



Date: 13th March 2015
Item No: 5

Council of Governors: Summary Sheet

Title of Paper: To ratify the appointment of the External Auditors for SHSC NHS FT

Presented By: Ann Stanley, Non-Executive Director
(Chair – Audit & Assurance Committee)

Action Required:

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

To which duty does this refer:

Holding non-executive directors individually and collectively to account for the performance of the Board	
Appointment, removal and deciding the terms of office of the Chair and non-executive directors	
Determining the remuneration of the Chair and non-executive directors	
Appointing or removing the trust’s auditor	X
Approving or not the appointment of the trust’s chief executive	
Receiving the annual report and accounts and auditor’s report	
Representing the interests of members and the public	
Approving or not increases to non-NHS income of more than 5% of total income	
Approving or not acquisitions, mergers, separations and dissolutions	
Jointly approving changes to the trust’s constitution with the Board	
Expressing a view on the Trust’s forward plans	
Consideration on the use of income from the provision of goods and services from sources other than the NHS in England	
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.	
Monitoring the Trust’s performance against its targets and strategic aims	

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

Under the Health & Social Care Act each Foundation Trust must have an auditor. The appointment of the Trust’s External Auditor is a statutory duty of the Council of Governors.

Author of Report: Stephen Jackson (obo the selection panel)

Designation of Author: Head of Procurement

Date: 5th March 2015



Report to the Council of Governors from the Audit & Assurance Committee

Contract for Provision of External Audit Services

Introduction & Background

In accordance with the Foundation Trust Constitution and Terms of Authorisation, the Council of Governors will consider and ratify the appointment of the External Auditors to Sheffield Health & Social Care NHS Foundation Trust.

Following the decision by the Council of Governors that the Trust should enter into a tender exercise for the provision of its External Audit Services from 2015/16 for a three year period (with an option to extend for a further two years subject to satisfactory service and performance), this paper is provided to outline the process undertaken and request the Council of Governors' ratification of the decision reached.

Process Undertaken

Tender Invited to providers on North of England Commercial

Procurement Collaborative Framework	-	9 th January 2015
Closing date for Receipt of Tenders	-	30 th January 2015
Shortlisting process	-	20 th February 2015
Presentation Day	-	27 th February 2015

Three tenders were received as a result of this procurement exercise and following consideration of a summary of all three, it was the agreed opinion of all those involved that all three bodies should be invited to present to the evaluation panel which would allow further questioning of providers on their proposals

The three interested providers were:

- Deloitte
- KPMG
- Price Waterhouse Coopers

Officers Involved

The following members of the Council of Governors were involved in this process:

- Ian Downing, Carer Governor
- Jules Jones, Public Governor (SE)

The following members of the Trust's Audit & Assurance Committee were part of the process:

- Ann Stanley, Non-Executive Director (Audit & Assurance Committee Chair)
- Cllr Mick Rooney, Non-Executive Director
- Mervyn Thomas, Non-Executive Director

Additionally, the following Trust Officers were involved:

- Paul Robinson, Executive Director of Finance
- Phillip Easthope, Deputy Director of Finance
- Stephen Jackson, Head of Procurement

The Evaluation Process

For this exercise the evaluation panel adopted the Governwell guidance "Appointing the External Auditor: A Guide for Governors", which is the national training programme for Foundation Trust Governors hosted by NHS Providers (formerly Foundation Trust Network). The approach and criteria adopted below were drawn from this document and amended by the panel to reflect Governors' requirements:

The criteria, together with relevant weightings, were agreed as follows:-

Criteria	Weighting %	Maximum Individual Score Per Criteria	Total Score Available Per Criteria
Experience of the audit team	25	3	75
Quality of service delivery	20	3	60
Quality of communications	10	3	30
Added value offered	10	3	30
Quality of engagement with Council of Governors	15	3	45
Total	80	15	240

Each member of the panel scored each company in the five quality requirement areas on a range of 0 (being poor) to 3 (being excellent) and the total scores were added together and divided by the number of panel members to provide an overall weighted score.

Each supplier's overall weighted scores for quality were as follows:-

Deloitte	KPMG	PriceWaterhouseCooper
144.38	201.88	158.5

Fee Competiveness

Fee Competiveness was included as a sixth criteria and attracted a weighting of 20%.

The Deputy Director of Finance scored each Provider against the costs submitted as part of their tender based on the methodology that the lowest tenderer would receive 100 points with each subsequent bid receiving a percentage of the lowest bid and converted into a weighted score. This resulted as follows:

	Deloitte	KPMG	PriceWaterhouseCooper
Points	100	88.05	88.59
Weighted Score	20	17.61	17.72

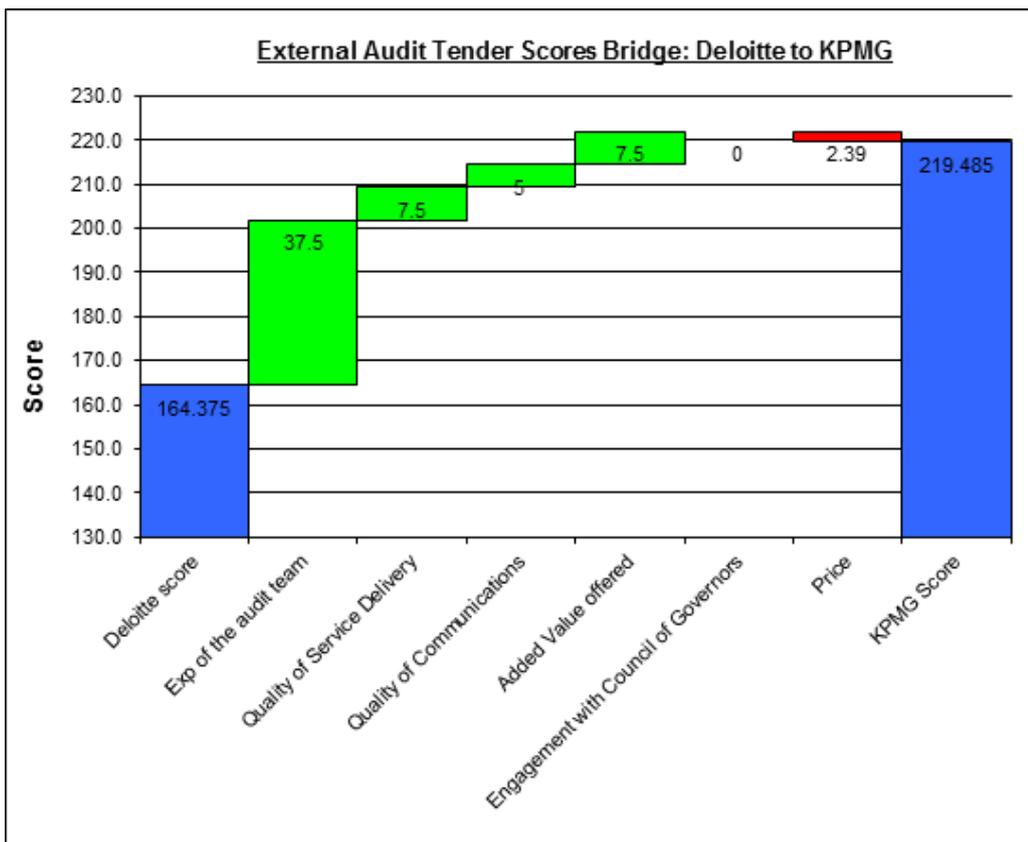
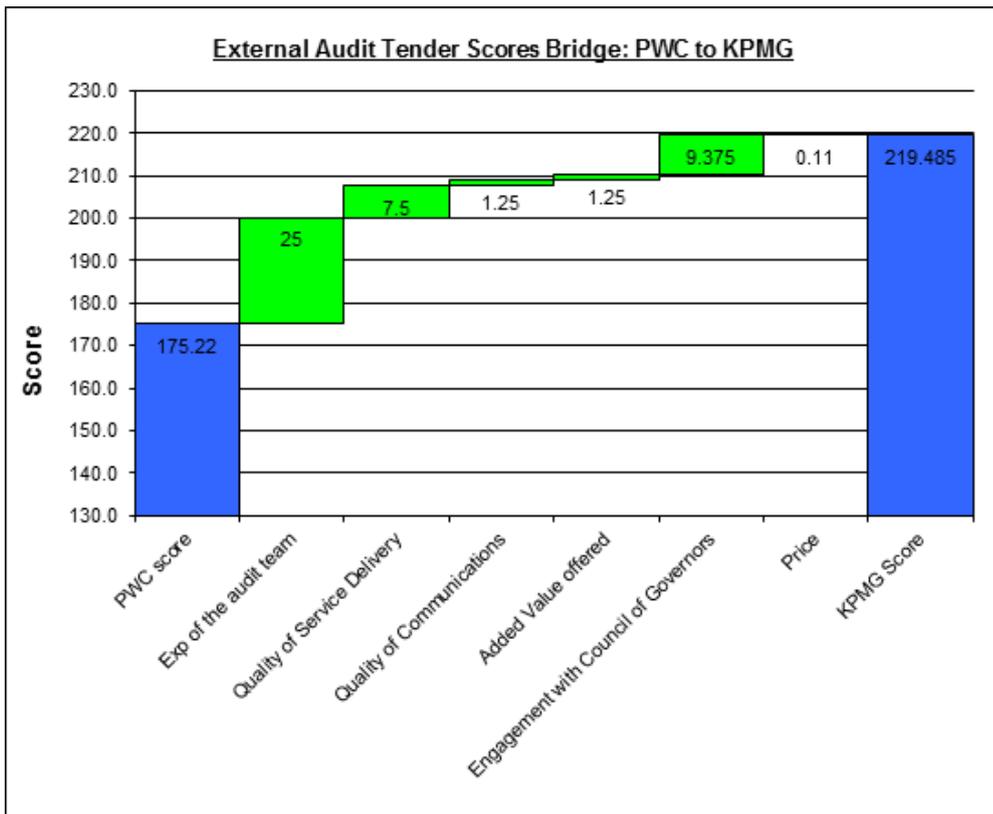
Combined Score Quality Requirements and Fee Competiveness

Deloitte	KPMG	PriceWaterhouseCooper
164.38	219.49	176.22

Outcome

The result was that KPMG achieved the top score overall and generally scored higher than the other two providers across all the quality requirements, in particular the experience of the audit team and quality of

their service delivery. Please see below for a graphical presentation of how KPMG's score compared to the other providers across the criteria.



The panel therefore decided that they considered KPMG as the successful applicants, subject to full Council of Governors' ratification.

Recommendation

In accordance with the Constitution of Sheffield Health & Social Care NHS Foundation Trust, the sub-committee of the Council of Governors (Ian Downing & Jules Jones) wish to recommend the appointment of KPMG as External Auditors for Sheffield Health & Social Care NHS Foundation Trust from 2015/2016 for a three year period (with an option to extend for a further two years subject to satisfactory service and performance).

SJ/jch
February 2015