

Council of Governors

Date:	Thursday 1 November 2018	Attachment Number:	E								
Title of Report:	Appointment of External Auditor										
Purpose of the report and the key issues for consideration/decision:	<p>The contract with the Trust's external auditor, Grant Thornton, is due to finish at the conclusion of the 2018/19 audit. The Foundation Trust is therefore looking to start the procurement process in early 2019 to appoint the Trust's external auditor.</p> <p>The Code of Governance sets out the governance arrangements for the appointment process foundation trust's must adhere to. The Council of Governors role is set out as follows:</p> <p><i>"It is for the Council of Governors to appoint or remove the auditor at a general meeting of the Council".</i></p> <p>Therefore, it is the Council of Governors as a whole (rather than, say a committee or a working group) who appoints or removes the auditor.</p> <p>(i) Timeline The draft timeline for the appointment of external auditor is attached as appendix B.</p> <p>(ii) Selection panel The selection panel for the appointment of external auditor is proposed as:</p> <p>Two finance representatives – to include Director of Finance Two Non-Executive Directors – Audit Committee Chair and Audit Committee member <u>Two (or more) Governor representatives (see below (iii) process)</u></p> <p>Panel to have in attendance in an advisory capacity – Deputy Head of Procurement and Supplies, Deputy Director of Finance and Group Company Secretary</p>										
Prepared by:	Jane Downes, Group Company Secretary										
Presented by:	Jane Downes, Group Company Secretary										
Strategic Objective(s) supported by this paper:	<table border="1"> <tr> <td>Financial Sustainability</td> <td>x</td> <td>Empower & Engage Staff</td> <td>x</td> </tr> <tr> <td>Quality of Care</td> <td>x</td> <td></td> <td></td> </tr> </table>			Financial Sustainability	x	Empower & Engage Staff	x	Quality of Care	x		
Financial Sustainability	x	Empower & Engage Staff	x								
Quality of Care	x										
Is this on the Trust's risk register:	<table border="1"> <tr> <td>No</td> <td>x</td> <td>Yes</td> <td></td> <td>If Yes, Score</td> <td></td> </tr> </table>			No	x	Yes		If Yes, Score			
No	x	Yes		If Yes, Score							
Which CQC Standards apply to this report:	Well-led domain										

Have all implications related to this report been considered: (please X)	Finance Revenue & Capital	x	Equality & Diversity	x				
	National Policy/Legislation	x	Patient Experience					
	Human Resources		Terms of Authorisation	x				
	Governance & Risk Management (BAF)	x	Other:					
Action Required: (please X)	Approve		Discuss		Receive for information		Decision	x
Previously Considered By:	Audit Committee		Date:	29/10/2018				
Recommendations:	<p>The Council of Governors are asked to:</p> <ul style="list-style-type: none"> (i) Approve the appointment timeline; (ii) Approve membership of the selection panel; and (iii) Delegate authority to the Audit Committee Selection Panel to undertake the appointment process. 							

Briefing to the Council of Governors

The contract with the Trust's external auditor, Grant Thornton, is due to finish at the conclusion of the 2018/19 audit. The Foundation Trust is therefore looking to start the procurement process in early 2018 to appoint the Trust's external auditor.

The Code of Governance sets out the governance arrangements for the appointment process foundation trust's must adhere to. The Council of Governors role is set out as follows:

"It is for the Council of Governors to appoint or remove the auditor at a general meeting of the Council".

Therefore, the Council of Governors as a whole (rather than, say a committee or a working group) appoints or removes the auditor.

A selection panel is currently being established by the Audit Committee and Governor representation is required. I have therefore been asked to inform Governors and request expressions of interest in joining the panel.

As we are expecting substantial interest in this project, Governors are invited to consider the following criteria prior to submitting their interest;

- Time availability – meetings will be held during normal working hours
- Time commitment – meetings will be frequent and may be called at short notice
- Timeframe – main activity of the panel will be from December to April
- Governors are expected to have an understanding of the work of auditors
- All communication will be via email ie meeting papers will be emailed

Governors who meet the above criteria and would like to be considered should submit their interest with short supporting statement to Jane Downes, Group Company Secretary by Friday 23rd November. Governors will be informed of the results on 30th November.

Notional Appointment Timeline

Activity	Responsibility	Date
Consider process and agree selection panel format	Audit Committee	29 October 2018
Council of Governors briefed on selection process and authority delegated to Audit Committee Selection Panel to undertake the appointment process	Selection panel	1 November 2018
Project team appointed including governor representatives	Audit Committee	30 November 2018
Commence work on specification drafting/amendment	Selection panel	December 2018
Issue optional CAPABILITY ASSESSMENT (a summary of needs to gauge supplier interest)	Head of Procurement & Supplies	December 2018
Capability assessment deadline – assess responses	Selection Panel	January 2019
Finalise specification/evaluation sub-criteria (consultation with working group)	Audit Committee	22 January 2019
Present progress report to Council of Governors	Selection Panel	31 January 2019
INVITATION TO QUOTE issued (minimum 3 weeks)	Head of Procurement & Supplies	February 2019
[Bidder presentations to selection panel]	Selection Panel	March 2019
Quote return deadline	Head of Procurement & Supplies	March 2019
Present progress update to Board of Directors	Chair – Audit Committee	27 March 2019
Evaluation of quotations	Selection Panel	April 2019
Clarification period for quotations	Head of Procurement & Supplies	April 2019
Complete evaluation of quotations	Head of Procurement & Supplies	April 2019
Decision on contract award – recommendation to Audit Committee	Selection Panel	29 April 2019
Decision on contract award – inform Board of Directors	Chair -Audit Committee	1 May 2019
Decision on contract award - recommendation to Council of Governors	Selection Panel	2 May 2019
Contract award approved	Council of Governors	2 May 2019
Standstill period	Head of Procurement	May 2019
Confirmation of contract award	Head of Procurement	May 2019
<i>Completion of Contract Framework ends 15 May 2019 (contract signature deadline date)</i>	Head of Procurement	15 May 2019
3 month lead-in period (if required)		June, July, August
Contract commences		1 September 2019
POST-TENDER TASKS (if existing provider unsuccessful)		
Ensure agreement is reached to conclude 2018/19 audit work		
Ensure all internal audit reports available to PwC for audit of annual accounts		