Ashford and St. Peter's Hospitals NHS
NHS Trust

COUNCIL OF GOVERNORS
1st December 2010

TITLE	**Appointment of auditors**
EXECUTIVE SUMMARY	The NHS Act 2006 states 'A public benefit corporation (Foundation Trust) must have an auditor. It is for the board of governors to appoint or remove the auditor at a general meeting of the board.' The Foundation Trust Network Governors' Guide to Statutory duties goes on to advise: Upon authorisation as an NHS Foundation trust, the auditor appointed by the Audit Commission to the predecessor Trust will continue to be appointed until the Council of Governors has had an opportunity to discuss the matter.
The Council is asked to:	a) Approve the re-appointment of KPMG as external auditor to the end of financial year 2011/12 (to include the final audit of the accounts for that financial year). b) Establish a "governors' audit working group" to work jointly with the Audit Committee to tender the external audit for 2012/13 onwards.
Submitted by:	John Headley Director of Finance and Information
Date:	26th November 2010
Decision:	For Approving

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Appointment of Auditor

1 Background

Key aspects of the role of the governors in relation to external audit are set out in chapter 6 of "Your statutory duties: a reference guide for NHS foundation trust governors" (attached).

2 Current Position

The Audit Commission appoints the auditor (external) to NHS (non-Foundation) trusts.

The external auditors for Ashford and St. Peter's Hospitals NHS Trust are currently KPMG LLP and they have carried out this role for a number of years. The Trust has a good history of working with KPMG.

It is the recommendation of the Trust's Audit Committee and Trust Board that KPMG continue as the Trust's external auditor for the remainder of the current financial year (Dec 2010 to March 2011), and for one further year (April 2011 to March 2012).

This follows practice established by many existing FT's to ensure continuity in the first year following authorisation.

The Council of Governors will need to agree with the Audit Committee the criteria for appointing the auditor in future. The Audit Committee will determine the skills, qualifications and experience required of the auditor and will run the formal procurement process in a fair and transparent manner. The Council will approve the appointment.

We recommend that a joint team of Governors and Audit Committee members is formed to coordinate the process.

A tendering exercise is a rigorous process and is likely to take at least 2-3 months - we suggest that the tender exercise takes place in the summer of 2011.

3 RECOMMENDATION

That KPMG be re-appointed as external auditor to the end of financial year 2011/12 (to include the final audit of the accounts for that financial year).

That a small working group of Governors is established to work with the Audit Committee to appoint the future auditor for 2012/13 onwards. This will include a decision on the term of appointment.

John Headley
Director of Finance and Information