

Council of Governors Item 10.1

Subject: External Audit Effectiveness Review
Date of Meeting: 26th September 2022
Prepared by: James Bradley, Deputy Chief Finance Officer
Presented by: Karen Edge, Chief Finance Officer
Purpose of Report: To note

Level of assurance (please tick one)					
X	Acceptable assurance Controls are suitably designed, with evidence of them being consistently applied and effective in practice	<input type="checkbox"/>	Partial assurance Controls are still maturing – evidence shows that further action is required to improve their effectiveness	<input type="checkbox"/>	Low assurance Evidence indicates poor effectiveness of controls

1. Executive Summary

The Council of Governors appoints the external auditors. The external auditor plays an important role in the accountability structure for Foundation Trusts, reporting to governors their independent opinion on the Trust's accounts and the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Trust's external auditors for the year 2021/22 are Grant Thornton. The auditors have concluded their work on the annual report and annual accounts. Following the audit, the Trust carried out a survey to assess the effectiveness of the external audit service. The survey was distributed to 15 people (list set out in Appendix 1), encompassing NEDs, Executive Directors and those staff in Finance and Communications who have regular contact with the External Audit team. 8 people responded.

The results of the survey would indicate that Grant Thornton highlight, investigate and report well on areas of key financial risk. The feedback was very positive and indicated a professional, knowledgeable and timely service provided by the firm.

The Trust paid Grant Thornton £85k + VAT for the external audit work carried out for 2021/22, including the Value for Money assessment. This was the final year of the contract with Grant Thornton and the Trust is currently out to tender to award a contract for the audit of the 22/23 accounts and beyond.

The Council of Governors are asked to:

- NOTE the results of the annual review of external audit effectiveness.

2. Survey questions and responses

The five questions and their responses are set out below:

1. In your opinion, have Grant Thornton highlighted and adequately investigated the key areas of financial risk? If not, please provide more detail supporting your response?

8 responses, all positive, with no additional comments.

2. Reflecting on your experience with individual Grant Thornton staff, please rate them against the following;

- a. Helpful
- b. Responsive
- c. Flexible
- d. Professional
- e. Timely
- f. Knowledgeable

8 responses received as follows:

	Very Poor	Poor	Neither Good nor Bad	Good	Excellent
Helpful			1	4	3
Responsive				5	3
Flexible				6	1
Professional				3	5
Timely				5	3
Knowledgeable				5	3

The responses are overwhelmingly positive, with nearly all responses outlining a good or excellent service. The same questions were asked following the prior year audit, and it is clear that the feedback this time shows an improvement.

3. Grant Thornton only make reasonable and relevant requests for information to support their work?

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Responses			1	4	2

Generally positive feedback on the suitability of the requests and questions asked by external auditors. Linked to the first question, the audit focused on the right areas.

4. How would you rate the reports produced by Grant Thornton (are they clear, well-written and focussed on objectives and risks)?

	Very Poor	Poor	Neither Good nor Bad	Good	Excellent
Responses				4	2

Six responses received – all positive responses regarding reporting.

5. Overall, how have you found the interactions with Grant Thornton? Are there any areas that stand out for praise or improvement? Please detail.

This question was a free-text cell for comments, with four responses received (copied below in italics):

"I thought the audit went very smoothly. It was well-organised and completed on time. It was thorough and focused on appropriate risks. The report and presentation to Audit Committee was clear, tailored to the Trust and presented effectively."

"Very professional and work well with the Trust."

"Every auditor I had contact with was always professional, polite and very timely with their responses. My only slight criticism was that some sample requests were very large and there was some repetition in the various samples requested of the team."

"My only contact with the GT team has been at the Audit Committee so my answers are based on limited exposure and I cannot comment at all on Q3. I have, however, never had any reason to be concerned about their attitude or the quality of their reports."

3. Conclusion

As the audit has concluded for 2021/22, feedback from those involved was sought. The feedback received shows that the audit focused on the risks, was thorough, and that Grant Thornton were professional, knowledgeable and the audit was well-organised. The reports were well received.

2021/22 was the final year of the contract with Grant Thornton and the Trust is currently out to tender for a supplier of external audit services beginning with the 2022/23 accounts.

4 Recommendation

The Council of Governors are asked to:

- NOTE the results of the annual review of external audit effectiveness.

Appendix 1: Survey Distribution List

Karen Edge
Jing Ma
Matthew Back
Julian Farmer
Bob Burgoyne
Louise Robson
Nicholas Brooks
Andrew Lang
Sam Sharp
Andrew Hindley
Carla Richardson
Margaret Thomas
Katie O'Leary
James Bradley
Victoria Brown