

EXECUTIVE SUMMARY
REPORT TO THE COUNCIL OF GOVERNORS MEETING
HELD ON 25th SEPTEMBER 2018

Subject	Provision of External Audit Service
Lead	Neil Priestley
Author	Julie Wright
Status¹	A

PURPOSE OF THE REPORT

To consider the recommendation from the Audit Committee to continue with Mazars as the Trust's External Auditor under the current contract provision for the 2018/19 financial year.

KEY POINTS

The present external audit service, provided by Mazars, is considered robust, objective, and independent and research indicates it is competitively priced.

The final year of the primary contract relates to the 2018/19 financial year and the contract allows for an option to extend for a further two financial years after that point. The Audit Committee will consider the performance of Mazars at the start of 2019, to determine if to recommend an extension of the contract or to commence a full contract re-tender during Spring 2019.

IMPLICATIONS

AIM OF THE STHFT CORPORATE STRATEGY 2012-2017		TICK AS APPROPRIATE
1	Deliver the Best Clinical Outcomes	✓
2	Provide Patient Centred Services	
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	✓
5	Deliver Excellent Research, Education & Innovation	

RECOMMENDATIONS

The Council of Governors is asked to approve the Audit Committee recommendation to continue the current External Audit appointment of Mazars for the 2018/19 financial year.

APPROVAL PROCESS

Meeting	Presented	Approved	Date
Private Audit Committee	Neil Priestley	Yes	1 July 2018

¹ Status: A = Approval
 A* = Approval & Requiring Board Approval
 D = Debate
 N = Note

SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST

REPORT TO COUNCIL OF GOVERNORS – 25th SEPTEMBER 2018

PROVISION OF EXTERNAL AUDIT SERVICES

1. INTRODUCTION

- 1.1 The Trust's current contract for external audit services was tendered during 2016, commenced with the 2016/17 financial year and runs until the 2018/19 financial year. There is an option to extend for a further two years under the contract terms at that point. The external audit service covers both financial and quality report audits and a review of the annual report.
- 1.2 The Council of Governors is responsible for appointing the Trust's External Auditor. The Audit Committee takes responsibility for recommending an audit appointment to the Governors.

2. REVIEW OF EXTERNAL AUDIT PERFORMANCE AND FUTURE ACTION

- 2.1 At a private meeting of the Audit Committee on 1 July 2018, a review of Mazars' external audit performance against the following areas/standards was undertaken:
 - Discharge of Duties, including timeliness and quality of work
 - Liaison with Internal Audit
 - Audit Objectivity and Evidence of Independence
 - Auditor Compliance with Monitor Audit Code
 - Cost of Audit Service
- 2.2 All areas were considered satisfactorily achieved, and in particular it was noted the cost of the audit service was very competitive.
- 2.3 Under Monitor's Audit Code for Foundation Trusts, external audit services should be formally market-tested at least every five years. Under the code, the Trust can therefore consider in early 2019 whether to exercise the option to extend the contract to the five year period, or to undertake a formal re-tender exercise during Spring 2019.
- 2.4 A recommendation on this will be brought to a future Council of Governors meeting.

3. RECOMMENDATION

- 3.1 The Council of Governors is asked to approve the recommendation by the Audit Committee to continue with the appointment of Mazars as External Auditor under the current contract provisions for the 2018/19 financial year.

Neil Priestley
Director of Finance
September 2018