

Board of Directors Public

SUMMARY REPORT

Meeting Date: 22 May 2024

Agenda Item: 22

Report Title:	Governance Report	
Author(s):	Amber Wild, Head of Corporate Assurance and Deborah Lawrenson, Director of Corporate Governance	
Accountable Director:	Deborah Lawrenson, Director of Corporate Governance	
Other Meetings presented to or previously agreed at:	Committee/Group:	Audit and Risk Committee
	Date:	14 May 2024
Key Points recommendations to or previously agreed at:	<p>This report provides key updates on governance matters. A typo noted in the Declaration of Interest for Board members was noted and has been rectified.</p> <p>It was confirmed at the committee that all Declarations of Interest not yet received by those below Board and required to do so, need to be received in time for reporting to the Audit and Risk Committee in July at which point the register will be closed and any declarations not yet received marked as such.</p>	

Summary of key points in report

Register of Declaration of Interests, gifts, hospitality and sponsorship 2023-2024

The Audit and Risk Committee have been updated on progress with calling in the 2023/24 declarations in January 2024.

Declarations have been received for all Board members and for all Governors currently serving on the Council of Governors. The current completed register for the Board of Directors is attached at **Appendix 1** and the current completed register for the Council of Governors is attached at **Appendix 2**.

Updated declarations for the current financial year are continuing to be called in for staff below board and at the time of writing 185 declarations had been received. Outstanding declarations have been followed up with Executive Directors copied in.

The final registers will be brought to Audit and Risk Committee in June prior to receipt at the Board of Directors.

Confirmation of the Fit and Proper Person Test (FPPT) Framework compliance

As previously reported, in September 2023, NHS England published the Fit and Proper Person Test Framework in response to the recommendations made by Tom Kark KC in his 2019 Review of the FPPT.

The Framework is designed to assess the appropriateness of an individual to discharge their duties effectively in their capacity as a board member and applies to all executive and non-executive directors of NHS Foundation Trusts. Work has taken place to meet the requirements for the Trust in respect of new Fit and Proper Person's Test requirements:

- Annual fit and proper self-attestation forms have been completed for all Board members.
- Our internal processes have been strengthened with inclusion of local FPPT folders which have been updated for each board member and work is underway to finalise completion of the electronic staff record for Board members which has been updated to meet the new requirements.
- The Chief Executive will be asked to sign off FPPT declarations for the Executive team and to confirm this to the Chair who will then review all Board FPPT declarations; with the Senior Independent Director signing off the declaration of the Chair.
- This will enable the Chair to review and confirm the required processes have been followed and all data captured appropriately on ESR supported by the Executive Director of People and the Director of Corporate Governance in order to complete the formal sign off process by the end of June 2024.

Audit and Risk Committee have been provided with progress updates in respect of:

- Monitoring of action plans and Third-Party Assurances
- Cross committee referrals (these are also reflected in the AAA reports received at Board)
- End of year review of attendance at the Board Assurance Committees – all meetings were quorate during 2023/24 and Governor observation has taken place.
- Updates on plans for any revisions required to the Risk Management Framework including the User guide in response to the internal audit on strategic risk (significant assurance received); and monitoring of actions from 2022 external risk review action plan.

Appendices:

Appendix 1: Register for the Board of Directors

Appendix 2: Register for the Council of Governors

Appendix 3: NHS Providers briefing on Audit committee handbook

Recommendation for the Board/Committee to consider:

Consider for Action		Approval	X	Assurance	X	Information	X
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The Board of Directors is asked to receive the updates provided and to approve the current register of interest for Board members and note the register of interest for the Council of Governors.

Please identify which strategic priorities will be impacted by this report:

Effective Use of Resources	Yes		No	X
Deliver Outstanding Care	Yes	X	No	
Great Place to Work	Yes		No	X
Ensuring our services are inclusive	Yes		No	X

Is this report relevant to compliance with any key standards ? State specific standard

Care Quality Commission Fundamental Standards	Yes	X	No		WL4: Well-Led Development plan 'The Trust must ensure that effective governance systems are in place to assess, monitor and improve the quality and safety of services'
Data Security and Protection Toolkit	Yes		No	X	
Any other standards	Yes		No	X	

Have these areas been considered ? YES/NO | If Yes, what are the implications or the impact?

					If no, please explain why
Service User Safety, Engagement and Experience	Yes		No	x	Not directly in relation to this report – specific detail would be covered through the reports referenced
Financial (revenue & capital)	Yes		No	x	
Organisational Development/Workforce	Yes		No	x	
Equality, Diversity & Inclusion	Yes		No	x	
Legal	Yes		No	x	
Sustainability			No	x	

Register of Interests 2024-25 as at March 2024

Appendix 1 BOARD OF DIRECTORS

Personal Details	Details Of Declared Interest	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To	Date Notified/ Registered
Trust Board					
Sharon Mays (Chair)	<p>NHS provider board/ trustee member and director of the NHS providers company</p> <p>Chair of the South Yorkshire MHLDA provider collaborative board</p> <p>As Chair I represent the Trust on various committees including the MHLDA provider collaborative board and Sheffield Place Chair's Forum.</p> <p>Part of the NHS England Chair's Advisory Group</p> <p>Relative is employed by Tees Esk Wear Valley NHS FT in the role Head of Delivery -Digital and Data</p>	Non-Financial Professional	<p>1 July 2023</p> <p>12 July 2023</p> <p>22 January 2024</p>	<p>30 June 2026</p> <p>Ongoing</p> <p>Ongoing</p>	28/02/2024
Anne Dray, Non-Executive Director (Senior Independent Director)	<p>Non-Executive Director with Nottingham CityCare Partnership CIC.</p> <p>Managing Director of Adaptive Ideas Ltd</p>	<p>Non-Financial Professional</p> <p>Financial</p>	<p>2018</p> <p>2013</p>	<p>Ongoing</p> <p>Ongoing</p>	28/02/2024
Heather Smith, Non-Executive Director	Director of FoodWorks Sheffield, a not-for-profit organisation highlighting waste food and food sustainability issues (voluntary)	Non-Financial Professional	March 2020	Ongoing	28/02/2024

Register of Interests 2024-25 as at March 2024



Sheffield Health
and Social Care
NHS Foundation Trust

Personal Details	Details Of Declared Interest	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To	Date Notified/ Registered
Olayinka Monisola Fadahunsi-Oluwole, Non-Executive Director	Member of the Advisory Group for South Yorkshire Police Race Action Plan Ambassador for the Children's Hospital Charity Sheffield Childre Foundation NHS Trust Trustee for the Steel City Choiresters	Non-Financial Professional	Oct 2020 July 2022 March 2021	Ongoing Ongoing Ongoing	13/03/2024
Owen McLellan, Non-Executive Director	Director of Company Shop Ltd Director of Community Shop Community Interest Company	Financial	August 2022 August 2022	Ongoing Ongoing	28/02/2024
Mark Dundon, Non-Executive Director	Director and Owner of Inversion Consultancy & Solutions Ltd	Financial	April 2015	Ongoing	28/02/2024

Register of Interests 2024-25 as at March 2024



Sheffield Health
and Social Care
NHS Foundation Trust

Personal Details	Details Of Declared Interest	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To	Date Notified/ Registered
Brendan Stone, Associate Non-Executive Director (non-voting)	Trustee/Director of Sheffield Flourish (Registered Charity 1147334) (PLC 7980332) Senior leader for NCCMH delivery of NHSE Culture of Care Programme 2024 Professor, University of Sheffield	Non-financial Non-financial professional	2010 2004	Ongoing Ongoing	28/02/2024
Salma Yasmeen, Chief Executive	Member of the Board of Thirteen (Thirteen Housing Group), including Remuneration Committee Charitable Community Benefit Society registered under the Co-operative & Community Benefits Society Act 2014 Advisory board member for School of Business, Huddersfield University Spouse employed in management capacity at Leeds & York Partnership NHS Trust	Non-financial professional	Current January 2022 Current	Ongoing Ongoing	07/03/2024

Register of Interests 2024-25 as at March 2024



Sheffield Health
and Social Care
NHS Foundation Trust

Personal Details	Details Of Declared Interest	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To	Date Notified/ Registered
Helen Crimlisk, Interim Executive Medical Director	Specialist Adviosr (workforce) , Royal College of Psychiatrists Associate Direcotr of Teaching, School of Medicine, and Population Helath, University of Sheffield Hon Senior Lectur, SchARR, University of Sheffield Spouse is a consultant neurologist at STH and Professor of Movement Disorders, Neurology at Univerity of Sheffield	Non-financial personal interests Non-financial personal interests Non-financial personal interests	2024 2018 2018	Ongoing Ongoing Ongoing	11/03/2024
Phillip Easthope, Executive Director of Finance	Nothing to declare	N/A	N/A	N/A	29/02/2024
Caroline Parry, Executive Director of People	Owner/Director of Caroline Parry HR Consultancy LTD	Financial – no work undertaken through the company since 2017	2011	Ongoing	28/02/2024

Register of Interests 2024-25 as at March 2024



Sheffield Health
and Social Care
NHS Foundation Trust

Personal Details	Details Of Declared Interest	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To	Date Notified/ Registered
Salli Midgley, Interim Executive Director of Nursing and Professions	Trustee for the Restraint Reduction Network	Non-Financial Professional	July 2022	ongoing	11/03/2024
Neil Robertson, Interim Executive Director of Operations and Transformation (non-voting)	Nothing to declare	N/A	N/A	N/A	27/02/2024
James Drury Director of Strategy	Trustee of Keighley Healthy Living a charity providing health and wellbeing support activities in and around Keighley, West Yorkshire Grant Investment Panel - Voting member of the Sheffield Hospitals Charity	Non-financial personal Non-Financial Professional	2022 2024	ongoing	14/03/24
Deborah Lawrenson, Director of Corporate Governance (non-voting)	Unpaid Trustee (Director of Corporate Affairs) for Better Together Learning Trust	Non-financial	01/09/2021	Ongoing – term duration 4 years	27/02//2024

Appendix 2 Register of Interests 2024-25

Council of Governors – as at 14 May 2024

Name of Governor and Constituency	DOI Date Notified/ Registered	Declaration of Interests	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To
Dr. Alistair Brash (Young Carer)	17/04/2024	Employed by the University of Sheffield as a Research Fellow in the Department of Physics & Astronomy Member of Rethink EbE group Research fellowship in quantum physics from the Engineering and Physical Sciences Research Council. Awarded a research grant by the Science and Technology Facilities Council in the area of quantum physics	Professional	October 2016 Feb 2024 June 2022 Dec 2023	present
James Barlow (Carers Centre Sheffield)	14/03/2024	Sheffield Carers Centre, Data and Information Officer	N/A	2012	Present
Nighat Baghrat (Sheffield City Council)		Update pending			
Billie Critchlow (Carer)	16/04/2024	None declared	N/A	N/A	N/A
Chris Digman (Public SE)	11/04/2024	None declared	N/A	N/A	N/A
Ben Duke (Public SW)	03/03/2024	Research Assistant at University of Nottingham on a COVID19 Vaccination Programme Research Project. Volunteer and/or work for the following organisations: Sheffield MENCAP (1) Re-engage (2) Young Lives vs Cancer (3)	Professional	Sept 2023 Nov 2018 (1) July 2020 (2) Nov 2018 (3) May 2023 4) Jan 2024 (5) May 2023(6).	Present Present Present Present Present Present

Name of Governor and Constituency	DOI Date Notified/ Registered	Declaration of Interests	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To
		Rethink – Expert by Experience sessional worker (4) SACMHA - Sheffield African Caribbean Mental Health Association – Community Research worker (5) Sheffield City Council – Sheffield Directory Adult Social Care Coproduction Group - sessional worker (6)			
Angelito Esquerra (Support Worker)	17/04/2024	Nothing to declare for purposes of this public record	N/A	N/A	N/A
Nicola Hudson (Service User)	02/03/2024	Employee of East Midlands Ambulance Service NHS trust (from 11/12/2023)	Professional	11/12/2023	present
Jonathan Hall (Service User)	05/03/2024	None declared	N/A	N/A	N/A
Vyvyan Hopkinson (AHP)	04/03/2024	None declared	N/A	N/A	N/A
Celia Jackson-Chambers (SACMHA)	21/03/24	Sheffield African Caribbean Mental Health Association (SACMHA) Chairperson	N/A	2020	Present
Julie Kitlowski (Public SW)	03/03/2024	Funding received from Medical school for medical student project 12/23	N/A	N/A	N/A
Irfan Khan VCFS (PMC)	25/03/2024	Nothing to Declare	N/A	N/A	N/A
Rebecca Lawlor	14/03/2024	Nothing to Declare	N/A	N/A	N/A
Kathleen Myrie (Nursing)	13/05/2024	Nothing to Declare	N/A	N/A	N/A
Julie Marsland (Staff-side)	17/04/2023	Mencap	N/A	2017	present
Ross Mallett (Sheffield Hallam University)	14/03/2024	Employed - Sheffield Hallam University	N/A	2015	Present

Name of Governor and Constituency	DOI Date Notified/ Registered	Declaration of Interests	Identified potential for conflict of Interest and action taken by Trust	Date From	Date To
		Possible financial arrangements may exist regarding our provision/services. I am unaware of specific contracts or levies regarding placements			
Irene Nakamatte (Public NW)		Update pending	N/A	N/A	N/A
Terry Proudfoot (Service User)	17/03/2024	South Yorkshire Housing Association Non-Executive Director Oct 2017 Member of Labour Party	Professional Non-professional	October 2017 1992	Present Present
Dave Swindlehurst (Sheffield MENCAP and Gateway)	01/03/2024	Sheffield Mencap and Gateway Chief Executive	N/A	Sept 2016	Present
Sophie Thornton (Sheffield City Council)		Update pending			
Prof Scott Weich (University of Sheffield)	14/03/2024	Named applicant on research grants hosted by SHSC and funded by NIHR. This research is ongoing and varies with time depending on applications and their outcome. My substantive employer is the University of Sheffield and I hold an honorary Consultant appointment with SHSC	N/A	ongoing	ongoing
Mohammed Khawja Ziauddin (Public North East)	14/05/24	Nothing to declare	N/A	N/A	N/A

New HFMA NHS Audit Committee Handbook published in March 2024

The Healthcare Financial Management Association (HFMA) is a professional body for finance staff working in healthcare. It provides independent support and guidance to its members and the wider healthcare community. Its **NHS Audit Committee Handbook** is the industry standard, setting out good practice to support NHS boards and audit committees in reviewing and improving their organisation's system of governance, risk management, and control.

A fully revised edition of the handbook was published on 20 March 2024, taking account of recent learning from governance failings in the corporate and public sectors. Developed with input from NHS England (NHSE), this update reflects the changed context following the Health and Care Act 2022: it now includes consideration of the risks and opportunities of system working and collaboration. This edition also applies to integrated care board (ICB) audit committees.

As such, **it is a must-read for those involved in audit committees and/or responsible for corporate governance in NHS provider organisations**. Printed copies of the handbook are available **on request**.

This briefing sets out an overview of the handbook and highlights the key changes. Comments on the handbook should be sent to policy@hfma.org.uk. Comments on this briefing should be sent to Izzy Allen, senior policy adviser (governance), izzy.allen@nhsproviders.org.

Overview

The role of an audit committee is to seek and provide assurance to governing bodies in relation to the effectiveness of their internal system of governance, risk management, and control. It is the senior statutory committee of an NHS board and it is important to boards that their audit committee understands, and is able to effectively undertake, its role and delegated functions. The handbook provides advice to help them do that.

It sets out the key considerations around the management, operation, membership and purview of an effective NHS audit committee, including those of ICBs. Each of the 20 chapters concludes with 'at a glance' key learning points.

Several sections contain suggested questions that audit committee members may wish to ask, for example, when interacting with the trust auditors in private, and when considering the risk management system internally and as part of an integrated care system (ICS). Links to other relevant guidance are provided throughout. A final chapter on 'current issues' is discussed in more detail below.

Its appendices provide an example of audit committee **model terms of reference** (which the handbook says should be adopted on a 'comply or explain' basis), **self-assessment checklists** to aid evaluation of the committee's effectiveness, **an example agenda and timetable**, and an expanded glossary of terms.

New and updated considerations for audit committees

Many updates to the handbook reflect the new operational and regulatory context of system working, while others reflect recent learning from failings and/or evolving NHSE guidance. The new 'current issues' section, which will be updated more regularly than the others, highlights contemporary issues that audit committees will want to monitor.

New considerations for providers in systems

- The handbook highlights the audit committee's role in ensuring controls around potential **conflicts of interest** are effectively addressed and recorded, with more extensive collaborative working making such conflicts more likely to arise.
- There is a need for clarity about roles and responsibilities where organisations have established, or are considering establishing, **audit committees in common**.
- Organisations may consider whether **sharing local audit services with partner organisations** might bring economies of scale, and the handbook recognises that ICSs may bring new risks to independence where auditors engaged by one organisation undertake non-audit work in the system.
- **ICB audit committees can convene provider audit committees** to discuss matters of shared interest, but they cannot direct or control them.

- **System risk management** is considered (with a link to the HFMA and Good Governance Institute [system risk management guide 2023](#)), including the need for audit committees to consider engagement with risk management systems across their ICS(s).
- There is recognition that **ICB and provider audit committees have shared duties, risks and opportunities** they should be aware of. Specifically, the need to meet joint financial objectives and to take decisions with a view of their wider impact are highlighted.
- Collaborative audit committee arrangements, including committees in common, are considered. Also noted are the **importance of each individual organisation being able to demonstrate that it is discharging its statutory duties**, and that conflicts of interest are appropriately managed.

New and updated considerations that reflect good practice

- Members of audit committees should, individually or collectively, have **'more advanced competency'** in areas such as procurement and compliance.
- **Acceptable, though not ideal, options if quoracy is not achieved** include ratification of decisions or actions at the subsequent committee meeting.
- **The post-holders who should be invited to attend most or all meetings** are listed (those being the chief finance officer, representatives of internal and external audit, and a member of the secretariat), as are those who should attend regularly (the company secretary, local counter fraud specialist, and risk management lead).
- The **committee chair should promote internal audit, external audit and local counter fraud's right of access to the committee**; should establish an effective relationship with the CFO; and should work with other committee chairs to ensure effective collective committee oversight is in place.
- **Suggested questions for private meetings with auditors are updated.** Questions on resourcing the audit function and on committee effectiveness are removed, and questions about the control environment and the potential impact of culture and workload upon it are added.
- **External assessments of board and committee effectiveness might optionally be undertaken every three to five years to provide additional independent assurance.** There are now 12 questions to support the self-assessment of effective committee behaviours.
- The **board might delegate appropriate decisions to the committee**, including specific incident investigations and the appointment of audit and counter fraud services.
- While **the committee may undertake a detailed review of the annual report on behalf of the board**, the board remains accountable and should also be able to review and to challenge the report's contents. The committee should seek assurance about the process for drafting it, explicitly consider any deviation from the group accounting manual (GAM) and should have its attention drawn to any sensitive messages.

- The committee should **review the proposed accounting policies before the year end, particularly if new or amended, and seek assurance that the process for making material accounting judgements is sound.** The handbook notes the resource implications of changes such as IFRS 16 on lease accounting.
- The **quality account is no longer subject to external audit.**
- **Constitutional documents** including standing financial instructions should be reviewed, and the degree of 'compliance culture' in relation to governance arrangements can be assessed, seeking to understand the reasons and impact in any areas of non-compliance.
- The **assurance framework should inform the committee's workplan** and agendas, and assurance as to the robustness of systems underpinning the framework should be sought.
- **Internal auditor appointment considerations are updated,** including the importance of ensuring the proposed audit plan provides the required level of assurance.
- The internal audit cycle is set out, and the handbook details how **audit plans should include data quality as required by NHSE.**
- **Assurance about the clinical audit programme might be received from the quality committee or through clinical audit reporting directly to the audit committee:** either model is acceptable.
- Assurance should be sought that **systems for referring matters between committees are in place.**
- **Speaking up and whistleblowing assurance seeking** is emphasised.
- **Cyber security assurance seeking is enhanced,** and the committee should receive assurances around the annual data security and protection (DSP) toolkit audit, key information governance systems, and regulatory interventions following security breaches.
- **Exception reporting should cover areas where controls are not operating effectively or have been circumvented.**
- **Summary reports from the committee chair** as well as the minutes should be shared with the board.

Current issues for audit committees

The development of ICSs

The handbook is clear that, given there is no 'one size fits all' as system working develops, there is little detailed direction on what good looks like. This means committees need to be clear about the key principles behind integrated care, but keep a watching brief on developments in their own system(s), including by asking the executive. As highlighted above, system risk management and any arrangements for system wide assurance will likely be on the audit committee's radar.

External audit market

Providers continue to experience difficulties securing external audit services, with invitations to tender often going unanswered. The HFMA produced a [briefing](#) on this in late 2022. In addition, the handbook flags how digital technologies are changing the approach external auditors are taking, and how increased automation of audit processes to supplement the judgement of the auditor(s) is progressively likely.

Financial sustainability

The handbook highlights the position of NHS organisations and their audit committees in seeking to manage the money and ensure financial controls are robust when demand for care continues to outstrip supply.

Environmental, social and corporate governance

Boards should consider the increasing reporting and transparency demands in relation to these areas, including green plans. Audit committees may wish to refer to the several sustainability guidance documents this section of the handbook points to, including the National Audit Office's [A good practice guide to climate change risk for audit committees](#).

Digital developments

Audit committees, and through them boards, should be mindful of the risks that innovative change such as the use of robotics and artificial intelligence may bring, and seek to assure themselves that developments are being appropriately managed.

Internal audit standards

The global internal audit standards (GIAS) released in January 2024 will take effect from January 2025, and it is likely the public sector internal audit standards (PSIAS) (with which NHS internal auditors currently comply) will be updated to take account of the GIAS. The handbook gives advanced sight of the 15 principles that make up the GIAS and notes that audit committees should expect to be briefed by their internal auditors on any resulting proposed changes in practice.

NHS Providers view

This is a timely update to the handbook, setting out principles and practice which we would commend to all involved in NHS audit committees. It is accessibly structured and easy to read, with

insightful suggested questions for committee members, and a welcome focus on culture and behaviours as components of good governance.

Updates to the handbook which recognise the complexities of control, risk management and governance when working within systems and in partnership are particularly important for audit committees to consider, and the wider board membership would likely also find it of interest.

The Health and Care Act 2022 and subsequent NHSE guidance about the role and membership of ICBs mean careful consideration about how potential **conflicts of interest** are recorded and managed within systems is needed, as the handbook explains. NHS Providers has commissioned [legal commentary](#) to set out the relevant directors' duties for provider board members also sitting on ICBs, and to support provider organisations with their effective management.

The handbook emphasises that audit committees should carefully consider collaborative arrangements involving audit committee functions, and **be mindful that individual organisations need to continue to demonstrate that they are discharging their statutory duties**. In our view, audit committees might also seek to assure themselves that collaborative arrangements in which their organisations participate have clear and effective delegation, oversight and control arrangements in place, and are legally constituted where relevant. We have produced advice on [good governance in collaboration](#) to support this.

The handbook's focus on **system risk management** is welcome: this is an area of concern for provider organisations. While national guidance from NHSE is unavailable, the HFMA and Good Governance Institute [system risk management guide 2023](#) provides sound support.

The handbook is right to highlight current **issues around financial sustainability**, and to outline challenges implementing accounting changes. The financial planning process is extremely challenging for providers, and its credibility is being stretched by unrealistic central assumptions and recovery trajectories. Members are also concerned that national funding to cover IFRS16 changes is insufficient in some areas. Similarly, the HFMA's focus on the audit committee role in providing assurance around an organisation's contribution to system finances is welcome: where trusts are working across more than one system, this is even more complex to achieve.

The new 'current issues' section of the handbook should provide audit committees with regular updates on the context in which they work. It is not clear how regularly this section will be updated,

but audit committees should also expect their auditors to be updating them on current issues relevant to the committee's purview.

The HFMA will likely provide a more nuanced account of the **challenges NHS organisations are facing in securing audit services**. The account given in the handbook matches the experience of many trusts and foundation trusts struggling to appoint auditors due to cost and availability. NHS Providers has also heard that where auditors are contracted to work with an ICB, they are then unavailable to local trusts, which can make it even more difficult to appoint an auditor.