



11 February 2015

Item No 8

Council of Governors: Summary Sheet

Title of Paper:

Update: Tender Process - External Audit Contract

Presented By:

Ann Stanley, Chair of Audit & Assurance Committee

Action Required:

For Information

For Ratification

For a decision

For Feedback

Vote required

For Receipt

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 (Community Health and Standards) Act 2003 each Foundation Trust must have an auditor. Under the Act, the Auditor is appointed by the Council of Governors.

Author of Report:

Phillip Easthope

Designation of Author:

Deputy Director of Finance

Date:

January 2015

SUMMARY REPORT

Report to: Council of Governors
Date: 11th February 2015
Subject: Update - Process for the Appointment of External Audit Services 2015/2016 Onwards
From: Mrs. Ann Stanley, Non-Executive Director/Chair – Audit & Assurance Committee

1 Purpose

<i>For Approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (please state below)</i>
		X			
<ul style="list-style-type: none"> To note the update on the process regarding the appointment of the Trust's External Audit Service 2015/2016 					

2 Summary

The Trust's current contract in respect of its External Audit Service expires on the 31st March 2015 and, as previously agreed, a tender exercise will be entered into to secure the service going forward with effect from 1st April 2015 for a period of at least 3 years.

Following receipt of the previous report in October 2014, the working group met on the 15th December 2014 to agree the formal process for agreement by Governors on the appointment of the Trust's External Auditor w.e.f. 1st April 2015.

At this initial meeting of the working group the purpose and objectives were agreed as follows:

- Governors' responsibility to appoint the External Auditor.
- That the process would be transparent, involving a competitive tender exercise.
- To review the specification for approval by the Governors.
- For the Group to make a recommendation to the Governors on the process to be followed.

In relation to the bullet points above, a competitive tender paper presented a number of framework options and it was agreed to use the North of England Commercial Procurement Collaborative as this covers a number of the major providers and the Trust is currently a member of that Collaborative and obtains assurance from its screening and other procurement processes.

The group agreed the specification provided by the Finance Department and discussed the selection criteria recommended in the Govern Well publication "Appointing the external auditor: a guide for governors".

The Governor representatives on the working group agreed an amendment to these recommendations which increased the quality of service delivery to 20% and reduced the value added to 10%, as follows:

Criteria	% Weighting
Experience of the audit team	25
Quality of service delivery	20
Quality of communications	10
Added value offered	10
Fee competitiveness	20
Quality of engagement with council of governors	15
	100%

The group considered the timeline for the tender process and assured itself that this was manageable within the suggested timeframe, including any stand still period following tender and being able to respond to any unsuccessful feedback requests. The only area of concern within the timeline was enabling the Governors to consider the recommendations of the working group following the tender process and making a decision on the successful tender, due to there being no scheduled Governor meeting in March and April. It was questioned whether this responsibility could be delegated to the Governor representatives on the working group or if an extra ordinary meeting of the Governors needed to be arranged. Mrs. Sue. Rogers, Non-Executive Director, agreed to take this matter to the next meeting of the Council of Governors for consideration.

(Post meeting note: it was subsequently agreed that an extra ordinary meeting of the Council of Governors would be arranged for March 2015)

3 Next Steps

Arrange and confirm dates for review of tenders and interviews/presentations (20.2.15 & 27.2.15).
Tender documentation to be finalised and tender issued.

4 Required Actions

As above.

5 Monitoring Arrangements

Through the Audit & Assurance Committee.

6 Contact Details

Ann Stanley, Non-Executive Director/Chair – Audit & Assurance Committee
Phillip Easthope, Deputy Director of Finance