

# Council of Governors

**Title of Paper:** Appointment of the Trust's External Auditors

**Presented By:** Ann Stanley, Chair of Audit & Risk Committee

<b>Action Required:</b>	<b>For Information</b>		<b>For Ratification</b>		<b>For a decision</b>	
	<b>For Feedback</b>		<b>Vote required</b>		<b>For Receipt</b>	x

To which duty does this refer:

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

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

Governors will fulfil their duty under paragraph 39.2 of the Trust's constitution

**Author of Report:** James Sabin

**Designation:** Deputy Director of Finance

**Date:** July 2019

## Council of Governors Summary Report

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**Date:** 25 July 2019

**Subject:** Process for the Appointment of External Audit Services 2020/2021 onwards

**From:** Ann Stanley, Non-Executive Director/Chair – Audit & Risk Committee  
Phillip Easthope, Executive Director of Finance

**Author:** James Sabin, Deputy Director of Finance

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### 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/assurance</i>	<i>Other (Please state below)</i>
X	X				
<ul style="list-style-type: none"> <li>To note the proposed process to be undertaken for the appointment of the Trust's External Audit Service for the financial year 2020/21 onwards.</li> <li>To agree for the nominated working group to take forward the responsibility for tendering, evaluating and recommending the appointment of the external auditors to the council of Governor's. This is assuming the composition below including 2 NED's and 2 Governor representatives.</li> <li>To nominate two Council of Governor representatives to form part of the proposed working group. A decision would be preferable at today's meeting or if not possible, to be confirmed via the lead Governor by the end of August. This will enable the process to commence in September.</li> </ul>					

### 2. Summary

The Trust's current contract in respect of its External Audit Service expires on the 31 March 2020 and, as previously agreed, a tender exercise will be entered into to secure the service going forward with effect from 1 April 2020 for a period of at least 3 years.

Initial discussions have been held with the Head of Procurement, who will manage the tender process on behalf of the Trust.

It is proposed that the process of appointment be undertaken by a small working group, comprising:

- 2 x Non-Executive Directors
- 2 x Council of Governor (CoG) Representatives
- Executive Director of Finance
- Deputy Director of Finance
- Head of Procurement

This process is considered good practice in accordance with NHSi expectations. This group will work within procurement rules, consider route to market, decide on the weighting and scoring criteria and then evaluate and recommend the preferred External Auditor appointment to CoG for approval.

Following various discussions, it has been agreed and noted at July's Audit and Risk Committee, the NED representatives will be Ann Stanley (Audit & Risk Committee Chair) and Cllr Olivia Blake.

This paper looks to continue this discussion at the CoG July meeting to seek two governor representatives. Ideally candidates maybe confirmed at the meeting, but where not possible we would be looking for the Lead governor to seek two representatives and confirm these by the end of August. This will then support the formal process commencing September 2019.

The aim is to agree two CoG representatives who will then form part of the above selected working group.

In terms of time commitment, those involved in the process will likely be needed for up to 2.5 days for planning and the actual evaluation process.

### **3. Next Steps**

For the Committee to note the process and to nominate two CoG representatives to form part of the working group.

In the event of this not being decided today, the lead governor to take the lead for securing two governors to partake in the process and confirm this by the end of August.

To agree to the working group taking forward the management of the tender and external audit appointment process, in line with the above proposal and subject to 2 x NED and 2 x CoG representatives being agreed in line with the above. The final recommendation would go to CoG for ratification.

### **4. Required Actions**

As above.

### **5. Monitoring Arrangements**

Through the Audit & Risk Committee and subsequent updates to future CoG meetings.

### **6. Contact Details**

For further information, please contact:

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