

Board of Directors - Public

SUMMARY REPORT

Meeting Date: 24 July 2024
 Agenda Item: 26

Report Title:	Formal receipt of Auditor reports for the year ending March 2024 (final HOIAO and External Audit Report)	
Author(s):	Phillip Easthope, Executive Director of Finance, Digital & Performance	
Accountable Director:	Phillip Easthope, Director of Finance Deborah Lawrenson, Director of Corporate Governance	
Other meetings this paper has been presented to or previously agreed at:	Committee/Tier 2 Group/Tier 3 Group	Audit & Risk Committee Confidential Board of Directors
	Date:	18 June 2024 and 26 June 2024
Key points/recommendations from those meetings	<p>Receipt formally noted as part of the year-end Annual Report & Accounts process.</p> <p>Head of Internal Audit Opinion Statement & Annual Report – Positive assurance provided; the overall opinion remained as significant.</p> <p>External Auditors annual report – draft report for Annual Report and Accounts prior to approval at extraordinary Board on 26th June 2024; intend to issue an unqualified opinion on the financial statements and identified no significant weaknesses regarding the Trust value for money arrangements.</p> <p>An unqualified opinion on the Trust’s accounts was issued on the 28th June.</p>	

Summary of key points in report

Formal receipt in public of the final Head of Internal Audit Opinion Statement and External Audit Report for the period 2023/2024, as part of the Annual Report & Accounts process.

The Head of Internal Audit Opinion is shown below:

‘I am providing an opinion of **significant assurance** that there is a generally sound framework of governance, risk management and control designed to meet the organisation’s objectives, and controls are generally being applied.’

The opinion considered three main areas:

- Strategic risk management and Board Assurance Framework - significant assurance.
- Internal Audit outturn –moderate assurance
- Implementation of Internal Audit actions – significant assurance.

External Auditors annual report key points:

- Key findings from the 2022/23 financial statements and value for money audits.
- We issued an unqualified opinion on the Trust's accounts on 28 June 2024. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust.
- We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust.
- We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We have nothing to report in this regard.
- We did not consider it necessary to issue any other reports in the public interest.

Appendices attached:

Appendix 1: Final Head of Internal Audit Opinion

Appendix 2: External Audit Report

Recommendation for the Board/Committee to consider:

Consider for Action	Approval	Assurance	X	Information
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The attached reports were formally received by the Audit & Assurance Committee at the meeting on 18 June 2024 and the Board of Directors at the Confidential Board of Directors meeting held on 26 June 2024 as part of the year-end process for the completion and approval of the 2023/24 Annual Report and Accounts for submission to NHS England.

The purpose of this paper is to formally note the issue and receipt of these reports in a public meeting.

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

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

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

Care Quality Commission Fundamental Standards	Yes	No	X	<i>As appropriate for example through Internal Audits.</i>
Data Security and Protection Toolkit	Yes	No	X	
Any other specific standard?				

Have these areas been considered ? YES/NO

If Yes, what are the implications or the impact?
If no, please explain why

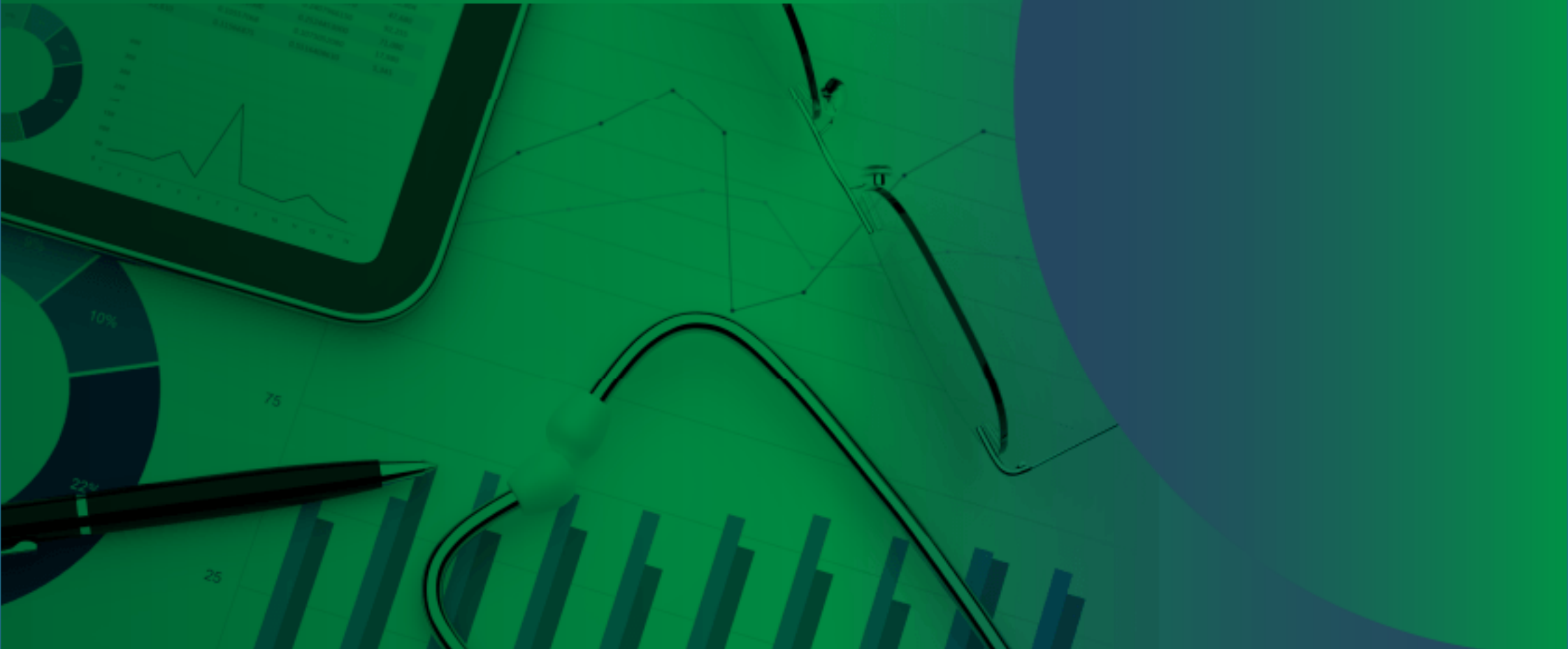
Service User and Carer Safety, Engagement and Experience	Yes	X	No	All areas are covered through assurance on Annual Report & Accounts arrangements.
Financial (revenue & capital)	Yes	X	No	
Organisational Development /Workforce	Yes	X	No	
Equality, Diversity & Inclusion	Yes	X	No	
Legal	Yes	X	No	
Environmental sustainability	Yes	X	No	



2023/24 Head of Internal Audit Opinion and Annual Report

Sheffield Health and Social Care NHS Foundation Trust

18 June 2024



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Reports prepared by 360 Assurance and addressed to Sheffield Health and Social Care NHS Foundation Trust directors or officers are prepared for the sole use of Sheffield Health and Social Care NHS Foundation Trust, and no responsibility is taken by 360 Assurance or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit between Sheffield Health and Social Care NHS Foundation Trust and 360 Assurance dated 1 April 2023 shall not have any rights under the Contracts (Rights of Third Parties) Act 1999. The matters reported are only those which have come to our attention during the course of our work and that we believe need to be brought to the attention of Sheffield Health and Social Care NHS Foundation Trust. They are not a comprehensive record of all matters arising and 360 Assurance is not responsible for reporting all risks or all internal control weaknesses to Sheffield Health and Social Care NHS Foundation Trust.

The appointment of 360 Assurance does not replace or limit the organisation's own responsibility for putting in place proper arrangements to ensure that its operations are conducted in accordance with the law, guidance, good governance and any applicable standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. This report has been prepared solely for your use in accordance with the terms of the aforementioned agreement (including the limitations of liability set out therein) and must not be quoted in whole or in part without the prior written consent of 360 Assurance.

Introduction

This report contains my final opinion, along with a summary of your internal audit service for the 2023/24 financial year.

The provision of assurance services is the main role for an internal audit provider within the public sector and as part of this role, and in compliance with Public Sector Internal Audit Standards (PSIAS), as Head of Internal Audit I will provide an opinion that is based on an objective assessment of the organisation's framework of governance, risk management and internal control. The opinion should contribute towards developing the Annual Governance Statement.

Your 2023/24 Head of Internal Audit Opinion

My opinion is provided on the basis of an objective assessment of the framework of governance, risk management and control. To provide my opinion, I have considered:

- the arrangements for strategic risk management and the Board Assurance Framework
- Internal audit plan outturn
- the implementation of internal audit actions
- third party assurances.

The work undertaken within the Internal Audit Plan for the 2023/24 financial year is limited to the scope agreed with the organisation's executive officers and approved by the Audit and Risk Committee, and as detailed within our final reports.

Context

In providing an opinion for the financial year, I have reflected on key issues faced across NHS organisations. Throughout 2023/24 the NHS has continued to face a range of challenges which has enhanced the need for strengthened grip and control arrangements. Ongoing operational pressures, including the industrial action, has significantly impacted services and waiting times. Organisations are continuing to develop working in partnership to deliver system-wide objectives.

The draft 2023/24 Annual Accounts will show a deficit of £4.932m after technical adjustments. However, if non-cash technical items (impairments/reversals, donations and depreciation on donated assets/government grants) are excluded the position is a £9.068m deficit.

There have been five key changes to the Board of Directors in year. Salma Yasmeen joined the Trust as Chief Executive in July 2023, James Drury joined the Trust as Director of Strategy in January 2024. Salli Midley was appointed in June 2023 as the substantive Director of Nursing from a

interim position, as was Neil Robertson, Director of Operations, in February 2024 and Helen Crimlisk became the interim Medical Director in March 2024.

I am providing an opinion of **significant assurance** that there is a generally sound framework of governance, risk management and control designed to meet the organisation's objectives, and controls are generally being applied.

Strategic risk management and Board Assurance Framework – I am providing an opinion of significant assurance.

Internal Audit outturn – I am providing an opinion of moderate assurance on this element. We have issued one limited assurance opinion and two moderate assurance opinion reviews this year.

Implementation of Internal Audit actions – I am providing an opinion of significant assurance. The final first follow up rate is 87% and the overall follow up rate is 97%.

This opinion should be taken in its entirety for the Annual Governance Statement and any other purpose for which it is repeated.

Limitations to the opinion

It is management's responsibility to develop and maintain a sound system of governance, risk management and control. This opinion is based on the work undertaken. Where good levels of control are in place, there are still instances where this may fail, for example, poor judgement in decision-making, human error, control processes being deliberately circumvented, management overriding controls and the occurrence of unforeseeable circumstances. As our scope of work is limited, there may be weaknesses in control systems that we are not aware of.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of a risk-based plan generated from an organisation-led Assurance Framework, which is one component that the Board considers in making its Annual Governance Statement.

Summary findings

Strategic risk management and Board Assurance Framework

The Trust reviewed, updated and approved the Risk Management Framework in November 2023. We have completed an Internal Audit review of the framework and provided significant assurance. The report raised two medium rated actions, one relating to the allocation of risk appetite and target scores and the other relating to the reporting of progress made on addressing mitigating actions.

From September 2023, the Trust moved to a new BAF reporting cycle, with the BAF presented bi-monthly (every other month) to the Board and Board committees. We have found that the BAF and Corporate Risk Register (CRR) have been reported to the Board and Board Committees in line with work planners.

We have reviewed the iterations of the BAF presented to the Board and confirmed that it is being regularly updated. We have also reviewed whether the Trust is completing its actions to address gaps in assurance/control. We tracked the progress of the actions for five BAF risks and found a small number of instances where actions were either categorised as ‘ongoing’ or had been extended. We also noted that there has been limited movement in risk scores during the year. We discussed these findings with the Trust following our review and they are being acted upon.

In stage 2 of our Head of Internal Audit Opinion work programme (published in January 2024), we raised the following recommendations:

Stage	Recommendation	Update
2	To ensure all BAF actions have leads and target dates assigned. Low risk	Implemented

Internal Audit Plan outturn

In line with the PSIAS, your Internal Audit Plan was developed using a risk based process aligning our work with your Assurance Framework and strategic objectives. The planning process is designed to ensure that I discharge my statutory responsibility to provide a balanced Head of Internal Audit Opinion at the end of the financial year. The Audit Plan was shared with External Audit and Counter Fraud colleagues to ensure effective use of resources.

The Plan reflects the resources made available to Internal Audit as advised and agreed by the Executive Director of Finance and Digital and as agreed by your Audit and Risk Committee. The Audit Plan contains a mix of core audits that we define as required coverage to adhere to PSIAS over a three-year cycle in support of your Annual Governance Statement, as well as legislative and regulatory requirements. The balance of reviews reflects current and emerging risks to your organisation.

During the year, we have liaised with designated lead officers within the organisation to discuss delivery of the Internal Audit Plan and to ensure that the work agreed at the start of the financial year continues to be reflective of changes in your risks and assurance needs. As a result of this, changes to the plan have been approved by the Audit and Risk Committee in relation to the following reviews:

- deferral and change of scope of the clinical record keeping audit. The audit was originally planned for quarter three, but took place in

quarter four and scope changed to focus on the completion of support care plans and risk assessments.

- deferral and change in scope of the directorate risk management audit to focus on the Trust's revised Risk Management Framework and to take place in quarter four.
- cancellation of the IT Asset Management review, which required the EPR implementation to complete and to allow for further subsequent work to take place to develop the control framework around IT asset management.

Progress in relation to the delivery of your Internal Audit Plan has been reported regularly to the Audit and Risk Committee.

In agreeing the Internal Audit Plan, we identified a number of key assignments (core reviews). Whilst we recognise that the Trust engages internal audit to assist in areas of concern, the following completed core reviews have been provided a limited or moderate assurance opinion:

- Data Security and Protection Toolkit (moderate – NHS England rating): the moderate assurance was based on issues which we also raised in the previous year's DSPT audit that had not been concluded due to the delayed roll out of the new EPR.
- Equality, Diversity and Inclusion – Equality Delivery System (moderate): this was based on the requirement for the Trust to strengthen its governance arrangements in respect of Equality, Diversity and Inclusion (EDI) and alignment to the new Equality Delivery System (EDS) requirements.
- Clinical Record Keeping: Limited assurance - Our opinion reflects that patients were not always involved in the development of care plans and there was inconsistencies found in the completion of DRAM risk assessments and discharge summaries.

At the time of writing, no high risk issues have been identified and formally reported from our 2023/24 work.

The assurance levels provided for all reviews undertaken is summarised below:

Substantial Assurance	<ul style="list-style-type: none"> • None
Significant Assurance	<ul style="list-style-type: none"> • Capital Planning • Financial Ledger and Reporting (<i>core</i>) • Risk Management Framework (<i>core</i>) • Workforce Data Quality (<i>core</i>)
Moderate/Split Assurance	<ul style="list-style-type: none"> • Data Security and Protection Toolkit (NHSE opinion) (<i>core</i>) • Equality, Diversity and Inclusion (focus on Equality Delivery System – domain three) (<i>core</i>)
Limited Assurance	<ul style="list-style-type: none"> • Clinical Record Keeping (<i>core</i>)
Weak Assurance	<ul style="list-style-type: none"> • None
Other	<ul style="list-style-type: none"> • Salary overpayments benchmarking (<i>advisory</i>)

The Pay Expenditure audits from the 2023/24 Internal Audit Plan remain in progress and will be reported as part of the 2024/25 opinion.

Implementation of Internal Audit actions

As part of PSIAS, I am required to consider the appropriateness of the organisation's response to Internal Audit recommendations and action subsequently agreed.

As part of an established process, we use our online action tracking system to provide a summary of open and closed actions as part of our progress reports to the Audit and Risk Committee.

Since 1 April 2023, we have tracked 38 recommendations that fell due for completion. The final position demonstrates a first follow up implementation rate of 87% and an overall implementation rate of 97%.

One high risk action was due in year which was closed beyond the original due date. Four actions remain open; three medium and one low risk. These actions will now be monitored through to closure as historic actions throughout 2024/25.

There are no actions outstanding from assignments reported during previous financial years.

Third party assurances

The following third party assurances have been identified so far in the year:

- the Trust is currently rated by the CQC as 'requires improvement' (report issued February 2022); the Trust's Back to Good programme was signed off as closed by the Board in November 2023. A small number of remaining actions are monitored through the Board assurance committees. Supervision – people committee, ligature points – decant the Maple ward.
- external audit's ISA 260 for 2022/23 provided an unqualified opinion on the Trust's financial statements and external audit did not identify any significant weaknesses in the Trust's value for money arrangements
- the Trust's current NHS Oversight Framework segment rating is 3. Segment 3 is described as 'significant support needs against one or more of the five national oversight themes and in actual or suspected breach of the NHS provider licence (or equivalent for NHS trusts)'
- in April 2024, the CQC published results of its Community mental health survey 2023. This survey looked at the experiences of 14,770 people across 53 NHS trusts, who received specialist care or treatment for a mental health condition between 1 April 2023 and 31 May 2023. Between August and December 2023, individuals for each participating NHS trust were invited to take part in the survey. Responses were received from 407 people at Sheffield Health and Social Care NHS Foundation Trust. The scores from the survey show the Trust is 'about the same' compared with other participating Trusts for all but one of the questions.
- NHS Staff Survey 2023 - The response rate to the Trust's 2023 National Staff Survey was 52%, which is higher than last year's response of

48% and the national average of 48% The results show that the Trust have made small but positive improvements in many areas compared with the results of the 2022 survey.

- the Trust commissioned an independent thematic review which highlighted a small number of areas for learning and improvement. The results of the review were reported to the Board in March 2024 and an improvement plan has been developed to be driven by the Clinical Quality and Safety Group and reported to Quality Assurance Committee.
- the Good Governance Institute (GGI) undertook a Stakeholder review, the results of which were reported to the April 2024 Board. The purpose of the review was to help the Trust understand how it is perceived by its key partners and stakeholders and the status, strengths and weaknesses of key strategic relationships, and to identify areas for improvement. It was noted that the perceptions of the Trust were mixed, however the overall picture is one of positive trajectory, with some areas to improve.
- The Board commissioned an external review of the Rio Mental Health Electronic Patient Record (EPR) system project, which was presented to the Board in January 2024. The review provided an independent view on lessons learned on the roll out to Tranche 1 services and a comprehensive delivery plan for Tranche 2. As a result arrangements around project governance and resourcing have been strengthened to support finalising the remaining required work.

Introduction

This report sets out service delivery by 360 Assurance during 2023/24.

Performance

We are required to comply with the mandatory Public Sector Internal Audit Standards (PSIAS). We adhere to these Standards and our working processes are set out in our Internal Audit Manual. Annually, all staff complete a declaration to acknowledge understanding and adherence to the Manual and sign a certificate of independence recording any possible conflicts of interest.

We have an annual programme of quality assurance to ensure compliance with PSIAS and this is reported to our Management Team and Management Board.

PSIAS require that providers of internal audit services have an independent assessment at least every five years. Our most recent external assessment of compliance with the Standards was undertaken by CIPFA in November 2022. This review confirmed that 360 Assurance achieved the highest level of compliance; that is we **fully conform** to the requirements of the standards.

Achievement of the plan

The 2023/24 Internal Audit Plan was approved at the Audit and Risk Committee meeting on 20 April 2023. Delivery of the plan has been reported to every meeting of the Audit and Risk Committee. The plan has been regularly reviewed and updated through the committee and any significant changes appropriately approved.

Staffing

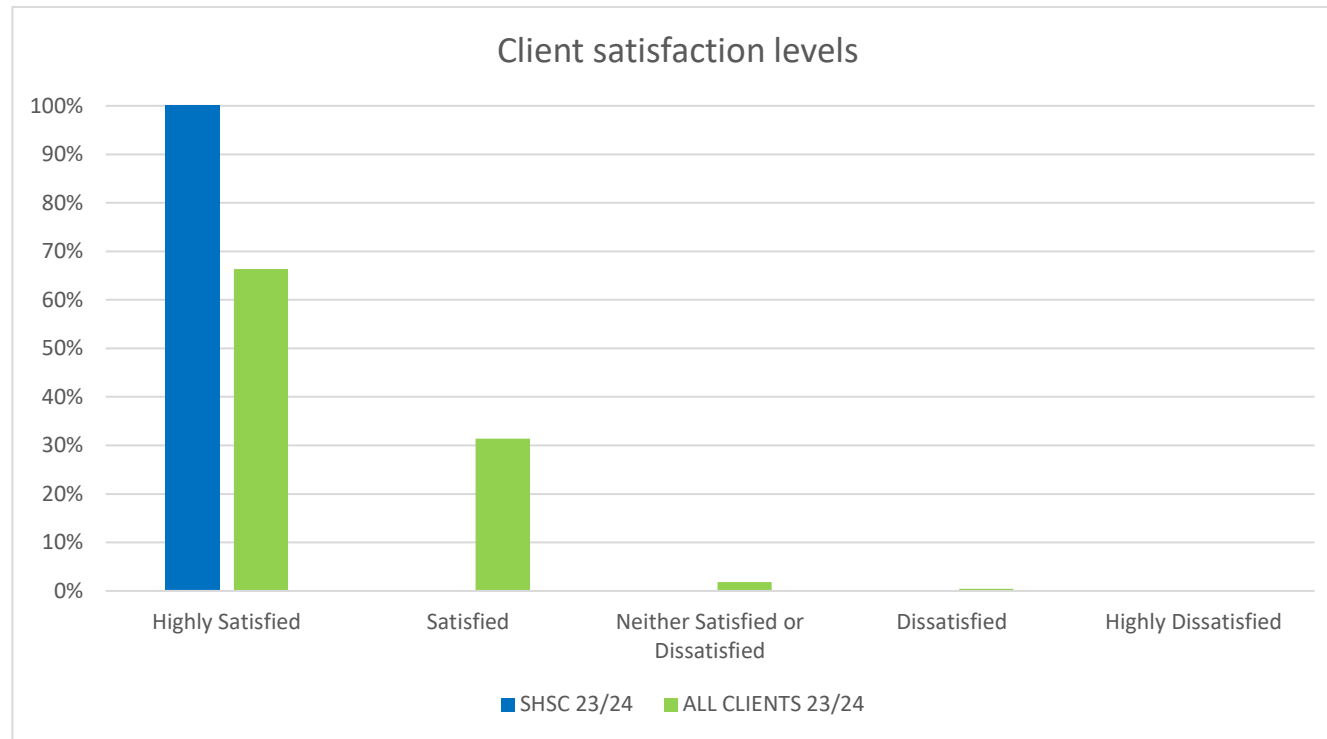
As the Director of 360 Assurance, I have a strategic responsibility for overseeing the effective delivery of the internal audit services to the organisation. The contract is delivered by a team of staff led by your nominated Client Lead, Tom Watson, and supported by Joel Fantom as your Client Manager.

Key Performance Indicators (KPIs)

[Appendix A](#) sets out the KPIs that were agreed as part of our contract with the organisation and our achievement against each of the indicators during the year.

Client satisfaction questionnaires

We issue client satisfaction questionnaires following the conclusion of all audit reviews. The questionnaire seeks to confirm that the auditee was appropriately engaged in the planning and reporting process and that our approach to the review and subsequent report provided added value to the organisation. Responses received during 2023/24 are summarised in the graph below (based on four CSQs returned):



Where we have received comments on specific areas of service, these are reviewed and action taken, as appropriate, by the relevant Client Lead. Feedback is provided to the client lead officer.

Value-added services

We aim to provide added value services to you that are above and beyond routine delivery of internal audit.

Client-wide project (Patient Safety Incident Response Framework)

The Patient Safety Incident Response Framework (PSIRF) was published in August 2022 alongside a preparation guide that articulated a phased approach to transition. As part of our client wide work for 2023/24 we led three forums around the PSIRF targeted at patient safety leads from client organisations, providing a safe space for sharing ideas and experience as well as hearing from external expert speakers.

The forums were held on Microsoft Teams with specialist speakers and each meeting had open forum time for attendees to raise questions and share practice. The dates of the forums were 18 July 2023, 18 October 2023 and 25 January 2024. Speakers included: Jessica Campbell, PSIRF Implementation Lead, NHS Kent and Medway ICB, Simon Davies, Head of Investigations and Learning/Patient Safety Specialist, Yorkshire Ambulance Service NHS Trust, Sue Fryer, Senior Matron, Maternity Quality Risk and Safety, Chesterfield Royal Hospital NHS Foundation Trust, Jo Ralph, Head of Clinical Governance and Risk at University Hospitals of Derby and Burton NHS Foundation Trust and Alison Brennan and Ben Troke from Weightmans LLP.

The forums were attended by representatives from 23 client organisations.

Once we have completed our PSIRF work which forms part of client internal audit plans in 2024/25, we will look to bring back together representatives from our clients to feed back some overarching findings and learning identified from our work and that of other TIAN members.

Events, Benchmarking and Briefing papers

Events Programme

In 2023/24 we delivered our annual events programme and held four events (presenters' slides can be found by clicking on each event):

- [Workforce – overcoming current challenges](#) (an in person event held at the Principal Hotel, York), 29 June 2023
- [Procurement](#), 11 September 2023
- [Provider Collaboratives](#), 5 December 2023
- [Hearing the Patient Voice](#), 11 March 2024

These events receive excellent feedback and provide a great opportunity to hear from expert speakers and similar organisations trying different solutions to common challenges.

The programme continues, with the next event on 13 June focusing on Hearing the Staff Voice. Further details are available on our website: [Hearing the Staff Voice \(People Committee\) – Welcome to 360 Assurance](#)

Insights

360 Assurance chairs The Internal Audit Network (TIAN) which comprises the eight NHS internal audit consortiums and in-house teams which were operating in England during 2023/24. We collaborate across several areas to leverage collective knowledge and expertise and drive efficiency and effectiveness. We produce a monthly insight report, which highlights key publications and is a useful update and reference tool. This is made available to key Trust staff and Audit and Risk Committee members. During 2023/24 TIAN also produced regular newsletters which highlighted the work being done by NHS internal audit providers throughout England. These are all available on our website – <https://www.360assurance.co.uk/news-publications/>

Benchmarking and Briefing Papers

During 2023/24 we collaborated with other TIAN members to undertake benchmarking on Head of Internal Audit Opinion ratings and opinion levels specifically given to Board Assurance frameworks, covering 88 NHS organisations.

We also collaborated with MIAA and Audit Yorkshire to complete Salary Overpayments benchmarking.

Both reports are available on our publications page of the website: [Publications – Welcome to 360 Assurance](#)

I would like to pass on my thanks, and those of my team, to the Trust for their continued support in helping us to deliver our work in what has been another challenging year for the NHS.



Leanne Hawkes
Director

KPI	Measure	Target	Actual	2023/24 Actual performance	
Service delivery and value					
1	Issue a Client Satisfaction Questionnaire (CSQ) following completion of every audit assignment.	The 360 Assurance CSQ link to be issued to the Client Lead for all audits. To be chased once. Outcomes to be presented to Audit and Risk Committee. Any negative responses to be appropriately followed up.	100%	100%	A CSQ was issued for all final reports. See also page 10.
2	Undertake a survey of key Executive and Non-Executive leads to ensure that our service is meeting client expectations.	Undertake an annual review. Outcomes to be presented to Audit and Risk Committee. Any negative responses to be appropriately followed up.	Yes	Yes	During 2023/24, we issued a client satisfaction survey to all clients. A summary of the responses received is provided at Appendix B .
3	Produce an Annual Audit Plan and submit to the Audit and Risk Committee for approval on a timely basis. Plan aligned to client identified strategic risk/priorities.	A risk-based plan to be produced in accordance with 360 Assurance strategic planning guidance. Plan should be approved prior to commencement of financial year. Plan linked to strategic objectives and risks as identified in assurance framework. Plan demonstrates consideration of emerging risks (sector proposed risks) and major transformation projects. Plan considers other expected third party assurances to avoid duplication.	Yes	Yes	The audit plan was approved at the Audit and Risk Committee meeting on April 2023. During the year, we regularly reviewed the plan and all changes were reported through the Audit and Risk Committee.
4	Plan implemented within agreed	The audit plan is delivered within the	Yes	Yes	The audit plan was largely

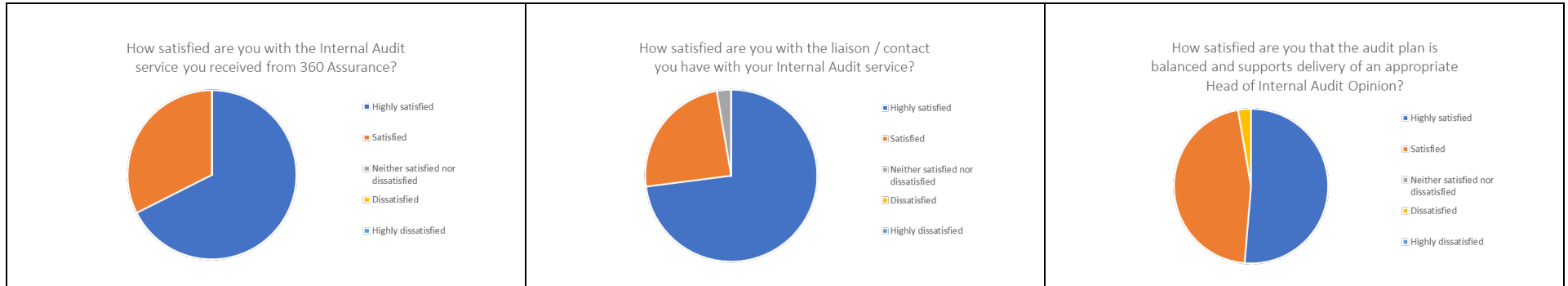
KPI	Measure	Target	Actual	2023/24 Actual performance	
	budget.	agreed budget, delivering the agreed number of outputs.		delivered as agreed with the Audit and Risk Committee, however because of delays in receiving data we have unable to complete the Pay Expenditure review.	
5	Deliver insight and proactive advice.	Monthly client briefings are provided to clients providing an insight to emerging sector issues and advising of implication for the Trust. Proactive discussion of risk issues at routine contract management meetings.	Monthly	Monthly	See value-added services section.
6	Compliance with 360 Assurance Quality Monitoring Manual.	Implementation of the 360 Assurance Quality Monitoring Manual confirms compliance with PSIAS. Details of any non-compliance are provided.	Yes Details non-compliance	Yes	There are no areas of non-compliance in year.
7	Final report issued within 5 working days of executive sign-off.	From date Executive Lead provides approval to issue to date the report is issued.	100%	100%	All final reports were issued within 5 working days of executive sign-off.
8	Terms of Reference issued before commencement of the audit.	Before the audit work starts, the Terms of Reference is agreed with the Executive Lead.	100%	100%	All terms of reference were issued before the commencement of the audit.
9	Draft report issued within 10 working days of exit meeting.	The draft report to be provided for client review within 10 working days of holding the exit meeting.	100%	100%	All audit assignments reported from the 2023/24 Plan, all were issued within 10 working days of

KPI	Measure	Target	Actual	2023/24 Actual performance	
				the exit meeting.	
10	Overall client satisfaction rating of satisfied or highly satisfied.	Responses to client satisfaction questionnaires to record an overall satisfaction rating of satisfied or highly satisfied.	90%	100%	
People					
11	Percentage of audit staff with relevant qualifications. ¹	Relevant qualification defined by designated professional background. To be calculated based on days charged to the client.	60%	81%	Met
Client KPIs					
1	Terms of Reference to be agreed within 10 working days of being received.	From date sent to Executive Lead to date approval is received.	100%	100%	
2	Information has been provided and staff have been available to meet the timescales set out within the Terms of Reference.	Recognising client pressures - the provision of information and availability of client staff has not impacted on delivering the audit within the agreed timescales.	100%	75%	There was a delay in receiving information in a timely manner in two cases (Workfroe Data Quality and Pay Expenditure)
3	Management responses received	Complete sign off process to be completed	100%	100%	

¹ Relevant qualification includes for example: CCAB including passed finalists, CIA/CMIIA, and professional qualification such as registered nurse and relevant masters.

KPI	Measure	Target	Actual	2023/24 Actual performance
	within 10 working days of receiving the final draft report.	from receipt of final draft report within 10 working days.		

During 2023/24, we issued a client satisfaction survey to all clients. We received 38 responses and the findings in relation to Internal Audit are included below.



Positive feedback

- 360 Assurance offers a comprehensive and professional service with a strong focus on customer care.
- I am really impressed with the service we receive. You listen! You also treat my hardworking team with empathy and respect. More of the same please.
- Whilst our audit is relatively small in terms of days the approach by 360 allows us to maximise impact through an effective audit planning process. audits are conducted professionally and on time.
- Our R&AC chair always describes 360 as the best Internal Audit firm he has ever worked with. The service provided is excellent and the reports are clear and concise.
- As an organisation 360 Assurance delivers rigorous, well-targeted, value for money services tailored to the needs of the Trust. 360 Assurance colleagues present an impressive blend of broad and deep professional expertise with strong customer-focus characterised by pragmatism, flexibility, and high standards of engagement. 360 Assurance consistently delivers first class work that provides the organisation with services it can trust, and that produces fair, well-informed assurance opinions that the organisation can own and act upon.

Suggestions for improvement

- It would be useful to identify further areas for system wide audits.
- To think about time drift on actions and how we can build process around this.
- More contribution in Audit and Risk Committee outside of the Internal Audit set pieces.
- Please can you save the planet by reducing colour from your report slides or provide a printer friendly pack as well as a visual pack.



Auditor's Annual Report 2023/24

Sheffield Health and Social Care NHS Foundation Trust

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June 2024

Contents

KEY CONTACTS

Rashpal Khangura

Director

Rashpal.Khangura@kpmg.co.uk

Emma Simpson

Manager

Emma.Simpson@kpmg.co.uk

Adam Mulla

Assistant Manager

Adam.Mulla@kpmg.co.uk

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a) Financial Sustainability	
b) Governance	
c) Improving economy, efficiency and effectiveness	

This report is addressed to Sheffield Health and Social Care NHS Foundation Trust (the 'Trust'). We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01 Executive Summary

Executive Summary

Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2023-24 audit of Sheffield Health and Social Care NHS Foundation Trust (the ‘Trust’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:



Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).



Annual report - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.



Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.



Other reporting - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	<p>We issued an unqualified opinion on the Trust’s accounts on 28 June 2024. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust.</p> <p>We have provided further details of the key risks we identified and our response on pages 7-8.</p>
Annual report	<p>We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust.</p> <p>We confirmed that the Governance Statement had been prepared in line with the Department of Health and Social Care requirements.</p>
Value for money	<p>We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money.</p> <p>We have nothing to report in this regard.</p>
Other reporting	<p>We did not consider it necessary to issue any other reports in the public interest.</p>



02 Audit of the Financial Statements

Audit of the financial statements

KPMG provides an independent opinion on whether the Trust's financial statements:

- Give a true and fair view of the financial position of the Trust as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in February 2024 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2023/24; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's accounts on 28 June 2024.

The full opinion is included in the Trust's Annual Report and Accounts for 2023/24 which can be obtained from the Trust's website.

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
<p><i>Fraudulent expenditure recognition</i></p> <p>Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. As the Trust and local system are set a financial performance target by NHSE there is a risk that non-pay expenditure, excluding depreciation, may be manipulated in order to report that the control total has been met. We consider this would be most likely to occur through pushing expenditure that relates to 2023/24 to 2024/25 to mitigate financial pressures.</p>	<ul style="list-style-type: none"> • We evaluated the design and implementation of controls surrounding the recognition of expenditure at the period-end and associated cut-off procedures to verify that expenditure was completely recorded; • We inspected a sample of invoices of expenditure and payments made, in the period after 31 March 2024, to determine whether expenditure was recognised in the correct accounting period; • We performed testing over unrecorded liabilities in which we reviewed bank statements after the period-end for any expenditure that should have been recognised in year; and • We inspected journals posted as part of the year-end close procedures that decreased the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and agreed the value to supporting evidence. 	<p>We raised a recommendation relating to record keeping to enhance controls.</p> <p>We did not identify any material misstatements relating to this risk.</p>
<p><i>Management override of controls</i></p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<ul style="list-style-type: none"> • We evaluated the design and implementation of controls over journal entries and post closing adjustments to ensure they were appropriate; • We analysed all journal entries to identify those displaying high risk characteristics such as journals impacted expenditure recognition posted during the final close down. We sampled each of these journals back to source documentation to assess the appropriateness and accuracy of the transaction posted; and • We assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates. 	<p>We raised a recommendation around journals authorisation to enhance controls.</p> <p>We did not identify any material misstatements relating to this risk.</p>

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
<p>Valuation of land and buildings</p> <p>Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a ‘modern equivalent asset’.</p> <p>Valuations are inherently judgmental. There is a risk that the methodology, assumptions and underlying data, are not appropriate or correctly applied.</p>	<ul style="list-style-type: none"> • We critically assessed the independence, objectivity and expertise of Avison Young, the valuers used in developing the valuation of the Trust’s properties at 31 March 2024; • We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they were appropriate to produce a valuation consistent with the requirements of the Group Accounting Manual (GAM); • We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information, such as floor plans, and to previous valuations, challenging management where variances were identified; • We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used; • We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluation. We challenged key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement; • We performed inquiries of the valuers in order to verify the methodology that was used in preparing the valuation and whether it was consistent with the requirements of the RICS Red Book and the GAM; • We agreed the calculations performed of the movements in the value of land and buildings and verified that these were accurately accounted for in line with the requirements of the GAM; and • Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation. 	<p>We did not identify any material misstatements relating to this risk.</p> <p>We considered the estimate to be balanced based on the procedures performed.</p>

03 Value for Money

Value for Money

Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:



Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services.



Governance: How the Trust ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	12-14	15-17	18
Identified risks of significant weakness?	■ Yes	■ No	■ No
Actual significant weakness identified?	■ No	■ No	■ No
2022-23 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel	↔	↔	↔

Value for Money

NATIONAL CONTEXT

Financial performance

The 2023-24 financial year saw a significant increase in the level of financial pressures facing the NHS sector. This followed the end of Covid-19 related financing arrangements. The sector has faced cost pressures from a range of factors, most significantly the impacts of inflation felt during the year and the costs of industrial action.

At the end of January 2024 NHS England forecast that the NHS would record an overspend of £1.1bn against its agreed budgets. This came after additional funding had been made available earlier in the year to support with the costs of industrial action.

Operational performance

In January 2023 the Government announced five pledges for 2023, including reducing NHS waiting lists and the time people wait for procedures. Waiting lists had grown significantly during the Covid-19 pandemic as elective activity was postponed in order to prioritise the treatment of Covid patients and ensure safe working.

According to the Health Foundation the NHS waiting list had grown from 6.2 million patients at the beginning of 2022 to 7.2 million in January 2023. There had also been a significant increase in the number of patients with long waits. At the end of 2023 there remained 355,000 patients that had been waiting over a year for treatment. Income arrangements for the acute sector were revised in year to reimburse providers for elective activity based on the actual number of patients treated.

System working

The Health and Care Act 2022 formally established integrated care systems (ICSs), 42 partnerships within local geographies to promote closer working between the organisations responsible for healthcare delivery. Integrated Care Boards were formed on 1 July 2022, taking over commissioning responsibility from Clinical Commissioning Groups.

In their first full year of operation ICSs have continued to work to develop and embed governance arrangements both within the ICBs themselves and as systems.

LOCAL CONTEXT

Sheffield Health and Social Care NHS Foundation Trust (SHSC) are the main provider of mental health and learning disability services in Sheffield. The Trust operates from multiple sites and works closely with the South Yorkshire Integrated Care Board (ICB) and other providers within the local Integrated Care System (ICS) to meet the needs of the population across the region.

The NHS in general is operating in financially challenging times. The South Yorkshire ICS has a projected deficit for 2023/24 of £48.3m (subject to finalisation of audits) against a breakeven plan. The NHS providers in South Yorkshire delivered better than their plans of a £62.0m deficit with an actual deficit of £43.4m – however SHSC underdelivered on their plan by £1.6m. The forecasted deficit for the ICS for 2024/25 is £49m and SHSC's agreed deficit is £6.5m. The system needs SHSC to meet a savings target of £7.3m in order to remain on plan for 2024/25. The Trust have set themselves a savings target of £9.7m, allowing for a contingency of £2.4m. At the time of this report, the Trust have £8.4m of savings identified.

Currently, the capital plan for the Trust is focussing on critical safety and estate infrastructure, with the main refurbishment planned in year over the Maple Ward pushed to the later months of 2024/25 while the Trust await the receipt from the sale of Fulwood House. The capital plan for 2024/25 is fully costed and in compliance with CDEL.

The Trust are in the process of implementing a new Electronic Patient Record (EPR) system. 20% of services are currently using this system following a Tranche 1 rollout in October 2023. Tranche 2 rollout for the remaining 64 services is planned for February 2025.

The Trust received a significant assurance rating within their Head of Internal Audit Opinion in 2023/24 (2022/23: significant assurance) with a follow up implementation rate of 87% and an overall implementation rate of 97%.

SHSC remain in segment 3 within the NHS Oversight Framework and the current Care Quality Commission rating is 'Requires Improvement' as there has been no further inspections since May 2021.

Financial Sustainability

How the Trust plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

2023/24 Financial Planning

- The Trust's 2023/24 financial plan was developed, approved and submitted in line with national planning guidelines. The Trust's financial planning process involved key stakeholders throughout the process, with Finance Business Partners producing initial expectations of budget requirements using their knowledge of the directorate and through attending budget holder meetings, taking account of any service changes, required uplifts, etc. The Deputy Director and Director of Finance provided internal challenge of the plan, and additional scrutiny was provided by the local Integrated Care Board (ICB) and other providers within the system as part of alignment of plans for the Integrated Care System (ICS). It was then reported to the Finance and Performance Committee (FPC) and Board to allow for scrutiny, challenge and approval.
- The cost improvement/efficiency plan was built into the Trust's wider financial planning process as outlined above. Assumptions were built from forecast internal cost saving developments and any incentives given by commissioners for delivery of services requested of the Trust. The CIP Programme Board oversaw the efficiency plan which reported directly to FPC. Monitoring was performed monthly on a scheme by scheme basis. Findings were reported through the three main workstreams (covering out of area, agency and other efficiency schemes) and operational working groups.
- The Trust ensured consistency between the financial plan and workforce and operational plans from their Business Planning Group. This group comprises of members from different departments across the Trust and ensured the various annual plans represent the Trust's full objectives and intended direction. The group is responsible for explaining the plans to departmental heads once approved by NHSE and the Board.

Financial Risks

- Within the Trust, financial risks have been considered and incorporated into the Trust's financial plan throughout the financial planning process via direct involvement, including discussions and challenge, of and with key stakeholders, such as operational working groups, the FPC and Board. Furthermore, financial risks have been identified, assessed, managed, challenged and monitored via the Trust's risk registers, including the Trust's Board Assurance Framework (BAF), in accordance with the Trust's Risk Policy, which is reviewed at Audit and Risk Committee and Board on a regular and timely basis. The BAF includes a risk on financial sustainability and actions to address identified gaps in controls and assurances such as developing a medium term CIP plan.

Financial Sustainability

2023/24 Performance

- The Trust's final position at 31 March 2024 was a deficit of £4.9m against a deficit plan of £3.3m. The Trust reported to the FPC and Board from approximately month 6 the risk that did exist to achieving the plan. This is clearly evidenced in Board and committee minutes. The Cost Improvement Programme (CIP) was underdelivered by £0.9m achieving £4.8m against a target of £5.7m. However, within that achieved was £1.7m from unplanned non-recurrent savings, £0.4m of which related to bank interest receipts. The three main recurrent CIP schemes (out of area, agency and other efficiency schemes) underdelivered in 2023/24. Capital overall was overspent against plan due to the £4m budgeted receipt from the sale of Fulwood House not materialising and so £2.25m of capital underspends from other parts of the system were utilised by the Trust. £1m of this will need to be repaid in 2024/25, although this has been fully captured within the 2024/25 Financial Plan.

2024/25 Planning

- The Trust involved key stakeholders, as well as the FPC and Board throughout the 2024/25 financial planning process. The financial plan first went to Board in March 2024 with changes made following meetings of the Executive Management Team and the FPC in April. A revised plan was approved at the Confidential Board in April which showed a deficit of £14.1m before savings. After the required savings of £7.3m, the forecasted deficit was £6.8m. This reduced to £6.5m in May due to additional depreciation income from the South Yorkshire Integrated Care Board (ICB). The Trust have planned for £9.7m of savings allowing for headroom of £2.4m. At the time of this report, £8.4m savings are identified. A revised plan was submitted to the South Yorkshire Integrated Care Board (ICB) on 10 June 2024, ahead of the national submission on 12 June.
- The Trust have taken a different approach to identifying CIP schemes in 2024/25 compared to the 2023/24. The Trust identified the prior year approach of bigger programme boards with all encompassing schemes over key areas, such as out of area and agency, was not wholly successful as it did not ensure appropriate ownership across the organisation. For 2024/25, the Trust are planning for a 4% saving on every budget excluding research and post-graduate medical education with a focus on those budgets that were overspent by greater than £50k in 2023/24. This approach has been designed to be much more specific and hold individual departments accountable for their spending.
- The governance around financial monitoring has also been strengthened for the upcoming financial year with 'mini' Quality and Equality Impact Assessment (QEIA) required for all schemes, QEIA panel meetings and weekly meetings with executives introduced.

Key financial and performance metrics:	2023-24	2022-23
Planned deficit	£3.3m	£0m
Actual deficit	£4.9m	£2.5m
Planned CIP as a % of spend		
- Recurrent	£5.4m	£2.4m
- Non-recurrent	£0.3m	£2.7m
Actual CIP as a % of spend		
- Recurrent	£2.8m	£2.4m
- Non-recurrent	£2.0m	£0.8m
Year-end cash position	£39.0m	£53.7m

Financial Sustainability

2024/25 Planning (continued)

- The Financial Plan 2024/25 assumes an indicative CDEL value of £4.7m – excluding £5.95m part-payment expected from the sale of Fulwood House. The £4.7m includes the £1m needed to be repaid to another Trust within the system due to a brokerage agreement in 2023/24. Uncertainty remains on the timing of capital receipts for the Fulwood site as sale completion is dependent on planning permission being granted for the buyer. Therefore, no commitments will be made by the Trust above the confirmed available funding.

Conclusion

- Based on the procedures performed, we have not identified any significant weaknesses.

Governance

How the Trust ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust approaches and carries out its annual budget setting process;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Risk Management

- The Trust has well-documented and effective processes in place to identify, monitor and manage risk. The Trust's Risk Management Framework was refreshed and approved by the Audit and Risk Committee and the Board in November 2023. The Trust's internal auditors undertook a review over the Risk Management Framework in quarter for and provided a rating of substantial assurance.
- Strategic risks are identified for inclusion on the BAF by the Board through workshop sessions and regular discussion at Board and its sub-committees. Operational risks are identified for inclusion in the Corporate Risk Register (CRR) at divisional and departmental level and escalated in line with policy. Risk scores are agreed and reviewed regularly: each risk identified is allocated to a committee for oversight and scrutiny. We have reviewed the BAF and CRR as well as evidence of reporting and follow-up on risks throughout the year.
- The Trust undertake a number of measures to prevent and detect fraud. They engage a counter fraud specialist through their internal auditors – the most recent update reported to the Audit and Risk Committee confirmed the Trust is green rated for all components of the Counter Fraud Functional Standard Return. The Trust also have relevant policies in place e.g. surrounding whistleblowing and bribery as well as clear authorisation processes and separation of duties controls for financial transactions.
- Through inquiries of management, meeting minute reviews and review of policies/processes at the Trust, we found the Trust has appropriate processes in place to monitor compliance with laws and regulations. There have been no breaches of legislation or regulatory standards that has led to an investigation by any legal or regulatory body.

Budget Setting and Budgetary Control

- The 2023/24 financial plan was prepared by the Deputy and Director of Finance. It was reported to the FPC and Board regularly through the planning process to allow scrutiny and challenge prior to approval. Financial risks were clearly communicated and are evidenced in the minutes of these meetings. Further scrutiny is undertaken by the ICB and other providers to allow alignment within the ICS. The 2023/24 and 2024/25 budget setting process has been discussed in earlier slides.
- Financial performance is monitored against budget regularly. Monthly budget reports are circulated to budget holders following month-end closedown. Any adverse variances are discussed in meetings between budget holders and Finance Business Partners with action plans prepared to address such variances. Significant pressures are reported to the FPC and Board in the monthly finance reports. Directorate specific pressures are highlighted in the Directorate Information, Performance and Quality report that is presented to monthly directorate meetings for challenge and scrutiny.

Governance

Decision Making

- The Trust has ensured appropriate scrutiny, challenge and transparency on decision making. The Trust guarantees key decisions are appropriately challenged and scrutinised by the executive team through the business case process which is considered alongside the Trust's Standing Financial Instructions (SFIs), standing orders and scheme of delegation. Business cases are presented to the Board/sub-committees where required and decisions taken formally recorded in the meeting minutes.

Electronic Patient Record (EPR) System

- The implementation of the Electronic Patient Record (EPR) system was initially planned for May 2023 with Tranche 1 delivery for 20% of the Trust's services pushed back to October 2023. Tranche 2 implementation for the remaining 64 services is now scheduled for February 2025. We have identified that project governance arrangements and oversight for this project were not initially operating effectively, which in part contributed, to the delays experienced as well as the increasing costs over the original project budget. The overspend in 2023/24 was c. £1m. We note a further £3.9m (capital and revenue spend) has been included in the 2024/25 Financial Plan to introduce a fully operational patient records system in 2024/25.
- Reporting to Board in the first half of the year was inconsistent with the project being reported as green, amber and red status at various points which per management discussions was not always an accurate reflection of the 'on-the-ground' status of the project in practice. In June 2023, a EPR Project Highlight Report presented to the Transformation Board, reported that the executive level team were not involved enough in the project. The Trust were quick to respond and the Senior Responsible Officer on the project reported at the following month's Board meeting that a deep-dive was taking place on organisation governance around EPR with new go-live dates proposed, a revised project plan in place, and costs being refined and reviewed. By September 2023, a Clinical Executive Safety Group had been introduced, chaired by the Executive Director of Nursing and was meeting fortnightly, which strengthened the governance arrangements over the project. Operational and financial risks were increasingly reported to the Trust Board as the year progressed and involvement of the senior leadership team in the oversight of project was more clearly evident.

	2024	2023
Head of Internal Audit Opinion	Significant Assurance	Significant Assurance
Oversight Framework segmentation	3	3
Care Quality Commission rating (overall)	Requires improvement	Requires improvement

Governance

Electronic Patient Record (EPR) System (continued)

- The Trust also commissioned an independent external review in January 2024 to review the implementation of the project to date, as well as receive additional assurance on the revised approach to stabilising Tranche 1 and delivering Tranche 2. The findings of this review clearly highlighted weaknesses in the governance arrangements surrounding the EPR project including: “Lack of experienced executive oversight”; “Lots of examples of poor decision-making exposing weakness within the programme governance”; “Lack of a plan showing full alignment with the trust’s other priority programmes and share of resources”; and, “No alignment with trust PMO”. The report listed fourteen recommendations for the Trust to address by the year-end.
- Since receiving the report, the Trust has made significant progress on addressing those weaknesses identified including appointing a new Interim Chief Digital Officer and new project manager. It has refreshed the Terms of Reference for the EPR Programme Board which is now more accountable to the executive management team and Trust Board. And, it has prepared a well-detailed and comprehensive Implementation Plan for Tranche 2, including how it will ensure those services implemented within Tranche 1 are operating to the same standard.
- Given the clear improvements in the governance arrangements over the project by the year-end, we have not raised a significant weakness or recommendation in response to the above findings. However, the Board need to ensure that relevant learning regarding oversight and governance for large projects is put in place for all future major developments and projects.

Conclusion

- Based on the procedures performed, we have not identified any significant weaknesses.

Improving economy, efficiency and effectiveness

How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

Assessing Performance

- We found appropriate processes in place to ensure the Trust uses information about costs and performance to improve the way they manage and deliver services, with a focus on the level of value for money being achieved. Monthly reporting is undertaken and reported to the FPC and Board allowing the Trust to assess the level of value for money being achieved and any improvements required. In addition, the Trust has utilised external benchmarking and Model Hospital to enable decisions and changes to be made to benefit and reduce the cost base.
- The Trust have in place a Performance Framework which allows for scrutiny and challenge of financial and non-financial performance. The Integrated Performance and Quality Report is reported at various sub-committees and Board on a monthly basis. The report measures actual to target performance. This highlights key issues and improvement areas, allowing the Trust to effectively monitor and challenge the performance of its services.

Partnership Working

- Throughout our work and through discussions with the Trust, we have seen evidence of engagement with the ICS. The Trust worked closely with the ICS for the 2023/24 financial planning process to ensure alignment of plans.
- The Trust are part of numerous partnerships including Sheffield Health and Care Partnership, South Yorkshire ICS, South Yorkshire Mental Health, Learning Disability Autism Provider Collaborative, for which the Chair of the Trust's Board has the lead Chair role, and Horizon (Provider collaborative for Adult Secure Care). The Board receive regular reporting on the performance of such partnerships through the Chair's verbal update and the CEO's written report

Provision of Services

- Please see commentary over EPR on pages 16-17.

Conclusion

- Based on the procedures performed, we have not identified any significant weaknesses.



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