter fraud agenda at a local level. For the first time in 2019-20, we gathered benchmarking information to help NHS organisations assess the effectiveness and value for money of their counter fraud provision and released this to all organisations through an online portal.

We are also developing the growth of the counter fraud community in the NHS by

introducing the role of Fraud Champion: a senior manager who will promote fraud awareness and a zero-tolerance approach to fraud within their organisation. As of 31 March 2020, we had received over 200 nominations for Fraud Champions, and I am excited about the contribution they will make towards the fight against fraud. You can read more details about this and our other achievements during the year within the report, as well as about the challenges we faced.

Fraud is of course an issue which touches all sectors of the UK economy, and fighting it effectively requires a cross-sector approach. I am pleased about the progress of the Government Counter Fraud Function in fostering professionalism, promoting collaboration and introducing common standards for counter fraud work across government. As a member of the Function Board, I have been involved in this work from the start, and I am hugely grateful for the contribution that colleagues across the NHSCFA have given to its development.

Reduction in fraud loss and collaboration with our stakeholders were major themes of our work in 2019-20. They will also be at the heart of our forthcoming new strategy, which sets the direction for our work in 2020-2023. I am confident that what we have achieved this year puts us in a strong position to succeed in meeting our objectives for the longer term, which are about leading and supporting the NHS in finding and fighting fraud and reducing fraud losses to benefit our patients.

We could not have done any of this without our people. I am incredibly proud of the work my colleagues have done and continue to do in the fight against fraud. The last few weeks of 2019-20 saw the organisation move very quickly to remote working, in line with the government's advice, and we started to refocus our work to support the NHS in fighting fraud during the Covid-19 pandemic.

Fraud doesn't disappear during times of crisis, in fact, new risks emerge as criminals seek to take advantage of the situation for financial gain. Our focus on stopping them from stealing NHS resources, in partnership with our stakeholders across the NHS and beyond, is as strong as ever.

**Sue Frith**  
*Chief Executive Officer*



## About the NHS Counter Fraud Authority

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

Our mission, vision and purpose shown below will be refreshed within the NHSCFA's 2020-2023 strategy .



Our mission is to lead the fight against fraud affecting the NHS and wider health group, and protect vital resources intended for patient care.

Our vision is for an NHS that can protect its valuable resources from fraud.



Our purpose is to lead the NHS in protecting its resources by using intelligence to understand the nature of fraud risks, investigate serious and complex fraud, reduce its impact and

drive improvements.

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

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

Our 2017-2020 strategy document 'Leading the fight against NHS fraud' sets out our approach to delivering our work. We also work closely with the DHSC to deliver their Counter Fraud Strategic Plan.

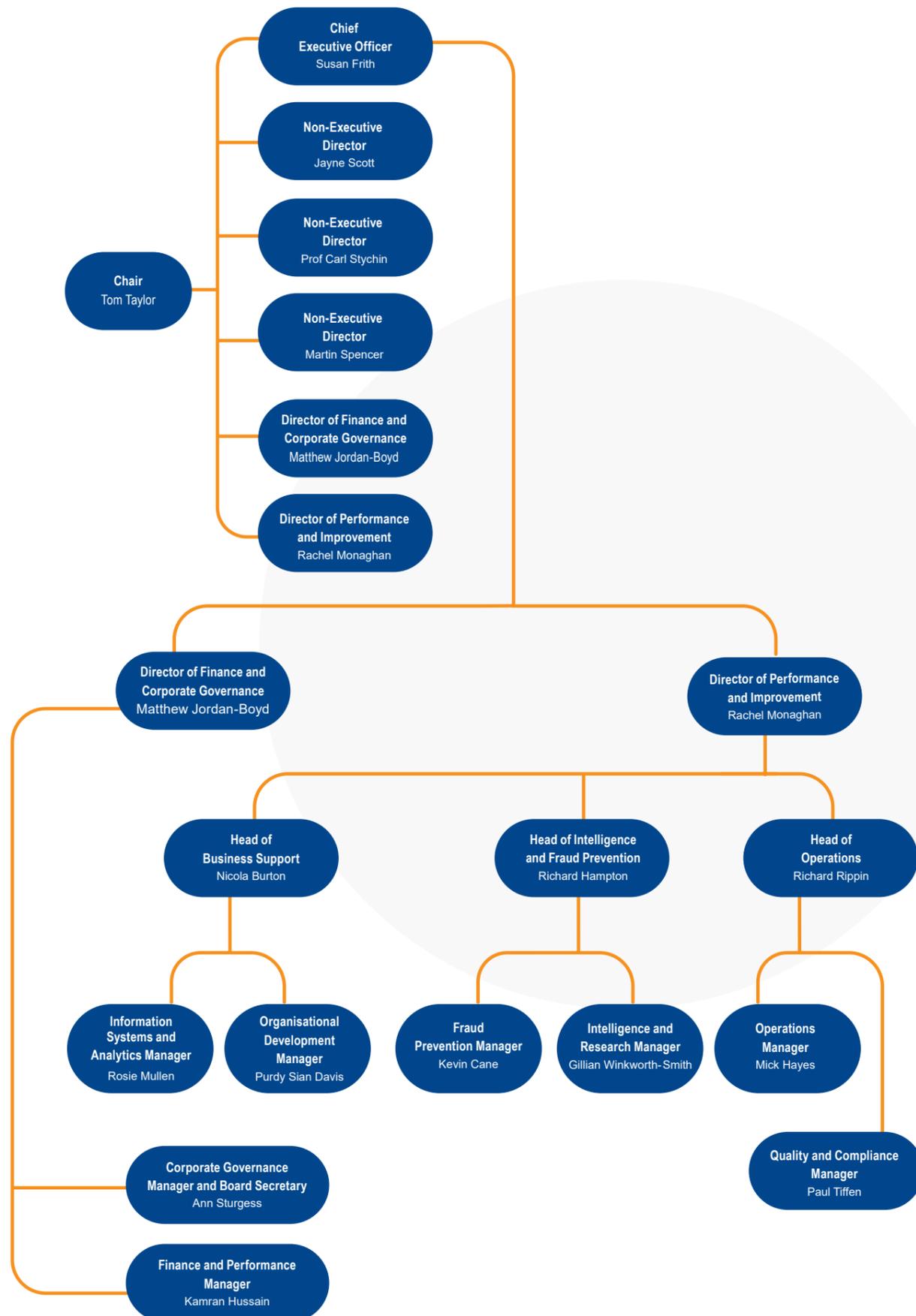
### Our Board

The NHSCFA's Board provides strategic leadership for the organisation and ensures that we are accountable to Parliament and the public on how we deliver our functions. The Board consists of a Chair, three Non-Executive Directors (one of whom also chairs the Audit and Risk Committee). In addition, our Chief Executive Officer, Director of Performance and Improvement, and Director of Finance and Corporate Governance make up our executive management team and sit on the Board.

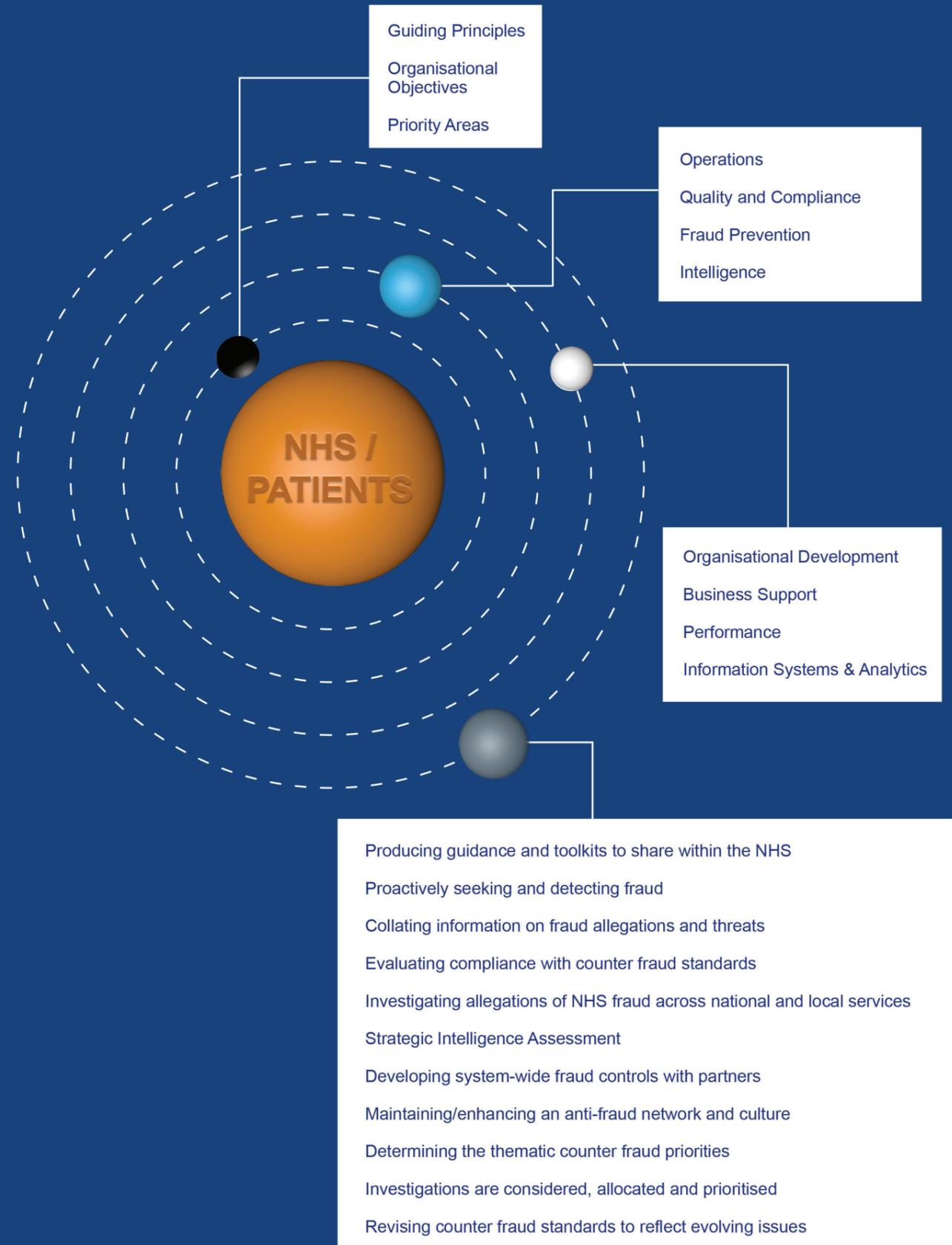
### Our structure

The NHSCFA has eight units which serve different functions:

- Finance and Corporate Governance
- Fraud Prevention
- Information Systems and Analytics
- Intelligence and Research
- Operations
- Organisational Development
- Quality and Compliance
- Performance and Improvement



Our business model demonstrates how we operate to identify how we can protect the NHS against fraud. This includes the identification of threats and vulnerabilities as well as how we support the wider NHS and our partners to prevent fraud.



### Our priority action areas for the 2019-20 financial year were:

- Fraud in relation to community pharmaceutical contractors
- Procurement and commissioning fraud
- Fraud in relation to General Practice contractors
- Improving fraud outcomes in the NHS

### The five organisational objectives set out in the NHSCFA's 2017-2020 strategy are:

1. Deliver the DHSC Counter Fraud Strategy and be the principal lead for counter fraud activity in the NHS in England.
2. Be the single expert intelligence led organisation providing a centralised investigation capacity for complex economic crime matters.
3. Improve standards in counter fraud work, in line with HM Government Counter Fraud Professional Standards, across the NHS and wider health group through review, assessment and benchmark reporting of counter fraud provision across the system.
4. Drive improvements in the level and quality of fraud reporting across the NHS and wider health group, by raising the profile of fraud and its effects on the health care system.
5. Invest in and develop NHSCFA staff; recognise their expertise and passion to deliver high quality counter fraud work for the NHS; and ensure and demonstrate that our professionals are respected for their contribution and that they feel proud to work for the NHSCFA.

For further information, the NHSCFA's 2019-20 business plan (<https://cfa.nhs.uk/about-nhscfa/corporate-publications>) described the work we set out to undertake during the financial year.

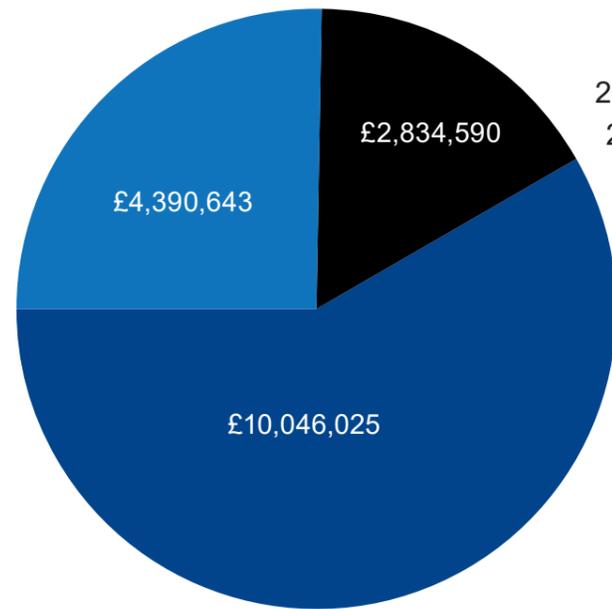
## Key challenges and risks

During 2019-20 we encountered several challenges and potential barriers to achieving our objectives. These are briefly summarised as follows:

- **GP capitation** – Our work to improve our understanding of the risk posed to the NHS by fraud and error in general practice, primarily as regards GP capitation (this is the fixed amount of money that is paid to GPs for every registered patient) was effectively halted by difficulties in obtaining core data from NHS Digital. The matter was escalated throughout the year with meetings continuing with NHS Digital's Data Applications team as well as their legal representatives with the aim of securing the required data. We are confident that provided we are able to continue work in this priority area during the COVID-19 pandemic, progress will be forthcoming in the next reporting period.
- **Access to communications data under investigatory powers legislation** – Investigations have been hampered by the fact that the NHSCFA's authority to access communications data (powers which were exercisable by our predecessor organisation) were not continued when the name change took place. Legislation to make the necessary changes to the Investigatory Powers Act 2016 was laid before Parliament in April 2020, and the parliamentary procedure required for its approval is expected to conclude later in 2020. Subject to the legislation being approved, the changes will enable progress in a number of cases currently under investigation.
- **Improving fraud outcomes in the NHS** – A delay in releasing benchmarking reports on the effectiveness of NHS counter fraud provision, due to issues with the design and development of the system we wanted to use to obtain baseline data, have had an impact on our ability to improve counter fraud outcomes in the NHS. For more details on the benchmarking reports, which were released in Q4, please see the Performance Analysis section.
- **Future risks** – Further risks are posed to the delivery of a number of our objectives for the coming year by the Covid-19 pandemic. The diversion of resources across the health care sector will impact on the counter fraud landscape requiring ongoing review of our business objectives. In addition the resources identified for collaborative working are subject to change as the impact of the pandemic evolves.

## Summary of the year

### Fraud detected target £22m

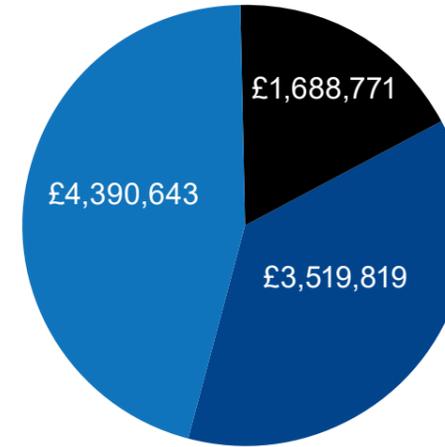


2019-2020 Cumulative Target = £22,000,000.00  
 2019-2020 Cumulative Actual = £17,271,258.20  
**£4,728,742 Below Target by -21.5%**

- Fraud detected by local counter fraud services
- Fraud detected by the NHSCFA
- Fraud detected in collaboration with NHS Business Service Authority relating to prescription and dental charge evasion

Further details about these financial targets can be found on pages 28 & 29

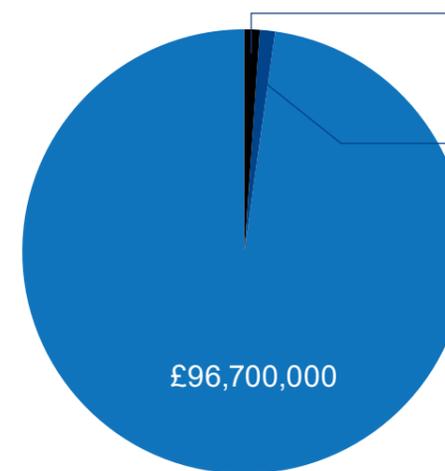
### Fraud losses recovered target £5m



2019-2020 Cumulative Target = £5,000,000  
 2019-2020 Cumulative Actual = £9,599,232  
**+£4,599,233 Above Target by 92.0%**

- Losses recovered by local counter fraud services
- Losses recovered by the NHSCFA
- Fraud losses recovered in collaboration with NHS Business Service Authority relating to prescription and dental charge evasion

### Fraud prevented target £102m



2019-2020 Cumulative Target = £102,000,000  
 2019-2020 Cumulative Actual = £99,171,579  
**£2,828,421 Below Target by -2.8%**

- Fraud prevented in other areas including dental treatments
- Fraud prevented by NHSCFA
- Fraud prevented by collaboration with the NHS Business Service Authority relating to prescription and dental fraud charge evasion

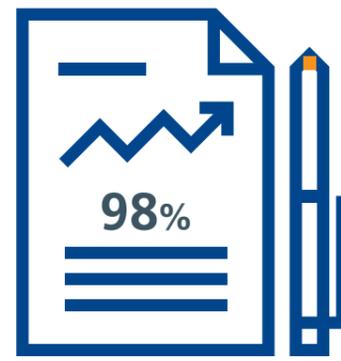
Further details about these financial targets can be found on pages 28 & 29



increase in the value of fraud recovered compared to 2019-20



increase in the value of fraud identified compared to 2019-20



Achieved almost **98%** of the financial targets set (£126m against a target of £129m)



**936** police checks conducted in support of investigations and intelligence gathering



**93m** reach via key messages and multiple channels relating to fraud



**8** procurement guides developed and launched for key areas to prevent NHS fraud



Over **220** Fraud Champions recruited



Working in partnership with various NHS organisations



Achievement and maintenance of various accreditations vital to NHSCFA's success

## Going concern

The 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 cited an abolition date for the Authority of 31 October 2020. Section 28a of the National Health Service Act 2006 permits the life of a Special Health Authority to be extended by order requiring approval of both Houses of Parliament.

The DHSC commenced the process for extending the NHSCFA beyond the 31 October 2020 for a further three years, requiring the laying of a Statutory Instrument for debate in the House of Commons and the House of Lords to gain the necessary approval. These debates have taken place and approval has been granted.

NHSCFA have reviewed the impact of Covid-19. Our assessment is that continued delivery of counter fraud services is essential to ensure the fraud threats and vulnerabilities identified as a result of this pandemic are prevented, detected and investigated to reduce losses to fraud.



## Performance analysis

This section provides more details on delivery against the organisational priorities and objectives set out in the NHSCFA's 2019-20 business plan.

Performance and delivery are independently assessed and challenged at quarterly performance and assurance panels. These are managed by the Performance and Improvement team and include examinations of sources of assurance and evidence across each business unit against key performance indicators and objectives. The panels contribute to the preparation of quarterly performance reports for the Board.



## Delivery against 2019-20 organisational priorities

### Fraud in relation to community pharmaceutical contractors

Exhibiting at the Pharmacy Show in October 2019 enabled us to engage directly with community pharmacists and pharmacy staff. The event provided valuable insights into the fraud risks facing NHS community pharmacy and the wider issues experienced by the sector, helping us to build a more robust intelligence picture. For more details please see the case study on page 32.

During 2019-20 we carried out initial data analysis on fraud risks relating to out of pocket expenses claims. The results enabled us to improve our understanding of the specific risks in this area and form the basis for further analysis to be carried out in 2020-21. This work has benefited from collaboration with the NHS Business Services Authority (NHSBSA) and with NHS England and NHS Improvement.

One of our aims for this priority area was to increase the profile of the NHSCFA's work on pharmaceutical contractor fraud. The Pharmacy Show 2019 provided an excellent opportunity for this, as did publicity on the sentencing of a pharmacist and director of a pharmacy chain in South Wales for deliberately overcharging the NHS for medicines at one of his branches. We issued a press release on the sentencing, which followed an investigation led by NHS Counter Fraud Service Wales and supported by the NHSCFA's Forensic Computing Unit. This obtained wide coverage in national, local and specialist media.

### Fraud in relation to General Practice contractors

We were unable to make satisfactory progress due to lack of access to the data needed for analysis. We will continue to liaise with NHS Digital to gain access to the relevant data sets. Further information on this is set out under GP capitation on page 17.

## Improving counter fraud outcomes in the NHS

New benchmarking reports on the effectiveness of counter fraud provision across the NHS were shared with LCFs, Directors of Finance and Audit Committee Chairs in January 2020. The reports, available through a secure online portal, enable health bodies and their counter fraud providers to monitor key counter fraud outcomes and benchmark these against data for comparable health bodies. This is the first time that data on the effectiveness of counter fraud provision has been shared with NHS organisations at this level of detail. The aim is to enable health bodies to understand the impact of their counter fraud provision and drive improvements in outcomes.

Delays in the release of the benchmarking data, due to technical issues, meant that its impact during 2019-20 was limited. Meetings with health bodies took place throughout the year to address issues with the quality and effectiveness of counter fraud provision, and several targeted engagements were undertaken following release of the benchmarking reports. Where meetings took place, we found improvements in the effectiveness of counter fraud provision, although further work is needed to measure the impact.

While overall the financial value of counter fraud outcomes across the NHS has increased considerably since 2018-19, the contribution to this outcome by local counter fraud functions has decreased in absolute terms and remained low as a percentage of the total figure. We expect that further engagement with the sector in 2020-21, an increase in the impact of benchmarking reports as their use becomes embedded, and improved availability of data on counter fraud outcomes will contribute to improving this. However, the impact of the Covid-19 response on counter fraud provision poses a risk to delivery of improvements in this area in the short term.

## Procurement and commissioning fraud

In 2019-20, the NHSCFA undertook a national proactive exercise on the prevention of procurement fraud. The aim of the exercise, the first of its kind conducted on NHS procurement fraud at national level, was to improve our understanding of key areas of fraud risk facing NHS providers and develop guidance to help mitigate the risk.

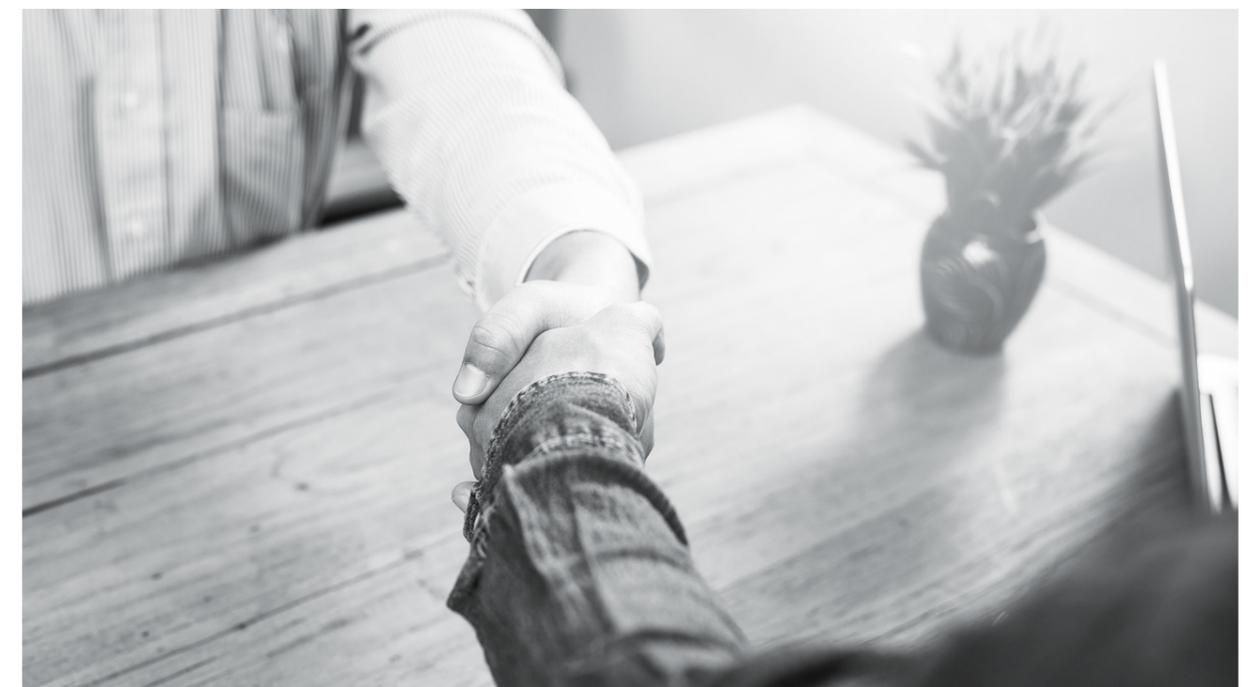
During the first phase of the national exercise (May-July 2019), the NHSCFA carried out a survey to gather information from NHS providers on three areas of fraud risk vulnerability: disaggregate spend, contract management, and purchase order vs. non-purchase order spend. The survey enabled us to obtain baseline information on fraud vulnerabilities in this

area and their value, and to form a better picture of the level of scrutiny applied to spend at different stages of the procurement process.

Following the collection of this information, members of the Fraud Prevention Unit visited several NHS organisations to meet with Heads of Procurement, Directors of Finance and LCFs to discuss our initial findings and obtain feedback on the exercise. A high level of participation by NHS providers (the information collection had a rate of return of over 80%) was a vital factor in the success of the first phase of the exercise.

The second phase of the national exercise saw the launch of eight procurement fraud quick guides on the NHSCFA website. The aim of the quick guides is to alert NHS staff to known fraud risks and provide clear and practical information on effective measures staff and managers can take to identify and stop fraud and improve their own procurement and finance systems.

During the rest of the year we analysed information obtained during the first phase and prepared to gather further information from NHS providers on the same areas of fraud vulnerability during 2020-21. The aim of this third phase of the exercise, due to run from May to July 2020 but postponed due to the Covid-19 pandemic, was to measure changes in levels of fraud vulnerability and evaluate the impact of our guidance through comparison with data gathered last year. While next steps for the exercise are under review, information from the initial phase of the exercise will be shared with NHS providers during 2020-21.



## Delivery against objectives

### To increase the levels and quality of fraud reporting to the NHSCFA

The NHSCFA received 6,020 fraud referrals in 2019-20, up from 5,940 in 2018-19 (+1.3%). While this increase is below our target for the year (+5%), it should be read in the context of the significant increase in referrals during the previous financial year following the release of the BBC documentary series 'Fraud Squad NHS' in February 2019.

Our focus during 2019-20 shifted from increasing the overall number of fraud referrals to improving their quality. To measure this, we targeted a 10% increase in the number of referrals received that are disseminated for investigation. This target was met and significantly exceeded, with 511 referrals disseminated for investigation (up from 346 in 2018-19, +47.7%).

Work to increase the levels and quality of fraud reporting to the NHSCFA took place in 2019-20 through a variety of communication activities. This included enhancing information on our website and online reporting tool, e-newsletters to the sector and social media activity. Data from our fraud reporting channels shows that 57% of the fraud referrals we receive can be directly attributed to our external communications activities.

### To increase the profile of the NHSCFA and the work it undertakes

We launched a range of communication campaigns and activities that increased the profile of our work across a variety of channels. We also attended a range of key conferences in the sector to target strategic priority areas. We played a significant role in the development of the Government Counter Fraud Function (GCFF) and were often approached for specialist advice and guidance on fraud related work. We anticipate that our contribution to and involvement with the GCFF will continue to grow.

### To produce an accurate intelligence profile of loss in specific areas

We delivered an intelligence profile of loss in specified areas by conducting multiple exercises that have provided an improved assessment of losses in those areas and improved our understanding of fraud risks. This is reflected in the NHSCFA's annual Strategic Intelligence Assessment (SIA). The 2019 SIA (relating to the period from September 2017 to September 2018) was published in May 2019. Further information on the SIA is provided on page 29.

### To produce coherent fraud reduction strategies and interventions in response to the identified loss areas

We have embedded a new system weakness reporting process which enables us to identify and respond to emerging fraud risks, threats and vulnerabilities by issuing Fraud Prevention Notices (FPNs) to the NHS. There have been delays to the rollout of a very much improved platform, CLUE, which the sector will use to report system weaknesses to us, and work will continue in 2020-21 on this.

### To provide organisational and staff development through the development, communication and implementation of combined Learning and Development programmes of all activities linked to organisational priorities and the Government Counter Fraud Profession

A range of learning and development interventions were developed and implemented throughout 2019-20, including:

- A new strategic leadership programme
- Introduction to counter fraud programme (this covers the essential elements of the Accredited Counter Fraud Specialist training and aims to ensure that staff who are not in operational roles have an understanding of key legislation, codes of practice and processes relevant to the counter fraud profession – the programme is aligned to the government's counter fraud functional standards)
- Disclosure and advanced interviewing skills

- Communication skills
- Effective business writing skills

We also delivered a range of e-learning modules. 96% of staff completed all statutory and mandatory modules within the timescales required.

## Delivery against financial targets

The NHSCFA's 2019-20 business plan included a set of targets to measure the financial impact of NHS counter fraud work carried out at both national and local level. This included targets to double the figures for detected and recovered fraud achieved in 2018-19, and for the first time we set a target on the value of fraud prevented as a result of local and national work.

The total value of the financial targets (including fraud detected, fraud recovered and fraud prevented) was £129m. The actual value of fraud detected, recovered and prevented during 2019-20 was £126m, representing 97.7% of the target.

Details of performance against each individual target are included below.

### Fraud detected

Target: **£22m**

Achieved: **£17.3m** (21.5% below target)

The 2019-20 figures represent a 124% increase on the comparable figure for 2018-19, albeit we did not achieve our challenging target. Fraud detected through NHSCFA enforcement activity was above target (100.5%), as was the figure relating to benefit eligibility checking and the penalty charge regime administered by the NHSBSA (109.8% of the target). By contrast, local counter fraud functions did not achieve the fraud detected target set for 2019-20 (achieving 35.4% of the target).

### Fraud recovered

Target: **£5m**

Achieved: **£9.6m** (92% above target)

NHSCFA enforcement activity exceeded its target in terms of fraud recovered, as did benefit eligibility checking and the penalty charge regime administered by the NHSBSA. This is due to targeted interventions against patient charge evasion undertaken by the NHSBSA and NHS England and Improvement. Local counter fraud functions did not achieve the target set in this area. The total fraud recovered figure represented a 365% increase on comparable figures reported for 2018-19.

### Fraud prevented

Target: **£102m**

Achieved: **£99.2m** (2.8% below target)

Achievement of the fraud prevented target for 2019-20 was planned to occur through a reduction in estimated losses to fraud as detailed in the NHSCFA's annual Strategic Intelligence Assessment (SIA) and through targeted work on specific areas of loss as detailed in our business plan for the year.

Through completion of the field work for the SIA we have confirmed the level of reduction in the estimates for patient prescription and dental fraud. These have been adjusted to reflect increased use of the services and they reveal a reduction in losses from the previously measured figure of £96.7m.

The results of targeted work will be factored into next year's assessment of prevention.

## Guiding principles

This section includes highlights of work delivered by the NHSCFA in 2019-20 in the areas defined by the four principles guiding our counter fraud work:

- Inform and involve
- Prevent and deter
- Investigate and sanction
- Continually review and hold to account

## Inform and involve

This section shows how we increase awareness of fraud throughout the NHS, how we engage with our stakeholders and how we highlight the impact of fraud on the NHS. We have continued to grow our existing communications channels to promote the work that we do and raise awareness of NHS fraud throughout the year. This has included working with partners, delivering external communications and campaigns as well as highlighting fraud through the media and our digital channels. Towards the end of the year, the focus shifted from business as usual to communications relating to the coronavirus pandemic. Key achievements this year include:

### Raising awareness through media and digital channels

During 2019-20, we reached 94 million (reach is the number of people who saw messages at least once) and our messages have gone global with visits to our website from across the world as well as receiving praise for the work we have done.

**“I watched all your short YouTube videos today and it has inspired me to do more.”**

**“I’m also an ex-cop and internal Auditor/Investigator and I could only dream of our organisation having the support of an Anti-Fraud Unit. I’m very jealous. I am passionate about moving back into investigations (fraud and corruption) and can only hope we too will have a unit like yours.” Person from Australia**

Additionally, we had a total of 363 articles published about our work in both national and local press. Our social media presence continues to grow and is praised by others in the fraud sector as we engage with our stakeholders and our audiences. In addition, our Twitter account was verified, which has meant that we are recognised as an authoritative source by our stakeholders and audiences.

Following its original broadcast in February 2019, Fraud Squad NHS aired again in July 2019 in 30 minute-cut episodes that ran over several weeks. Our involvement with the show has raised awareness of fraud committed against the NHS. We saw a 13.7% increase in referrals received compared to the same month (July) the year before and 68 reports have been received due to the TV programme.

### Working with partners

The NHSCFA has continued to work collaboratively with local counter fraud services as well as health bodies.

For example, we worked closely with LCFs in South West England to create and pilot a new fraud awareness e-learning package for local use. The e-learning package was piloted at Taunton and Somerset NHS Foundation Trust for the use of their 10,000 staff and was then rolled out to various trusts across the South West.

We worked in partnership with the NHS Business Services Authority (NHSBSA), analysing data to find potential fraud and identifying prevention savings that contributed to the total amount of fraud prevented for 2019-20.



During 2019-20 we attended various meetings to continue to build our relationships as well as eight conferences, targeting the pharmacy, finance and procurement sectors. One of the key events was the Pharmacy Show 2019.



We also worked with the Counter Fraud Board, chaired by the Department of Health and Social Care and attended by NHS England and NHS Improvement, and the NHSBSA, to coordinate fraud work across the health sector.

## Case study: Pharmacy Show 2019

We attended the Pharmacy Show in October 2019 and surveyed over 200 delegates to gather intelligence on fraud risks facing NHS community pharmacy. The survey, as well as face to face conversations with community pharmacists and others within the pharmacy sector, provided very valuable insights which have informed our work on pharmaceutical contractor fraud.

### Key results include:

- The survey and discussions indicated that greater clarity in certain regulations within the drug tariff would help the sector in applying the correct rules, making it easier to identify and prevent fraud. For example, pharmacists have their own understanding of what counts as 'not required to be frequently supplied' for the purpose of claiming out of pocket expenses. Many assume this relates to special preparations (unlicensed medicines manufactured in the UK that have been specially prepared for patients without the need for the manufacturer to hold marketing authorisation) or retains an automatic fee of £20 due to recent changes in fees applied to specials.
- Self-auditing is a routine business practice that many pharmacists conduct habitually in their daily working practices, ensuring rules have been applied not just around patient safety but also reimbursement. While self-audit can also allow false claims to be made, it must be recognised that uncertainty around some regulations regarding reimbursement means pharmacists have to exercise a measure of discretion in applying the rules.
- Education, support and guidance is desired, especially relating to the communication of lost/stolen prescriptions with no clear procedure for all clinical commissioning groups to follow or where education material relating to fraud within the NHS is needed.

We will continue to engage with the themes highlighted by our conversations at the Pharmacy Show through our work in 2020-21 and beyond.

In December 2019, we launched NHS Fraud Champions. The aim of this initiative is to strengthen the fight against fraud and raise awareness in each individual organisation at a strategic level to support colleagues already working to counter fraud. At the end of March, only three months into the campaign, over 220 organisations had nominated a fraud champion. We produced an e-learning package to inform and test knowledge of fraud in nominees to ensure the initiative is fully supported. We will build on those foundations in 2020-21 and beyond.

## Campaigns

Throughout 2019-20 we led the #trackthetruck and 'Can you spot Fraudy?' campaigns and ran an NHS campaign for International Fraud Awareness Week (IFAW).

Our #trackthetruck campaign, delivered in partnership with NHS Supply Chain, has now been running for two years. Five trucks which travel across the country, serving areas such as Manchester, London and Kent, delivering goods to NHS organisations, display an NHSCFA advert encouraging those who see it to report any suspicions they might have about fraud against the NHS.

The 'Can you spot Fraudy?' campaign started in June 2019 and introduced 'Fraudy', a cartoon character which represents fraud in an animation based on a real case of payroll fraud.

Highlights from the International Fraud Awareness Week campaign can be seen in the case study on the next page.



## Case study: International fraud awareness week (IFAW)

We delivered a national campaign for International Fraud Awareness Week 2019 (IFAW), aimed at increasing awareness of NHS fraud and encouraging other NHS bodies to do the same. IFAW promotes openness and honesty about fraud, bringing together organisations around the world to talk about it.

### Achievements:

- Total reach during the campaign was over 267,000 on NHSCFA digital channels (reach is the number of people who saw the messages at least once).
- Over 110 NHS bodies supported IFAW publicly.
- 8% of #fraudweek Tweets worldwide contained the word 'NHS' during IFAW.
- Senior leaders from health bodies provided personal support.
- The campaign was effective in helping NHS bodies raise awareness of NHS fraud and raise the profile of counter fraud at a local level, although the full scale of participation in IFAW is difficult to estimate due to the campaign falling within the pre-election period ahead of the 2019 General Election.
- Most NHS bodies which supported IFAW publicly used some messaging from our sample content, and over half used visuals provided by the NHSCFA (including all the new materials in the IFAW toolkit). This provides confirmation that it was helpful to make the toolkit available to them well in advance of the campaign period.
- Analysis indicates that the campaign has contributed positively to engagement with NHS counter fraud messages.

## Prevent and deter

This principle relates to providing solutions to eliminate identified areas of fraud and emerging risks. Detection enables us to prevent further fraud by bringing system weaknesses to light and to provide guidance and standards to mitigate fraud risks. Conviction also acts as a deterrent to those who may be tempted to commit fraud against the NHS.

A key part of our work is prevention and deterrence, providing guidance for the NHS to deal with fraud at both a national and local level. Examples of work include:

### Procurement

The national proactive exercise on the prevention of procurement fraud was a key part of our fraud prevention work during 2019-20.

The information collection carried out with NHS providers during the first phase of the exercise (May-July 2019) enabled us to improve our understanding of three key areas of fraud risk vulnerability: disaggregate spend (contract splitting), contract management, and purchase order vs. non-purchase order spend.

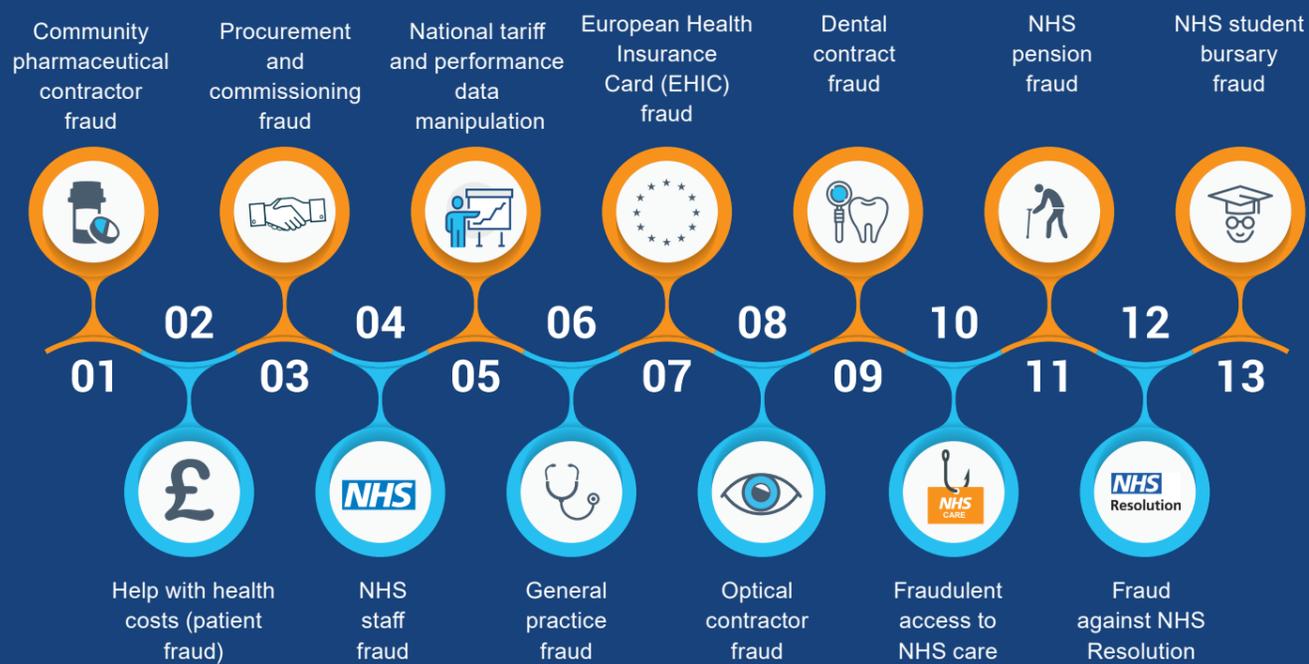
The procurement fraud quick guides we released as part of the second phase of the exercise provided guidance for NHS staff and managers on how to identify and stop different types of procurement fraud, and how to improve their procurement and finance systems to better mitigate the risk of fraud. Three of the guides covered the areas of fraud risk vulnerability included in the first phase of the exercise, two others focused on good practice relating to due diligence and a suppliers' code of practice, and the final three deal with fraud risk management in relation to mandate fraud, petty cash and credit card fraud. The guides are available on the NHSCFA website at <https://cfa.nhs.uk/fraud-prevention/fraud-guidance>.

For more information on the exercise please see the Performance analysis section.

## Strategic intelligence assessment

We continue to report and gather intelligence on fraud within the NHS. Our 2019 Strategic Intelligence Assessment (SIA) was published in May 2019 (based on activity for 2017-18). This showed that we estimate fraud affecting the NHS was responsible for losses totalling £1.27bn within the NHS. For further information, the strategic intelligence assessment can be found at <https://cfa.nhs.uk/about-nhscfa/corporate-publications>.

### Strategic Intelligence Assessment covers 13 thematic areas:



We continue to work towards improving our intelligence picture of how fraud is being committed against the NHS year on year.

## System weakness reporting

Systems weakness referrals and prevention guidance are used to update the NHS Fraud Reference Guide. We developed this to raise awareness of the different types of fraud affecting the NHS and encourage people work in the NHS and the public to remain vigilant and report suspicions of fraud. This guidance has been expanded and includes the 13 thematic areas identified in our SIA.

## Case study: System weaknesses

We designed an end-to-end fraud prevention process that identifies fraud risk areas and evaluates systems weaknesses and intelligence assessments received, before communicating fraud prevention solutions, guidance and campaigns externally.

### Key achievements included:

- Systems weakness referrals and prevention guidance are used to update the new web-based NHS Fraud Reference Guide.
- The first measurement exercise was conducted asking NHS organisations about prevention measures.
- This has led to new information being circulated on the website, for Local Counter Fraud Specialists and Directors of Finance.
- This new process includes a function to measure the impact of the guidance issued through the fraud prevention notices and whether organisations are taking action in response. This measurement includes the impact through the implementation of fraud prevention measures and the cost savings that this has brought to the organisation.

## Investigate and sanction

This principle relates to investigating allegations of fraud thoroughly and to the highest professional standards, pursuing the full range of civil, criminal and disciplinary sanctions where appropriate, and seeking redress where possible so that funds lost to fraud return to the NHS.

Fraud losses worth over £9.5m were recovered during 2019-20, which is 92% above the original target that was set and a 365% increase from 2018-19.

Specifically, our investigations have identified frauds with a value of over £10 million, recovered over £3.4 million that had been lost to fraud and prevented fraud losses in excess of £1.1 million. Additionally, we had further successes, which are outlined below.

**“the ratio of fraud recovered compared to fraud identified is just below 56%”**

### The National Investigation Service (NIS)

The National Investigation Service (NIS), part of the Operations unit investigates allegations of serious or complex fraud and allegations of bribery or corruption within or against the NHS. Most of the team are fraud investigators and some are also financial investigation specialists or forensic computing specialists, supported by clinical advisors and administration support staff.

The Forensic Computing Unit (FCU), which is part of our National Investigation Service, was accredited to ISO standard 17025:2005 in 2018-19, taking three years to obtain. The standard, awarded by the United Kingdom Accreditation Service (UKAS), enables laboratories to demonstrate that they operate capably and generate valid results, thereby promoting confidence in their work nationally and in court.

In 2019-20 the FCU was reassessed by UKAS, who confirmed not only continued accreditation but also a successful transition to the 2017 version of the standard. The NHSCFA has two forensic laboratories that are accredited and is one of only three government bodies to have been awarded the accreditation for both the Imaging and Analysis of Computer and Digital Devices.

NHSCFA financial investigators use their powers under the Proceeds of Crime Act 2002 to identify and recover defrauded NHS money from those convicted of fraud. Our financial investigators are the only officers working within the NHS who are able to utilise powers under this Act and where appropriate we can use these powers on the behalf of NHS organisations. The NHSCFA successfully applied for 70 financial orders in Crown Court in 2019-20. Where appropriate we can use these powers on the behalf of NHS organisations. The NHSCFA successfully applied for 70 financial orders in Crown Court in 2019-20.

## Case study: Seeking redress

An NHS body was defrauded by a senior manager, resulting in a loss to the NHS of over £380,000. In his role, the manager authorised invoices for the provision of health care by third party organisations. He misused his level of access to the payment system to fraudulently set up a bogus supplier on the system and used this as a vehicle to submit false invoices for services that had not been provided. Following a successful investigation by the health body's Local Counter Fraud Specialist, the fraudster pleaded guilty to the charge of Fraud by Abuse of Position Contrary to Sec 4 Fraud Act 2006. He was subsequently sentenced to three years' and nine months' imprisonment.

While the investigation was ongoing, NHSCFA financial investigators used their powers under the Proceeds of Crime Act 2002 (POCA) to identify all assets held by the criminal. Once he had been convicted, the financial investigators were able to start the process to recover funds lost to the NHS.

At a POCA hearing at Snaresbrook Crown Court in October 2019 the criminal was ordered to immediately repay all assets we had identified, which amounted to over £220,000, to the NHS.

We are still working to identify other assets that may be available to compensate the NHS for the monies stolen.

**“...our investigations identified frauds with a value of over £10 million, recovered over £3.4 million that had been lost to fraud and prevented fraud losses in excess of £1.1 million.”**

## Case study: Ongoing investigation

An NHS body was the victim of a sophisticated mandate fraud which resulted in a loss of just under one million pounds. A mandate fraud (or payment diversion fraud) is when criminals, using increasingly sophisticated methods, are able to deceive staff working in accounts payable departments into changing the bank account details of a legitimate supplier to one controlled by the criminals.

Following receipt of an invoice, subsequent payments to the legitimate supplier will then be ‘diverted’ into the criminals’ account, and then quickly moved through multiple third-party bank accounts in an attempt to disguise the original source of the monies. Payments will often continue to be ‘diverted’, until the supplier notices that invoices have not been paid.

Working in partnership with a variety of law enforcement agencies, the NHSCFA investigation has revealed that a sophisticated money laundering network was used to disguise and dissipate the stolen funds. As part of the investigation, our financial investigators have used their powers under the Proceeds of Crime Act 2002 to obtain banking material from 220 separate bank accounts suspected of being involved in the fraud. Money held in many of these accounts is subject to restraint orders. This means it cannot be accessed until such time as legal proceedings have been concluded.

During the course of the investigation, in order to assist in the identification of suspects and obtain evidence of offences, the NHSCFA’s FCU analysed 107 digital devices including computers, hard drives, laptops and mobile phones. To date, 14 search warrants authorised under the Police and Criminal Evidence Act 1984 have been executed in joint operations with the police, 11 individuals have been arrested and a further 16 have been interviewed under caution. Work is ongoing to identify further suspects.

NIS currently have 44 ongoing investigations with a potential fraud value in excess of £35 million.

## Continually review and hold to account

This relates to organisations across the NHS evaluating and improving their counter fraud measures. Where they fail to do so, they must be held to account for it. Evaluating progress in tackling fraud ensures that all involved in counter fraud work are ahead of the evolving threat.



## Improving counter fraud measures

Each year we issue standards for all commissioners and providers of health care. These set out standards for counter fraud arrangements which must be applied by all relevant parties and are aligned with the NHS Standard Contract.

Our Quality and Compliance Unit compares provider and commissioner performance against these standards to assess whether they comply and can make recommendations to improve compliance. The 2020-21 Standards can be found on the NHSCFA website at <https://cfa.nhs.uk/counter-fraud-standards/nhs-standards>.

### 2019-20 reported sanction outcomes from Local Counter Fraud activity



**Civil**  
**38**



**Criminal**  
**33**



**Disciplinary**  
**83**

*Due to Covid-19, the Self Review Tool (SRT) deadline, where NHS organisations are required to audit themselves against the counter fraud standards, was extended to May 2020, therefore the data on the cost of counter fraud provision for 2019-20 has not yet been reviewed.*

### Cross-organisational working

As mentioned throughout this report, collaboration with our stakeholders across the counter fraud community and the NHS is an essential part of the NHSCFA's approach.

In 2019-20 we continued our work with partners across government to develop the Government Counter Fraud Function (GCFF) and we delivered numerous training sessions to organisations which are members of the GCFF to support their counter fraud work.

We delivered advanced disclosure training to 30 delegates from HMRC, and advanced interviewing training to 12 delegates from the Insolvency Service. These training sessions on advanced topics relating to fraud investigations were praised by partner organisations for being of a very high standard, and our training team have further worked with partner organisations across government by contributing their expertise to the development of the GCFF.

Alongside their work with the GCFF, a new training programme was developed by our specialists. The course was created in line with GCFF standards and was rolled out to NHSCFA staff in September 2019.

## Our principles, our people

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

At 31 March 2020 we employed 166 people to deliver our services, from those working remotely to those based in our offices. We have a diverse workforce and recognise the need to provide them with an inclusive workplace where they are respected and valued.



In February 2020 we held our third annual staff conference at the Welcome Centre in Coventry. Over the two days employees from diverse business areas explained how what they do and how they work contributes to the fight against fraud in the NHS, with people rating the conference 4.5 out of 5.

Throughout the year, we have also conducted our organisation spotlight survey with our people. Key points to note are:

- 84.4% of respondents reported that they get the help and support they need from colleagues
- People feeling valued by their colleagues/team members increased from 75% to 75.8% (against previous year)
- 58.9% felt encouraged to collaborate with others outside immediate team

In 2019-20, the NHSCFA's Mental Health Awareness Working Group was established to support colleagues who may be experiencing mental health issues. We have also developed a health and wellbeing programme promoting health initiatives and making information about mental health available to staff. For example, for Mental Health Awareness Week, the group collaborated with our UNISON members to put together a 'Tea and Talk' event on 16 May 2019 across all three NHSCFA offices. Colleagues were able to access information provided by the Mental Health Foundation Charity and our Employee Assistance Programme.

We enrolled in a strategic leadership programme for our middle and senior managers to develop their leadership skills. The programme delivered by Andpartnership has been rolled out across the organisation to help create a culture of transparency and leading by example.

As the organisation has always been committed to providing its employees with support and guidance, we are continuing to develop a people strategy designed to engage staff by enabling them to canvass their opinions and to provide support to help them achieve their goals. The strategy will be launched in 2020 and will look to produce numerous initiatives to foster a strengthened working environment for all of our colleagues.

We are also committed to promoting a healthy workforce and has established initiatives to support this such as the aforementioned Mental Health Working Group, along with volunteering and charity initiatives to help make a positive impact on the wider community.

## Our commitment to sustainability

The NHSCFA has a responsibility to ensure that the way our organisation operates reflects the needs of our people, our communities and the environment. As part of this we are included in the scope for reporting on Government Greening Commitments (GGC), which are a set of targets set to collectively reduce the negative effects that government's estates and operations have on the environment, for example, reducing emissions, improving our waste management, reducing water use and responsible procurement.

During 2019-20 we have aimed to reduce consumption of paper and energy and reduce business travel and waste production. Engagement activities have promoted responsible choices, use of re-usable drinks containers and the recycling points in all our workplaces. During 2020-21 we will begin to collate more detailed information on our emissions and energy use and will be exploring ways in which to reduce our corporate carbon footprint.

The organisation created a Smarter Working Group to review the ways we work and present new agile ways of working to improve the quality and efficiency of the NHSCFA's work. The organisation has reduced its estate footprint and intends to do so further as we work towards decreasing under-utilised spaces in our offices. This work will continue into 2020-21.

## Anti-corruption and anti-bribery matters

We are committed to the highest standards of integrity, honesty and professionalism. To support this, we have in place a whistleblowing policy and we encourage staff to use the procedures set out in the policy to raise concerns about any wrongdoing. We take all concerns very seriously and all allegations are promptly investigated, and action taken.

## Overview of financial performance

Financial obligations	2019/20			2018/19		
	Target (£000)	Performance (£000)	Variance (£000)	Target (£000)	Performance (£000)	Variance (£000)
Capital resource limit does not exceed target set by DHSC	2,134	721	(1,413)	2,568	1,752	(-816)
Non-Ring-Fenced Revenue resource expenditure does not exceed the limit set by DHSC (including depreciation, amortisation and provisions)	12,958	12,917	(-41)	12,801	12,453	(-348)

### Our finances

Total cash drawn down as Parliamentary funding for 2019-20 was £12.5m.

The revenue outturn position including depreciation, amortisation and provisions was £12.917m. This is a minimal underspend of £41k. In order to achieve this the authority has managed a significant cost improvement programme which includes a vacancy management programme in excess of £500k and reduced estates costs in excess of £280k.

The Capital expenditure was £0.721m. The Capital programme significantly underspent due to a number of high value projects not completing as planned. This included the purchase of IT hardware items which were unable to be delivered before 31/03/2020 due to the impact of Covid-19.

We achieved an underspend for the period of £1.454m across both revenue and capital programmes.

## Performance report summary and looking ahead

Over the 2019-20 financial year, the NHSCFA continued to develop its understanding of the threats, vulnerabilities and enablers associated with the different types of fraud against the NHS and wider health group.

We put collaboration at the forefront of our work and developed our approach to working with our partners so that together we can find and fight NHS fraud. We continued to provide advice, guidance and tools to enable NHS organisations to manage and mitigate the risk of fraud.

We worked with our stakeholders to share our knowledge of NHS fraud and increase fraud awareness across the sector.

Fraud against the NHS has a real impact on NHS services, by taking away resources which would otherwise be spent on patient care. Fighting fraud effectively therefore means delivering tangible benefits for the NHS. Together with our stakeholders in the wider NHS counter fraud community, in 2019-20 we identified over £17.3m worth of fraud, prevented £99.2m from being lost to fraud and recovered fraud losses worth over £9.6m. These results represent a significant improvement upon comparable figures for 2018/2019, whilst they are slightly below our overall financial targets for the year. They clearly demonstrate what can be achieved when different organisations recognise the challenge posed by fraud and join together to fight it.

The NHSCFA has unique specialist knowledge and expertise across the full range of counter fraud work, as shown by the work described in this report and our results. During the coming year, we will continue to work with our partners to fight fraud against the NHS and we remain committed to supporting the development of work to counter fraud across government and the wider public sector. We are alert to the fraud threats arising out of the pandemic, these cut across the entire health sector, and include, but are by no means limited to fraud risks in procurement, recruitment, payroll as well as fraud against individual NHS staff. We have issued and will continue to issue guidance to the local counter fraud community as well as to leaders in the NHS alerting them to emerging fraud risks as they arise. Consequently, we are adapting our business plan for 2020/2021 to enable us to prioritise our efforts accordingly, including taking on additional work directly related to the pandemic

The coming year will also bring some benefits to the way we are able to operate.

- We have received parliamentary approval to continue our work for a further three years as a special health authority through the granting of an Extension Order.
- In another legal development we will be granted powers under the Investigatory Powers Act 2016 which will help our investigators gather evidence to put before the courts.
- We have started work on a new three-year strategy to map out how we intend to develop further to 2023.
- We have embarked on a series of professional development for our managers at all levels to embed strategic leadership skills

I look forward to reporting on our progress next year. I am satisfied that this year's performance report in respect of activities undertaken by the NHSCFA during 2019-20 is a true and fair reflection of the work we undertook.



Susan Frith  
 Chief Executive Officer  
 27.11.20



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

- Corporate governance report which covers our governance structures and is set out in three parts
  1. Directors' report; setting out statutory disclosures not covered elsewhere
  2. Statement of Accounting Officer responsibilities; setting out the requirements placed upon the Accounting Officer and the legislative basis for these
  3. Governance statement; setting out the composition of the NHS Counter Fraud Authority (NHSCFA), the governance structure and an overview on how this supports the delivery of the objectives set out in the performance report
- Remuneration and staff report
- Parliamentary accountability and audit report



## Corporate Governance Report

### Directors' Report

The NHSCFA, accountable to the Secretary of State for Health & Social Care, supports the policies of the Secretary of State and complies with statute and any Direction given by the Secretary of State. The NHSCFA presents its report and audited financial statement for the year ending 31st March 2020 in the form directed.

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 also sets out the requirement for the appointment and composition of the Board. Further details relating to the legislation can be found at <https://cfa.nhs.uk/about-nhscfa/nhscfa-board-directors>.

The Accounting Officer has responsibility for maintaining the internal controls which support the delivery of the NHSCFA objectives in accordance with the above legislation. The effectiveness of these controls is described in our Governance Statement which includes information on risk management, performance assurance, data breaches, counter fraud and anti-bribery arrangements and complaints.

An analysis of our performance is set out on pages 22 - 46 and plans for our future on page 47 of the Performance Report.

The Comptroller and Auditor General is the statutory auditor of the NHSCFA. The fee for 2019-20 is £80,000 which is the same as the 2018-19 fee. No fees for non-audit work have been charged. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all the steps they ought to make themselves aware of any relevant audit information and to ensure the auditors are aware of that information.

## Statement of Accounting Officer's Responsibilities

The NHSCFA prepares and presents before Parliament accounts for each financial year under the requirements of the National Health Service Act 2006 and details under 6(1) of the NHS Counter Fraud Authority (NHSCFA) Directions, with Supplemental Directions to the NHS Business Service Authority 2017. The accounts are prepared on an accrual basis and must give a true and fair view of the income, expenditure and cash flows of the NHSCFA and its financial position.

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

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

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

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

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

## Governance Statement

### Introduction

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

The governance arrangements summarised in this statement describe the role of our Board and sub committees and the internal controls which underpin the delivery of the business plan objectives. Overall it concludes that the control environment operated effectively. It also notes that steps have been taken to address concerns highlighted in the previous year. In particular the recruitment of a fully functioning Board, introduction of a dedicated performance management workstream and a change in the delivery model of our financial management function which is now directly under the management of NHSCFA.

### Oversight

The governance arrangements between DHSC and NHSCFA are set out in a Framework Agreement. Regular accountability meetings between the organisations provide the opportunity to review and challenge the NHSCFA's progress on meeting its agreed objectives.

### NHSCFA Board

The Board is responsible for setting the strategic direction of the NHSCFA and ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. 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"<sup>1</sup>. The Board has two committees; an Audit & Risk Committee, (ARC), (renamed as Audit & Risk Assurance Committee from 1.4.20) and a Remuneration Committee, (REMCO).

This year the Board has overseen a range of work to develop the strategic direction of the organisation. This has included supporting the development of the strategy for the next three years, the annual business plan and development of the NHSCFA People Strategy. The People Strategy draws on learning from the staff survey and other internal engagement. Further strategic work remains to be done in some key areas, including the management and control of strategic corporate risks and embedding performance management and project management; these are described below and summarised in the overall statement of effectiveness of internal controls.

<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/835558/Managing\\_Public\\_Money\\_MPM\\_with\\_annexes\\_2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835558/Managing_Public_Money_MPM_with_annexes_2019.pdf)

The Board also ensures proper governance arrangements are in place to facilitate the delivery of objectives which consider good practice outlined in HM Treasury's Corporate Governance Code<sup>2</sup>.

Following a full review against this code the REMCO terms of reference were revised. This revision strengthened the role of REMCO in advising the Board on the effectiveness of systems for developing leadership, identifying high potential within the workforce and succession planning. This role includes oversight of the actions identified following the annual staff survey and implementation of the People Strategy. It was noted that comparing NHSCFA data with other organisations, which is recommended within the Code, has not taken place due to the unique nature of the organisation. It was also highlighted that the Head of Internal Audit routinely attends all the ARC meetings which exceeds good practise requirements.

The Board is now fully established. It met nine times during the year and considered a range of agenda items during its meetings. A full register of Board member's interests is maintained and reviewed regularly and can be accessed at <https://cfa.nhs.uk/about-nhscfa/nhscfa-board-directors/board-declarations-of-interest>. The matters reserved to the Board include regulation, strategy and financial functions.

The Board noted the key changes to the governance arrangements introduced during 2019-20 which contributed to effective delivery and overall improvement in governance. A summary of these follows.

The Executive Team (ET), now comprising of the CEO, Director of Finance (DoF) and Performance & Improvement Director (PID) are meeting fortnightly to discuss and provide leadership on forward planning strategy, finance, risks and performance. The introduction of a performance system following the appointment of the PID has improved the clarity of the performance data. A new format for quarterly performance reports provided to the Board has been implemented. The Board have been provided with and discussed the assurance surrounding the trajectories of the Key Performance Indicators. Re-examination of the identification of strategic risks by the ET has resulted in development of risk management and escalation options.

The financial management services delivered by NHSBSA were reviewed in full following recommendations made by both internal and external audit during 2018-19.

<sup>2</sup> <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

The Board supported the DoF's decision to bring the financial management element of this service in house. Following recruitment, the delivery of this function is now live and has increased the level of financial control. Work is now in progress to complete internal documentation and procedures to support this internal workstream. The implementation of a standalone internal ledger has also been completed. The audit recommendations regarding key financial controls were implemented satisfactorily and confirmed as such by Internal Audit. Actions taken to enhance the collaborative relationship between the NHSBSA and NHSCFA in respect of the remaining elements of financial services have improved the governance arrangements including controls surrounding procurement.

Overall the Board commented that the standard of information provided to the Board improved during the year and is balanced and accurate. This has facilitated the Board and Committees to focus on strategic areas and is an area where further maturity is expected as the organisation continues to develop.

The Board's effectiveness was reviewed by internal audit. The members have reflected on their objectives and consider these have been achieved in accordance with the Board terms of reference.

#### NHSCFA Audit and Risk Committee (ARC)

The ARC provides an independent view to the Board and Accounting Officer on the appropriateness and adequacy of all aspects of NHSCFA's risk management, internal control environment, governance and assurance arrangements. The ARC reviews the external audit plan and reports, oversees the internal audit function provided by the Government Internal Audit Agency (GIAA), reviews the key risk register and recommends the approval of the annual report and accounts.

The ARC comprises of three Non-Executive Board members and is Chaired by Jayne Scott who has recent and relevant financial experience.

During the year the ARC:

- reviewed the continued work to embed the risk management process and identification of strategic corporate risks. The ET are developing the mitigations against these risks and a review of the risk appetite is planned
- reviewed the internal audits undertaken by GIAA including those which dealt with programme and project management, key performance indicators and IT access controls
- reviewed the assurance provided regarding the implementation of audit and governance recommendations
- monitored financial risk
- provided an annual report to the Board

#### NHSCFA Remuneration Committee (REMCO)

The REMCO is formed by three Non-Executive Directors and Chaired by Martin Spencer. The REMCO provides oversight for remuneration and contractual arrangements for the CEO and Executive Directors ensuring that the arrangements for evaluating the performance of the Chair, the CEO and Executive Directors are adequate.

During the year the REMCO

- supported the requirements for the recruitment to the permanent CEO role
- reviewed the objectives for the Board
- scrutinised performance monitoring arrangements and succession planning of senior leadership

#### Board effectiveness

A review of the effectiveness of Board and sub-committee meetings is routinely conducted at the end of each meeting. All the Board members' performance is appraised annually. The Board also held three strategy days. These focussed on the development of the 2020-23 strategy, business planning for 2020-21, risk review and Board effectiveness. Board members engage with the workforce informally after each Board meeting and are regularly provided with presentations on specific workstreams.

The Board considers requirements set out in the "Cabinet Office Code of Conduct for Board Members of Public Bodies"<sup>3</sup> and "HM Treasury Corporate Governance in Central Government Departments Guidance Code of Good Practice"<sup>4</sup>.

#### NHSCFA Board member appointments & attendance records 2019-20

Board meetings			
Member	Job Title	Number of eligible meetings attended during the year	Comments
Tom Taylor	Chair	9/9	
Jayne Scott	Non-Executive Director & ARC Chair	8/9	
Carl Stychin	Non-Executive Director & Vice Chair	9/9	
Martin Spencer	Non-Executive Director & REMCO Chair	7/9	
Sue Frith	Chief Executive	8/9	Previously interim, permanently appointed 12 June 2019
Matthew Jordan-Boyd	Director of Finance	8/9	
Rachel Monaghan	Director of Performance and Improvement	8/8	Appointed: 06 May 2019

<sup>3</sup><https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

<sup>4</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/609903/PU2077\\_code\\_of\\_practice\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/609903/PU2077_code_of_practice_2017.pdf)

NHSCFA Audit & Risk Committee Meetings			
Member	Job Title	Number of eligible meetings attended during the year	Comments
Jayne Scott	Non-Executive Director & ARC Chair	5/5	
Carl Stychin	Non-Executive Director & Vice Chair	5/5	
Martin Spencer	Non-Executive Director & REMCO Chair	4/5	
Sue Frith	Chief Executive	5/5	Previously interim, permanently appointed 12 June 2019
Matthew Jordan-Boyd	Director of Finance	5/5	

NHSCFA Remuneration Committee Meetings			
Member	Job Title	Number of eligible meetings attended during the year	Comments
Martin Spencer	Non-Executive Director & REMCO Chair	2/2	
Jayne Scott	Non-Executive Director & ARC Chair	2/2	
Carl Stychin	Non-Executive Director & Vice Chair	2/2	
Sue Frith	Chief Executive	2/2	Previously interim, permanently appointed 12 June 2019

### Internal Controls

The NHSCFA has reviewed its internal controls to address the concerns identified in the 2018-19 governance statement. The framework these controls collectively form is described below and includes risk management, information governance, assurance and organisational performance. Together these controls are designed to support the delivery of objectives, development of the organisational culture and they inform our leaders and managers on strategic and operational risks. The effectiveness of these is summarised in the overall review of effectiveness. A description of key strategic risks also follows. No significant failings in controls were identified however the following issues were noted; resource capacity within the finance team, management of fixed assets and management of the services provided by NHS BSA.

### Risk Management

Various improvements to our risk management system have been implemented over 2019-20. The introduction of a new reporting tool was successfully introduced in the early part of the year. This has enhanced the monitoring of the mitigating actions being taken, increased accountability arrangements and resulted in improved escalation procedures via the ET and the Risk Register Review Group. Gap analysis has been used to identify actual and emerging risks. This work has also been aligned to the Performance and Assurance Panels (PAP) during the year.

These changes have facilitated the identification of weaknesses in assurance and provided a focus on where improvements can be made to further mitigate risks and improve performance. This alignment has also provided additional support in forecasting future performance expectations. Identification of emerging risks has included the consideration of potential implications of EU Exit.

All strategic and corporate risks were reviewed and challenged as part of the migration to the new reporting tool. This, alongside the work to align with the PAP has led to the recognition that further development is required to ensure we fully identify and subsequently manage the risks to delivering our objectives. This work commenced in March 2020 and will be taken forward in 2020-21 alongside a review of the NHSCFA risk appetite. A number of risk-based internal assurance exercises were delivered in 2020-21.

These included reviewing compliance with a range of internal policies and procedures. Implementation of the resulting recommendations has expanded the range of assurance.

In addition to the above an assurance mapping exercise has been undertaken to enhance our identification and subsequent mitigation of risks. This, alongside the development of a

performance strategy will further strengthen our governance framework in the future as the NHSCFA continues to develop in this area both in practical and cultural terms.

A review against the requirements of the Orange Book<sup>5</sup> was completed and reviewed by the Accounting Officer to provide assurance on compliance with the principles outlined. During the year ongoing key strategic risks identified and managed included;

- cyber security threats against IT which could compromise the security of data held or system accessibility or functionality
- business continuity planning which would impact on the ability to continue service delivery to pre-defined and agreed levels
- delivery of workstreams against increased financial pressures which would impact on the delivery of objectives and financial targets

Risks added during the period included;

- management of key contracts and third-party provider contracts to ensure effective delivery and value for money
- response to COVID-19 which requires agility in workplanning to enable quick and effective responses to emerging fraud threats and vulnerabilities

### Whistleblowing Counter Fraud and anti-Bribery Arrangements

The NHSCFA has policies and procedures in place in respect of whistle blowing and counter fraud, all of which were reviewed during the year. The ARC reviews the counter fraud action plan on an annual basis. No internal fraud investigations were opened in 2019-20.

### Information Governance

The NHSCFA has maintained a robust Information Governance Framework to ensure appropriate processes and procedures are in place to protect both personal confidential 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 were actioned within the statutory response deadline.

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/866117/6.6266\\_HMT\\_Orange\\_Book\\_Update\\_v6\\_WEB.PDF](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866117/6.6266_HMT_Orange_Book_Update_v6_WEB.PDF)

A self-assessment undertaken against the requirements of the NHS Digital Data and Security and Protection Toolkit reflected compliance with the mandatory requirements.

### Complaints

The NHSCFA continues to learn lessons from complaints received. The total number of formal complaints received which fell within our remit was four. The outcome of two have been completed, with no evidence being found to substantiate the allegations. The remaining two remain under investigation.

### Public Interest Disclosure Act

The NHSCFA remains classified as a 'Prescribed Person' as defined under the Public Interest Disclosure (prescribed Persons) Order 2014. Our annual report, detailing relevant activity in respect to this responsibility can be accessed here [https://cfa.nhs.uk/resources/downloads/documents/corporate-publications/corporate-governance/Prescribed\\_Person\\_Annual\\_Report.pdf?v=1.0](https://cfa.nhs.uk/resources/downloads/documents/corporate-publications/corporate-governance/Prescribed_Person_Annual_Report.pdf?v=1.0)

### Internal Audit

A range of audits have been completed between 2019-20 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 ARC.

Following completion of planned audit work for the NHSCFA during 2019-20, 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. The evidence from the range of risk based audits demonstrated adequate evidence of continued transition and improved governance controls and processes resulting in a Moderate assurance rating.

**“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 2019-20”.**

### Overall Review of Effectiveness of Internal Controls

As Accounting Officer, I have responsibility for reviewing the effectiveness of internal controls over 2019-20. I have considered the information provided to me on the scope of the risk management system, information governance, assurance and organisational performance. I have also considered the internal audit opinion and been informed by Board, ARC and the leadership of the organisation.

Based on the above I am satisfied that the overall control environment operated effectively throughout the year, supporting the delivery of our objectives. The organisation has matured since inception and has addressed concerns noted in last year's governance statement. However, there remain key areas where further work to improve assurance will increase confidence in future. These include further development of identifying and mitigating strategic corporate risks and embedding both performance management and project management.



## Remuneration and staff report

The terms of reference for the Remuneration and Nominations Committee were reviewed and continue to follow the framework laid down by the DHSC. They take into account the recommendations of the Senior Salaries Review Body. The committee met twice during the year.

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

### Emoluments of board members

Remuneration figures for all directors in post, past and present during 2019-20 are detailed in the tables below. These identify the salary, other payments and allowances and pension benefits applicable to both Executive and Non-Executive Directors.

<i>Subject to audit</i>								
Name	Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)	Date of appointment
		£000	£00	£000	£000	£000	£000	
Tom Taylor	Chair	10-15	0	0	0	0	10-15	1.8.18
Carl Stychin	Non-Executive Director	5-10	0	0	0	0	5-10	1.11.18
Martin Spencer	Non-Executive Director	5-10	0	0	0	0	5-10	1.11.18
Jayne Scott	Non-Executive Director	10-15	0	0	0	0	10-15	1.11.18
Susan Frith	Chief Executive Officer	90-95	0	0	0	37.5-40	130-135	1.11.17
Matthew Jordan-Boyd	Director of Finance & Corporate Governance	70-75	0	0	0	27.5-30	100-105	30.1.18
Rachel Monaghan	Director of Performance	80-85 (85-90)*	0	0	0	27.5-30	105-110	06.05.19

*\*Annual equivalent*

2018/19 Comparison

Subject to audit								
Name	Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Performance pay and bonuses (bands of £5,000)	Long term performance pay and bonuses (bands of £5,000)	All pension related benefits (bands of £2,500)	Total (bands of £5,000)	Date of appointment
		£000	£00	£000	£000	£000	£000	
Simon Hughes	Chair (interim)	0-5 (10-15)*	0	0	0	0	0-5	1.11.17-31.7.18
Tom Taylor <sup>1</sup>	Chair	5-10 (10-15)*	2	0	0	0	5-10	1.8.18
David Rawsthorn	Non-Executive Director (interim)	5-10 (10-15)*	0	0	0	0	5-10	1.11.17-1.10.18
Carl Stychin	Non-Executive Director	0-5 (5-10)*	0	0	0	0	0-5	1.11.18
Martin Spencer	Non-Executive Director	0-5 (5-10)*	0	0	0	0	0-5	1.11.18
Jayne Scott	Non-Executive Director	5-10 (10-15)*	0	0	0	0	5-10	1.11.18
Susan Frith	Chief Executive Officer	90-95	0	0	0	32.5-35	120-125	1.11.17
Matthew Jordan-Boyd**	Director of Finance & Corporate Governance	55-60	0	0	0	45-47.5	100-105	30.1.18

<sup>1</sup>Tom Taylor was underpaid by 1 month's salary during 2018/19. This position was corrected and payment made in August 2019. The underpayment is not included in the figures disclosed

\*Annual equivalent

\*\* FTE April – Oct, 0.8 FTE November onwards

Fair pay disclosure (subject to audit)

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

The banded remuneration of the highest paid director in the financial year 2019-20 was £90,000 - £95,000. This was 2.1 times the median remuneration of the workforce, which was £44,503 (full year equivalent figures used).

The range of staff remuneration was £20,000 - £25,000 to £90,000 - £95,000. Compared to the range of £20,000 - £25,000 to £90,000 - £95,000 for 2018/19.

In 2019-20 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.

In comparison the remuneration of the highest paid director in the financial year 2018-19 was £90,000 - £95,000. This was 2.4 times the median remuneration of the workforce, which was £38,344 (full year equivalent figures used).

Subject to audit		
Remuneration balance	2019-20	2018-19
Band of highest paid directors total remuneration (£000)	90-95	90-95
Median total (£)	44,503	38,344
Remuneration ratio	2.1	2.4

Pension Benefits

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

Subject to audit								
Pension benefits of senior managers								
Name	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 31 March 2020 (bands of £5000)	Lump sum at age 60 related to accrued pension at 31 March 2020 (bands of £5000)	Cash equivalent transfer value at 31 March 2020	Cash Equivalent Transfer value at 1 April 2019	Real increase in cash equivalent transfer value
		£000	£000	£000	£000	£000	£000	£000
Susan Frith	Chief Executive Officer (Interim)	0-2.5	5-7.5	50-55	155-160	1,251	1,144	67
Matthew Jordan-Boyd	Director of Finance & Corporate Governance	0-2.5	0-2.5	15-20	35-40	265	234	16
Rachel Monaghan	Director of Performance	0-2.5	0	15-20	0	219	188	16

Staff number and costs

<i>Subject to audit</i>			
Staff numbers and related costs – Executive members and staff costs			
	Total 2019-20 £000	Permanently employed £000	Other £000
Salaries and wages	6,801	6,752	49
Social security costs	739	739	0
Employer contributions to NHS Pensions*	1,247	1,247	0
Termination benefits	0	0	0
Apprenticeship levy	19	19	0
<b>Total</b>	<b>8,806</b>	<b>8,757</b>	<b>49</b>
Recoveries in respect of secondments	-10		
Capitalised staff costs	-144		
<b>Total</b>	<b>8,652</b>		

<i>Subject to audit</i>		
Average number of persons employed		
Total	Permanently employed	Other
163	161	2

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

\* On 1 April 2019 , the employer contribution rate for the NHS Pension scheme increased by 6.3%. The additional cost, funded directly by DHSC was £382k for the year

2018/19 Comparison

<i>Subject to audit</i>			
Staff numbers and related costs – Executive members and staff costs			
	Total 2017-18 £000	Permanently employed £000	Other £000
Salaries and wages	6,362	6,221	141
Social security costs	676	676	0
Employer contributions to NHS Pensions	807	807	0
Termination benefits	96	96	0
Apprenticeship levy	16	16	0
<b>Total</b>	<b>7,957</b>	<b>7,816</b>	<b>141</b>
Recoveries in respect of secondments	-95		
Capitalised staff costs	-276		
<b>Total</b>	<b>7,584</b>		

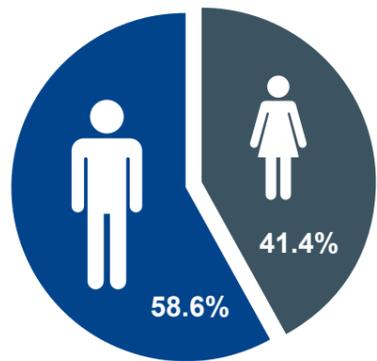
<i>Subject to audit</i>		
Average number of persons employed		
Total	Permanently employed	Other
152	150	2

The whole time equivalent of staff whose cost was capitalised was 6.

### Gender balance

Shown below is the gender balance of our workforce

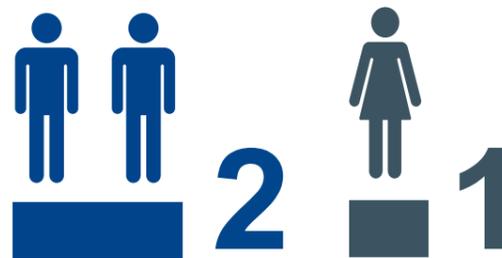
#### Total employees



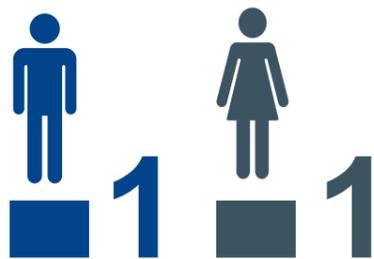
#### Non-Executive Directors (NED)



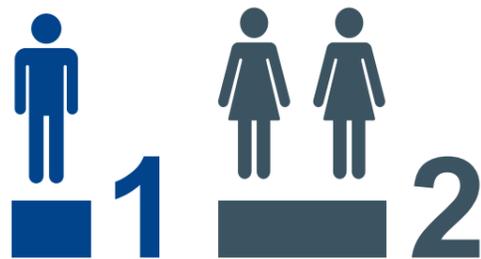
#### Senior Managers band 8c: 1 Female 2 Male



#### Senior Managers band 9 and above (not including NED): 01.4.19-05.05.19



#### Senior Managers band 9 and above (not including NED): 06.05.19-31.03.20



### Cash equivalent transfer value

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

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

Average FTE 2019	Adjusted FTE days lost to Cabinet Office definitions	Average Sick Days per FTE
162	1,225	7.6

## Workforce development

Policies and procedures relating to Human Resources have been reviewed and republished during the year. We will be publishing a People Strategy in the near future which will set out how the NHSCFA will:

- Create the right environment to enable our people to perform at their best
- Attract the right people
- Ensure our people have the right skills, competencies, attitudes and behaviours
- Listen, engage and respond to our people to make them feel valued, and
- Through effective leadership develop a motivated, positive and inclusive culture

Recruitment is undertaken under the terms of the Memorandum of Understanding with the NHSBSA. This includes requirements for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

We continue to make specific arrangements for employees who may have become disabled during their employment. These may include additional training, career development pathways, specially adapted equipment and making other reasonable adjustments as required under the Equality Act 2010.

## Staff engagement

The Staff Engagement Group (SEG) continues to have a representation of all grades and across all divisions. A representative attends each Board meeting as an observer and provides independent feedback to the workforce on Board meeting discussions. The SEG encourages engagement across the organisation and provides a conduit for the workforce to raise questions, concerns and ideas.

## 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	10
The full time equivalent employee number	10

The number of employees who were relevant union officials employed during the relevant period and percentage of time spent on facility time	
Percentage of time	Number of employees
0%	0
1-50%	10
51%-99%	0
100%	0

Percentage of pay bill spent on facility time	
Total cost of facility time	£0.002m
Total pay bill	£8.652m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

Paid trade union activities	
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 £49k. Compared to £141k in 2018-19. NHSCFA has had no consultancy expenditure.

## Off-payroll engagements

The total contingent labour expenditure incurred on the provision of operating services was Nil.

## Exit packages (subject to audit)

There were no packages agreed in 2019-20. The table below shows the number and value of exit packages agreed during the year 2018-19.

2018/19								
	Compulsory redundancies			Other agreed departures			Total	
	Number	£		Number	£		Number	£
£50,001 - £100,000	1	95,774	-		1	95,774		
<b>Total</b>	<b>1</b>	<b>£95,774</b>	<b>-</b>		<b>1</b>	<b>£95,774</b>		

## Safety, Health & Environment (SHE)

We continue to work closely with the NHSBSA to meet all our requirements in respect of Health & Safety Legislation. The SHE committee reviews requirements and liaises with the SHE representatives. A representative for home-based staff has been identified this year and is now an active member of the committee. A number of initiatives have also been introduced to support workforce wellbeing in the office and via digital platforms on the internal intranet site. The latter has been key in our internal response the Coronavirus pandemic.

## Parliament accountability and audit report

### NHSCFA disclosures (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 has nothing to disclose.

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.

### 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 has nothing to disclose.

### 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 has nothing to disclose.

### Fees and charges (subject to audit)

For this accounting period the NHSCFA has nothing to disclose.

### Sue Frith

Chief Executive Officer



27/11/20



# 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 2020 under the National Health Service Act 2006. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the NHS Counter Fraud Authority's affairs as at 31 March 2020 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service Act 2006 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) 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 2016. I am independent of the NHS Counter Fraud Authority in accordance with the ethical requirements that are relevant to my audit and 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the NHS Counter Fraud Authority's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the NHS Counter Fraud Authority has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the NHS Counter Fraud Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## 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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NHS Counter Fraud Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the NHS Counter Fraud Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NHS Counter Fraud Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the NHS Counter Fraud Authority to cease to continue as a going concern.

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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other Information

The Board and Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and Accountability Report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and 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, 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 parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Health Service Act 2006;
- 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 any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

Gareth Davies  
Comptroller and Auditor General

3rd December 2020

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

# ACCOUNTS FOR THE YEAR 01 APRIL 2019 TO 31 MARCH 2020

## CONTENTS

### The Primary Statements:

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020	82
Statement of Financial Position as at 31 March 2020	83
Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020	84
Statement of Cash Flows for the year ended 31 March 2020	85

### Notes to the Accounts

1. Accounting policies	86
2. Other operating income	99
3. Employee benefits and staff numbers	100
4. Operating expenses	106
5. Better payment practice code	107
6. Finance income	107
7. Finance costs	107
8. Operating leases	108
9. Property, plant and equipment	111
10. Intangible non-current assets	115
11. Trade and other receivables	118
12. Cash and cash equivalents	119
13. Trade and other payables	119
14. Provisions	120
15. Contingencies	120
16. Commitments	121
17. Financial instruments	121
18. Operating segments	124
19. Related party transactions	124
20. Events after the end of the reporting period	125

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020			
	Notes	2019-20	2018-19 represented
		£000	£000
Income from sale of goods and services	2	(237)	(245)
Other operating income	2	(39)	(18)
<b>Total operating income</b>		<b>(276)</b>	<b>(263)</b>
Staff Costs*	3	8,652	7,584
Purchase of goods and services	4	2,930	3,153
Depreciation and impairment charges	4	1,549	1,893
Other operating expenditure	4	62	86
<b>Total operating expenditure</b>		<b>13,193</b>	<b>12,716</b>
<b>Net operating expenditure</b>		<b>12,917</b>	<b>12,453</b>
Finance income	6	-	-
Finance expense	7	-	-
Net expenditure for the year		12,917	12,453
<b>Total Net Expenditure for the year</b>		<b>12,917</b>	<b>12,453</b>
<b>Total comprehensive net expenditure for the period</b>		<b>12,917</b>	<b>12,453</b>

The notes on pages 86 to 125 form part of these accounts.

The comparative figures for 2018/19 have been represented in order to provide more detail as to the nature of income and expenditure.

\*Staff costs include £382k for the notional cost of the NHS pension uplift funded directly by DHSC.

Statement of Financial Position at 31 March 2020			
	Notes	2019/20	2018/19
		£000	£000
<b>Non Current Assets</b>			
Property, Plant & Equipment	9	1,306	1,641
Intangible Assets	10	1,626	2,119
<b>Total non-current assets</b>		<b>2,932</b>	<b>3,760</b>
<b>Current Assets</b>			
Trade and other receivables	11	588	496
Cash and cash equivalents	12	1,270	397
<b>Total current assets</b>		<b>1,858</b>	<b>893</b>
<b>Total Assets</b>		<b>4,790</b>	<b>4,653</b>
<b>Current Liabilities</b>			
Trade and other payables	13	(1,666)	(1,414)
Provisions for liabilities and charges	14	(59)	(139)
<b>Total current liabilities</b>		<b>(1,725)</b>	<b>(1,553)</b>
<b>Total assets less current liabilities</b>		<b>3,065</b>	<b>3,100</b>
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	14	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Assets Less Liabilities:</b>		<b>3,065</b>	<b>3,100</b>
<b>Financed by Taxpayers' Equity</b>			
General Fund		3,065	3,100
<b>Total Taxpayers' Equity:</b>		<b>3,065</b>	<b>3,100</b>

The notes on pages 86 to 125 form part of these accounts.

The financial statements on pages 82 to 125 were approved by the Board on 25/11/2020 and signed on its behalf by:



Susan Frith  
Chief Executive and Accounting Officer  
27/11/2020

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2020		
	General Fund	Total Reserves
	£000	£000
<b>Balance at 01 April 2019</b>	3,100	<b>3,100</b>
<b>Changes in taxpayers' equity for 2019-20</b>		
Total net expenditure for the period*	(12,917)	<b>(12,917)</b>
<b>Total recognised income and expense for 2019-20</b>	<b>(12,917)</b>	<b>(12,917)</b>
Net Parliamentary Funding	12,500	<b>12,500</b>
Notional funding for pension increase**	382	382
<b>Balance at 31 March 2020</b>	<b>3,065</b>	<b>3,065</b>
	General Fund	Total Reserves
	£000	£000
<b>Balance at 01 April 2018</b>		
<b>Changes in taxpayers' equity for 2018-19</b>	1,875	<b>1,875</b>
Total net expenditure for the year	(12,453)	<b>(12,453)</b>
<b>Total recognised income and expense for 2018-19</b>	<b>(12,453)</b>	<b>(12,453)</b>
Net Parliamentary Funding	13,678	<b>13,678</b>
<b>Balance at 31 March 2019</b>	<b>3,100</b>	<b>3,100</b>

\*Net expenditure includes £382k for the notional cost of the NHS Pension uplift funded directly by DHSC

\*\*Included above is 382k for the notional funding for the NHS Pension uplift

The notes on pages 86 to 125 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2020			
	Notes	2019-20	2018-19 Represented
		£000	£000
<b>Cash flows from operating activities</b>			
Net operating expenditure for the financial year*		<b>(12,917)</b>	(12,453)
Depreciation and amortisation	4	<b>1,549</b>	1,825
Impairments and reversals	4	-	68
(Profit)/Loss on disposal of assets	4	-	48
(Increase)/decrease in trade & other receivables	11	<b>(92)</b>	(303)
Increase/(decrease) in trade & other payables	13	<b>392</b>	(448)
Increase/(decrease) in provisions	14	<b>(80)</b>	-
Notional pension funding**		<b>382</b>	-
<b>Net cash (outflow) from operating activities</b>		<b>(10,766)</b>	(11,263)
<b>Cash flows from investing activities</b>			
(Payments) for property, plant and equipment		<b>(106)</b>	(440)
(Payments) for intangible assets		<b>(755)</b>	(1,578)
<b>Net Cash (Outflow) from Investing Activities</b>		<b>(861)</b>	(2,018)
<b>Net Cash (Outflow) before Financing</b>		<b>(11,627)</b>	(13,281)
<b>Cash flows from financing activities</b>			
Net Parliamentary Funding		<b>12,500</b>	13,678
<b>Net Cash Inflow from Financing Activities</b>		<b>12,500</b>	13,678
Net Increase / (Decrease) in Cash & Cash Equivalents		873	397
<b>Cash &amp; Cash Equivalents at the Beginning of the Financial Year</b>		<b>397</b>	-
<b>Cash &amp; Cash Equivalents at the End of the Financial Year</b>		<b>1,270</b>	397

\* Net operating costs include £382k for the notional cost of the NHS Pension uplift funded directly by DHSC

\*\*Included above is £382k notional funding for the pension uplift

The notes on pages 86 to 125 form part of these accounts.

The comparative figures for 2018/19 have been represented in order to provide more detail as to the movement in cash flows.

# 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) 2019-20, issued by HM Treasury, and the Department of Health and Social Care Group Accounting Manual (GAM) 2019-20. The accounting policies contained in the FReM and GAM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM or GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of NHS Counter Fraud Authority (NHSCFA) for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Going concern

NHS CFA'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 cited an abolition date for the Authority of 31 October 2020. Section 28a of the National Health Service Act 2006 permits the life of a Special Health Authority to be extended by order requiring approval of both Houses of Parliament.

The DHSC commenced the process for extending the NHSCFA beyond the 31 October 2020 for a further three years, requiring the laying of a Statutory Instrument for debate in the House of Commons and the House of Lords to gain the necessary approval. These debates have taken place and approval has been granted.

NHSCFA have reviewed the impact of Covid-19. Our assessment is that continued delivery of counter fraud services is essential to ensure the threats and vulnerabilities identified as a result of this pandemic are prevented, detected and investigated to reduce losses to fraud.

### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified where

material to account for the revaluation of property, plant and equipment, intangible assets, and certain financial assets and financial liabilities.

## 1.3 Critical judgements and key sources of estimation uncertainty

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

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

## 1.4 Transfer of functions

As public sector bodies are deemed to operate under common control, business reconfigurations within the DHSC group are outside the scope of IFRS 3 Business Combinations. Where functions transfer between two public sector bodies, the GAM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure, and is disclosed separately from operating costs. There have been no such transfers of assets and liabilities during the year ended 31st March 2020.

## 1.5 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,

- NSCFA is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires NHSCFA to reflect the aggregate effect of all contracts modified before the date of initial application.

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

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

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

## 1.6 Employee benefits

### 1.6.1 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.

### 1.6.2 Retirement benefit costs

Most past and present employees are covered by the provisions of the NHS Pensions 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 in England. 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.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time NHSCFA commits itself to the retirement, regardless of the method of payment.

The scheme is subject to a full actuarial valuation every four years and an accounting valuation every year.

## 1.7 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.

### 1.7.1 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.

## 1.8 Property, plant and equipment

### 1.8.1 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 at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a

cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or

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

## 1.8.2 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.

## 1.9 Intangible assets

### 1.9.1 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.

## 1.9.2 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.

## 1.10 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 straight-line 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.

## 1.11 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.

### 1.11.1 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.

## 1.12 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.

## 1.13 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 0.50% (2018-19: positive 0.29%) 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 0.51% (2018-19: 0.76%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.55% (2018-19: 1.14%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.
- A nominal long-term rate of 1.99% (2018-19: 1.99%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.
- A nominal very long-term rate of 1.99% (2018-19: 1.99%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

## 1.14 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; or
- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

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

A contingent asset is a possible asset that arises from past events and whose existence will

be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NHSCFA. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

## 1.15 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.

### 1.15.1 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.

### 1.15.2 Impairment

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

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

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

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

## 1.16 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.

### 1.16.1 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.

## 1.17 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.

## 1.18 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.

## 1.19 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).

## 1.20 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

## 1.21 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 2019-20. 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		
	2019/20 Total	2018/19 Total
	£000	£000
<b>Income from sale of goods and services (contracts)</b>		
Other Contract income	237	245
<b>Total Income from sale of goods and services</b>	<b>237</b>	<b>245</b>

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.

<b>Other operating income</b>		
Other non contract revenue	39	18
<b>Total Other operating income</b>	<b>39</b>	<b>18</b>
<b>Total Operating Income</b>	<b>276</b>	<b>263</b>

3. Employee benefits and staff numbers			
3.1.1 Employee benefits			
	Total 2019/20		
	Permanent Employees	Other	Total
	£'000	£'000	£'000
<b>Employee Benefits</b>			
Salaries and wages	6,752	49	<b>6,801</b>
Social security costs	739	-	<b>739</b>
Employer Contributions to NHS Pension scheme*	1,247	-	<b>1,247</b>
Apprenticeship Levy	19	-	<b>19</b>
Termination benefits	-	-	-
<b>Gross employee benefits expenditure</b>	<b>8,757</b>	<b>49</b>	<b>8,806</b>
Less recoveries in respect of secondments	(10)	-	(10)
<b>Total - Net admin employee benefits including capitalised costs</b>	<b>8,747</b>	<b>49</b>	<b>8,796</b>
Less: Employee costs capitalised	(144)	-	(144)
<b>Net employee benefits excluding capitalised costs</b>	<b>8,603</b>	<b>49</b>	<b>8,652</b>

\*On 1 April 2019, the employer contribution rate for the NHS Pension scheme increased by 6.3%. The additional cost, funded directly by DHSC was £382k for the year

3. Employee benefits and staff numbers			
3.1.1 Employee benefits			
	Total 2018/19		
	Permanent Employees	Other	Total
	£'000	£'000	£'000
<b>Employee Benefits</b>			
Salaries and wages	6,221	141	6,362
Social security costs	676	-	676
Employer Contributions to NHS Pension scheme	807	-	807
Apprenticeship Levy	16	-	16
Termination benefits	96	-	96
<b>Gross employee benefits expenditure</b>	<b>7,816</b>	<b>141</b>	<b>7,957</b>
Less recoveries in respect of secondments	(95)	-	(95)
<b>Total - Net admin employee benefits including capitalised costs</b>	<b>7,721</b>	<b>141</b>	<b>7,862</b>
Less: Employee costs capitalised	(278)	-	(278)
<b>Net employee benefits excluding capitalised costs</b>	<b>7,443</b>	<b>141</b>	<b>7,584</b>

3.2 Average number of people employed			
	2019/20		
	Permanent Employees	Other	Total
<b>Total</b>	<b>161</b>	<b>2</b>	<b>163</b>
Of the above:			
<b>Number of whole time equivalent people engaged on capital projects</b>	<b>4</b>	<b>-</b>	<b>4</b>

3.2 Average number of people employed			
	2018/19		
	Permanent Employees	Other	Total
<b>Total</b>	<b>149</b>	<b>2</b>	<b>151</b>
Of the above:			
<b>Number of whole time equivalent people engaged on capital projects</b>	<b>4</b>	<b>-</b>	<b>4</b>

3.3 Exit packages agreed in the financial year
There were no exit packages agreed during the 2019/20 financial year.

	2018/19 Compulsory redundancies		2018/19 Other agreed departures		2018/19 Total	
	Number	£	Number	£	Number	£
£50,001 to £100,000	1	95,774	-	-	1	95,774
<b>Total recoveries in respect of secondments</b>	<b>1</b>	<b>95,774</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>95,774</b>

There were no special departures during the 2019/20 financial year (2018/19: none).

## Analysis of Other Agreed Departures

There were no other agreed departures during the 2019/20 financial year (2018/19: none).

These tables report the number and value of exit packages agreed in the financial year. The expense associated with these departures may have been recognised in part or in full in a previous period.

No redundancy or other departure costs were paid during 2019/20. Redundancy and other departure costs were paid in 2018/19 in accordance with the provisions of the NHS redundancy arrangements covered by Section 16 (a) (England) of the NHS terms and conditions of service handbook.

Exit costs are accounted for in accordance with relevant accounting standards and at the latest in full in the year of departure.

Where NHS Counter Fraud Authority has agreed early retirements, the additional costs

are met by NHS Counter Fraud Authority and not by the NHS Pension Scheme, and are included in the tables. Ill-health retirement costs are met by the NHS Pension Scheme and are not included in the tables.

The Remuneration Report includes the disclosure of exit payments payable to individuals named in that Report.

## 3.4 Pension Costs

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

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

Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to the NHS Counter Fraud Authority of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

### 3.4.1 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 2020, is based on valuation data as 31 March 2019 updated to 31 March 2020 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.

### 3.4.2 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%, and the Scheme Regulations were amended accordingly. Prior to this valuation the employer contribution rate was 14.3%.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process relating to the McCloud judgement. In February 2019 HM Treasury published amending valuation directions which formally put the pause into effect and confirmed the basis for the calculation of employer contributions from 1 April 2019 by public service schemes. It explained that it was proceeding to implement new employer contribution rates regardless of the pause. This was on the basis that – whatever the outcome of the litigation – it expected the generosity of benefits provided in public service pensions to increase.

4. Operating expenses		
	2019/20 Total	2018/19 Represented Total
	£000	£000
<b>Purchase of goods and services</b>		
Rentals under operating leases	740	650
Establishment	624	732
Transport	27	39
Premises	880	1,168
Audit fees	80	80
Other non statutory audit expenditure		
· Internal audit services	46	47
Legal & professional fees	533	437
<b>Total Purchase of goods and services</b>	<b>2,930</b>	<b>3,153</b>
<b>Depreciation and impairment charges</b>		
Depreciation	646	773
Amortisation	903	1,052
Impairments and reversals of intangible assets	-	68
<b>Total Depreciation and impairment charges</b>	<b>1,549</b>	<b>1,893</b>
<b>Other Operating Expenditure</b>		
Chair and Non Executive Members	46	34
Expected credit loss on receivables	16	4
(Profit)/loss on disposal of Intangibles	-	48
<b>Total Other Operating Expenditure</b>	<b>62</b>	<b>86</b>
<b>Total operating expenditure</b>	<b>4,541</b>	<b>5,132</b>

Operating expenses in 2018/19 have been reanalysed following disaggregation of payments made under operating leases between rental element (included within in rentals under operating leases), service charges, rates and utilities (included within premises).

5. Better payment practice code				
5.1 Measure of compliance				
	2019/20	2019/20	2018/19	2018/19
	Number	£'000	Number	£'000
<b>Non-NHS Payables</b>				
Total Non-NHS Trade invoices paid in the Year	1,038	3,503	1,111	5,877
Total Non-NHS Trade Invoices paid within target	736	2,876	815	4,517
<b>Percentage of Non-NHS Trade invoices paid within target</b>	71%	82%	73%	77%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	15	331	12	207
Total NHS Trade Invoices Paid within target	6	186	4	71
<b>Percentage of NHS Trade Invoices paid within target</b>	40%	56%	33%	34%

The Better Payment Practice Code requires the Authority to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The target percentage to be reached is 95% and in 2019/20, the Authority did not achieve this target.

## 5.2 The Late Payment of Commercial Debts (Interest) Act 1998

There were no payments made in the 2019/20 financial year (2018/19: 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 2019/20 and 2018/19.

## 7. Finance costs

The Authority did not incur any finance costs during 2019/20 and 2018/19.

## 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				
	2019/20			
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
<b>Payments recognised as an expense</b>				
Minimum lease payments	-	717	23	<b>740</b>
<b>Total</b>	-	<b>717</b>	<b>23</b>	<b>740</b>

8.1.1 Payments recognised as an Expense				
	2018/19 Restated			
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
<b>Payments recognised as an expense</b>				
Minimum lease payments	-	625	25	650
<b>Total</b>	-	<b>625</b>	<b>25</b>	<b>650</b>

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

8.1.2 Future minimum lease payments				
	2018/19 Restated			
	Land	Buildings	Other	Total
	£'000	£'000	£'000	£'000
<b>Payable:</b>				
No later than one year	-	547	14	561
Between one and five years	-	751	16	767
After five years	-	-	-	-
<b>Total</b>	-	<b>1,298</b>	<b>30</b>	<b>1,328</b>

The 2018/19 comparative has been restated to remove the non-lease components from property leases.

## 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 1 April 2022.

The NHS Counter Fraud Authority holds one material operating lease for use of office space which runs beyond 1 April 2022, which will be classified as a right of use asset. Leases for two other properties are excluded from this assessment as it is uncertain whether these premises will be occupied by the Authority from beyond 1 April 2022. Talks are currently progressing with the landlords in terms of signing a new lease agreement with reduced space. The NHS Counter Fraud Authority also has right of use assets relating to leased cars. Both the leases of cars and buildings will result in a right of use asset being recognised on the statement of financial position, along with a lease liability, upon the adoption of IFRS 16, with an estimated value of £0.9m as at 1 April 2022.

### 9. Property, plant and equipment

#### 9.1.1 2019/20 Property, plant and equipment

	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost at 01 April 2019</b>	2,331	50	1,599	332	<b>4,312</b>
Additions purchased	-	-	228	83	<b>311</b>
Disposals	(410)	-	(143)	(75)	<b>(628)</b>
<b>Cost at 31 March 2020</b>	<b>1,921</b>	<b>50</b>	<b>1,684</b>	<b>340</b>	<b>3,995</b>
Depreciation 01 April 2019	1,436	50	911	274	<b>2,671</b>
Charged during the year	328	-	254	64	<b>646</b>
Disposals	(410)	-	(143)	(75)	<b>(628)</b>
<b>Depreciation at 31 March 2020</b>	<b>1,354</b>	<b>50</b>	<b>1,022</b>	<b>263</b>	<b>2,689</b>
<b>Net Book Value at 31 March 2020</b>	<b>567</b>	<b>-</b>	<b>662</b>	<b>77</b>	<b>1,306</b>
<b>Asset financing:</b>					
Owned	567	-	662	77	<b>1,306</b>
Held on finance lease	-	-	-	-	-
<b>Total at 31 March 2020</b>	<b>567</b>	<b>-</b>	<b>662</b>	<b>77</b>	<b>1,306</b>

### 9.1.2 2019/20 Revaluation reserve for property, plant and equipment

No amounts were held in the revaluation reserve in respect of property, plant and equipment at 31st March 2020.

9. Property, plant and equipment cont'd					
9.2.1 2018/19 Property, plant and equipment					
	Buildings excluding dwellings	Plant & machinery	Information technology	Furniture & fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost at 01 April 2018</b>	2,112	50	1,207	323	<b>3,692</b>
Additions purchased	219	-	392	9	<b>620</b>
<b>Cost at 31 March 2019</b>	<b>2,331</b>	<b>50</b>	<b>1,599</b>	<b>332</b>	<b>4,312</b>
Depreciation 01 April 2018	968	50	671	209	<b>1,898</b>
Charged during the year	468	-	240	65	<b>773</b>
<b>Depreciation at 31 March 2019</b>	<b>1,436</b>	<b>50</b>	<b>911</b>	<b>274</b>	<b>2,671</b>
<b>Net Book Value at 31 March 2020</b>	<b>895</b>	<b>-</b>	<b>688</b>	<b>58</b>	<b>1,641</b>
<b>Asset financing:</b>					
Owned	895	-	688	58	<b>1,641</b>
Held on finance lease	-	-	-	-	-
<b>Total at 31 March 2019</b>	<b>895</b>	<b>-</b>	<b>688</b>	<b>58</b>	<b>1,641</b>

### 9.2.2 2019/20 Revaluation reserve for property, plant and equipment

No amounts were held in the revaluation reserve in respect of property, plant and equipment at 31st March 2019.

## 9.3 Compensation from third parties

There were no amounts of compensation from third parties for assets impaired, lost or given up, that are included in the Statement of Comprehensive Net Expenditure.

## 9.4 Write downs to recoverable amount

There were no assets written down to recoverable amounts nor reversals of previous write-downs.

## 9.5 Temporarily idle assets

The net book value of temporarily idle assets was £nil (2018/19: £nil).

## 9.6 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was £nil (2018/19: £nil).

## 9.7 Economic lives

	Minimum Life (years)	Maximum Life (Years)
Buildings excluding dwellings	6	8
Plant & machinery	5	5
Information technology	2	5
Furniture & fittings	5	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. Intangible non-current assets

10.1.1 2019/20 Intangible non-current assets			
	Software Licences	Information Technology	Total
	£'000	£'000	£'000
<b>Cost at 01 April 2019</b>	1,520	1,613	<b>3,133</b>
Additions purchased	214	196	<b>410</b>
Disposals	(248)	(155)	<b>(403)</b>
<b>Cost at 31 March 2020</b>	<b>1,486</b>	<b>1,654</b>	<b>3,140</b>
<b>Amortisation 01 April 2019</b>	<b>322</b>	<b>692</b>	<b>1,014</b>
Charged during the year	614	289	<b>903</b>
Disposals	(248)	(155)	<b>(403)</b>
<b>Amortisation At 31 March 2020</b>	<b>688</b>	<b>826</b>	<b>1,514</b>
<b>Net Book Value at 31 March 2020</b>	<b>798</b>	<b>826</b>	<b>1,626</b>
<b>Asset financing:</b>			
Owned	<b>798</b>	<b>828</b>	<b>1,626</b>
Held on finance lease	-	-	-
<b>Total at 31 March 2020</b>	<b>798</b>	<b>828</b>	<b>1,626</b>

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

### 10.1.2 2019/20 Revaluation reserve for intangible non-current assets

No amounts were held in the revaluation reserve in respect of intangible non-current assets at 31st March 2020.

10.2.1 2018/19 Intangible non-current assets			
	Software Licences	Information Technology	Total
	£'000	£'000	£'000
<b>Cost at 01 April 2018</b>	2,236	1,404	<b>3,640</b>
Additions purchased	714	418	<b>1,132</b>
Disposals	(1,430)	(209)	<b>(1,639)</b>
<b>Cost at 31 March 2019</b>	<b>1,520</b>	<b>1,613</b>	<b>3,133</b>
<b>Amortisation 01 April 2018</b>	965	520	<b>1,485</b>
Charged during the year	787	265	<b>1,052</b>
Disposals	(1,430)	(161)	<b>(1,591)</b>
Impairments charged	-	68	<b>68</b>
<b>Amortisation At 31 March 2019</b>	<b>322</b>	<b>692</b>	<b>1,014</b>
<b>Net Book Value at 31 March 2019</b>	<b>1,198</b>	<b>921</b>	<b>2,119</b>
<b>Asset financing:</b>			
Owned	1,198	921	<b>2,119</b>
Held on finance lease	-	-	-
<b>Total at 31 March 2019</b>	<b>1,198</b>	<b>921</b>	<b>2,119</b>

There are two software licences included above which have a carrying value which is material to the financial statements. The carrying value and remaining amortisation period of the licences are £828k and £299k, and 24 months and 27 months respectively.

### 10.2.2 2018/19 Revaluation reserve for intangible non-current assets

No amounts were held in the revaluation reserve in respect of intangible non-current assets at 31st March 2019.

## 10.3 Compensation from third parties

There were no amounts of compensation from third parties for assets impaired, lost or given up, that are included in the Statement of Comprehensive Net Expenditure.

## 10.4 Write downs to recoverable amount

There were no assets written down to recoverable amounts nor reversals of previous write-downs.

## 10.5 Non-capitalised assets

There were no significant assets controlled by the NHS Counter Fraud Authority that have been recognised as assets because they did not meet the recognition criteria of IAS 38.

## 10.6 Temporarily idle assets

The net book value of temporarily idle assets was £nil (2018/19: £nil).

## 10.7 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was £nil (2018/19: £nil).

## 10.8 Economic lives

	Minimum Life (years)	Maximum Life (Years)
Software licences	2	3
information technology	2	5

## 11. Trade and other receivables

	Current 2019/20	2018/19 Represented
	£000	£000
Contract receivables	111	58
Accrued income	20	71
Expected credit loss allowance - receivables	-	(4)
Prepayments	350	247
VAT	52	76
Other receivables	55	48
<b>Total Trade &amp; other receivables</b>	<b>588</b>	<b>496</b>

Included above:		
NHS receivables	9	102

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

The 2018/19 comparative has been amended to show VAT separately from other receivables.

## 12. Cash and cash equivalents

	2019/20	2018/19
	£000	£000
<b>Balance at 01 April 2019</b>	397	-
Net change in year	873	397
<b>Balance at 31 March 2020</b>	<b>1,270</b>	<b>397</b>
Comprising:		
Cash with the Government Banking Service	1,270	397
<b>Cash and cash equivalents as in statement of financial position</b>	<b>1,270</b>	<b>397</b>

£Nil is held on deposit in a separate bank account on behalf of a third party (2019: £192k held under the Proceeds of Crime Act 2002, but not recognised within the financial statements).

## 13. Trade and other payables

	2019/20	2018/19
	£000	£000
Trade payables	49	39
Accruals	1,615	1,370
Other payables	2	5
<b>Total Trade &amp; Other Payables</b>	<b>1,666</b>	<b>1,414</b>
Included above:		
NHS payables	100	302
Capital payables - PPE	204	-
Capital payables - Intangibles	45	390

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

## 14. Provisions

	Current 2019/20	Non-current 2019/20	Current 2018/19	Non-current 2018/19
	£'000	£'000	£'000	£'000
Dilapidations	59	-	139	-
<b>Total</b>	<b>59</b>	<b>-</b>	<b>139</b>	<b>-</b>
<b>Total current and non-current</b>	<b>59</b>		<b>139</b>	

	Dilapidations 2019/20	Total
	£000	£000
<b>Balance at 01 April 2019</b>	139	139
Reversed unused	(80)	(80)
<b>Balance at 31 March 2020</b>	<b>59</b>	<b>59</b>
Expected timing of cash flows:		
Within one year	59	59
<b>Balance at 31 March 2020</b>	<b>59</b>	<b>59</b>

Other provisions relate entirely to leasehold property decommissioning.

## 15. Contingencies

### 15.1. Contingent liabilities

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

### 15.2. Contingent assets

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

## 16. Commitments

### 16.1. Capital commitments

The Authority had £321,813 of contracted capital commitments at 31st March 2020 (2019: £Nil).

### 16.2. Other financial commitments

The Authority had no other financial commitments at 31st March 2020 (2019: £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 - 2019/20				
	At 'fair value through profit and loss'	At 'amortised cost'	At 'fair value through other comprehensive income'	Total
	£'000	£'000	£'000	£'000
Trade receivables	-	111	-	111
Other receivables	-	127	-	127
Cash at bank and in hand	-	1,270	-	1,270
<b>Total at 31 March 2020</b>	<b>-</b>	<b>1,508</b>	<b>-</b>	<b>1,508</b>

17.2 Financial assets - 2018/19				
	At 'fair value through profit and loss'	At 'amortised cost'	At 'fair value through other comprehensive income'	Total
	£'000	£'000	£'000	£'000
Trade receivables	-	58	-	58
Other receivables	-	191	-	191
Cash at bank and in hand	-	397	-	397
<b>Total at 31 March 2019</b>	<b>-</b>	<b>646</b>	<b>-</b>	<b>646</b>

17.3 Loss allowance on asset classes	
	Trade receivables £'000
<b>Balance at 01 April 2019</b>	<b>4</b>
Lifetime expected credit losses on trade and other receivables	16
Derecognition of lifetime expected credit losses on trade receivables	(20)
<b>Balance at 31 March 2020</b>	<b>-</b>

17.4 Financial liabilities - 2019-20			
	At 'amortised cost'	Other	Total
	£'000	£'000	£'000
Trade payables	49	-	49
Other payables	1,617	-	1,617
<b>Total at 31 March 2020</b>	<b>1,666</b>	<b>-</b>	<b>1,667</b>

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

17.4 Financial liabilities - 2018/19			
	At 'amortised cost' £'000	Other £'000	Total £'000
Trade payables	39	-	39
Other payables	1,375	-	1,375
<b>Total at 31 March 2019</b>	<b>1,414</b>	<b>-</b>	<b>1,414</b>

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

## 18. Operating segments

The Authority operates in one material segment which is counter fraud and is reported to the Board. This work is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England.

## 19. Related party transactions

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

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

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

## 20. Events after the end of the reporting period

The Authority is not aware of any impacts on the cash flows, assets or liabilities reflected within the financial statements for the year ended 31 March 2020, nor of any change to the Going Concern basis of preparation arising from Covid-19.

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the date of the Comptroller & Auditor General's audit certificate

