

Appointment of the external auditor

Introduction and purpose

It is considered good governance to regularly review an organisation's external audit services and to put the audit contract out to tender at least every ten years. The purpose of holding an audit tender is to benchmark the services provided by the incumbent auditor against those offered by other firms, with the aim of obtaining the best quality and most effective audit at an appropriate cost. It may be decided through a process such as this that this is best secured by reappointing the incumbent auditor.

A commitment was made to members of Parkinson's UK at the October 2018 AGM that the external audit contract would be put out to tender in 2019.

Tender process

The Audit and Risk Committee (ARC) and the Director of Finance and Performance led on the external audit tender process.

A number of audit firms were considered for invitation to tender and the following firms were spoken to before sending out an invitation:

- Crowe – the incumbent auditors a mid-tier firm regarded as a leading charity specialist
- PwC – one of the Big 4, has a strong charity's team
- BDO - a mid-tier firm with a dedicated not for profit team
- RSM – a mid-tier firm with a dedicated not for profit team
- Sayers Vincent – a small firm but has a clear focus on charities

As part of the initial discussions PwC indicated that it was likely their fees would be higher than the mid-tier firms and the committee did not feel they could justify spending more on the service that would be well served by the other firms on the list including the incumbent. Likewise, it was decided to discount Sayers Vincent as it was felt it was not large enough to service the charity's requirements.

An invitation to tender was sent out to Crowe, BDO and RSM setting out the key criteria which they would be assessed against. Following receipt and review of their proposals all three firms demonstrated they could deliver a strong audit offering and scored well against the key criteria. All three firms were invited to interview on 6 June 2019.

The selection panel was chaired by the Chair of ARC, Tim Tamblyn and made up of the trustee and local group treasurer, Paul Warner, the Director of Finance and Performance, Hanah Burgess and the Deputy Director of Finance and Performance, Stephen Hooper.

Through the process all three firms were able to demonstrate that they understood the charity's requirements and that they have the relevant experience and capabilities to deliver a robust and high quality audit. All three firms offered reasonable fees for their services in line with the current fees. However, the panel agreed that BDO stood out as being able to provide the best quality and most effective audit and it was agreed that they should be recommended for appointment.

BDO is a mid-tier firm providing audit & assurance, tax, advisory and business & outsourcing services. It has a strong presence in the UK employing over 5,000 people and also operates globally employing over 80,000 people. BDO merged with the audit firm Moore Stephens LLP in February 2019 and are now a £590m firm. They have a dedicated team of NFP & charitable sector specialists across all service lines and an extensive charitable & NFP client base of over 500 including large fundraising charities and those working in the health and research sectors.

The board approved the ARC's recommendation to appoint BDO as the charity's external audit providers.

Recommendation

The Board recommend to the members that BDO be appointed the charity's external audit and that they will complete the 2019 year end audit. Members are asked to consider and, if thought fit, pass the following resolution which shall be proposed as an Ordinary Resolution:

That BDO LLP be appointed as auditors of the charity and the Board of Trustees authorised to agree their remuneration.