



**Memorandum of understanding**  
between the  
**NHS Counter Fraud and Security Management Service**  
and the  
**Audit Commission**

**Protecting your NHS**

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## 1. Purpose

1.1 This memorandum of understanding sets out the respective aims of the NHS Counter Fraud and Security Management Service (NHS CFSMS), a division of the NHS Business Services Authority, and the Audit Commission (the Commission) and its appointed auditors. It identifies areas where cooperation between the two organisations will best meet their respective aims and serve the public interest. It records the principles on the basis of which they will cooperate and exchange relevant information nationally and locally.

1.2 The purpose and terms of the memorandum will be reviewed at least biennially, subject to the business needs of both the Commission and the NHS CFSMS. In the interim, both organisations will continue to maintain, monitor and develop the effectiveness of their working relationship.

1.3 The NHS CFSMS and the Commission agree to collaborate and to seek to ensure that countering fraud and securing assets and property is recognised as the responsibility of all who work in the NHS – staff, professionals and managers – as well as those providing political direction. The working relationship between the NHS CFSMS and the Commission will be characterised by regular contact and the open exchange of information, both locally and nationally.

1.4 For the avoidance of doubt, this memorandum covers the NHS in England only.

## 2. Role of the Audit Commission

2.1 Established in 1983, the Commission is an independent body with statutory responsibilities for regulating the audit of local government and NHS bodies in England and promoting improvements in the economy, efficiency and effectiveness of public services.

2.2 The Commission appoints auditors to all NHS bodies in England, other than foundation trusts. Auditors carry out their statutory and other responsibilities, and exercise their professional judgement, in accordance with professional auditing standards and independently of the Commission. The Commission's Code of Audit Practice, approved by parliament, prescribes the way in which auditors are to carry out their functions under the Audit Commission Act 1998.

2.3 Under the Audit Commission Act 1998, the auditors appointed by the Commission have statutory rights of access to data, documents and persons in the course of meeting their statutory responsibilities.

2.4 Under the Code of Audit Practice, auditors are responsible for reviewing and reporting on:

a) the audited body's financial statements and its statement of internal control. This includes providing reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error

b) whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This includes the body's arrangements to manage its affairs in accordance with proper standards of conduct and to prevent and detect fraud and corruption.

### **3. Role of the NHS Counter Fraud and Security Management Service (NHS CFSMS)**

The NHS CFSMS has two different but complementary roles.

#### **Countering fraud**

3.1 Established in 2003, the NHS Counter Fraud Service (NHS CFS) built on the success of the Department of Health's Directorate of Counter Fraud Services, established in 1998. The NHS CFS has the remit of tackling all losses to fraud and corruption in the NHS.

3.2 In England, under Directions of the Secretary of State for Health, the NHS CFS has responsibility for all policy and operational matters relating to the prevention, detection and investigation of fraud and corruption in the NHS.

3.3 The NHS CFS sets and monitors the standards for counter fraud work in NHS bodies through the *NHS Counter Fraud and Corruption Manual*.

#### **Security management**

3.4 In 2003, the Secretary of State for Health launched a new strategy developed by the NHS Security Management Service (NHS SMS) for security management work in the NHS in England. Under Directions of the Secretary of State for Health, the NHS SMS has overall responsibility for all policy and operational matters related to the management of security in the NHS. Its remit is defined as protecting people and property so that the highest standards of clinical care can be made available to patient.

3.5 The current priority areas of action for the NHS SMS include ensuring the security of:

- people
- property and assets.

3.6 The NHS SMS sets and monitors the standards for security management work in NHS bodies through guidance and the *NHS Security Management Manual*.

## 4. Collaboration between the Audit Commission and the NHS Counter Fraud and Security Management Service

4.1 The NHS CFSMS and the Commission are committed to working together to develop complementary roles, avoid unnecessary duplication of effort and facilitate the exchange of information and good practice guidance for the purpose of fighting fraud and corruption and in securing property and assets. The NHS CFSMS and the Commission are committed to working with NHS bodies and other government agencies to improve governance arrangements across the NHS.

4.2 Both organisations will work cooperatively whenever possible to meet this common goal and will exchange information on:

- developments in their respective approaches
- actual and suspected cases of fraud, corruption and other possible or actual loss of property and assets
- potential weaknesses in overall systems and controls.

4.3 This agreement should also take into account and be seen within the wider context of the Healthcare Commission's Concordat, to which the NHS CFSMS and the Commission are both full signatories. The concordat is an agreement between the main healthcare inspection, review and audit bodies in England with the aim of improving the coordination of visits and minimising the duplication of information gathered. To this end, the NHS CFSMS will share any data that could be valuable to the Commission and reduce the burden of data collection from health bodies.

4.4 Both organisations will work collaboratively to promote best practice in relation to managing fraud and security in the NHS.

## 5. Principles of communication

5.1 Sharing relevant information where appropriate, subject to prevailing statutory restrictions, is essential to effective collaboration.

5.2 Both parties will agree information sharing agreements in order to work together to achieve their objectives.

5.3 Communications between the NHS CFSMS and the Commission will focus on:

### a) Sharing expertise and experience

5.3.1 Representatives from both organisations will meet regularly to discuss strategic and/or policy developments, potential risks and good practice to improve governance arrangements in the health service. The Commission and the NHS CFSMS will share information about approaches to audits and investigations.

5.3.2 Representatives from both organisations will agree a framework through which the NHS CFSMS can contact the appointed auditor of an NHS body.

**b) Data sharing at strategic level**

5.3.3 Though the Commission and the NHS CFSMS have very distinct roles, it is clear that those roles overlap where there are allegations of fraud or the loss of assets or property. Where such overlap occurs, the two organisations will exchange relevant information for the purposes of their core functions.

5.3.4 The Commission will provide the NHS CFSMS with summary information relevant to the NHS from its National Fraud Initiative (NFI). In turn, the NHS CFSMS will provide the Commission with a return detailing action taken in response to NFI issues to assist the Commission to assess the impact of NFI.

**c) Data sharing at local level**

5.3.5 The Commission will provide NHS health bodies with relevant NFI data to enable each body to share fraud matches with its Local Counter Fraud Specialist.

**6. Signatories to the memorandum of understanding**

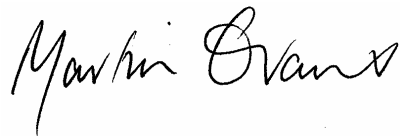


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Date: 08/01/09



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Date: 08/01/09