

**Executive Summary**  
**Report to the Council of Governors' Meeting**  
**Held on 10<sup>th</sup> September 2024**

<b>Subject</b>	External Audit Services
<b>Lead</b>	Louisa Cowell, Chief Finance Officer
<b>Author</b>	Julie Wright, Deputy Chief Finance Officer (Financial Accounting)
<b>Status<sup>1</sup></b>	A

### PURPOSE OF THE REPORT

To consider the recommendation from the Audit Committee to continue with KPMG as the Trust's External Auditor under the current contract provision for the 2024/25 financial year.

### KEY POINTS

KPMG commenced as the Trust's External Auditor in September 2021 with a 3 year contract ending with the 2023/24 financial year. The Council of Governors agreed to take the contract extension option to the 2025/26 financial year at its meeting in September 2023.

The Audit Committee has undertaken its routine assessment of the KPMG service following the 2023/24 external audit and is satisfied with performance and value for money.

### IMPLICATIONS<sup>2</sup>

Aim of the STHFT Corporate Strategy		✓ Tick as appropriate
1	Deliver the Best Clinical Outcomes	✓
2	Provide Patient Centred Services	
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	✓
5	Deliver Excellent Research, Education & Innovation	
6	Create a Sustainable Organisation	

### RECOMMENDATIONS

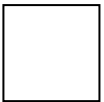
The Audit Committee recommends to the Council of Governors that KPMG continues to be the Trust's External Auditor for the 2024/25 financial year as per the current (extended) contract.

### APPROVAL PROCESS

Meeting	Date	Approved Y/N
Audit Committee	16/07/2024	Y

<sup>1</sup> Status: A = Approval  
A\* = Approval & Requiring Board Approval  
D = Debate  
N = Note

<sup>2</sup> Against the six aims of the STHFT Corporate Strategy 2022-2027



**SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST**  
**REPORT TO COUNCIL OF GOVERNORS – 10<sup>th</sup> SEPTEMBER 2024**  
**EXTERNAL AUDIT SERVICES**

**1. INTRODUCTION**

- 1.1 The Trust's current contract for external audit services commenced with the 2021/22 financial year and runs until the 2025/26 financial year, following enactment of the option to extend the original three-year contract for a further two-year period in Autumn 2023. The External Audit service covers the financial statements audit, a review of the annual report and an assessment of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of its resources (VFM assessment).
- 1.2 Due to the ongoing difficult public sector audit market, the Trust did not receive any response to its standard tender process during 2021 and needed to approach the professional firms who had initially expressed an interest in responding to the tender. This approach led to the appointment of KPMG as external auditors. This difficult position was still extant at the point of contract consideration in 2023.
- 1.3 The Council of Governors is responsible for appointing the Trust's External Auditor. The Audit Committee takes responsibility for recommending an audit appointment to the Governors.

**2. REVIEW OF EXTERNAL AUDIT PERFORMANCE**

- 2.1 Following the completion of the 2023/24 Annual Accounts process, the Audit Committee undertook its normal process to review the performance of KPMG at its private meeting on 16<sup>th</sup> July 2024.
- 2.2 At that private meeting of the Audit Committee, a review of KPMG's external audit performance against the following areas/standards was undertaken:
- Discharge of Duties, including timeliness and quality of work
  - Liaison with Internal Audit
  - Audit Objectivity and Evidence of Independence
  - Auditor Compliance with Monitor Audit Code
  - Cost of Audit Service
- 2.3 The Audit Committee was satisfied with the performance and value for money of KPMG, having had a smooth and timely Audit process for the 2023/24 accounts and agreed to recommend to the Council of Governors that KPMG continue to be the Trust's External Auditors for 2024/25 (as per the extended contract).
- 2.4 As part of this assessment, the Audit fee was benchmarked against other Shelford and Large Northern Acute providers. This showed that the fee proposed by KPMG was in-line with other organisations.

**3. RECOMMENDATION**

- 3.1 The Council of Governors is asked to approve the recommendation by the Audit Committee to continue with the appointment of KPMG as External Auditor under the current contract provisions for the 2024/25 financial year.

Louisa Cowell  
Chief Finance Officer  
August 2024