

**Health Professions Council  
Audit Committee 26 June 2007**

**PROCESS FOR REVIEWING THE PERFORMANCE OF THE EXTERNAL  
AUDITOR**

**Executive Summary and Recommendations**

**Introduction**

The Executive, with input from Mr Kennett, has prepared the attached draft process for reviewing the performance of the external auditor (currently Baker Tilly). It is intended that this process will be used for the first time this year, to feed into the Committee's proposed review of Baker Tilly's performance at the Committee meeting on 25 September 2007.

**Decision**

The Committee is asked to:

- (1) discuss the attached draft process and
- (2) subject to any amendments, agree that the process should be used in 2007 and in future years for reviewing the performance of the HPC's external auditor.

**Background information**

The process for reviewing the performance of the external auditor is similar to the process for reviewing the internal auditor, which is the subject of a separate paper at this meeting.

**Resource implications**

None.

**Financial implications**

None.

**Appendices**

Draft timetable and questions for reviewing the performance of the external auditor.

**Date of paper**

15 May 2007.

## **Timetable and questions for reviewing the external auditor's performance**

Late June meeting of Committee - Audit Committee receives audited annual report and accounts for consideration/recommendation to Council.

Late June meeting of Committee - Audit Committee decides whether to seek Finance Director and Chief Executive views on external audit and whether to use the questionnaire below.

June/July - Executive provides feedback on external audit for circulation to the Committee by email.

August - early September - Secretary to Committee circulates questionnaire to each member of the Audit Committee for consideration.

Late September meeting of Committee - Committee discusses external auditor's performance and decides whether to reappoint them for a further year. This process should be undertaken at the private part of the meeting.

Any decision will require Council ratification at the December Council meeting.

Question	Response
<p><b><u>For discussion at the Committee</u></b></p> <p><b>Is the external auditor independent and objective?</b></p> <p>Is the auditor's judgement or independence impaired in any way?</p> <p>Does the auditor and its staff have any family, financial, employment or business relationship with the Council (other than in the normal course of business)?</p> <p>Does the auditor have policies and processes for managing its independence and monitoring compliance with relevant requirements, including current requirements regarding rotation of audit partners and staff?</p> <p>Where the auditor provides non-audit work (e.g. taxation advice or other financial services), does the provision of such services impair the auditor's independence or objectivity?</p>	
<p><b>Was the annual audit process effective?</b></p> <p><u>For Finance Director</u></p> <p>Did the auditor meet the agreed audit plan and, if not, what were the reasons for any changes, including changes in perceived audit risks and the work undertaken by the auditor to address the risks?</p> <p><u>For the Committee</u></p> <p>Was the auditor robust and perceptive in handling key accounting and audit judgements and responding to questions from the Audit Committee?</p>	

<p><u>For the Committee</u>  What feedback is there about the conduct of the audit from the Director of Finance and other key people involved?</p>	
<p><u>For the Committee</u>  Is the external auditor's management letter based on a good understanding of the Council's business?</p>	

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