

## Appendix C: Criteria for the selection of auditors of NHS foundation trusts and rotation of auditors

### Appointment of auditors

The council of governors of the NHS foundation trust is responsible for appointing an auditor.

The council must ensure that the auditor appointed by the council of governors meets the following criteria specified in the legislation, at the date of appointment and on an on-going basis throughout the term of their appointment:

- 1 the auditor must satisfy the criteria for appointment as an auditor of an NHS foundation trust, as set out in paragraph 23(4) of Schedule 7 of the 2006 Act; and
- 2 the auditor must comply with the *Audit Code for NHS Foundation Trusts* – as required by paragraph 24(5) of Schedule 7 of the 2006 Act.

In addition, the council should ensure that:

- 3 the auditor must have an established and demonstrable standing within the healthcare sector and be able to show a high level of experience and expertise. The work is of a specialised nature, and so general audit experience is not sufficient; and
- 4 the auditor must subject the audit to internal quality control procedures which are sufficiently robust to monitor the compliance of the audit work with the *Audit code for NHS Foundation Trusts*.

### Rotation of auditors

The audit committee of the NHS foundation trust established in accordance with paragraph 23(6) of Schedule 7 must assess the auditor's work and fees on an annual basis to ensure that the work is of a sufficiently high standard and that the fees are reasonable. Performance measures may be used as part of the assessment.

The audit committee shall then make a recommendation to the council of governors with respect to the reappointment of the auditor.

If the auditor's work has been satisfactory and the charges reasonable, the council of governors may reappoint the auditor for the following year without the need for a formal selection process. However, Monitor recommends that the NHS foundation trust should undertake a market-testing exercise for the appointment of an auditor at least once every five years.

Auditors must comply with the relevant ethical standards in relation to rotation of key individuals within the audit team.

When an auditor's appointment ends, the chair of the council of governors must write to Monitor informing it of the reasons behind the decision.