

From: Steven Course, Chief Financial Officer
To: Council of Governors
Date: 20 July 2017
Subject: Recommendation for the appointment of External Auditors

1.0 Purpose of the Report

1.1 For the council of governors to recommend the approve the appointment of the Trusts External Auditors.

2.0 Background

2.1 The National Health Service Act 2006 and the Trust's Constitution provide that the Council of Governors shall appoint or remove the Auditor of the NHS Foundation Trust at a general meeting of the Council of Governors.

2.2 The terms of reference of the Audit Committee state that it will make recommendations to the Council of Governors regarding the appointment of the Auditor.

2.3 There was an existing contract for this service which is due to end 31 July 2017. The Trust commenced the procurement process on the 1st May 2017 and it was agreed run a mini competition from the SBS Framework reference SBS/16/PC/ZY/8952.

2.4 A detailed specification was issued to Bidders via the Trust Complete Tender Management System (eu-supply.com) outlining the methodology and expected format of tender responses.

2.5 The project Board to administer the competition consisted of:
Steven Course, Chief Financial Officer*
Paul Hendrick, Non-Executive Director, Audit Committee Chair*
David Adams, Deputy Director of Finance*
Steve Newton, Head of Procurement*
Matthew Hart, Deputy Director of Finance
Adam Shiels, Deputy Director of Finance
Adrian Thompson, Governor, Significant Business Committee*
(Those marked with * formed the evaluation panel)

3.0 Tender analysis

3.1 Documentation was issued to 8 Bidders (London Lot). Four responses were received and fully evaluated by the evaluation panel and moderated by Procurement.

3.2 The evaluation criteria and weightings were developed and agreed with the Project Team. A breakdown of the overall evaluation criteria is shown below:

Criteria	Weighting %
All Bidders: Non-financial criteria Phase one: written: <ul style="list-style-type: none"> • Service & quality: 	50
All Bidders: Financial criteria: <ul style="list-style-type: none"> • Cost of services 	30
Shortlisted Bidders (Five highest ranked) Phase two: Presentation and Q&A session <ul style="list-style-type: none"> • Presentation to panel • Q&A 	10 10
GRAND TOTAL	100

The scoring for the service and quality evaluation was weighted relating to essential or desirable criteria.

3.3 Shortlisting and final scores are shown below.

3. Shortlisting / Final Scores

	Quality	Price	Presentation	Q&A	Total	Rank
Bidder A - Grant Thornton	47.81%	24.72%	4.00%	4.00%	80.53%	1
Bidder B - Ernst & Young	43.69%	30.00%	3.00%	3.00%	79.69%	2
Bidder C - KPMG	50.00%	21.97%	2.00%	3.00%	76.97%	3
Bidder D - Mazars	42.13%	28.87%	N/A	N/A	N/A	N/A

3.4 Recommendation of the Audit Committee:

It is recommended to award a contract to Grant Thornton, the preferred bidder, based on the following:

- Top ranking bidder.
- Strong written submission (2nd to KPMG).
- Strong Financials (2nd to Ernst & Young).

- Excellent Presentation and Q&A session, well received by all attendees.
- Appropriate levels of staffing deployed.
- Forward thinking and innovative bid/presentation willing to look at different methods of delivery.
- Good relationship with current internal auditor.

4 Action being requested

- 4.1 **Discuss** this report and **approve** the recommendation to appoint Grant Thornton as the Trust's external auditors