Payroll fraud – Expenses claims

Tommy was a happy man: he had enough ‘pocket money’ to fund an expensive lifestyle and frequent holidays abroad. Over several years he had not been able to resist the temptation to inflate his travel expense claims for petrol: he had submitted false claims for around £30,000 of NHS money. His manager hadn’t checked these claims properly; he hadn’t read the organisation’s expenses policy, dismissing it as too much paperwork as he was “too busy”. Tommy thought “Why not? It’s not hurting anybody”, as he continued to enjoy his monthly bonus. But he got a bit too greedy: when he went on to use the organisation’s credit card for personal goods amounting to £6,000, the full extent of his fraud was discovered. In court, he defended himself by saying it was “just too easy”. Tommy was jailed for 15 months.

What could have prevented this fraud?

Tommy’s manager should have ensured that claims were made in accordance with the organisation’s policy. He should have checked receipts to make sure they were reasonable and related to the claim. More generally, the expenses system should have been clearly regulated and audited to eliminate the opportunity for fraud.

Health bodies should ensure that they have robust authorisation and monitoring procedures in place for the payment of expenses and allowances, including the following:

**Process**
- There should be comprehensive policies and procedures for expenses and allowances which are communicated to staff.
- Claims should be submitted within a specified time.
- Original documentation, such as receipts, should be kept for a period of time (as specified in local policies) for audit purposes.
- Claims should be authorised by an appropriate officer.
- The organisation should keep an up to date list of authorisers.
- Budget holders should be given sufficient information to enable them to monitor expenses and allowance costs against the budget.
- If corporate credit cards are being used, managers should review credit activity reports on a regular basis.

**Expenses forms declaration**
- Expenses forms should include the following declaration: “I declare that the expenses I have claimed were incurred wholly, necessarily and exclusively in the execution of my duties as an employee. I confirm that I have personally incurred the expenditure and have not previously submitted any item on this claim.”

**Expenses systems**
- Procedures covering the granting of appropriate access rights to users
- Requirement for users to change their passwords on a regular basis

NHS Protect leads on work to protect NHS staff and resources from crime. For more information and resources on payroll fraud, and more details on the rest of our work, please visit our website at [www.nhsprotect.nhs.uk](http://www.nhsprotect.nhs.uk)
Who pays for NHS fraud?
We all do.

How managers can verify claims and detect fraud

- Random checks to verify details on claims
- Requiring original documentation
- Checking travel and subsistence claims for reasonableness
- Cross checks between claims for attendance at meetings and minutes/attendance records
- Consistency checks between claims made by staff attending the same meeting
- Checks to ensure that the correct rate per mile has been claimed
- Annual audit of a sample of expenses claims

How can I report a fraud (or suspected fraud) taking place in the NHS?

- Call the NHS Fraud and Corruption Reporting Line on 0800 028 40 60 (freephone). Lines are open 9am–5pm Monday to Friday.
- Fill in the online fraud reporting form at www.reportnhsfraud.nhs.uk
- Ask your Local Counter Fraud Specialist for advice. Contact details are available from the relevant NHS health body.

How can I help prevent fraud in the NHS?

It is much more effective to prevent fraud than to detect it and stop it, particularly in an organisation as large as the NHS. Therefore, we always recommend that measures are put in place to prevent fraud from occurring in the first place.

Besides the specific measures listed above, please consider the following for all your policies and procedures:

- Do you know if there are clear rules and procedures/processes in place? Who is responsible for making sure they are followed?
- Check that monitoring arrangements exist.
- Are all staff and patients aware of the rules governing what they can and cannot do?

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