FORENSIC SERVICES

THE RESILIENCE TO FRAUD OF MEDICAL SCHEMES IN SOUTH AFRICA

Research into how well South African medical schemes protect themselves
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Fraud affects every country and every sector. In the healthcare sector the latest global research shows that $415 billion (over 4 trillion Rand) is lost. This would be enough to provide clean, safe water around the globe, bring malaria under control in Africa, provide the Diphtheria, Tetanus and Pertussis vaccine to all 23.5 million children under one years old who are currently not immunized, quadruple the budget of the World Health Organisation and UNICEF (the United Nations Children’s Fund), and with over US$320 billion (over 3 trillion Rand) left over.

South Africa is not immune from this problem. Medical schemes recognise that it is a serious issue and one that has far reaching consequences including the reduction in the availability and quality of patient care.

The Healthcare Forensic Management Unit, a division of the Board of Healthcare Funders of Southern Africa, is determined to tackle the problem and agreed to work with BDO LLP and the Centre for Counter Fraud Studies at University of Portsmouth, one of the world’s premier research institutes concerning fraud, to find out more. It is only by knowing the nature and scale of the problem and how well protected we are, that we can take the right decisions to reduce fraud.

Accordingly, we have conducted this research so that we better understand how well those operating within the sector safeguard themselves against fraud. The aim of the survey was to highlight areas where medical schemes can be better protected against fraud and thus, how the cost of fraud can be reduced.

We would like to thank those who have responded to the survey, whose input has been invaluable in helping us to build a picture of how the sector currently manages this problem. We will now seek to use the information in the report to manage and minimise fraud so that healthcare resources are spent on the purpose for which they are intended – protecting and improving the health of South Africans.

Dr Humphrey Zokufa
BHF Managing Director

Lynette Swanepoel
Manager, Healthcare Forensic Management Unit
This Report considers how well members of the Healthcare Forensic Management Unit (HFMU), a division of the Board of Healthcare Funders of Southern Africa (BHF), protect themselves against fraud. It is the first report of its type ever published. Fraud undermines the capacity of medical schemes to deliver the sort of quality healthcare services which people rely on and expect to get.

Fraud has a more general social impact too. It piles additional costs on us as consumers, reduces the value of companies for us as shareholders, undermines our job security as employees, and even denies the beneficiaries of charities the full benefit of the donations which we make.

Previous global research, conducted by the Centre for Counter Fraud Studies at University of Portsmouth in association with BDO LLP (across a £5 trillion dataset) indicated that average losses to fraud (and error) run at 5.7% generally and 7.29% in respect of healthcare expenditure. This research is being updated for 2013, however, if this figure is applied to medical scheme expenditure in Southern Africa it is easy to understand the pernicious impact of fraud.

The key issue to be addressed in minimising the cost of fraud in medical schemes is how to improve levels of fraud resilience.

BDO and the Centre for Counter Fraud Studies at University of Portsmouth already have data concerning the fraud resilience of over 700 organisations across the world. This includes data derived from medical schemes using the Self-Assessment Fraud Resilience (SAFR) tool which was made available free by BDO for the BHF Healthcare Forensic Management Unit (HFMU) members in 2013. By focussing in on the medical schemes sector, the Report provides an unprecedented insight into the strength of arrangements to protect them against fraud.

The authors of this Report support the development of work, over the last decade, to treat fraud as a business issue like any other — something to be quantified and assessed, with clear metrics showing the speed of progress in reducing its cost and impact. Historically, this has not been the case. Hoping that fraud will not happen, or at best reacting when it inevitably does, simply does not constitute a viable approach in the 21st Century.

The development of the global counter fraud profession (exemplified in the 13,000+ people who now hold Foundation, Advanced, Degree or Masters level Accredited Counter Fraud Specialist – ACFS - qualifications) and of proper professional standards, like any other area of professional life, have made it possible to do much better.

As this research shows, we can now consider where the weaknesses are which allow fraud to take place, and take pre-emptive action to minimise losses. This Report provides a view of the fraud landscape, which every medical scheme should take note of. Being serious about providing quality healthcare cover surely must include ensuring that this unnecessary cost is minimised.

The authors of this Report are committed to research such as this making a real difference. By expanding the extent of knowledge that medical schemes hold about their own arrangements, we can help to ensure better quality decisions are taken. The research has allowed the creation of an important database of fraud resilience information concerning medical schemes. At Appendix 2 to the Report, we have highlighted a low cost ‘Fraud Resilience Review’ benchmarking service for medical schemes who want to know more.

Jim Gee
Director of Counter Fraud Services, BDO
and
Chair of the Centre for Counter Fraud Services, University of Portsmouth

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1 'The Financial Cost of Fraud Report 2011' - Jim Gee, Dr Mark Button and Graham Brooks - published by PKF (UK) LLP and the Centre for Counter Fraud Studies at University of Portsmouth

2 'The Financial Cost of Healthcare Fraud Report 2011' - Jim Gee, Dr Mark Button and Graham Brooks - published by PKF (UK) LLP and the Centre for Counter Fraud Studies at University of Portsmouth
EXECUTIVE SUMMARY
1. EXECUTIVE SUMMARY

1.1 This Report is the most extensive and most comprehensive Report yet undertaken into the resilience of South African medical schemes to fraud.

1.2 17 medical schemes completed the Self-Assessment Fraud Resilience (SAFR) tool as requested by the HFMU, a division of the Board of Healthcare Funders of Southern Africa (BHF).

1.3 Each organisation answered 29 questions about the effectiveness of their arrangements to counter fraud. These questions covered every aspect of the work:
   • Adopting the right strategy
   • Accurately identifying the risks and costs
   • Creating and maintaining a strong structure
   • Taking action to tackle the problem
   • Defining success and delivering results

1.4 The Report’s key findings show that, overall, the sector achieved a mean score of 35.8 out of a possible score of 50. This compares with a mean score globally among public sector agencies of 34.4, private sector companies generally of 30.6 and charities of 24.2. However, it should be noted that this compares with a rating of 44.4 for the UK’s National Health Service.

1.5 Medical schemes performed best in the following areas:
   • 100% of medical schemes have arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation
   • 94.1% ensure that reports about work to counter fraud and corruption are discussed at Board level
   • 94.1% have a formal or informal policy setting out how they try to detect possible fraud

1.6 Medical schemes performed worst in the following areas:
   • Only 29.4% of medical schemes use estimates of losses to make informed judgements about levels of budgetary investment in their work countering fraud and corruption
   • Only 29.4% ensure that those working to counter fraud and corruption have received specialist professional training and accreditation for their role
   • Only 47.1% have arrangements in place to evaluate the extent to which a real anti-fraud and corruption culture exists or is developing throughout their organisation
   • Only just over half (52.9%) regularly review the effectiveness of their counter fraud work against agreed performance indicators.

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3 ‘The Resilience to Fraud of the UK Public Sector 2011’ – Jim Gee, Dr Mark Button and Ian R Cook - published by PKF (UK) LLP and the Centre for Counter Fraud Studies at University of Portsmouth

4 Ibid.
THE BACKGROUND TO THE RESEARCH AND THE NATURE OF THE DATA
2. THE BACKGROUND TO THE RESEARCH AND THE NATURE OF THE DATA

2.1 BDO and the Centre for Counter Fraud Studies (CCFS) jointly manage the largest fraud resilience database in the world. It contains data on 29 aspects of fraud resilience covering more than 700 organisations. It highlights the strengths and weaknesses of arrangements to counter fraud and allows comparative views to be provided which can inform decisions about work to better protect organisations in future.

2.2 The underpinning methodology has been developed since 2007 with the support of the UK government and is based on the latest professional standards for Counter Fraud Specialists. Eighteen research reports which draw on this information have been published in the last two and a half years.

2.3 This Report focuses on medical schemes which are members of the BHF HMFU and provides sector-specific data. The research is based on information provided by medical schemes using the free Self-Assessment Fraud Resilience (SAFR) tool which BDO LLP and the CCFS made available in 2013.

2.4 There were seventeen entries from medical schemes. Only five did not complete the tool. Where a medical scheme has made a duplicate entry, the entry attracting the highest rating has been included.

2.5 Those responding were necessarily self-selecting. It is likely that they represent those medical schemes who are more interested in this area of work and, consequently, who may also have better arrangements in place than is the case across all BHF HMFU members. Thus this Report probably presents a more optimistic picture of what is happening than is actually the reality. This should be remembered where the answers to particular questions reveal that professional standards are substantially not being met.

2.6 The Report assesses the answers given to 29 questions. In respect of each one, a graph and then a brief analysis of the response is set out. At the end of the question by question analysis an overall assessment has been undertaken. An approach is used where each of the 29 answers has been weighted. The allocation of points has been determined on the basis of the relative importance of each aspect of counter fraud work.
DETAILED ANALYSIS
3. **DETAILED ANALYSIS**

3.1 This section of the Report looks at each aspect of resilience to fraud and the nature of the response from the medical schemes which were surveyed. It looks at the answers to the 29 questions in the survey, broken down into five key areas:

- Adopting the right strategy
- Accurately identifying the risks and costs
- Creating and maintaining a strong structure
- Taking action to tackle the problem
- Defining success and delivering results

3.2 It then looks at the overall picture and considers what this means.

**Adopting the right strategy**

3.3 **Question 1** - Does the organisation have a written counter fraud and corruption strategy?

3.4 The starting point for any sound attempt to minimise the risk of fraud is to have a strategy to counter it. 88% of medical schemes answered Yes to this question. This is a good rating, especially in comparison to many other types of public and private sector organisations where data is held.

3.5 **Question 2** - Does the strategy have a clear objective of better outcomes (i.e. reduced losses to fraud) and not just activity (i.e. the number of investigations, prosecutions, etc.)?

3.6 64% of medical schemes indicated that they pursued a strategic approach to achieve better outcomes. Having clear intended outcomes and not just seeking to generate activity is very important. Mere activity represents a cost which a medical scheme has to bear, while activity directed to achieve beneficial outcomes (for example, a reduction in fraud losses and the consequent financial benefits) can represent an investment in a much greater return.
3.7 However, taking the answer to this question in conjunction with the answer to Question 1, it does mean that a quarter of medical schemes who have adopted a written counter fraud strategy, have not ensured that it is focussed on beneficial outcomes.

3.8 **Question 3** - Has the strategy been directly agreed by those with executive authority for the organisation?

3.9 88% of medical schemes indicated that their counter fraud strategy had been agreed at the most senior executive levels. It is very important for senior Directors with executive authority to have bought into the strategy and to understand the real difference that effective counter fraud work can make.

**Accurately identifying the risks and costs**

3.10 **Question 4** - Are fraud and corruption risks included in the organisation’s Risk Register (or equivalent)?

65% of medical schemes indicated that they included fraud and corruption risks in their risk register. It is important that medical schemes understand the financial and reputational risk that fraud and corruption represent, and that they record this systematically and thus can consider how to mitigate such risks.
3.12 **Question 5** - Does the organisation seek to estimate the total economic cost of fraud to it?

The same percentage (65%) of medical schemes recording fraud as a risk indicated that they then sought to estimate the true cost of fraud to them. Estimating the cost of fraud is important in developing a proportionate, properly resourced strategy to counter it. Global and national figures are welcome and significant, however, if you do not know the nature and scale of the problem within your own organisation, then how can you implement the right solution?

3.14 **Question 6** - Does the organisation use estimates of losses to make informed judgements about levels of budgetary investment in its work countering fraud and corruption?

A mere 29% of medical schemes used loss estimates to make an informed judgement about how much to spend on countering fraud. This implies that, despite the budgetary pressures of the recession, the driver to do something to counter fraud is still currently, mostly reputational rather than financial. It is important to understand that real financial benefits can be delivered in this area. Cutting the cost of fraud is one of the least painful ways of making budgetary reductions.
Creating and maintaining a strong structure

3.16 **Question 7** - Do those tasked with countering fraud and corruption have any special authority to pursue their remit effectively?

3.17 65% of medical schemes indicated that their staff working in this area did have some special authority to do so. Fraud is a difficult issue and can sometimes involve those in positions of relative power within companies. This means that, to counter it effectively, it is essential to have a degree of special authority.

3.18 **Question 8** - Are reports about work to counter fraud and corruption discussed at Board level?

3.19 94% of medical schemes indicated that they did discuss these issues at Board-level – an excellent rating which compares very well with other types of organisations on which data is held. Board-level discussions about fraud can be an indicator of how seriously an organisation takes this problem. Fraud is present (hidden or apparent) in any organisation of a reasonable size. It is also clearly preferable for such discussions to anticipate (and thus seek to pre-empt) such problems than for them to occur in reaction once a significant fraud has happened.
3.20 **Question 9** - Have all those working to counter fraud and corruption received the specialist professional training and accreditation for their role?

3.21 Only 29% of medical schemes indicated that they had professionally trained staff to counter fraud – a poor result. This question enabled a broad range of courses to be considered as professional training and accreditation, so the figure is particularly disappointing. There are a wide variety of professional training courses available to enhance the professionalism of counter fraud staff. In the authors view, the best is the Accredited Counter Fraud Specialist (ACFS) qualification, which is comprehensive, properly assessed and tested and linked to subsequent Diploma, Degree and Masters qualifications. Professional training provides greater assurance about the quality of the work undertaken and there is clearly much to be done in this respect.

3.22 **Question 10** - Do those working in counter fraud and corruption regularly update and refresh their skills?

3.23 71% of medical schemes said that they had staff who refresh their skills in this area, although the previous question reveals that professional training is only provided to a much smaller proportion. Continuous professional development (CPD) is important in this area just as in any other area where professional skills need to be deployed to address an issue.
3.24 **Question 11** - Are checks undertaken on the propriety of new staff (beyond simply reference checks)?

Only 53% of medical schemes indicated that they checked the propriety of new staff (beyond reference checks). It is important to screen prospective staff, to ensure that they meet high standards of propriety and that those with a history of dishonesty or deception are not employed in positions where this would make them a risk. There are now professional standards for the ‘propriety checks’ process. The action taken includes assessing CVs for accuracy, checking references, and undertaking various financial and legal checks.

3.26 **Question 12** - Are there formal and informal relationships in place with relevant external agencies or companies (e.g. the police, specialist legal firms who advise on civil litigation)?

The research showed that 71% of medical schemes had formal relationships in place with relevant agencies and organisations (a good result) and 88% informal ones. Fraud is potentially both a crime and a civil legal issue and it is important to develop relations with bodies which can enhance the effectiveness of those countering fraud. Ideally these should be on a formal basis, but can also be informal.
3.28 **Question 13** - Does the organisation have a clear programme of work attempting to create a real antifraud and corruption culture?

3.29 82% of medical schemes indicated that they had a clear programme of work to create an anti-fraud culture. Pre-empting fraud is very important and developing an anti-fraud culture (growing the size of and mobilising the honest majority) is central to achieving that. It is therefore disappointing that 18% of medical schemes do not appear to recognise this.

3.30 **Question 14** - Has the organisation made clear that it has a zero tolerance approach to fraud and corruption?

3.31 88% of medical schemes indicated that they had made it clear that their organisations had a ‘zero tolerance’ approach to fraud and corruption. Making it clear that fraud is not tolerated is important, as long as this does not accompany a view that fraud can be reduced to ‘zero’. Given the nature of the problem, this is unrealistic – best practice around the world shows that it can be reduced to an absolute minimum (at present found to be just under 1%).
3.32 **Question 15** - Are there arrangements in place to evaluate the extent to which a real antifraud and corruption culture exists or is developing throughout the organisation?

3.33 Despite 82% of medical schemes implementing a clear programme of work to develop an anti-fraud culture (see Question 13 above) less than half (47%) indicated, in response to this question, that they evaluated the growth of that culture in their organisation. As with any area of activity, it is important to evaluate the development of the anti-fraud culture to determine if work to achieve this effect is being successful.

3.34 **Questions 16** - Does the organisation attempt to create a strong deterrent effect?

3.35 77% of medical schemes indicated that they did seek to create a strong deterrent effect. Of course, if fraud can be deterred then it does not need to be detected or investigated. However, Question 17 addressed the question of what is actually done.
3.36 Question 17 - Does the organisation seek to

3.37 Deterrence has been shown to arise from potential fraudsters’ perceptions about the risks they face. This is not just the risk of a potential heavy sanction (if the chance of detection and effective investigation is minimal then this is unlikely to be a consideration). There are several different issues which affect these perceptions. This question evaluates the extent to which medical schemes understand and seek to highlight these issues.
3.38 Generally the results are good but it would be interesting to understand more about exactly what is done.

3.39 **Question 18** - Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?

3.40 Another aspect of pre-empting fraud is work to design weaknesses out of processes and systems which might otherwise have allowed fraud to take place. 82% of medical schemes indicated that they did this. It is important to understand that designing one weakness, which might provide an opportunity for fraud, out of a system or process can stop many fraudsters exploiting this. Such work needs to be balanced with reactive work to detect fraud after it has taken place.

3.41 **Question 19** - Where an investigation into fraud takes place do reports cover identified policy and systems weaknesses?

3.42 Learning from failure is an important element of any strategy. Formally building this into fraud investigations is therefore essential. 82% of medical schemes indicated that they did this. A fraud investigation should not just be about who did what, when and how much was taken; it should identify the weaknesses in processes and systems which allowed the fraud to take place, so that these can be remedied.
3.43 **Question 20** - Does the organisation have a formal or informal policy setting out how it tries to detect possible fraud?

3.44 94% of respondent medical schemes indicated that they proactively sought to detect fraud – rather than waiting for it to happen and then reacting to it. This approach helps to shorten the length of time that a fraud continues and to reduce the related losses. This rating is significantly better most other types of organisation on which data is held.

3.45 **Question 21** - Are analytical intelligence techniques used to examine data and identify potential fraud and corruption?

3.46 71% of medical schemes indicated that they used analytical intelligence techniques to find possible fraud. Using rules and model based data analytical techniques can play a vital role in improving detection rates which can sometimes represent a small proportion of the total cost of fraud.
3.47 **Question 22** - Are there arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation?

3.48 100% of medical schemes answered Yes to this important question – clearly a result which could not be improved on.

3.49 **Question 23** - Is the organisation’s investigation work carried out in accordance with clear guidance?

3.50 Once reported, then a prompt investigation conforming to professional standards and legal requirements should proceed. 88% of medical schemes indicated that they had clear guidance about how this should happen. Investigating fraud can be complex and it is necessary to comply with various legal requirements. Some risks are posed which can lead to the potential failure of the investigation. Having clear guidance in place on how an investigation should be undertaken is essential.
3.51 **Question 24** - Do those undertaking investigations have the necessary powers, both in law, where necessary, and within the organisation?

3.52 This is a difficult job and it is important to have the necessary powers to be effective. 77% of medical schemes indicated that their investigators had the necessary powers to undertake this work.

3.53 **Question 25** - Does the organisation have a clear and consistent policy on the application of sanctions where fraud or corruption is proven to be present?

3.54 Applying proportionate sanctions consistently and effectively to those who are found to have undertaken fraud, is another important element of a resilient approach. 88% of medical schemes indicated that they had such a policy in place. It is important to understand that sanctions are not just criminal but can involve the civil law, as well as, disciplinary and regulatory sanctions (see the next question)
3.55 **Question 26** - Are all possible sanctions – disciplinary/regulatory, civil and criminal – considered?

3.56 88% of medical schemes answered Yes to this question. However, if we had asked ‘regularly used’ rather than ‘considered’ we suspect the results may have been different. It is very easy to ‘consider’ applying sanctions, but actually seeking to do so is a different matter.

3.57 **Question 27** - Does the organisation have a clear policy on the recovery of losses incurred to fraud and corruption?

3.58 In addition to applying sanctions, recovering losses is also very important. After all, the most pernicious aspect of fraud is that it diverts resources from where they are intended. 77% of medical schemes had such policies in place.
3.59 **Question 28** - Does the organisation use the criminal and civil law to the full in recovering losses?

3.60 The criminal law concerning fraud is primarily intended to be used to punish individual fraudsters while the civil law is used to recover losses. The most effective organisations benefit from combining both in parallel. 58% of medical schemes answered Yes to this question.

**Defining success and delivering results**

3.61 **Question 29** - Does the organisation regularly review the effectiveness of its counter fraud work against agreed performance indicators?

3.62 Reviewing and measuring the effectiveness of counter fraud work is also important. It is necessary to develop relevant performance indicators and consider if they have been met. 53% of medical schemes indicated that they performance managed counter fraud work. As is often said, if you don’t measure it you can’t manage it!
OVERALL ANALYSIS
5. OVERALL ANALYSIS

5.1 The answers to the questions which have been reviewed above were weighted by the authors of this Report to derive an overall rating for the sector. This was done by applying professional judgement derived from many years specialist experience of both undertaking and studying such work.

5.2 The process is inevitably, to some extent, subjective, but the alternative of not weighting answers is worse and would have ignored the different relative importance of individual aspects of work to counter fraud. The weightings are listed in Appendix 1.

5.3 Overall, the seventeen medical scheme members of the BHF HFMU achieved a mean score of 35.8 out of a possible score of 50. 80% of the responses from the medical schemes who responded were rated between 25 and 45.

5.4 Medical schemes performed best in the following areas:
- 100% of medical schemes have arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation
- 94.1% ensure that reports about work to counter fraud and corruption are discussed at Board level
- 94.1% have a formal or informal policy setting out how they try to detect possible fraud

5.5 Medical schemes performed worst in the following areas:
- Only 29.4% of medical schemes use estimates of losses to make informed judgements about levels of budgetary investment in its work countering fraud and corruption
- Only 29.4% ensure that those working to counter fraud and corruption have received specialist professional training and accreditation for their role
- Only 47.1% have arrangements in place to evaluate the extent to which a real anti-fraud and corruption culture exists or is developing throughout their organisation
- Only just over half (52.9%) regularly review the effectiveness of their counter fraud work against agreed performance indicators
CONCLUSION AND RECOMMENDATIONS
6. CONCLUSION AND RECOMMENDATIONS

6.1 This Report provides new information which was not previously available about where medical schemes are well or badly protected against fraud. No medical schemes are identified but the analysis does provide a ‘map’ of the medical scheme fraud landscape in South Africa and should inform the work of responsible organisations.

6.2 The authors of the report would like to make the following recommendations for first steps to improve the fraud resilience of the BHF HFMU member medical schemes:

**Recommendation 1 : Professional training**

“That the BHF HFMU should explore the development and provision of professional training for those undertaking counter fraud work within its member medical schemes. In doing this it should take account of best practice in other countries.”

**Recommendation 2 : Fraud loss measurement**

“That the BHF HFMU should seek to obtain more information about the cost of fraud within its member medical schemes and should consider whether a suitable member organisation can be identified to undertake a pilot fraud loss measurement exercise.”

**Recommendation 3 : Enhancing fraud resilience**

“That the BHF HMFU should (a) repeat the fraud resilience research across its member organisations each year to track progress and (b) consider if cost-effective arrangements can be put in place to make available detailed fraud resilience reviews for its member organisations.”

6.3 There is still much progress to be made as the BHF HFMU seeks to help its members to be properly protected against fraud and to avoid the unnecessary cost which it represents.

6.4 In the view of the authors of this Report, the information provided in this report should contribute to an Agenda for progress in the years to come.
APPENDIX 1 - WEIGHTINGS
APPENDIX 1 - WEIGHTINGS

The following weightings were applied, as described above:

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APPENDIX 2 - FRAUD RESILIENCE CHECKS
HOW RESILIENT IS YOUR MEDICAL SCHEME TO FRAUD?

Fraud is a problem which affects the stability and financial health of medical schemes. It is not a victimless crime, but one which undermines the quality of healthcare provision.

The most extensive global research shows that healthcare fraud costs an average of 7.29% of expenditure but also that this figure varies considerably according to how resilient to fraud organisations are.

BDO LLP and the Centre for Counter Fraud Studies (CCFS) at University of Portsmouth have jointly undertaken the most extensive and most comprehensive research yet in this area and now have the world’s most comprehensive fraud resilience database with information from over 700 organisations, including many medical schemes.

BY COMBINING SPECIALIST EXPERIENCE AND ACADEMIC RIGOUR ...

BDO and the CCFS represent a unique combination of specialist hands on experience and academic knowledge and rigour. We can offer a confidential Fraud Resilience Review service which can benchmark client companies against both best practice and their peers. This is a low cost service which reviews counter fraud arrangements against 29 measures of resilience derived from the best professional standards. It results in the provision of a clear and concise Report detailing our findings. The review covers:

- the extent to which an organisation understands the nature and cost of fraud to it as a business problem;
- the extent to which it has an effective strategy in place which is tailored to address this problem;
- the extent to which organisations maintain a counter fraud structure which can implement this strategy successfully;
- the extent to which the structure efficiently undertakes a range of pre-emptive and reactive action; and
- the extent to which results are properly measured, identified and delivered.

... WE CAN PROVIDE THE ANSWERS

We let the data speak for itself to identify weaknesses in counter fraud arrangements and then make recommendations for improvements, based on years of experience in the healthcare sector and a wealth of experience drawn from undertaking this work in more than 35 countries around the world.

FIND OUT MORE

We provide a comprehensive Report covering the 29 factors of fraud resilience and clear recommendations for improvement.

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ABOUT THE AUTHORS

JIM GEE is Director of Counter Fraud Services at BDO LLP, the leading accountancy and business services firm and Visiting Professor and Chair of the Centre for Counter Fraud Studies at University of Portsmouth. During more than 25 years as a counter fraud specialist, he led the team which cleaned up one of the most corrupt local authorities in the UK – London Borough of Lambeth – in the late 1990s; he advised the House of Commons Social Security Select Committee on fraud and Rt. Hon. Frank Field MP during his time as Minister of State for Welfare Reform; between 1998 and 2006 he was Director of Counter Fraud Services for the Department of Health and CEO of the NHS Counter Fraud Service, achieving reductions in losses of up to 60% and financial benefits equivalent to a 12:1 return on the costs of the work. Between 2004 and 2006 he was the founding Director-General of the European Healthcare Fraud and Corruption Network; and he has since worked as a senior advisor to the UK Attorney-General on the UK Government’s Fraud Review. He has also worked with a range of healthcare organisations, companies and charities as well as delivering counter fraud and regulatory services to companies both in this country and internationally. His work has taken him to more than 35 countries to counter fraud and he has recently been advising the Chinese Government about how to measure, pre-empt and reduce the financial cost of fraud.

PROFESSOR MARK BUTTON is Director of the Centre for Counter Fraud Studies. He has written extensively on counter fraud and private policing issues, publishing many articles, chapters and completing four books with one forthcoming: Private Security (published by Perpetuity Press and co-authored with the Rt. Hon. Bruce George MP), Private Policing (published by Willan), Security Officers and Policing (Published by Ashgate), Doing Security (Published by Palgrave), and Understanding Fraud: Issues in White Collar Crime (to be published by Palgrave in early 2010 and co-authored). With Jim Gee he has recently written a book (published globally by Wiley) called ‘Countering Fraud for Competitive Advantage’. This highlights the financial benefits to be obtained from countering fraud effectively.

He is also a Director of the Security Institute, and Chairs its Academic Board, and a member of the editorial advisory board of ‘Security Journal’. Mark founded the BSc (Hons) in Risk and Security Management, the BSc (Hons) in Counter Fraud and Criminal Justice Studies and the MSc in Counter Fraud and Counter Corruption Studies at Portsmouth University and is Head of Secretariat of the Counter Fraud Professional Accreditation Board (CFPAB). Before joining the University of Portsmouth he worked as a Research Assistant to the Rt. Hon. Bruce George MP specialising in policing, security and home affairs issues. He completed his undergraduate studies at the University of Exeter, his Masters at the University of Warwick and his Doctorate at the London School of Economics. Mark has also worked on a research project funded by the National Fraud Authority and ACPO looking at victims of fraud.
ABOUT THE PUBLISHING ORGANISATIONS

BDO
BDO LLP is a leading accountancy and business advisory firm, employing 3,500 people across 24 locations in the UK. BDO advises clients on tax, audit, and advisory work across a range of sectors, including Financial Services, Retail, Manufacturing, TMT and Not-For-Profit. BDO has a clear ambition to be the firm known in the market for exceptional client service, delivered by empowered people.

BDO LLP is a member of BDO International, the largest global accountancy organisation aimed at the mid-market, with revenues of over $6bn operating in 138 countries worldwide.

Our forensic services team offers counter fraud, forensic accounting, expert witness and litigation support services on a national and international basis including:

- Fraud resilience checks
- Fraud loss measurement and reduction
- Asset tracing and confiscations
- Business intelligence
- Forensic IT, including data mining, data imaging and recovery
- Fraud and financial investigations.

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The Centre for Counter Fraud Studies at University of Portsmouth

The University of Portsmouth’s Centre for Counter Fraud Studies (CCFS) was founded in June 2009 and is one of the specialist research centres in the University’s Institute of Criminal Justice Studies. It was founded to establish better understanding of fraud and how to combat it through rigorous research. The Institute of Criminal Justice Studies is home to researchers from a wide cross-section of disciplines and provides a clear focus for research, knowledge transfer and educational provision to the counter fraud community.

The Centre for Counter Fraud Studies makes its independent research findings available to support those working in counter fraud by providing the latest and best information on the effectiveness of counter fraud strategies.

BHF
Serving medical scheme members, the Board of Healthcare Funders of Southern Africa is the industry body for medical schemes, administrator organisations and managed care organisations throughout the Southern African region, with membership in South Africa, Lesotho, Zimbabwe, Namibia and Botswana.

The HFMU is an information and resource sharing group which enjoys the participation of most medical schemes, administrators, managed care and administration entities as well as some short-term insurers. The main focus of this unit is a unified approach against fraud in the medical schemes environment. This is achieved by sharing information regarding fraud, over billing and over servicing in order to minimise the impact of white collar crime on the healthcare industry and the economy. Its members believe that all stakeholders in the healthcare sector should unite in order to protect medical schemes and consumers from healthcare providers, medical scheme members and employees who shift their wrongdoings from one medical scheme to another once identified.