

Council of Governors Meeting: Wednesday 31 March 2021

CoG2021.10

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**Title:** External Audit Contract

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**Status:** For Discussion

**History:** A new paper

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**Board Lead:** Chief Finance Officer

**Author:** Richard Gardner, Financial Consultant

**Confidential:** No

**Key Purpose:** Assurance, Policy

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## Executive Summary

1. The report proposes that:-

1.1.	The contract with Mazars is extended by one year
1.2.	A market testing exercise is run during 2021 with a view to a contract award in the autumn of 2021.

## Recommendations

2. The Council of Governors is asked to:
- Consider and agree the recommendation that the contract with Mazars should be extended by a year.
  - Approve the commencement of arrangements to “market test” External Audit services later in 2021.

## External Audit Contract

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### 2. Purpose

- 2.1. The current contract with Mazars is due to finish on 31st May 2021. This paper recommends that the contract should be extended for a further year.

### 3. Background

- 3.1. Mazars were appointed as external auditors to the Trust for the first time in 2018.
- 3.2. The contract's first three years formally ends on 31<sup>st</sup> May 2021 but there is an option, within the framework used to award the contract, to formally extend the contract by a further year.
- 3.3. The contract was awarded under the SBS Auditing Framework and the appointment was made on the recommendation of the Audit Committee by the Council of Governors, whose duty it is to appoint the External Auditors.
- 3.4. Current guidance suggests that the Council of Governors should take the lead in agreeing with the Audit Committee the criteria for appointing, re-appointing and removing external auditors.

### 4. Proposed way forward

- 4.1. Best practice guidance on the appointment of external auditors recommends that a NHS foundation trust undertake a market-testing exercise for the appointment of an auditor at least once every five years.
- 4.2. The Trust's experience of the service provided by Mazars over the last three years has been exemplary
- 4.3. Consequently, in line with the advice at para 4.1, it is recommended that the option to extend the existing contract by a further year is exercised and that the Trust undertake a "market testing" exercise during 2021 with a view to a contract award in the autumn of 2021, for commencement in May 2022.
- 4.4. It is recommended that the "Market Testing" be undertaken via a framework arrangement and colleagues in procurement will be asked to identify the potential frameworks available to the Trust.
- 4.5. The Audit Committee considered and endorsed these recommendations at their meeting in January and have recommended them to the Council of Governors.

## **5. Recommendations**

5.1. The Council of Governors is asked to:

- Consider and agree the recommendation that the contract with Mazars should be extended by a further year.
- Approve the commencement of arrangements to “market test” External Audit services later in 2021.