

Policy for Engagement of Additional Services from the External Auditor

Version 1.0

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Summary of Key Changes Since Last Approved Version:

- New template used for policy update
- Reference to updated Financial Reporting Council guidance
- Definition of independence
- Inclusion of threats to independence

Policy/Guideline Summary

Summary & Aim

The Audit and Risk Committee is responsible for ensuring there is a clear policy in place for the engagement of external auditors to supply additional services to safeguard their independence and objectivity.

In principle, the Trust should avoid the involvement of its external auditors in additional services.

There are limited circumstances where it may be appropriate to procure additional work from the external auditors. If this is the case, the safeguards in this policy must apply, and any requests should be made to the Director of Finance.

Applicable to:

External Auditors

Any staff seeking to commission additional support from the external audit service.

Training:

The appointment of the Trust's external auditors is undertaken by the Council of Governors in conjunction with the Audit and Risk Committee and Director of Finance. Commissioning of the external auditors to undertake any additional work outside of their statutory audit work is a highly unusual occurrence and requires approval by the Director of Finance in conjunction with the Audit and Risk Committee. Additionally, the external auditors have their own checks in place to safeguard their independence and to ensure that they do not undertake any additional work which would compromise or undermine their ability to perform an independent audit of the Trust's financial statements. Therefore, wide-spread training regarding this policy is not required.

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SECTION 1 – INTRODUCTION

1.1 Policy Statement and Rationale

As a prerequisite for complying with the standards required to safeguard the independence of external auditors, this document sets out the Trust's approach to be followed in relation to the provision of additional services.

1.2 Key Principles

- 1.2.1 As a general principle, the Trust will seek to avoid the involvement of its external auditors in additional services.
- 1.2.2 However, there will be some circumstances where such involvement is appropriate and, indeed, advisable, or a compelling case can be made for such involvement, e.g. audit related services not actually part of the agreed audit scope but closely related to it.
- 1.2.3 Under the guidance from NHS England,¹ use of the Trust's auditors is prohibited in connection with the following areas of work:
 - Preparation of tax returns or support in dealings with the revenue authorities
 - Playing any part in management or decision-making of the Trust
 - Secondments to management positions that involve any decision making
 - Any work where a mutuality of interest is created that could compromise the independence of the external auditors
 - Book-keeping, preparing accounting records or the financial statements
 - Providing payroll services
 - Designing or implementing any internal control or risk management procedures related to preparing or controlling financial information
 - Designing or implementing any internal control or risk management procedures related to financial information technology systems
 - Any valuations, including actuarial or litigation-related
 - Provision of legal services to the Trust
 - Provision of internal audit services to the Trust
 - Services related to capital financing, structure and allocation
 - Services related to the investment strategy of the Trust
 - Any non-audit services in respect of the shares in an organisation that is subsidiary or otherwise controlled by the Trust
 - Provision of human resources services to the Trust
 - Any other services which are defined as prohibited within relevant directives and guidance.

¹ Reference should be made to the detailed NHS England guidance in any areas of doubt, [Audit guides - NHS England Digital](#)

1.3 Background Information

- 1.3.1 The external auditors are appointed by the Council of Governors with the guidance of the Board's Audit and Risk Committee. The auditors are appointed for a defined contractual period to undertake the annual audit of the Trust's accounts.
- 1.3.2 The total cost of non-audit services provided by the Trust's audit firm may not exceed 70% of the total audit fee for the year, in each year.
- 1.3.3 This policy sets out the process for considering any additional services that may be required.

1.4 Definitions

Term	Definition
FRC	Financial Reporting Council
Independence comprises: (a) Independence of mind (b) Independence in appearance	<p>The state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism.</p> <p>The avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude that a firm's, or an audit or assurance team member's, integrity, objectivity or professional scepticism has been compromised.</p>
The Trust's accounts	The statements for the financial year 1 April to 31 March as part of the Annual Report, a statutory requirement for NHS Foundation Trusts, Schedule 7, paragraph 26 of the NHS Act 2006

1.5 Key Related Documents

- Trust Standing Financial Instructions and Scheme of Delegation
- Financial Reporting Council Revised Ethical Standard 2024
- National Audit Office Code of Audit Practice 2024.

SECTION 2 – DUTIES AND RESPONSIBILITIES

- 2.1 The designated Responsible Officer is the Director of Finance.
- 2.2 Under no circumstances can any member of staff make a commitment to obtain non-audit services from the external auditors prior to obtaining the approvals required by this policy. The Director of Finance must be consulted and provided with full details of the proposal.
- 2.3 The Director of Finance will assess the proposal and decide as to its validity for presentation to the Audit and Risk Committee.
- 2.4 The Audit and Risk Committee will consider any proposal, and prior approval is required before any commitment to utilise the external audit firm for non-audit services can be entered into.

SECTION 3 – POLICY DETAILS

The process to be considered in preparing a proposal for non-audit services is set out below.

In circumstances where there is no conflict of interest and a compelling case can be made for involving the external auditors, the Trust should consider the criteria presented in this policy and present a report to the Audit and Risk Committee for approval.

3.1 Threats to independence

The Financial Reporting Council sets auditing and ethical standards and monitors and enforces audit quality. Its [Revised Ethical Standard 2024](#) sets out the principal threats to the integrity, objectivity and independence:

- self-interest – when any member has financial or other interests which might be, or perceived to be, impacting on actions that may be required. Regarding non-audit or additional services, the main threats concern fees and economic dependence
- self-review - where the auditors may be checking their own colleagues work and may feel constrained from identifying risks and shortcomings and taking an impartial view
- management – becoming closely aligned with the views and interests of management
- advocacy – supporting a position taken by management in an adversarial context, where the firm has to adopt a position closely aligned to that of management
- familiarity (or trust) - where the level of constructive challenge provided by the auditor is diminished as a result of assumed knowledge or relationships that exist
- intimidation - where the independence of the auditor could become compromised or influenced by fear or threats from a dominant party within the Trust.

When assessing whether there is a risk to auditor independence, the matters set out in paragraph 5.14 of the Ethical Standard should be considered.

3.2 Preparing a proposal

Should no threats to independence be evident, a proposal is to be prepared to include consideration of the following elements:

- Confirmation that the external auditors have performed their internal independence checks and no issues have been raised
- A justification as to why, exceptionally, the use of the external audit firm for the proposed work is appropriate and will not impact on the independence of the audit process
- The cost of the proposed use of the external audit firm
- The cumulative amount of non-audit fees incurred and committed to for the year to date, together with that proposed; and that amount as a percentage of the audit fee for the year.

The proposal will be submitted to the Director of Finance who will consider its validity for presentation to the Audit and Risk Committee.

The proposal will be presented to the Audit and Risk Committee by the individual leading on the project where it is proposed to use non-audit services, who will make themselves available to answer queries from the Committee.

3.3 The Council of Governors

The appointment of the external auditor has been reserved by Parliament to the Council of Governors. Accordingly, either the Audit and Risk Committee or the external audit firm may require that the question of approval is referred to the Council for decision. In this event, no commitment can be entered into without the prior approval of the Council.

3.4 Reporting

Where any approvals have been granted under this policy within a financial year, the Council of Governors should receive a report at least annually of non-audit services that have been approved for the auditors to provide under the policy (on the basis of services approved, regardless of whether they have started or finished) and the expected fee for each service.

The Council is entitled to take this information into account in considering any question of the appointment or removal of an audit firm, in accordance with its statutory responsibilities.

SECTION 4 – TRAINING AND EDUCATION

Type here using normal text

The Responsible Officer, with line managers, must identify any training or education needs and how these are to be met with a defined timescale. Details should either be included within the document or in a separate training plan accompanying the document when approval or ratification is sought and hyperlinked to the document

Education / Training Need	Staff Group	Method of Training / education	Responsibility for Training	Timescale to complete
Not applicable (see page 2)				

SECTION 5 – DEVELOPMENT AND IMPLEMENTATION INCLUDING DISSEMINATION

The Director of Finance, the Trust Secretary and the Financial Controller were involved in the development and implementation of this document. It will be shared on the Trust's intranet and included within financial training and will be provided to members of the Executive Management Committee including all Divisional Management Teams.

SECTION 6 – MONITORING COMPLIANCE AND EFFECTIVENESS

The process for monitoring compliance with the effectiveness of this policy is as follows:

The Director of Finance, Financial Controller and External Audit Partner meet monthly to discuss audit work, Trust performance and emerging issues. Where it is deemed necessary and appropriate to engage external auditors to undertake additional services, such requirements will be discussed at these meetings.

Aspect being monitored	Monitoring Methodology	Reporting		
		Presented by	Committee	Frequency
Compliance with this policy to ensure no additional work is procured from external auditors outside of the requirement for statutory audit	Monitoring of Trust finance ledger for purchase orders and invoices	Financial Controller	Audit and Risk Committee	By exception

SECTION 7 – CONTROL OF DOCUMENT INCLUDING ARCHIVING ARRANGEMENTS

- 7.1 Once ratified by the Audit and Risk Committee the Responsible Officer will forward this document to the Information Governance Department for a document index registration number to be assigned and for the document to be recorded onto the central hospital master index and central document library of current documentation.
- 7.2 In order that this document adheres to the Hospital's Records Management Policy, the Information Governance Department will:
- Ensure that the most up-to-date version of this document is stored on the documentation library.
 - Archive previous versions of this document.
 - Retain previous versions of this guideline for a period of time in accordance with the NHS Records Retention and Disposal Schedule.

SECTION 8 – SUPPORTING COMPLIANCE AND REFERENCES

- 8.1 This policy will support the Trust's compliance with
- Its legal obligations as set out in Schedule 7, paragraph 23(2) with regard to the appointment or removal of the auditor
 - Standing Financial Instruction 2.4.2 and the provision of services which are outside scope of the audit

DOCUMENT CONTROL

Archive date i.e. date guideline no longer in force	<i>To be inserted by Information Governance Department when this document is superseded. This will be the same date as the implementation date of the new document.</i>
Date document to be destroyed i.e. 25 years after archive date	<i>To be inserted Information Governance Department when this document superseded</i>

Previous published version history:

Registered document number	Version Number	Date of Issue	Date of archive
	1.0	November 2018	
	2.0	January 2020	
	2.1	November 2021	

This is a Controlled Document

Printed copies of this document may not be up to date. Please check the Trust intranet for the latest version and destroy all previous versions.

Trust documents may be disclosed as required by the Freedom of Information Act 2000.

Sharing this document with third parties

You need to decide if this document can be shared. If yes – apply and insert the following:

As part of the Trust's networking arrangements and sharing best practice, the Trust supports the practice of sharing documents with other organisations. However, where the Trust holds copyright to a document, the document or part thereof so shared must not be used by any third party for its own commercial gain unless this Trust has given its express permission and is entitled to charge a fee.

Release of any strategy, policy, procedure, guideline or other such material must be agreed with the Lead Director or Deputy/Associate Director (for Trust-wide issues) or Business Unit/ Departmental Management Team (for Business Unit or Departmental specific issues). Any requests to share this document must be directed in the first instance to *(insert the name of the Responsible Officer)*.

For further advice see the Development and Management of Trust wide Procedural Documents Policy

If no, then insert and apply the following and give reasons for non-disclosure e.g. release of information would jeopardise security e.g. location of safes

Full Equality Analysis (Impact Assessment) Template

Please complete Step 1 below;
If an Equality Analysis is found to be relevant in Step 1, please go on to complete Steps 2 - 9 below

Please ensure that the **MANDATORY FIELD** in **STEP 1** is completed
If an Equality Analysis is found to be required,
Please also ensure that the **MANDATORY FIELD** in **STEP 7** is completed
For support with undertaking this Equality Analysis please contact Head of Equality Diversity and Inclusion at: EDI.Team@esneft.nhs.uk

Step 1: Screening & Establishing Relevance

Public Sector Equality Duty (PSED)

Under the Equality Act 2010, all policies, decision, projects, proposals should be assessed for their relevance to equality. The public sector equality duty (PSED) requires that when exercising its functions a public body must have due regard to the need to:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristics and those who do not;
- Foster good relations between people who share a protected characteristic and those who do not.

Protected Characteristics

If the work being undertaken is going to have an effect or impact on people, i.e. patients, staff and/or the public, you need to analyse the effect on equality for all protected characteristics – namely: Age, Disability, Sex, Race, Gender Reassignment, Sexual Orientation, Religion and Belief, Pregnancy and Maternity, Marriage and Civil Partnership and any other identified groups (for example Carers, homeless people, Gypsies and Travellers, sex-workers and migrant groups).

Brief summary of the work being undertaken

The policy relates to the potential engagement of the external auditors to undertake additional services for the Trust and prescribes how such a decision is to be taken in order to preserve the auditor's independence and objectivity.

Is there a potential for this work to have an effect or impact on patients, staff and/or members of the public?

No

Is the PSED relevant to this work?

No

MANDATORY FIELD

Please explain how you have reached your conclusion that the work being undertaken is or isn't relevant to the PSED/affects protected characteristics:

Any proposal would be considered in full and assessed for its relevance to equality as the Trust is required to meet the Public Sector Equality Duty.

If you have concluded that an Equality Analysis is necessary, please continue the equality analysis below by following Steps 2 to 9:

Step 2: Responsibility, Development, Aims and Purpose

Which organisation, including named individual lead, holds overall responsibility for the policy / strategy / service redesign, review?

Type here...

Who else has been involved in the development?

Type here...

Purpose and aims:

Briefly describe the overall purpose and aims of the work. For a new service, describe the rationale and need for the proposal, referring to evidence sources. For a change in service or pathway, specify exactly what will change and the rationale / evidence, including which system priority this will contribute to.

Who is intended to benefit from the implementation of this piece of work?

Type here...

What are the key outcomes/ benefits for the groups identified above?

Type here...

Does it meet any statutory requirements, outcomes or targets?

Type here...

**Does it contribute to the NHS Equality Delivery System (EDS2) Goals?
(Tick all that apply)**

- Goal 1 – Better health outcomes
- Goal 2 – Improved patient access and experience
- Goal 3 – Representative and supported workforce
- Goal 4 – Inclusive leadership

Step 3: Protected Characteristics and the PSED – Analysis of Impact

Provide analysis of both the positive and negative impacts of the proposal against each of the protected characteristics, providing details of the evidence used.

Use both qualitative and quantitative evidence as appropriate. If the work is targeted towards a particular group or groups – provide justification e.g. women only services. Any gaps in evidence should be accounted for and included in your Action Plan (Step 8).

The following links provide the most recent population, demographic and health inequalities information to support your analysis:

Background Documents: [Suffolk JSNA](#) [Essex JSNA](#)

Age

Consider and detail impact and evidence across all age groups.

Type here...

Disability

Consider and detail impact and evidence on disability (this includes physical, sensory, learning, long-term conditions and mental health).

Type here...

Sex

Consider and detail impact and evidence on both males and females.

Type here...

Race

Consider and detail impact and evidence on all ethnic groups.

Type here...

Religion and/or Belief

Consider and detail impact and evidence on people of different religions, beliefs and on people of no religion.

Type here...

Sexual Orientation

Consider and detail impact and evidence on people of different sexual orientations.

Type here...

Gender Reassignment

Consider and detail impact and evidence on transgender people.

Type here...

Pregnancy and Maternity

Consider and detail impact and evidence on work arrangements, breastfeeding etc.

Type here...

Marriage and Civil Partnership

Consider and detail impact and evidence on employees who are married or in a civil partnership.

Type here...

Other Excluded Groups / Multiple and social deprivation

Consider and detail impact and evidence on groups that do not readily fall under the protected characteristics such as transient communities, ex-offenders, asylum seekers, sex-workers, people living in rural areas etc.

Type here...

Public Sector Equality Duty (PSED)

Provide detail on how the proposal impacts on:

- Eliminating unlawful discrimination, harassment and victimisation;
- Advancing equality of opportunity between people who share a protected characteristic and those who do not;
- Fostering good relations between people who share a protected characteristic and those who do not.

Type here...

Duties as to Reducing Inequalities

Provide detail on how the proposal impacts on:

- Reducing inequalities between patients with respect to their ability to access health services;
- Reduce inequalities between patients with respect to the outcomes achieved for them by the provision of health services.

Type here...

Step 4: Human Rights

The FRED A principles (fairness, respect, equality, dignity and autonomy) are a way in which to understand human rights and is a core element of the NHS Constitution.

You should consider and evidence how your proposal impacts on these principles and so respects human rights. For example, the principle of Autonomy informs the right to respect for private and family life and so could be about involving people in decisions made about their treatment and care. *Note:* as the Equality principle is evidenced in previous steps it is not included below.

FREDA principle:

Evidence of Impact:

Fairness

Type here...

Respect

Type here...

Dignity

Type here...

Autonomy

Type here...

Step 5: Engagement and Involvement (Duty to involve)

How have you involved users, carers and community groups in developing this proposal?

Please give details of any research / consultation drawn on (desk reviews – including complaints, PALS, incidents, patient and community feedback, surveys etc.)

Type here...

Also please give details of any specific discussions or consultations you have carried out to develop this proposal:

For example, discussions or consultations with users, carers, protected characteristic groups and / or their representatives, other communities of interest (e.g. user groups, forums, workshops, focus groups, open days etc.)

Type here...

How have you used this information to inform the proposal?

For example, has the proposal been altered in consideration of any the information outlined above?

Type here...

Have you involved any other partner agencies?

For example, Local Authorities, Health and Well-being boards, Public Health, NHS Trusts, GP Practices, CSU or CCGs - please give details of any involvement to date or planned.

Type here...

Step 6: Monitoring Arrangements

Please outline how equality and diversity issues will be monitored to ensure that the proposal/service does not result in a disproportionate impact on any protected group:

For example, are there contractual requirements to provide equality monitoring data on those accessing the service or making complaints?

Type here...

Which committee or group will receive updates on the monitoring?

Please include details of how often reports will be presented.

Type here...

Step 7: Decision Making

Next Step

Taking the equality analysis and the engagement into consideration, and the duties around the Public Sector Equality Duty, you should now identify what your next step will be for the proposal.

Four decision steps are available:

- A. Continue with the proposal as it is**
- B. Adjust the proposal to consider the issues identified above**
- C. Stop and remove the current proposal**
- D. Carry out further analysis of data/information prior to any final recommendations**

Please select

Type here...

Please give a rationale for the decision that you have chosen:

Type here...

Step 8: Action Plan

Action	What will it achieve or address?	Lead Person	Deadline

Review date:

Step 9: Sign Off

Director / Senior Responsible Officer*

Date signed

Presented to <INSERT NAME> Committee

Publication date

***The Director / Senior Responsible Officer needs to be assured that there is sufficient information about the likely effects of the proposal in order to ensure proper consideration is given to the statutory duties.**

- 1) For review and support send the completed draft Equality Analysis with your document to the Head of Equality Diversity and Inclusion: EDI.Team@esneft.nhs.uk
- 2) Once reviewed make arrangements to have the EA put on the relevant Committee agenda
- 3) Use the Action Plan (Step 8) to record the changes you are intending to make to the document and specify a review date.

LCFS Proforma

To: Trust Local Counter Fraud Specialist (LCFS)

Date: Click or tap to enter a date.

Please find attached a document entitled:

As agreed within the consultation process outlined within the *Development and Management of Trust wide Procedural Documents Policy*, I am sending the above document to you so that you can advise the Trust on any fraud and corruption risks, based on the assessment outlined below:

Assessment	✓	Page/Section Reference
It includes the requirement for a claim form or a declaration form e.g. expenses, receipt of key information/codes of practice (subject of disciplinary proceedings)	<input type="checkbox"/>	
It includes the recruitment of staff at any level e.g. procedures for identifying staff and confirming qualifications etc.	<input type="checkbox"/>	
It includes the payroll function e.g. procedures and arrangements for paying staff, including paying expenses	<input type="checkbox"/>	
It includes Trust assets, stocks and supplies, stores etc. e.g. purchase, receipt, monitoring, destroying	<input type="checkbox"/>	
It includes patient assets e.g. possessions and cash whilst on site	<input type="checkbox"/>	
It includes procurement processes e.g. the process for awarding contracts	<input type="checkbox"/>	
It includes signing of contracts e.g. with NHS or non-NHS organisations	<input type="checkbox"/>	
It includes a financial administration process e.g. invoices, creditors, debtors, accounts	<input type="checkbox"/>	
It includes financial transactions e.g. cash, cheques, invoices	<input type="checkbox"/>	

Requested by: (signature) _____ Job Title: _____

E-mail address: _____ Telephone No: (in full) _____

This completed request is to be sent to the LCFS:

mark.kidd@rsmuk.com or mark.kidd@nhs.net

For LCFS use only:

As per the above request, I have received the document and provide the following advice:

Signed: _____ E-mail address: _____ Date: Click or tap to enter a date.

Intranet Document Upload Request form for Strategies, Policies, Protocols, Procedures, Guidelines and Other Guidance Material

Please complete all sections below

Title of document to be uploaded	Policy for Engagement of Additional Services from the External Auditor
Name of Responsible Officer	Adrian Marr, Director of Finance
Email address	Adrian.marr@esneft.nhs.uk
Group/Division	Corporate
Department	Finance
CDG	Finance
Site Applicable to	ESNEFT
Document Type	Policy
Date to be uploaded on intranet (implementation date)	16/09/2025
Alternate email or contact (generic email inbox or governance team email)	Board.Committee@esneft.nhs.uk
Risk Score (Red, Amber or Green)	Green
Is this a new document or a replacement for one already on the intranet? <ul style="list-style-type: none"> If a replacement, please give the title and document's name that this supersedes so that it can be removed 	Replacement
Any other comments	

Guidance Notes

If you are submitting the document as part of the Document Registration process, please email this form, together with your document, to the Information Governance Department at policies@esneft.nhs.uk. The Information Governance Department will register your document, return the registered Word version to you, and upload a copy to the Trust Policies & Procedures intranet page.

On the 'implementation date' specified above, the IG team will

- upload the new document on the specified intranet page
- if appropriate, remove the previous version or the document that has been superseded by the new document and forward this to the Information Governance Department for archiving on the central Trust database.