

# Auditing Best Value in the NHS



*“Achieving Best Value is about ensuring sound governance, good management, public reporting on performance and a focus on improvement.”*

## Background

Best Value (BV) duties apply across the public sector. In the health service, BV is a formal duty on all Accountable Officers – NHS board chief executives and the chief executive of the NHS in Scotland.

Audit Scotland has adopted a generic framework for BV for all public bodies. This will enable a consistent approach to auditing against BV principles across the public sector (Exhibit 1). Sustainable development and equalities are themes that run through the framework.

We are committed to ensuring that BV auditing across the public sector adds value to existing arrangements, is risk-based and builds on our knowledge of individual public bodies. Specifically we aim to:

- report on the delivery of outcomes for people who use services
- protect taxpayers’ interests by examining the use of resources
- put an increasing emphasis on self-assessment by public bodies with audit support and validation
- work collaboratively with NHS QIS to ensure our work is aligned and prevent duplication.

**Exhibit 1. Framework for a BV audit of a public body**



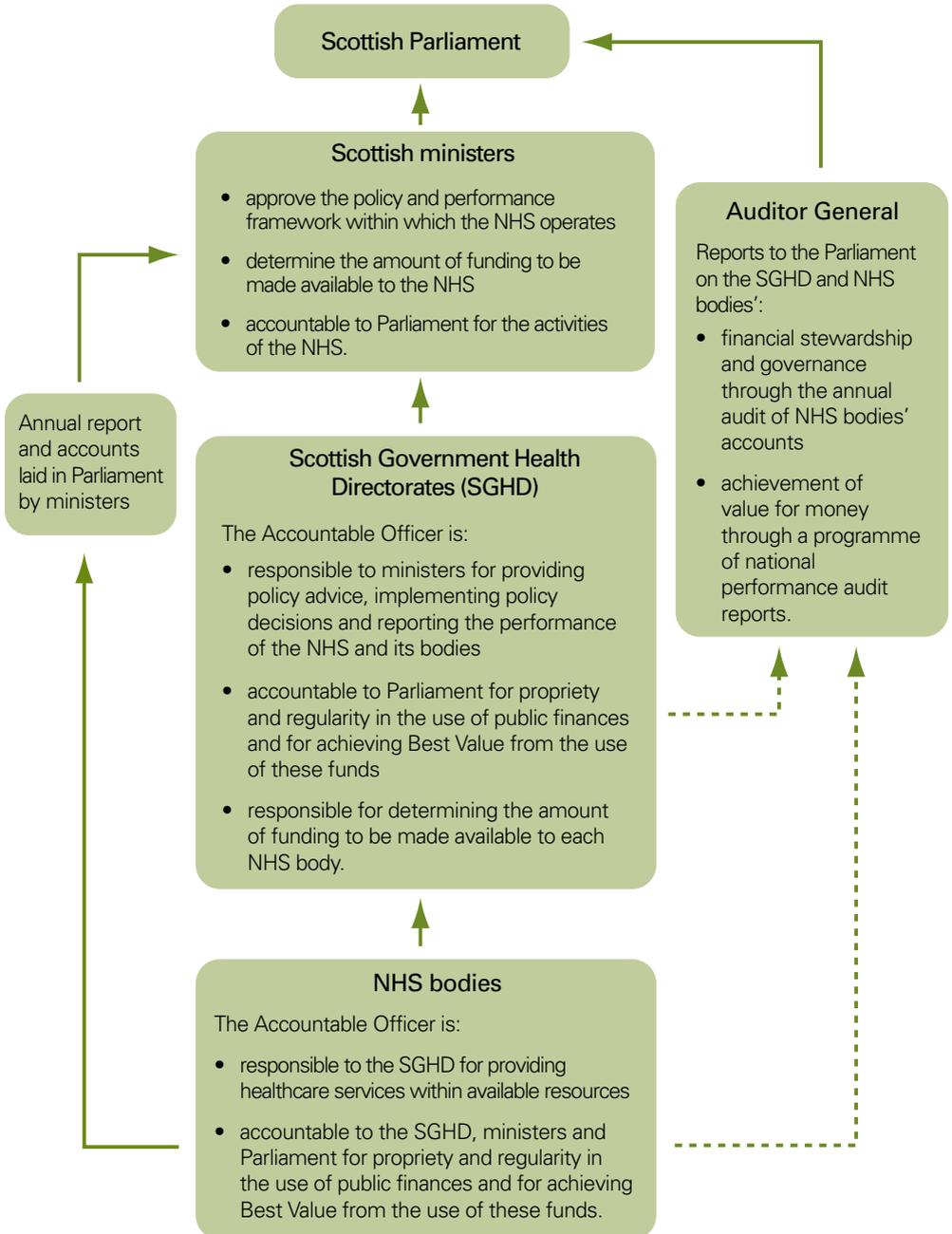
## Building on current reporting arrangements in the NHS

Audit Scotland will apply the audit of BV in the NHS in ways that reflect the different accountability arrangements in the health service compared to other parts of the public sector, such as local government. This means that in developing our approach we have taken full account of the ways in which NHS boards are held to account for their performance (Exhibit 2).

The building blocks for a BV assessment of an NHS board are already in place. Public reporting on an NHS board includes:

- an annual review held in public and chaired by the Cabinet Secretary for Health and Well-Being. Members of the public can ask questions of the board at this review
- an annual audit which is based on key priorities and risks in the sector. Final audit reports are considered at NHS board meetings and are published on Audit Scotland's website
- national performance audit reports on specific services carried out by Audit Scotland for the Auditor General. These are presented to the Parliament's Public Audit Committee. This includes an annual overview report on the whole of the NHS in Scotland
- short reports on the accounts where the Auditor General wants to bring issues arising from the accounts to the attention of Parliament (Section 22 reports)
- NHS QIS assessments of clinical governance; risk management; and reviews against clinical standards. These reports are published and are available on NHS QIS' website.

**Exhibit 2. Lines of accountability for Accountable Officers in the NHS in Scotland**



Note: Boards also have a key governance and accountability role. Individual members are appointed by ministers.

## What does this mean in practice?

Our aims are to coordinate the range of reports on the health service more effectively and develop our audit approach to ensure that all the BV principles are covered and reported on over time.

To this end, Audit Scotland is developing audit toolkits to cover the key BV principles. Our first priority is developing a range of 'use of resources' audit tools covering areas such as financial management, information management and procurement. These will be applied across the public sector so that we take a consistent approach to auditing BV, but will be reported differently taking account of the existing accountability arrangements.

The toolkits are being developed so that they can be used by both auditors and public bodies themselves for self-assessment purposes.

The annual audit report will make reference over the five-year period of the audit appointment to specific work on BV and will form part of the evidence available for the annual reviews of each NHS board.

National performance audits and performance against the National Performance Framework, SOAs and HEAT targets will form part of the evidence on the extent to which NHS boards are improving services.

All Audit Scotland performance audit reports now have self-assessment checklists, and NHS boards are expected to look at their own performance against the national recommendations.

Some studies will directly link to BV principles by looking at thematic areas, such as procurement. Others will look at service performance.

Selective reports on the laid accounts (Section 22 reports) and in-depth performance reports on individual bodies (Section 23 reports) are options that can be used where a number of risks have been identified in an NHS board.

## Auditing partnerships

Increasingly, services are being delivered through partnerships, such as Community Planning Partnerships and Community Health Partnerships. Audit Scotland is in the unique position of auditing the whole public sector, and we aim to maximise this advantage by building a robust approach to the audit of partnerships. This will look at the overall partnership objectives and the contribution that all partners play in achieving these through:

- clear leadership
- strong governance arrangements with clear lines of accountability
- joint planning
- effective use of joint resources
- processes to monitor and report on the achievement of outcomes for service users.

## Involving the NHS

As we develop our approach to auditing BV in the NHS, we are keen to involve the NHS and take account of your views. If you have any comments, either on our approach as outlined in this leaflet or additional areas that we should cover, please talk to your external auditor or email us at [nhsbestvalue@audit-scotland.gov.uk](mailto:nhsbestvalue@audit-scotland.gov.uk)



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