

## Council of Governors Meeting in Public

<b>Subject:</b>	Appointing the External Auditor	<b>Date:</b> 12 <sup>th</sup> November 2019	
<b>Prepared By:</b>	Graham Ward, NED, Chair of Audit and Assurance Committee, Shirley A Higginbotham Director of Corporate Affairs		
<b>Approved By:</b>	Graham Ward, NED, Chair of Audit and Assurance Committee		
<b>Presented By:</b>	Graham Ward, NED, Chair of Audit and Assurance Committee		
<b>Purpose</b>			
To consider and approve the appointment process for the external auditor. Seek expressions of interest from governors with regard to the appointments panel for the External Auditor appointment		<b>Approval</b>	<b>x</b>
		<b>Assurance</b>	
		<b>Update</b>	
		<b>Consider</b>	<b>x</b>
<b>Strategic Objectives</b>			
<b>To provide outstanding care</b>	<b>To promote and support health and wellbeing</b>	<b>To maximise the potential of our workforce</b>	<b>To continuously learn and improve</b>
			<b>x</b>
			<b>x</b>
<b>Overall Level of Assurance</b>			
	<b>Significant</b>	<b>Sufficient</b>	<b>Limited</b>
		<b>x</b>	
<b>Risks/Issues</b>			
<b>Financial</b>	Value for money procurement process utilising approved frameworks		
<b>Patient Impact</b>	N/A		
<b>Staff Impact</b>	N/A		
<b>Services</b>	N/A		
<b>Reputational</b>	It is a legal requirement for the Trust to have an appointed external auditor at all times		
<b>Committees/groups where this item has been presented before</b>			
N/A			
<b>Executive Summary</b>			
<p>The Health and Social Care Act 2006 states that every foundation trust must have an auditor this is appointed by the council of governors. The Act states that it is for the council of governors to appoint or remove the auditor at a general meeting of the council.</p> <p>There are six key states for appointing the auditor:</p>			
<pre> graph LR     A[Trigger for action] --&gt; B[Agree process and establish criteria]     B --&gt; C[Formal and fair procurement process, including shortlisting]     C --&gt; D[Presentation by audit committee]     D --&gt; E[Approval of terms of engagement]     E --&gt; F[Full process set out in annual report]           </pre>			
<b>Trigger for action</b>			
The impending end of the existing auditor's contract term will trigger a new appointment process, whether or not the existing auditor is seeking reappointment.			
PWC were appointed for the end of the 2017/18 financial year for a 3 year contract, this will cease at the end of the 2019/20 audit. The Trust therefore must have an auditor appointed for this time.			

**Agree process and establish criteria**

In line with best practice, and described in the attached document ‘*Appointing the external auditor: a guide for governors*’, a small group representing the Council of Governors work with members of the Audit & Assurance Committee to undertake the appointment process, with the final decision made by the Council of Governors.

The audit and assurance committee will run the process but the final decisions on any appointment rests with the council of governors, the audit and assurance committee will:

1. Agree with the council of governors a clear process for nominating a new auditor or reappointing the existing one, including a timetable showing the deadline by which a new appointment should be made
2. Prepare a specification defining the role and capabilities required, including the necessary qualifications, skills and experience and agree the specification with the governors audit working group.

Expressions of interest are required for governors wishing to be included on the governors audit working group, previously this has been two governors.

**Procurement Process**

The audit and assurance committee will run a formal procurement process to obtain the best candidate as fairly and transparently as possible. This is a complex area and advice from the trusts procurement team will be sought prior to the process commencing.

A procurement framework for external audit services is available.

It is recommended to use the Crown Commercial Services Framework, as previously. This includes 20 potential suppliers including PWC

<https://www.crowncommercial.gov.uk/agreements/RM3745:3/lot-suppliers>

An indicative timeline for the process is:

Day	Tasks
1	Draft Specification / Agree Evaluation Criteria / Populate CPC Mini-Competition Template Documents
13	Panel Review of Mini-Competition Documents
14	Council of Governors. Agree time line and tender documents
15	Issue Mini-Competition documents to all six framework suppliers
43	Tender Period- clarifications from bidders
43	Tenders returned
57	Paper evaluation
60	Panel Review of paper evaluation. Agree bidders to be invited to Tender Board
67	"Beauty Parade" / Tender Board
74	Panel Review of Outcomes
75+	Council of Governors for formal approval of outcome recommendation
75+	Notification of Award to bidders (both successful and unsuccessful)

**Presentation by the Audit and Assurance Committee**

The audit and assurance committee and the governors audit working group will present the following to the full Council of Governors

- The procurement process they have followed
- The results of the procurement process
- The recommendation of the panel

The full Council of Governors will then make a final decision in line with its statutory duties