

OFFICIAL



Counter Fraud Authority

Expenses and allowances

NHS fraud prevention quick guide

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Working together to **find**, **report** and **stop** NHS fraud

Expenses and allowances

Expenses and allowances fraud occurs when employees submit claims that are inflated or false so they can obtain additional payments at the expense of the organisation they work for. It includes any behaviour that falls outside the organisation's financial rules for claiming expenses and allowances, where there is a clear intention to gain personally through false claims.

Examples include (but are not limited to):

- claiming for travel costs or expenses that were never incurred
- inflating mileage claims when seeking reimbursement, including split shift claims or providing a false home address to alter base-to-home mileage calculations
- collusion between employees who claim separately for travel or mileage when they travelled together
- seeking reimbursement for items that were never purchased
- falsifying or manipulating receipts
- charging the organisation for items used for personal purposes
- false or inflated relocation expenses

Fraud is typically enabled by poor procedures, weak controls and complacency. Having robust expense policies, clear standard operating procedures (SOP), routine monitoring and checks, and the active promotion of an anti-fraud culture can help organisations to reduce the risk of expenses and allowances fraud.

Who is this quick guide for?

This quick guide is intended for staff working in NHS management and payroll functions and is designed to help support the detection and prevention of expenses and allowances fraud.

How to spot the fraud

It is important for staff to remain vigilant to expense fraud. The following are some red flags to be aware of:

- claims that are vague, lack receipts or where the receipts are unclear or undated
- unusually frequent small or large claims, or claims that fall just below approval thresholds
- unusual claims such as trips or meetings that do not seem to fit with normal business activities
- individuals making duplicate claims or frequent errors in expense submissions
- outliers such as team members who consistently claim higher expenses and allowances than others
- staff members approving their own expense claims or approving each other's claims (for example, managers at the same grade)
- falsified or unrecognisable authorisation signatures
- expense claims completed by an employing agency rather than the agency worker.

Prevention advice

This section outlines recommended prevention measures that can help mitigate the risk of fraudulent expenses and allowances being paid.

Organisational policies

Organisations should have clear policies for claiming expenses and allowances so all staff understand what can be claimed and the rules around them. Organisations should:

- ensure that all relevant policies and SOPs clearly set out the expectations and parameters for all types of expenses and allowances claims from all employees (including seconded), temporary staff and contractors. Policies should include reference to travel, overtime and other expenses
- provide regular training on the application of expenses and allowances policies and procedures; communicate the requirements and expectations to all staff, with reference to the organisation's disciplinary and counter fraud policies and the consequences of misuse, including the possibility of disciplinary and criminal action where fraudulent claims are made
- demonstrate that staff have read and understood the policy through training and/or a signed a declaration to that effect
- establish a time limit for submitting claims and ensure that all staff are made aware of it via organisational policy
- retain original documentation such as receipts for a reasonable period of time for audit purposes

Organisations should consider including a counter fraud declaration on expenses forms that refers to the organisation's expenses and allowances policy. This should set out the boundaries staff must follow and the consequences of submitting a false claim.

Expense form declarations could include wording such as:

'I declare that the expenses I have claimed were incurred wholly, necessarily and exclusively in the execution of my duties as an employee and are in line with organisational policy. I confirm that I have personally incurred the expenditure and have not previously submitted any item on this claim. I understand that both disciplinary and/or criminal action may be taken against me in line with the organisation's counter fraud policy if I submit fraudulent expense claims.'

Processing and authorising expense claims

Organisations should ensure they have robust authorisation and monitoring procedures in place to minimise opportunities for expenses and allowances fraud. It is important to:

- ensure that any claims submitted conform to the organisation's expenses policy, including being within the specified timeframe, for authorised items and under acceptable circumstances
- check claims relating to attendance against meeting minutes and attendance records
- require the submission of original receipts and/or documentation
- ensure all claims are authorised only by those with the correct authority, maintaining an up-to-date list of authorisers
- monitor for unusual expense activity and departmental spending patterns
- check for consistency on claims made by staff attending the same event
- verify that the correct mileage has been claimed
- ensure finance and HR liaise closely, particularly concerning new starters and leavers, to maintain accurate records

Fraud detection

Organisations should ensure they have systems to detect and prevent fraudulent expense claims. It is important to:

- ensure there are appropriate governance and monitoring arrangements, with regular checks on corporate purchase card transactions. Lost purchase cards should be reported immediately
- provide budget holders with the information they need to monitor expenses and allowances against departmental budgets and organisational policy. Budget holders should corroborate this with staff whereabouts, timesheets, rotas and calendars.
- conduct regular audits and spot-checks of expense claims. Maintain a log of rejected expense claims to identify recurring issues and use this data for targeted awareness and policy reinforcement
- ensure managers and finance staff are aware of the correct escalation routes if any discrepancies are identified

Electronic expenses and allowances systems

NHS organisations should consider implementing electronic systems, such as expenses management software which offer several advantages. These systems can track expenses in real time, including corporate credit card transactions and e-receipt data. They can also be linked to mobile expense apps that provide instant expenses data and GPS information to corroborate travel claims.

Real time monitoring enables finance teams to detect data and fraud before it escalates. In addition, electronic systems allow for easy and effective analysis of spending patterns.

To ensure an electronic expenses and allowances system is effective, it should include the following features:

- procedures for the regular review of system access rights and user limitations
- audit trails and verification for electronic authorisation
- a requirement for users to change their passwords regularly
- automatic logout after a short period of inactivity
- the ability to apply policy parameters automatically
- system access blocked after a specified number of failed login attempts
- mileage calculators

Further information

The NHSCFA has developed a fraud prevention notice that addresses expenses and allowances fraud. These resources can be used to raise awareness, support investigations and strengthen internal controls:

- [Purchase card fraud quick guide](#)
- [Petty cash fraud quick guide](#)

Why take action?

Implementing the actions in this quick guide will help NHS managers and payroll teams in ensuring that their organisation's expenses and allowances arrangements provide benefit and convenience to honest users while reducing opportunities for dishonest claims. Employees will understand their rights and responsibilities and managers can have confidence that the claim process is highly resistant to fraud.

If you suspect fraud

If fraud is suspected, the organisation's counter fraud and escalation process should be followed immediately and the Local Counter Fraud Specialist (LCFS) contacted for advice.

How to report fraud

Report any suspicions of fraud to the [NHS Counter Fraud Authority](#) online or through the NHS Fraud and Corruption Reporting Line on **0800 028 4060** (powered by Crimestoppers). All reports are treated in confidence, and you have the option to report anonymously. You can also report fraud to your nominated LCFS.

Details of your LCFS [ADD DETAILS]

- Organisation name:
- Name:
- Job Title:
- Email:
- Telephone:
- Mobile:
- Address:



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