

Memorandum of Understanding

For cooperation between Audit Scotland, on behalf of the Auditor General for Scotland, and NHS Quality Improvement Scotland

July 2005



Purpose

The purpose of this Memorandum of Understanding is to set out the powers and responsibilities of the Auditor General for Scotland and NHS Quality Improvement Scotland, and the arrangements for joining up audit and review in NHS bodies.

Foreword to the Memorandum of Understanding

It is essential that organisations undertaking audit and review work ensure that the burden of review is minimised wherever possible and that they coordinate their activities.

The roles of the Auditor General for Scotland (AGS) and NHS Quality Improvement Scotland (NHS QIS) are distinct and different. The AGS holds the NHS and central government bodies to account through the audit process and reports direct to Parliament. NHS QIS checks, through the review process, that NHS bodies are delivering health services to a high standard and reports to the public and the Health Minister.

This memorandum of understanding sets out how we propose to meet the challenge of 'joining up' audit and review of the NHS in Scotland by:

- establishing the respective roles of the AGS and his appointed auditors, and NHS QIS
- explaining how we will share information and work to ensure our audits and reviews are complementary
- covering areas where collaborative working could benefit NHS bodies by making the best use of the skills and experience of auditors and reviewers.

Our organisations are committed to making sure our audit and review roles complement each other and help to promote continuous improvement in the NHS.

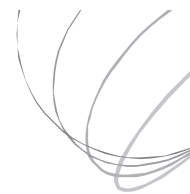
Signed:

Barbara Hurst
Director of Performance Audit
Health and Community Care
Audit Scotland

A handwritten signature in black ink that reads 'Barbara Hurst'.

Dr David Steel
Chief Executive
NHS Quality Improvement Scotland

A handwritten signature in black ink, appearing to be 'D Steel'.



1. Statutory roles of the Auditor General for Scotland and NHS Quality Improvement Scotland

The Auditor General for Scotland

The AGS is the Parliament's watchdog for ensuring propriety and value for money in the spending of public funds. He is responsible for investigating whether public spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. He reports to Parliament but is independent and is not subject to the control of any member of the Scottish Executive or the Parliament.

The AGS is responsible for securing the audit of the Scottish Executive and most other public bodies except local authorities and fire and police boards. In the health service this includes the Health Department of the Scottish Executive, and all NHS bodies. In liaison with the Accounts Commission he also audits joint working arrangements between health and local government. Audit Scotland works on behalf of the Auditor General and is responsible for adopting the principles reflected in this memorandum.

Audit Scotland

Audit Scotland is a statutory body set up under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the AGS and the Accounts Commission. This enables public audit in Scotland to cover all public services from the Scottish Executive through to local public service delivery bodies.

External auditors appointed by the AGS are required to comply with Audit Scotland's Code of Audit Practice. This code sets out the public sector audit model which all auditors are expected to adopt. The public sector audit model covers financial regularity, probity, and overall management arrangements that are in place to secure best value and value for money services.

On behalf of the Auditor General, Audit Scotland and appointed auditors provide annual reports in public of the results of the audits of each health body; regular overview reports to Parliament on the overall

performance and financial management of the health service in Scotland; and a programme of performance audits in the health service, including cross cutting performance audits of services planned and provided jointly by health bodies in partnership with other organisations such as local authorities.

NHS Quality Improvement Scotland

The function of NHS Quality Improvement Scotland (NHS QIS) is to improve the quality of health care in Scotland by setting standards and monitoring performance, and by providing advice, guidance and support to NHSScotland on effective clinical practice and service improvements.

The two key aims of the organisation are to report to the public on the performance of NHSScotland against nationally agreed standards, and to support NHSScotland in improving the quality of care and treatment it provides.

NHS QIS achieves this by developing and implementing, in partnership with health care professionals and the public, a national framework to determine, share and promote consistent high quality care across Scotland through:

- clinical audit
- collecting and publishing clinical performance data
- learning lessons from adverse events and "near misses"
- assessing the clinical and cost effectiveness of health interventions
- clinical guidelines
- best practice statements
- investigating serious service failures
- setting clinical and non clinical standards
- reviewing and monitoring performance through self-assessment and external peer review
- supporting implementation of healthcare governance.

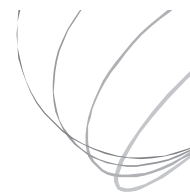
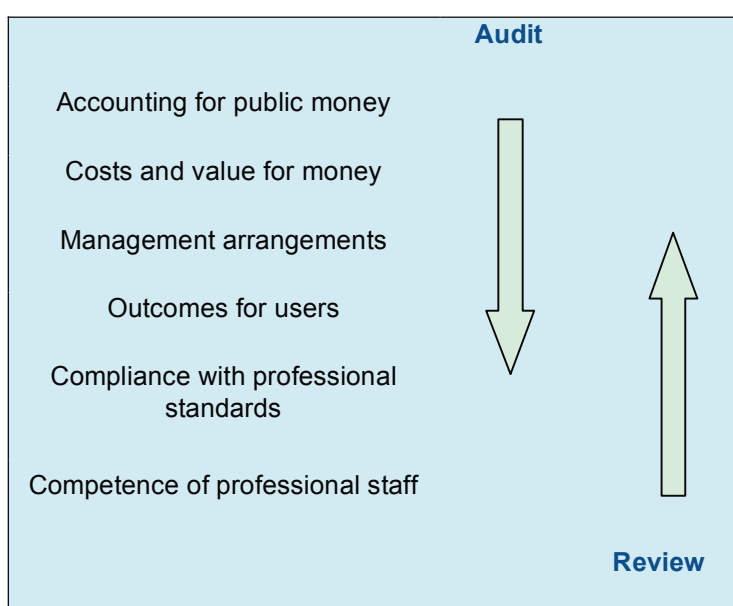


Exhibit 1: Coverage and responsibilities of audit and review

Audit is concerned with regularity, probity and value for money including outcomes for service users. Reviews assess performance against evidence-based standards and use the outcome of this to improve the quality of healthcare services.



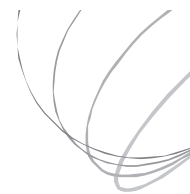
The AGS and NHS QIS have distinct statutory responsibilities for the audit and review of health services in Scotland.¹ But there are some areas where their duties have the potential to overlap. This is in the areas of review of condition specific topics and planned performance audits; and between the external auditors' priorities and risk-based audit in health and NHS QIS' healthcare governance standards. [Exhibit 1](#) demonstrates the different focus of audit and review.

2. Objectives of the memorandum

The primary objectives of this memorandum are to:

- Provide a coordinated approach to the audit and review of NHS bodies.
- Ensure that Audit Scotland, on behalf of the AGS, and NHS QIS can fulfil their statutory duties in the most effective way possible.
- Develop collaborative working arrangements that optimise the experience and skills involved in audit and review, and avoid duplication of effort.
- Minimise, where possible, the burden of audit and review.

¹ The Auditor General's role derives from S22 and S23 of the Public Finance and Accountability (Scotland) Act 2000; NHS QIS' role derives from Scottish Statutory Instrument no. 534 (2002): The NHS Quality Improvement Scotland Order 2002.



This Memorandum of Understanding aims to support collaborative working arrangements between the Auditor General for Scotland, through Audit Scotland working on his behalf, and NHS QIS that satisfy both bodies' statutory responsibilities. Nothing in this agreement restricts the exercise of these responsibilities by either the AGS or NHS QIS.

3. The framework for collaborative working

The AGS and NHS QIS are committed to developing a framework that supports the following principles:

- Sharing relevant information.
- Maintaining effective communication and liaison between the AGS, and Audit Scotland and appointed auditors working on his behalf, and NHS QIS.
- Working collaboratively where appropriate.
- Reviewing this memorandum periodically to ensure its continuing relevance.
- Where appropriate and possible each organisation will invite the other to participate in any conferences, seminars or workshops it organises.

Sharing information

In order to meet the objectives of this memorandum and to ensure a coordinated approach to audit and review, AGS and NHS QIS will share the following key information:

- Consultation documents on forward work programmes.
- Signed-off work programmes.²
- Draft project briefs for the Auditor General's planned performance audit studies.
- Remit and papers as appropriate from NHS QIS standards setting groups.
- Draft reports as appropriate.

² There is an annual audit of each NHS body. In addition, each year, the AGS is likely to carry out four or five planned performance studies each year; an NHS overview report; and work on issues of public concern as they arise. NHS QIS are likely to carry out four cycles of performance assessment each year.

- Publication schedules.
- Details of 'reactive work'.
- Copies of all published reports.

Both organisations will share information on an ad hoc basis if it is believed this will improve and inform the work of the other agency.

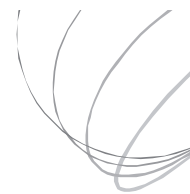
Maintaining effective communication and liaison

As well as sharing information on work programmes and reports, AGS and NHS QIS will develop and maintain effective communication and liaison channels. These include:

- Audit Scotland attendance at the NHS QIS quarterly meetings of the NHSS liaison coordinators.
- Audit Scotland representation on NHS QIS groups which are likely to feed into shared work areas; for example, healthcare governance standards where duplication may arise.
- NHS QIS representation on AGS advisory groups as appropriate.
- Review and update meetings on a regular basis to ensure effective liaison.

Working collaboratively

We aim to minimise duplication and reduce the audit and review burden on NHS bodies where possible. Both organisations have different approaches: NHS QIS uses peer review for developing service specific standards and reviewing against these standards. Audit Scotland is concerned with value for money of public services and places a greater emphasis on examining best value – that is looking at the balance between cost and effectiveness of services (including quality and outcomes). Both organisations are committed to an evidence-based approach.



Audit Scotland and NHS QIS will make every effort to take account of, and be aware of, each other's work and will use this to inform and develop complementary work programmes. In particular, we will:

- Use each other's work with regard to governance (corporate, clinical, information and staff) to avoid unnecessary duplication.
- Make use of local NHS QIS reports to inform the priorities and risk-based audit in the NHS and as contributing information to the development of a Best Value audit of the NHS in Scotland.
- Work together using respective skills to examine specific service areas where appropriate; for example, hospital cleaning. While joint visits would be exceptional due to the different methodologies used, reports produced and intelligence gathered during projects will be shared to reduce duplication of effort and ensure consistent feedback to NHS bodies.
- Encourage staff secondments between the two organisations to develop a better understanding of each other's responsibilities and approaches.

Reviewing the memorandum

We will review this memorandum annually to ensure that it is achieving its objectives and that both parties are upholding the spirit and terms of the agreement. The review will be carried out by the contacts named below. They will report the outcome of their review to the Chief Executive of NHS QIS and the Auditor General for Scotland respectively. In NHS QIS the report will form part of a consolidated report on all Memoranda of Understanding with partner organisations to be considered annually as part of the NHS QIS Audit Committee's review of governance.

The designated representatives of the two organisations will meet as required but at least twice in each year to monitor progress in implementing the memorandum, highlight opportunities for further joint working and address any issues identified.

4. Confidentiality

Both organisations will respect the confidential nature of the information shared between the organisations. This will include draft reports, commercially sensitive information and confidential publications.

Where appropriate, organisations and individuals, including external advisers/reviewers, may be requested to sign specific confidentiality agreements and complete a register of interests in order to allow effective communication and involvement in specific areas of NHS QIS and Audit Scotland work.

Both Audit Scotland reports and NHS QIS review reports are public documents. Where a report from either Audit Scotland or NHS QIS is of mutual interest, the report will be shared and discussed with the other body. Both organisations will respect the confidential nature of reports prior to publication.

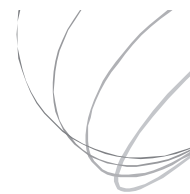
5. Further information

If you would like further information about the operation of this memorandum please contact:

Barbara Hurst
Director of Performance Audit
(Health and Community Care)
Audit Scotland

Or

Jan Warner
Director of Performance Assessment and
Practice Development
NHS Quality Improvement Scotland



Appendix 1 – Reconciliation of disagreements

Representatives of NHS QIS and Audit Scotland will meet at least twice per year to discuss matters of mutual interest and any concerns regarding this memorandum.

It is important, however, that any disagreements are resolved amicably at working level. If this is not possible, senior managers of both organisations should seek to settle any issue.

Formal complaints resulting from joint working which are of a serious nature and which potentially could damage the reputation of the respective organisation or the relationship between the two should be put in writing to the persons responsible for reconciliation of disagreements, as identified below.

Persons responsible for reconciliation of disagreements:

NHS QIS

Name: Jan Warner
Designation: Director of Performance Assessment and Practice Development
Contact details: Elliott House
8-10 Hillside Crescent
Edinburgh
Tel: 0131 623 4288
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Audit Scotland

Name: Russell Frith
Designation: Director of Audit Strategy
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Tel: 0131 477 1234
e-mail: rfrith@audit-scotland.gov.uk