

Item 17(iii)

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| Date | Tuesday, 08 November 2016 |
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| Title of paper | Procurement of External Auditors |
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| Presenter | Keith Edmunds, CFO, CWHHE CCGs | | | |
| Author | Simon Carney, CWHHE Head of Corporate Governance | | | |
| Responsible Director | Keith Edmunds, CFO, CWHHE CCGs | | | |
| Clinical Lead | N/A | | | |
| Confidential | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> Items are only confidential if it is in the public interest for them to be so |

The Governing Body is asked to:

- **note** the report for information;
- **note** that the Audit Panels' recommendation to Governing Bodies of whom to appoint will not be available until the second week of November; and, therefore
- **agree** to delegate authority to the Chair and Chief Officer to consider, and if appropriate agree, the recommendation of the Audit Panel on which provider to award the External Audit contract to. That decision would then be reported publicly at the Governing Body's meeting in January 2017.

Summary of purpose and scope of report

Background

The Department of Health's announcement that CCGs will move to the new audit framework in 2017/18 under the Local Audit and Accountability Act 2014 means that CCGs will select and appoint their own auditors and directly manage their contracts for the audits for the financial year starting in April 2017. The legislation underpinning this change requires that all CCGs' (throughout the country) appoint their auditors by 31 December 2016.

The direct appointment and management of external auditors aims to increase local accountability and aligns CCGs with the arrangements already in place for Foundation Trusts.

Arrangements with the current External Auditors, established under the previous regulatory regime, will expire on 31 March 2017.

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The Governing Bodies agreed in May 2016 that the Audit Committees would act as the Audit Panels and the Panels are thus tasked with overseeing the procurement process and recommending to Governing Bodies which provider should be appointed. The Governing Bodies also agreed that, in line with the Audit Committees' recommendation, a single procurement should be run across the eight NWL CCGs if practicable.

In a procurement being managed on behalf of CWHHE and BHH CCGs by North East London CSU, bids were sought from providers under the SBS Framework in September. The four substantive bids received were evaluated on 17 October by representatives of both CWHHE and BHH CCGs. CWHHE's CFO and Audit Panel Chair, along with BHH's CFO and an Audit Panel Lay member, are then due to interview the short-listed providers on 31 October. Following that, agreement from the full Audit Panels will be sought to establish the final recommendation to make to CWHHE and BHH Governing Bodies.

The procurement has been managed in such a way that, should BHH and CWHHE choose to appoint different auditors then that can be accommodated. However, the overall aim is to appoint a common auditor for all eight CCGs.

The current timetable aims for an appointment to be made by 30 November and NHS England's final deadline for such is, in any case, 31 December 2016.

With the timing of November Governing Body meetings, it is not possible in the timeframe to secure a final recommendation to put to all eight CCGs' Governing Bodies at once. However, given the tight framework governing the procurement – including the significant involvement of the Audit Panels and Audit chair - and the relatively low-risk nature of the procurement itself (pre-qualified providers only on an existing agreed framework), the Governing Body's agreement to delegate authority to the Chair and Chief Officer to consider and, if possible, agree the Audit Panel's recommendation is sought.

Quality & Safety/ Patient Engagement/ Impact on patient services:

Not directly applicable to this report.

Finance, resources and QIPP

Financial, and bidders', details would not be appropriate to include in a public report at this stage of the procurement exercise.

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| Equality / Human Rights / Privacy impact analysis |
| Not applicable. |

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| Risk |
| Procurement process risks have been mitigated through the use of NEL CSU as the procurement agent and all evaluators were trained appropriately for the exercise. The proposals in this paper mitigate the risks that a) NHS England's deadline for the appointment is missed and b) that the CCG has inadequate provision for its 2017/18 External Audit requirement. |

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| Supporting documents |
| None. |

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| Governance and reporting | | |
| Committee name | Date discussed | Outcome |
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