

Council of Governors: Summary Sheet

Title of Paper: Auditor's Annual Report on the Financial & Quality Accounts

Presented By: Harriet Fisher, KPMG

Action Required:

| | | | | | |
|------------------------|--------------------------|-------------------------|--------------------------|-----------------------|-------------------------------------|
| For Information | <input type="checkbox"/> | For Ratification | <input type="checkbox"/> | For a decision | <input type="checkbox"/> |
| For Feedback | <input type="checkbox"/> | Vote required | <input type="checkbox"/> | For Receipt | <input checked="" type="checkbox"/> |

To which duty does this refer:

| | |
|--|-------------------------------------|
| Holding non-executive directors individually and collectively to account for the performance of the Board | <input type="checkbox"/> |
| Appointment, removal and deciding the terms of office of the Chair and non-executive directors | <input type="checkbox"/> |
| Determining the remuneration of the Chair and non-executive directors | <input type="checkbox"/> |
| Appointing or removing the Trust's auditor | <input type="checkbox"/> |
| Approving or not the appointment of the Trust's chief executive | <input type="checkbox"/> |
| Receiving the annual report and accounts and Auditor's report | <input checked="" type="checkbox"/> |
| Representing the interests of members and the public | <input type="checkbox"/> |
| Approving or not increases to non-NHS income of more than 5% of total income | <input type="checkbox"/> |
| Approving or not significant transactions including acquisitions, mergers, separations and dissolutions | <input type="checkbox"/> |
| Jointly approving changes to the Trust's constitution with the Board | <input type="checkbox"/> |
| Expressing a view on the Trust's operational (forward) plans | <input type="checkbox"/> |
| Consideration on the use of income from the provision of goods and services from sources other than the NHS in England | <input type="checkbox"/> |
| Monitoring the activities of the Trust to ensure that they are being conducted in a manner consistent with its terms of authorisation and the constitution | <input type="checkbox"/> |
| Monitoring the Trust's performance against its targets and strategic aims | <input type="checkbox"/> |

How does this item support the functioning of the Council of Governors?

Governors will be fulfilling their statutory responsibility to receive the Trust's annual report in line with paragraph 2.1.5 of Annex 7 of the Constitution (Council of Governors Standing Orders)

Author of Report: Rashpal Khangura

Designation: Director, KPMG

Date: July 2018



External Audit Report

Sheffield Health and Social Care
NHS Foundation Trust

—
24 May 2018

I confirm that this is the final version of our ISA 260 Audit Memorandum relating to our audit of the 2017/18 financial statements for Sheffield Health and Social Care NHS Foundation Trust. This document was discussed and approved by the Trust's Audit Committee on 24 May 2018.

Rashpal Khangura

Director for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG Leeds

24 May 2018

Our audit opinions and conclusions:

| | |
|-----------------------------------|------------------------------------|
| Financial Statements: unqualified | Use of resources: clean |
| Quality Reports (content): clean | Quality Report (indicators): clean |

Content

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Important Notice

This report is presented under the terms of our audit engagement letter. Circulation of this report is restricted. The content of this report is based solely on the procedures necessary for our audit. This report is addressed to Sheffield Health and Social Care NHS Foundation Trust (the Trust) and has been prepared for your use only. We accept no responsibility towards any member of staff acting on their own, or to any third parties. The National Audit Office (NAO) has issued a document entitled Code of Audit Practice (the Code). This summarises where the responsibilities of auditors begin and end and what is expected from the Trust. External auditors do not act as a substitute for the Trust'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.

Basis of preparation: We have prepared this External Audit Report (Report) in accordance with our engagement letter dated 23 March 2016.

Purpose of this report: This Report is made to the Trust's Audit Committee (and for the quality report work we will share the findings with governors) in order to communicate matters as required by International Audit Standards (ISAs) (UK and Ireland), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

Restrictions on distribution: This Report is subject to disclosure restrictions as set out in our Engagement Letter.

Limitations on work performed: This Report is separate from our long form audit report and does not provide an additional opinion on the Trust's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors. We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report. The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit:

- Financial Statements audit: Our audit is complete.
- Value for money: Our audit is complete.
- Quality Accounts: Our audit is complete



Summary

Financial Statements Audit

We intend to issue an unqualified audit opinion on the accounts following the Audit Committee adopting them and receipt of the management representations letter.

We have substantially completed our audit of the financial statements. We have also read the content of the Annual Report (including the Remuneration Report) and reviewed the Annual Governance Statement (AGS). Our key findings are:

- There are no unadjusted audit differences.
- We have agreed presentational changes to the accounts with Finance, mainly related to compliance with the Group Accounting Manual (GAM).
- We have reviewed the annual report and have no matters to raise with you.

Value for money and audit certificate

Based on the findings of our work, we have concluded that the Trust has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required to certify that we have completed the audit of the Trust financial statements in accordance with the requirements of the Code. If there are any circumstances under which we cannot issue a certificate, then we must report this to those charged with governance. There are no issues that would cause us to delay the issue of our certificate of completion of the audit.

Quality Report

We have completed our audit of the Trust's Quality Report:

- You have achieved a clean limited assurance opinion on the content of your Quality Report which could be referenced to supporting information and evidence provided. This represents an unmodified audit opinion on the Quality Report.
- This year we have also tested 'Early Intervention of Psychosis' and 'Improving Access to Psychological Therapies' as the two mandated indicators. Our detailed testing on the indicators has concluded that we are able to give a clean limited assurance opinion on the presentation and recording of these.
- Our work on the local indicator 'Mortality' as selected by Governors is not subject to our limited assurance opinion however we did not note any issues in trying to agree back the indicator as reported to Board to supporting documentation.

Other Matters

We intend to issue an unqualified Group Audit Assurance Certificate to the NAO regarding the Whole of Government Accounts submission, made through the submission of the summarisation schedules to NHS Improvement (NHSI).

We followed up the six recommendations made in our 2016/17 audit and found these had all been implemented. We have made two recommendations as a result of our 2017/18 work. These relate to password parameters and HR documentation. All recommendations are shown in appendix 1.

In auditing the accounts of an NHS body auditors must consider whether, in the public interest, they should make a report on any matters coming to their notice in the course of the audit, in order for it to be considered by Trust members or brought to the attention of the public; and whether the public interest requires any such matter to be made the subject of an immediate report rather than at completion of the audit. There are no matters that we wish to report.



Financial Statements Audit

Section Two

Financial Statements Audit

We audit your financial statements by undertaking the following tasks:

| Work Performed | Accounts production stage | | |
|--|---------------------------|--------|-------|
| | Before | During | After |
| 1. Business Understanding: review your operations | ✓ | ✓ | – |
| 2. Controls: assess the control framework | ✓ | – | – |
| 3. Prepared by Client Request (PBC): issue our prepared by client request | ✓ | – | – |
| 4. Accounting standards: agree the impact of any new accounting standards | ✓ | ✓ | – |
| 5. Accounts Production: review the accounts production process | ✓ | ✓ | ✓ |
| 6. Testing: test and confirm material or significant balances and disclosures | – | ✓ | ✓ |
| 7. Representations and opinions: seek and provide representations before issuing our opinions | ✓ | ✓ | ✓ |

We have completed the first six stages and report our key findings below:

| | |
|--|---|
| 1. Business Understanding | In our audit plan we assessed your operations to identify significant issues that might have a financial statements consequence. We confirmed this risk assessment as part of our audit work. We have provided an update on each of the risks identified later in this section. |
| 2. Assessment of the control environment | We have assessed the effectiveness of your key financial system controls that prevent and detect material fraud and error. We found that the financial controls on which we seek to place reliance are operating effectively. We have made two recommendations which relate to password parameters and HR documentation. We believe that these recommendations (which are shown in appendix 1) will strengthen your control environment. We have reviewed the work undertaken by 360 Assurance, your internal auditors, in accordance with ISA 610 and used the findings to inform our planning and audit approach. |
| 3. Prepared by client request | We produced this document to summarise the working papers and evidence we ask you to collate as part of the preparation of the financial statements. This was issued as a final document to the finance team. The availability of working papers requested as part of the prepared by client list was an improvement from the prior year. |
| 4. Accounting standards | We work with you to understand the changes to accounting standard and other technical issues. For 2017/18 these changes have related to: <ul style="list-style-type: none"> • Updates to the content of the annual report; and • The inclusion of mandated headings for number of the prime financial statements and notes. |

Section Two

Financial Statements Audit

| | |
|------------------------|--|
| 5. Accounts Production | We received complete draft accounts by 24 April 2018 in accordance with NHSI's deadline. The accounting policies, accounting estimates and financial statement disclosures are in line with the requirements of ARM and GAM. We will debrief with the Finance team to share views on the final accounts audit. Hopefully this will lead to further efficiencies in the 2018/19 audit process. In particular we would like to commend Trust finance staff who were available throughout the audit visit to answer our queries. We thank the finance team for their co-operation throughout the visit which allowed the audit to progress and complete within the allocated timeframe. |
| 6. Testing | We have summarised the findings from our testing of significant risks and areas of judgement within the financial statements on the following pages. We have identified presentation changes to the accounts to the Property, Plant and Equipment, Related Parties, Financial Instruments and Leases disclosures. These have been corrected by management. |
| 7. Representations | You are required to provide us with representations on specific matters such as your going concern assertion and whether the transactions in the accounts are legal and unaffected by fraud. We provided a draft of this representation letter to the Finance Director on 21 May 2018. We draw your attention to the requirement in our representation letter for you to confirm to us that you have disclosed all relevant related parties to us. |

We are required under ISA 260 to communicate to you any matters specifically required by other auditing standards to be communicated to those charged with governance; and any other audit matters of governance interest. As the Trust is required to comply with elements of the UK Corporate Governance Code through the Foundation Trust Code of Governance, ISA 260 also requires us to communicate to you any information that we believe is relevant to understanding our rationale and the supporting evidence for the exercise of our professional judgement. This includes our view of: Business risks relevant to the financial reporting objectives, the application of materiality and the impact of our judgements on these areas for the overall audit strategy and audit plan; significant accounting policies; management's valuations of the Trust's material asset and liabilities and the related disclosures; the quality of management's assessment of the effectiveness of the system of internal control included in the AGS; and any other matters identified during the course of the audit. We have not identified any other matters to specifically report.

To ensure that we have provided a comprehensive summary of our work, we have over the next pages set out:

- The results of the procedures we performed over the valuation of land and buildings and valuation of NHS and non-NHS receivables which were identified as significant risks within our audit plan and which will form a part of our audit opinion;
- The results of our procedures to review the required risks of the fraudulent risk of revenue recognition and management override of control; and
- Our view of the level of prudence you have applied to key balances within your financial statement

Section Two

Financial Statements Audit

| Significant audit risk | Account balances effected | Summary of findings |
|--|--|--|
| Valuation of NHS income and receivables | <p>NHS income 2017/18 £110,009k, PY £104,573k</p> <p>NHS receivables 2017/18 £9,378k, PY £5,250k</p> | <p>Our testing considered the completeness, existence and accuracy of the balances recorded within the financial statements:</p> <ul style="list-style-type: none"> For the largest NHS commissioner, we agreed the income recorded in the financial statements to contracts and contract variations; We reviewed the information provided by the Trust as part of the Agreement of Balances (AoB) exercise to ensure it is consistent with the information in the accounts; We used the results of the AoB exercise to match the Trust's NHS income and receivables with counterparty expenditure and payables. We investigated differences greater than £100,000, determining the reasons for any differences and critically assessing the validity of recognising reconciling income items in the Trust's financial statements; We assessed whether any adjustments to balances agreed with other NHS organisations had been appropriately reflected in the accounts; and We agreed the receipt of the STF monies including the basis for agreement of Quarter 4 funding based on relevant financial and performance measures, and confirmed the treatment is in line with guidance from NHS Improvement. <p>Our work on this significant risk provides assurance that the figures reported in the accounts are materially correct.</p> |

Section Two

Financial Statements Audit

| Significant audit risk | Account balances effected | Summary of findings |
|--|---|---|
| Valuation of Non-NHS income and receivables | Non-NHS income 2017/18 £14,487k, PY £16,597k Non-NHS receivables 2017/18 £7,939k, PY £9,092k | Our testing considered the completeness, existence and accuracy of the balances recorded within the financial statements: <ul style="list-style-type: none"> • For the largest Non-NHS commissioners, we agreed the income recorded in the financial statements to contracts and contract variations; • We checked, for a sample of invoices raised immediately before and after the balance sheet date, that income had been recognised in the correct financial period; • We agreed any accrued or deferred income balances to supporting documentation to confirm they had been recorded appropriately; and • We reviewed the assessment of the provision against receivables and considered its reasonableness in light of the available information. <p>Our work on this significant risk provides assurance that the figures reported in the accounts are materially correct.</p> |

Section Two

Financial Statements Audit

| Significant audit risk | Account balances effected | Summary of findings |
|--|---|---|
| Valuation of land and buildings | Property, plant and equipment £50,229k, PY £55,102k | <p>We undertook the following work over the valuation of land and buildings:</p> <ul style="list-style-type: none"> • We assessed the competence, capability, objectivity and independence of the Trust's external valuer to carry out the valuation objectively and competently; • We agreed the information provided to the valuer by the Trust to underlying records of the estate held by the Trust to assess whether all land and buildings had been valued; • We critically assessed the valuation method and the reasonableness of the assumptions used by the valuer to arrive at the final valuations by considering the basis on which this valuation method has been chosen and alternatives to the assumptions used by the valuer; • We tested the material additions during the year to supporting documentation including invoices; • We assessed whether the impairments and revaluations had been correctly accounted for in line with applicable accounting standards and the GAM; and • We assessed the adequacy of the disclosures about the key judgements and degree of estimation involved in arriving at the valuation. <p>Our work on this significant risk provides assurance that the figures reported in the accounts are materially correct.</p> |

Section Two

Financial Statements Audit

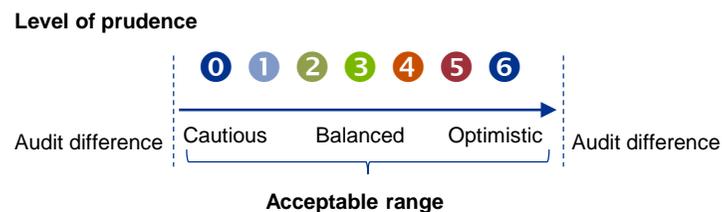
| Risks that ISAs require us to assess in all cases | Why | Our findings from the audit |
|--|---|---|
| <p>Fraud risk from revenue recognition</p> | <p>Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. We do not plan to rebut this risk.</p> <p>We recognise that the incentives in the NHS differ significantly to those in the private sector which have driven the requirement to make a rebuttable presumption that this is a significant risk. These incentives in the NHS include the regulatory pressure to meet agreed control totals as well as the incentive to report the delivery of specific targets which enable the Trust to secure Sustainability and Transformation funding or CQUIN monies.</p> | <p>Our work on NHS and Non-NHS Income and Receivables, as set out above, addressed the risk of fraudulent revenue recognition in relation to this income.</p> |
| <p>Fraud risk from management override of controls</p> | <p>Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We have not identified any specific additional risks of management override of controls relating to this audit.</p> | <p>Through our procedures, including testing of journal entries, accounting estimates and significant transaction outside the normal course of business, no instances of fraud were identified.</p> |

Section Two

Financial Statements Audit

Judgements in your financial statements

We consider the level of prudence within key judgements in your financial statements. We have summarised our view below using the following range of judgement:



| Assessment of subjective areas | | | | |
|--------------------------------|--------------|------------|---------------------|---|
| Asset/liability class | Current year | Prior year | Balance (£m) | KPMG comment |
| Provisions | 3 | 3 | £2.4 (PY:£4.5) | We have reviewed the provisions included in the accounts and undertaken audit procedures on movements in provisions. The Trust's approach to provisions appears balanced. |
| Accruals | 3 | 3 | £4.0 (PY:£3.7) | We have reviewed the accruals included in the accounts and undertaken relevant audit procedures. The Trust's approach to accruals appears balanced. |
| Land & Buildings | 3 | 2 | £50.2 (PY:£55.1) | We have reviewed the valuation of land and buildings in the year undertaken by an independent third party. We have assessed the assumptions used by the valuer and the basis for valuation and are comfortable that the valuation appears balanced. |

Section Two

Financial Statements Audit

Annual report

We have read the contents of the Annual Report (including the Accountability Report, Performance Report and AGS) and audited the relevant parts of the Remuneration Report. We have checked compliance with the NHS Foundation Trust Annual Reporting Manual (ARM) issued by NHSI. Based on the work performed:

- We have not identified any inconsistencies between the contents of the Accountability, Performance and Director's Reports and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the director's statements. As Directors you confirm that you consider that the annual report and accounts taken as a whole are fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.
- The parts of the Remuneration Report that are required to be audited were all found to be materially accurate;
- The AGS is consistent with the financial statements and complies with relevant guidance subject to updates as outlined within section three; and
- The report of the Audit Committee included in the Annual Report is currently being reviewed by management to ensure that it appropriately addresses matters communicated by us to the Audit Committee, and meets guidance as set out in the ARM.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

Our fee for the audit was £48,800 plus VAT (£48,800 in 2016/17). This fee was in line with that highlighted within our audit plan agreed by the Audit Committee in January 2018. Our fee for the external assurance on the quality report was £9,000 plus VAT (£ 9,000 in 2016/17).

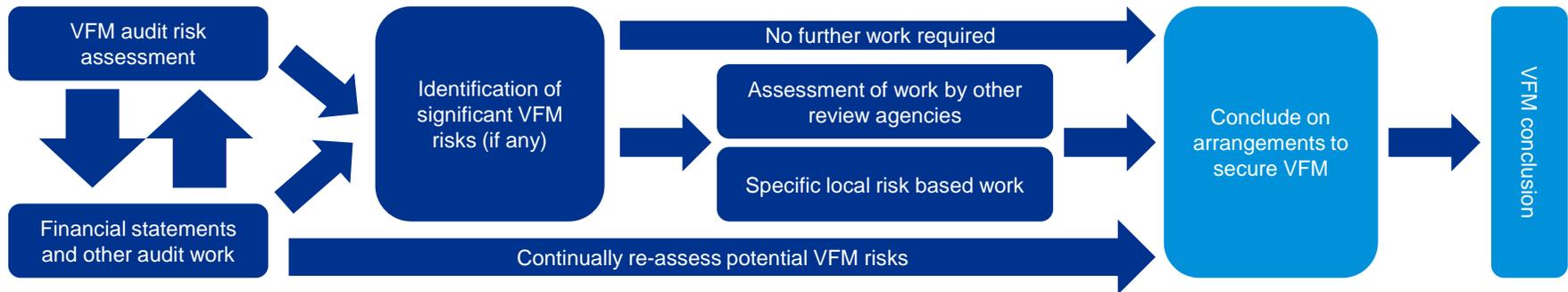


Value for Money

Section Three

Value for Money

For 2017/18 our value for money (VFM) work follows the NAO's guidance. It is risk based and targets audit effort on the areas of greatest audit risk. Our methodology is summarised below. We identified one significant VFM risk which is reported overleaf. We provide a summary below of the routine work required to issue our VFM conclusion, which is that we are satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018, based upon the criteria of informed decision making, sustainable resource deployment and working with partners and third parties.



| AGS review | Regulatory review | Other matters considered in risk assessment |
|--|---|--|
| <p>We reviewed the 2017/18 AGS and took into consideration the work of internal audit.</p> <p>We confirm that the AGS reflects our understanding of the Trust's operations and risk management arrangements.</p> | <p>We considered the outcomes of relevant regulatory reviews (NHS Improvement, CQC, etc.) in reaching our conclusion.</p> | <p>As part of our risk assessment we reviewed various matters, including:</p> <ul style="list-style-type: none"> • how recurrent cost improvement schemes are identified and delivered; • current operational performance and commissioner relationships; • planned VS actual outturn; • significant one-off items affecting the outturn position; • management's assessment of the Trust's ability to continue as a going concern; • any financial support received; and • relationships with key third parties. |

Section Three

Value for Money

Significant risk based VFM audit work

The table below sets out the detailed findings of our significant risk based VFM work. This work was completed to address the residual risks remaining after our assessment of the higher level controls in place to address the VFM risks identified in our planning and financial statements audit work.

| Value for money risk | Why this risk is significant | Our audit response and findings |
|--------------------------------|--|--|
| <p>Delivery of CIPs</p> | <p>NHS Trusts and Foundation Trusts submitted financial plans for 2017/18 that in aggregate totalled a £496 million deficit. The achievement of financial balance, whilst maintaining the quality of healthcare provision, is therefore a key objective for all organisations.</p> <p>Forecasts in quarter two suggest a full year NHS provider deficit of £623m, £127m (25%) worse than planned.</p> <p>The Trust has a CIP target of £5.5m for 2017/18. As at month 7, the Trust is on track having achieved £2.8m of the £3.2m planned to date.</p> <p>The Trust is forecasting a £636k underachievement for the full year. The main reason behind slippage is the timing of schemes.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> Review of the process to achieve recurrent cost savings. Our work focused on the arrangements in place to deliver recurrent cost improvements. We also reviewed how in year shortfalls in planned CIP savings was managed by the Trust; and Review of the process for identifying future CIP schemes. We sought evidence that the Trust had in place a process to identify further CIP schemes to meet future savings targets, including for the 2018/19 year. <p>Our VFM risk related to the Trust's ability to achieve financial balance through the delivery of CIPs. One key element to achieving this was the successful use of CIP schemes to deliver the required savings to meet the Trust's control total. We have obtained evidence to show that the Trust has met its CIP savings target for the year and that it has achieved its control total (it actually recorded an additional £1.5m surplus above its control total). We also obtained evidence that the Trust has put in place further schemes to meet the 2018/19 CIP targets and that it is working to address the current gap between schemes identified to date and the overall target for 2018/19. This therefore suggests that the Trust has achieved financial balance and addresses our VFM risk. There are no issues arising from our work which will lead to a non-standard VFM conclusion. We did not find any indication that the Trust has not had regard to its responsibilities to secure economy, efficiency and effectiveness in its use its resources.</p> |



Quality Report

Section Four

Quality Report

Conclusion on content of quality report

Subject to carrying out our final checks to ensure you have reflected our comments in the quality report and reviewing changes made by the Trust after the date of this report, we are satisfied that there is sufficient evidence to provide a limited assurance opinion on the content of the quality report.

Work performed and findings

We consider two criteria:

- Review of content to ensure it addresses the requirements set out in the Detailed Requirements for Quality Reports for Foundation Trusts in 2017/18 issued by NHSI; and
- Review of content in the quality report for consistency with other information specified by NHSI.

Our findings are set out below:

| Issue considered | Findings |
|---|---|
| Inclusion of all mandated content | The content of the quality report presented for audit was accurately reported in line with the quality report regulations. |
| Are significant matters in the specified information sources reflected in the quality report and significant assertions in the quality report supported by the specified information sources? | We identified that the Trust's quality report reflected its significant matters, relevant to the selected priorities from the specified information sources. We also identified that the significant assertions in the quality report are supported by the specified information sources. |

Section Four

Quality Report

Audit of indicators within the quality report

We carried out work on two mandated indicators, which require a public opinion, as specified by NHSI in its guidance:

- Early Intervention of Psychosis; and
- Improving Access to Psychological Therapies.

In addition, we carried out work on a locally selected indicator chosen by your Council of Governors. The indicator selected was the Mortality indicator. This indicator is not subject to a limited assurance opinion.

Conclusion

Our work on the two mandated indicators has concluded that there is sufficient evidence to provide a limited assurance opinion in respect of Early Intervention of Psychosis and Improving Access to Psychological Therapies. For the local indicator, Mortality, we have concluded that if required we would be in a position to provide a limited assurance opinion.

Please note that the extent of the procedures performed is reduced for limited assurance. The nature of the procedures may be different and less challenging than those used for reasonable assurance. Therefore, our work was not a reasonable assurance audit of either the performance indicators or the processes used to collate and report them.

Results of our work

We have set out overleaf the key findings from our work as described above in relation to the two mandated indicators and the locally selected indicator. In reaching our conclusions we required to have assessed the design and operational of the systems of control over the data against the six data quality dimensions defined by the NAO. In reaching our conclusion we have assessed these arrangements to consider whether they can be graded as:

- **Green:** No improvement to achieve compliance with the dimensions of data quality noted.
- **Amber:** Opportunities to achieve great efficiency or better control in compliance with the dimensions of data quality noted.
- **Red:** Concern that systems will not achieve compliance with one or more aspects of the dimensions of data quality and therefore a limited assurance opinion cannot be provided.

Section Four

Quality Report

| Design of system and processes and operation | | | | Results of our sample testing | Conclusion reached |
|--|--------|-----------|---|---|---|
| Data quality dimension | Design | Operation | Commentary on ratings | | |
| Mandated Indicator: Improving Access to Psychological Therapies (IAPT) | | | | | |
| Performance target: 75% | | | | | |
| Performance recorded in Quality Report: 90.1% | | | | | |
| Accuracy | ● | ● | Is accurate data used and reported? The indicator was recalculated and confirmed that the correct numerator and denominator had been used. | We reviewed a sample of 25 cases from across 2017/18. There were no matters arising from the sample testing. There was an initial error in an early draft of the Quality Report for the reporting of this indicator but this has been addressed by management. | We have not comes across any indications that data for this indicator is not produced in line with national guidance. |
| Completeness | ● | ● | How is completeness ensured? A sample of patients excluded from the indicator were checked to confirm the exclusion was valid. | | |
| Relevance | ● | ● | Is the information relevant for the reported purpose? The records of all referrals were reconciled to the number of referrals used in the indicator. | | |
| Reliability | ● | ● | Is the information reported reliable insofar as it agrees to data source(s)? There were no significant changes to the process. | | |
| Timeliness | ● | ● | Is real-time data used and is it reported on a timely basis? The system used to record the data underpinning the indicator was updated for new referrals on a timely basis. | | |
| Validity | ● | ● | What checks are performed to ensure that the data is valid? Details from a sample of referrals were agreed to patient records. Checks confirmed that any exclusions from the indicator were in line with indicator guidance. | | |
| Overall | ● | ● | Appropriate arrangements in place to ensure the quality of data for this indicator? Overall the system design and operation leads to accurate reporting of this indicator. | | |

Section Four

Quality Report

| Design of system and processes and operation | | | | Results of our sample testing | Conclusion reached |
|---|--------|-----------|---|---|---|
| Data quality dimension | Design | Operation | Commentary on ratings | | |
| Mandated Indicator: Early Intervention into Psychosis | | | | | |
| Performance target: 53% | | | | | |
| Performance recorded in Quality Report: 42.3% | | | | | |
| Accuracy | ● | ● | Is accurate data used and reported? The indicator was recalculated and confirmed that the correct numerator and denominator had been used. | We reviewed a sample of 25 cases from across 2017/18. There were no matters arising from the sample testing. There were no matters arising from verifying the figure reported in the Quality Report. | We have not comes across any indications that data for this indicator is not produced in line with national guidance. |
| Completeness | ● | ● | How is completeness ensured? A sample of patients excluded from the indicator were checked to confirm the exclusion was valid. | | |
| Relevance | ● | ● | Is the information relevant for the reported purpose? The records of all referrals were reconciled to the number of referrals used in the indicator. | | |
| Reliability | ● | ● | Is the information reported reliable insofar as it agrees to data source(s)? There were no significant changes to the process. | | |
| Timeliness | ● | ● | Is real-time data used and is it reported on a timely basis? The system used to record the data underpinning the indicator was updated for new referrals on a timely basis. | | |
| Validity | ● | ● | What checks are performed to ensure that the data is valid? Details from a sample of referrals were agreed to patient records. Checks confirmed that any exclusions from the indicator were in line with indicator guidance. | | |
| Overall | ● | ● | Appropriate arrangements in place to ensure the quality of data for this indicator? Overall the system design and operation leads to accurate reporting of this indicator. | | |

Section Four

Quality Report

| Design of system and processes and operation | | | | Results of our sample testing | Conclusion reached |
|---|--------|-----------|---|---|---|
| Data quality dimension | Design | Operation | Commentary on ratings | | |
| Local Indicator: Mortality | | | | | |
| Figures recorded in Quality Report: Q1 – 190 deaths, Q2 – 135 deaths, Q3 – 185 deaths, Q4 – 203 deaths. NB – due to the nature of this indicator the Trust does not have a target for performance. For this indicator we have agreed that the data on the number of deaths reported in the Quality Report is consistency with underlying records. | | | | | |
| Accuracy | ● | ● | Is accurate data used and reported? The indicator was recalculated and confirmed that the number of days between last contact and death was mathematically accurate. | We reviewed a sample of 25 cases from across 2017/18. There were no matters arising from the sample testing. There were no matters arising from verifying the figure reported in the Quality Report. | While we not required to give an opinion on this indicator, we have not comes across any indications that data for this indicator is not produced in line with national guidance. |
| Completeness | ● | ● | How is completeness ensured? All patients in the sample had a last date of contact within the 6 month limit for the mortality indicator meaning it was correct to include them in the indicator. | | |
| Relevance | ● | ● | Is the information relevant for the reported purpose? The appropriateness of the inclusion of individuals in the indicator was reconciled to their patient record on the system. | | |
| Reliability | ● | ● | Is the information reported reliable insofar as it agrees to data source(s)? The last date of contact in the system was consistent with patient records. | | |
| Timeliness | ● | ● | Is real-time data used and is it reported on a timely basis? The system used to record the data underpinning the data was updated each quarter which given the nature of the Trust's services is reasonable. | | |
| Validity | ● | ● | What checks are performed to ensure that the data is valid? Details from a sample of patients were agreed to patient records. | | |
| Overall | ● | ● | Appropriate arrangements in place to ensure the quality of data for this indicator? Overall the system design and operation leads to accurate reporting of this indicator. | | |



Appendices

Appendix 1

Recommendations raised and followed up

The recommendations raised as a result of our work in the current year are as follows:

| Priority rating for recommendations | | |
|-------------------------------------|---|---|
| 1 | Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk. | 2 |
| | | Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system. |
| | | 3 |
| | | Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them. |

| # | Risk | Issue, Impact and Recommendation | Management Response / Officer / Due Date |
|----------------------|----------|--|--|
| Financial Statements | | | |
| 1 | 2 | <p>Documenting Authorisation of New Starters</p> <p>During our audit there were difficulties in evidencing appropriate authorisation for new starters sampled. For three new starters, the manager authorisation was not evidenced with a signature on the summary of selection form. For four new starters the summary of selection form was not available.</p> <p>We recommend that all summary of selection forms are signed as authorised by managers and kept on file.</p> | <p>All recruitment activities should have a completed Summary of Selection Form which is signed by the Recruiting Manager. If we receive the Summary of Selection unsigned then Recruitment Officer would email the form back to the Recruiting Manager asking for them to return a signed copy. There is a checklist in each recruitment file which is completed by the Recruitment Officer/HR Assistant.</p> <p>In order to improve the recruitment process for both external and internal recruitments we are currently in the process of producing an electronic Summary of Selection Form. This is currently in the testing phase and will hopefully be implemented by 30 June 2018. Processes that fall outside of the routine process will be documented, to ensure clarity is available in relation to exceptions or unusual recruitment processes. (e.g. bank and Deanery employed medics which were the source of some of the sample testing issues found.) These processes will be developed during quarter 2 for exceptions that remain following the introduction of the electronic form under development and planned for the end of quarter one. This new process is expected to cover bank and thus exceptions should be significantly fewer going forward.</p> <p>Responsible officer: Dean Wilson</p> <p>Implementation date: 30 June 2018</p> |

Appendix 1

Recommendations raised and followed up

The recommendations raised as a result of our work in the current year are as follows:

| Priority rating for recommendations | | |
|-------------------------------------|---|---|
| 1 | Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk. | 2 |
| | | Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system. |
| | | 3 |
| | | Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them. |

| # | Risk | Issue, Impact and Recommendation | Management Response / Officer / Due Date |
|----------------------|----------|--|---|
| Financial Statements | | | |
| 2 | 3 | <p>Password Parameters</p> <p>When testing password parameters on the Integra2 general ledger system, we found that complexity requirements were not enforced. The password is required to be 7 characters with at least 1 digit, 1 lower case and 1 upper case character. However, upon testing the system allowed the password to be changed to passwords not meeting any of the requirements.</p> <p>We recommend that password parameters are enforced.</p> | <p>This issue was raised with Capita and they did acknowledge there had been some problems with password parameter changes on Integra 2. This issue has now been corrected and tested ensuring the Trusts Integra password parameters are enforced.</p> <p>Responsible officer: Kevin Formstone</p> <p>Implementation date: Already implemented</p> |

Appendix 1

Recommendations raised and followed up

We have also followed up the recommendations from the previous years audit, in summary:

| Total number of recommendations | Number of recommendations implemented | Number outstanding (repeated below): |
|---------------------------------|---------------------------------------|--------------------------------------|
| 6 | 6 | 0 |

| # | Risk | Issue, Impact and Recommendation | Management Response / Officer / Due Date | Current Status (May 2018) |
|----------------------|------|---|---|--|
| Financial Statements | | | | |
| 1 | 2 | <p>Non-NHS Contract Income</p> <p>As in 2015/16, we found it more difficult than expected to obtain assurances in the area of non-NHS contract income. There was a lack of coordination between Finance and Contracting which made it challenging to gain an understanding of how agreed contract income could be traced through to recognised income in the ledger and the financial statements.</p> <p>The Trust should ensure that Finance and Contracting staff have a clear understanding of the relationship between the income recorded in the ledger and reported in the financial statements and the agreed contracts with commissioners.</p> | <p>This is planned to be addressed as part of the Directorate business plan for 2017/18, the wider directorate restructure, including consideration of a dedicated income lead and single database for ease of reconciling income and contract variations. A reduction in amendments, outside of formal contract variations will also be pursued.</p> <p>Lead – Head of Contracting and Tender management, in conjunction with the Head of Management Accounts.</p> <p>31st July 2017</p> | <p>The process to gain audit assurance over this area was much smoother this year with various reconciliations and monitoring spreadsheets in place which allowed us to understand income received in the year and agree it back to either signed contracts where available or other correspondence. We therefore believe the issues we experienced as part of the 2016/17 audit have been addressed</p> <p>Implementation status: Implemented</p> |
| 2 | 3 | <p>Bank Reconciliations</p> <p>As part of our testing of bank reconciliations, we noted that for our sample of two reconciliations they had been prepared and reviewed over a month after the period to which they related (i.e. the September reconciliation was prepared and reviewed in November). Also in one of the cases, the bank balance per the reconciliation did not match the bank statement as at the same date.</p> <p>Bank reconciliations should be prepared and reviewed on a timely basis after each month end to ensure any discrepancies are highlighted and resolved promptly.</p> | <p>The proposal is to ensure all control accounts are classified in terms of risk and reconciled within 1 -5 working days routinely based on the level of risk.</p> <p>Lead - Deputy Director of Finance</p> <p>30th June 2017</p> | <p>We recognise that there were issues with the timely preparation and review of bank reconciliations at the beginning of the year but this had been rectified by year end.</p> <p>Implementation status: Implemented</p> |

Appendix 1

Recommendations raised and followed up

| # | Risk | Issue, Impact and Recommendation | Management Response / Officer / Due Date | Current Status (May 2018) |
|---|------|--|--|--|
| 3 | 3 | <p>Investment Bank Account</p> <p>The investment bank account figure shown on the bank reconciliations is sourced from bank statements the Trust receives every 6 months. The finance team creating the reconciliations do not have access to the online investment banking account. Therefore changes in the investment bank account balance would not be reflected in a timely manner.</p> <p>The Trust should investigate a way to gain access to more relevant account information for the investment account for reconciliation and monitoring purposes.</p> | <p>The recommendation is acknowledged. This has not been previously requested as these accounts are dormant with balances of <£100. These accounts along with a few others are being reviewed and letters/mandates issued to commence closure where appropriate. This ties in to a wider review of the bank mandates.</p> <p>A quarterly review of all bank accounts and the authorisation signatories has been instigated to ensure amendments, additions and/or deletions are implemented timely.</p> <p>In terms of access and resilience, a number of posts (four in total) have been identified for at least viewing access to all bank accounts to ensure cover is in place, even where these accounts are dormant.</p> <p>Lead - Deputy Director of Finance 30th June 2017</p> | <p>The investment bank account closed in January 2018.</p> <p>Implementation status: Implemented</p> |

Recommendations raised and followed up

| # | Risk | Issue, Impact and Recommendation | Management Response / Officer / Due Date | Current Status (May 2018) |
|---|------|---|--|--|
| 4 | 3 | <p>Bank Accounts</p> <p>As part of our cash testing we noted that the Trust has two bank accounts with very small balances in. We were informed that these related to learning disability services which have been divested in and that the accounts used to contain a petty cash float. These accounts are no longer required by the Trust.</p> <p>Any bank accounts which are no longer required should be cleared and closed.</p> | <p>Management acknowledges it has a few dormant yet active accounts with balances of <£1. One was in relation to the divested services in LD. Mansfield View and another in relation to a business reserve account. There have been no transaction during 2016/17.</p> <p>These accounts along with a few others are being reviewed and letters/mandates issued to commence closure where appropriate.</p> <p>This ties in to a wider review of the bank mandates where a quarterly review of all bank accounts and the authorisation signatories has been instigated to ensure amendments, additions and/or deletions are actioned timely.</p> <p>Lead - Deputy Director of Finance 30th June 2017</p> | <p>A quarterly review has been taking place by the Finance Team Manager to ensure only relevant accounts are open.</p> <p>The Mansfield View account was closed in May 2017. The business reserve account is used as the only interest bearing account and therefore remains open.</p> <p>Implementation status: Implemented</p> |
| 5 | 3 | <p>Accrued Income</p> <p>As part of our testing of accrued income in the receivables note, no supporting information could be provided for one accrued item due to its age (it was over 2 years old). The value of this accrual is not significant and it was the only item older than a few months therefore we have not reported this matter as an audit misstatement.</p> <p>However, going forward, management should periodically review all accrued income to ensure items remain valid and to reverse any items which are no longer required.</p> | <p>All year end accruals are reviewed periodically and reversed in a timely manner. The bulk being actioned in quarter one, shortly after the anticipated charges being received, including any variation in charge. Those that remain on the SOFP are genuinely believed to be outstanding and still valid. As part of the review for the year end 2016/17, these were requested to be reversed. The subsequent action appears to have not been implemented but is not considered material (£25k across 3 transactions).</p> | <p>The accrued income balance in 2017/18 is made up of STF funding and one accrual that has been reviewed and remains valid.</p> <p>Implementation status: Implemented</p> |

Appendix 1

Recommendations raised and followed up

| # | Risk | Issue, Impact and Recommendation | Management Response / Officer / Due Date | Current Status (May 2018) |
|-----------------|------|--|---|--|
| Quality Reports | | | | |
| 6 | 3 | <p>Review of Guidance</p> <p>The guidance requires Trusts to treat all inpatient stays as being on CPA. In prior years the Trust reported only those on CPA in the Quality Report. The Quality Report was amended to include all inpatient stays.</p> <p>The Trust should ensure that it reviews the guidance underpinning the data reported in the Quality Report regularly to ensure that it is reporting on the correct basis.</p> | <p>The point raised is accepted. The Quality Account guidance states that all discharges from inpatient areas should be classified as being on CPA. Therefore all discharges have been included for calculating 7 day follow-up. This has previously only been reported for those people on CPA. This guidance and change will be adhered to going forward. We have kept the results separate otherwise the historic comparison won't work. A note in the QAs has been added to explain why the additional data is being reported this year.</p> <p>Lead – Head of Clinical Governance 30th June 2017</p> | <p>The Head of Clinical Governance pro-actively seeks the guidance and any subsequent guidance in order to compile the report. No issues have arisen from our quality accounts work for 2017/18.</p> <p>Implementation status: Implemented</p> |

Appendix 2

Audit Differences

We are required to report any inconsistencies greater than £300,000 between the signed audited accounts and the consolidation data and details of any unadjusted errors or uncertainties in the data provided for intra-group and intra-government balances and transactions regardless of whether a Trust is a sampled or non-sampled component. We have provided details of the inconsistencies that we are reporting to the NAO as follows:

| Counter party | Type of balance/ transaction | Balance as per Trust (£'000) | Balance as per counter party (£'000) | Difference (£'000) | Comments on Difference |
|---------------------------------------|------------------------------|------------------------------|--------------------------------------|--------------------|---|
| NHS England | Income | £5,825 | £6,213 | £388 | <p>The Trust has included £232k of income from NHS England for secondments, however, NHS England confirmed on their statement that they have accounted for this as a net amount. We have agreed a sample of two invoices to confirm that they have been paid by NHS England. We are comfortable that the Trust has recorded this income appropriately based on available information.</p> <p>NHS England have recorded £634k of additional expenditure for Q1-3 STF funding and some winter funding that the Trust has recorded against Yorkshire and the Humber Local Office below.</p> <p>The impact of these two explanations leaves a variance of £14k.</p> |
| Yorkshire and the Humber Local Office | Income | £1,266 | £542 | £742 | <p>The Trust have recorded the Q1-3 STF funding and some winter funding against Yorkshire and the Humber Local Office. We have confirmed that NHS England have recorded this value (£634k) as expenditure on their statement. This difference in coding has resulted in a variance with both the local office and NHS England. We are comfortable that the Trust has recorded this income appropriately based on available information.</p> |

Continues overleaf

Appendix 2

Audit Differences

We are required to report any inconsistencies greater than £300,000 between the signed audited accounts and the consolidation data and details of any unadjusted errors or uncertainties in the data provided for intra-group and intra-government balances and transactions regardless of whether a Trust is a sampled or non-sampled component. We have provided details of the inconsistencies that we are reporting to the NAO as follows (continued from previous page):

| Counter party | Type of balance/ transaction | Balance as per Trust (£'000) | Balance as per counter party (£'000) | Difference (£'000) | Comments on Difference |
|-------------------------------|------------------------------|------------------------------|--------------------------------------|--------------------|--|
| Community Health Partnerships | Expenditure | £807 | £104 | £703 | The Trust pays rent on two sites to Community Health Partnerships and receives funding from Sheffield CCG in relation to this rent. The annual rent equates to the value of the difference. The Trust believe Community Health Partnerships have recorded the rental income from Sheffield CCG. We have tested a sample of rental invoices to confirm these have been paid by the Trust. We are comfortable that the Trust has recorded these payments correctly based on available information. |

Under UK auditing standards (ISA (UK&I) 260) we are required to provide the Audit Committee with a summary of unadjusted audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK&I) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit and Governance Committee, we will report details of all adjustments greater than £100K identified as part of our audit.

- There were no unadjusted audit differences.

Under UK auditing standards (ISA UK&I 260) we are required to provide the Audit Committee with a summary of adjusted audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

- There were no adjusted audit differences.

During the audit we identified only presentational issues which have been adjusted and they have no material effect on the financial statements.

Appendix 3

Audit Independence

The purpose of this Appendix is to communicate all significant facts and matters that bear on KPMG LLP's independence and objectivity and to inform you of the requirements of *ISA 260 (UK and Ireland) Communication of Audit Matters to Those Charged with Governance*.

Integrity, objectivity and independence

We are required to communicate to you in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

We have considered the fees paid to us by the Trust for professional services provided by us during the reporting period. We are satisfied that our general procedures support our independence and objectivity.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings.

Our Ethics and Independence Manual is fully consistent with the requirements of the Ethical Standards issued by the UK Auditing Practices Board. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values, Communications, Internal accountability, Risk management and Independent reviews.

We would be happy to discuss any of these aspects of our procedures in more detail. There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Board of Governors.

Audit matters

We are required to comply with *ISA (UK and Ireland) 260 Communication of Audit Matters to Those Charged with Governance* when carrying out the audit of the accounts.

ISA 260 requires that we consider the following audit matters and formally communicate them to those charged with governance:

- Relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement lead and audit staff.
- The general approach and overall scope of the audit, including any expected limitations thereon, or any additional requirements.
- The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the Trust's financial statements.
- The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.
- Audit adjustments, whether or not recorded by the entity that have, or could have, a material effect on the Trust's financial statements.

Appendix 3

Audit Independence

- Material uncertainties related to event and conditions that may cast significant doubt on the Trust's ability to continue as a going concern.
- Disagreements with management about matters that, individually or in aggregate, could be significant to the Trust's financial statements or the auditor's report. These communications include consideration of whether the matter has, or has not, been resolved and the significance of the matter.
- Expected modifications to the auditor's report.
- Other matters warranting attention by those charged with governance, such as material weaknesses in internal control, questions regarding management integrity, and fraud involving management.
- Any other matters agreed upon in the terms of the audit engagement.

We continue to discharge these responsibilities through our attendance at Audit Committees, commentary and reporting and, in the case of uncorrected misstatements, through our request for management representations.

Auditor Declaration

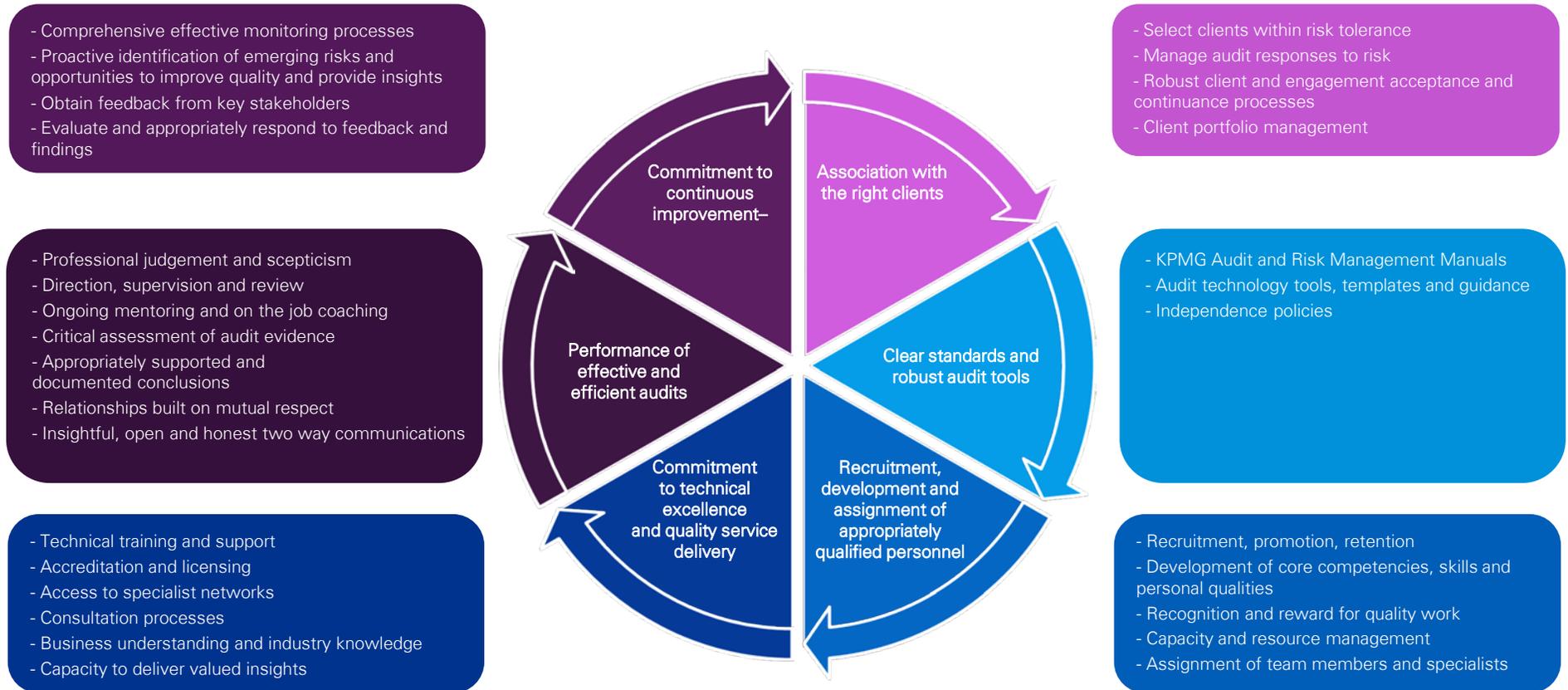
In relation to the audit of the financial statements of the Trust for the financial year ending 31 March 2018, we confirm that there were no relationships between KPMG LLP and the Trust, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards in relation to independence and objectivity.

We have not provided any non-audit services in they year – other than the Quality Accounts work (referred to in this document), which is routinely undertaken by external auditors.

Appendix 4

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework





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INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF SHEFFIELD HEALTH AND SOCIAL CARE NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of Sheffield Health & Social Care NHS Foundation Trust to perform an independent assurance engagement in respect of Sheffield Health & Social Care NHS Foundation Trust's Quality Report for the year ended 31 March 2018 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the following two national priority indicators (the indicators):

- early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a National Institute for Health and Care Excellence (NICE) -approved care package within two weeks of referral; and
- improving access to psychological therapies (IAPT): waiting time to begin treatment (from IAPT minimum dataset): within six weeks of referral.

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the *Detailed requirements for quality reports for foundation trusts 2017/18* ('the Guidance'); and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the *Detailed Requirements for external assurance for quality reports for foundation trusts 2017/18*.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes and papers for the period April 2017 to May 2018;
- papers relating to quality reported to the board over the period April 2017 to May 2018;
- feedback from commissioners, dated 15 May 2018;
- feedback from governors, dated 14 December 2017 and 15 February 2018;
- feedback from local Healthwatch organisations, dated 20 May 2018;
- feedback from Overview and Scrutiny Committee, dated 15 May 2018;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated July 2017;



- the latest national patient survey, dated November 2017;
- the latest national staff survey, dated March 2018;
- Care Quality Commission Inspection, dated 30 March 2017;
- the 2017/18 Head of Internal Audit's annual opinion over the trust's control environment, dated 24 May 2018; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Sheffield Health & Social Care NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Sheffield Health & Social Care NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement



techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by Sheffield Health and Social Care NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and
- the indicator in the Quality Report subject to limited assurance has not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.

KPMG LLP

KPMG LLP
Chartered Accountants
Leeds

24 May 2018