

Committee(s)	Dated:
Finance Committee – For Information	21 November 2017
Subject: Tender for External Auditor	Public
Report of: The Chamberlain	For Information
Report author: Philip Gregory, Deputy Director, Financial Services	

Summary

Under the statutory framework for local public audit the Corporation must appoint an external auditor for the City Fund and Pension Fund by 31 Dec 2017 for the audit of the accounts of the 2018/19 financial year. The Corporation decided to progress with a single procurement process to appoint the same external auditor for all funds at the meeting of the Audit and Risk Management Committee on 7 Feb 2017, re-establishing an Independent Audit Appointment Panel (IAAP) as required under the Local Audit and Accountability Act 2014.

This report provides further information on the procurement process followed so far and the route to awarding the contract by the deadline of 31 Dec 2017.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. In 2012 the Audit and Risk Management Committee concluded that, following the abolition of the Audit Commission, it would be beneficial to have the same auditor across funds. As an interim measure Members resolved to re-tender the contract for the non-local authority funds to be co-terminus with the expected end in 2016/17 of the Audit Commission regime for local authority funds thereby facilitating a single procurement process for the audit of all funds. However, in 2015 the Government decided to extend the transitional arrangements put in place after the Audit Commission was abolished by a year to cover the audit of the 2017/18 accounts.
2. Under the new arrangements put in place by the Local Audit and Accountability Act 2014 (the Act) the City Corporation must appoint an external auditor for the City Fund and Pension Fund by 31 December 2017 for the audit of the accounts of the 2018/19 financial year.

3. In Feb 2017 the Audit and Risk Management Committee decided to undertake an individual procurement and appointing exercise This allowed the Corporation the flexibility to combine the procurement and appointment of both the local authority and non-local authority audits into a single exercise. Tenders would be sought under a single contract for all funds.
4. To comply with the statutory requirements the Independent Audit Appointment Panel (IAAP) was re-established. The statutory framework for local public audit requires the auditor panel to advise the authority on:
 - the selection and appointment of the auditor;
 - Whether the authority should adopt a policy on obtaining non-audit services from the auditor, including the contents of such a policy;
 - Any proposal by the authority to enter into a liability limitation agreement;
 - Maintaining an independent relationship with its auditor; and
 - The outcome of any investigation of an auditor's resignation from office, if this occurs, or on any proposal to remove a local auditor from office.

Current Position

5. The IAAP met in May 2017 for consultation on the Invitation To Tender (ITT) documents following which the ITT was live during July 2017. A competition under the Crown Commercial Service ConsultancyONE framework was conducted, resulting in four tenders being submitted during Aug 2017. The tenders were evaluated with the following price/technical split: Price 30% and Technical 70%.
6. All submissions were evaluated by the IAAP which consisted of two Independent members of the Audit & Risk Committee and an elected Member. Each bidder was then invited to a clarification meeting on 9 Oct 2017 following which a winning bidder has been selected.
7. The winning bidder's tender submission was very well received by the evaluation panel and this was further confirmed following bidder clarification meetings. The key points are:
 - Experience of delivering audit services for Local Authorities;
 - Identified the key issues facing the City of London in relation to audit services;
 - Will be providing a high quality skills mix within their project team;
 - Provided high quality submission in relation to their audit planning and with particular regard to the accelerated statutory timetable for local government and the Corporation's aspiration to achieve a more harmonised and accelerated timetable across all its funds.
8. A report will be presented to Court of Common Council for their approval on 7 Dec 2017. Following this the timetable for confirming the award of the contract will be:
 - Publish Alcatel letters: 8 Dec 2017
 - Contract Award: 18 Dec 2017
 - Contract go live: 1 Jan 2018

Conclusion

9. A process has been undertaken to establish an IAAP to award the contract for the appointment of an external auditor for the City Fund and Pension Fund by the statutory deadline of 31 Dec 2017. The Corporation decided to progress with a single procurement process to appoint the same external auditor for all funds.
10. The contract award will be presented to Court of Common Council on 7 Dec 2017 for their approval, enabling the contract to go live from 1 Jan 2018.

Appendices

- None

Background Papers

- Interim Report on the Audit of the Non Local Authority Funds, Audit and Risk Management Committee 7 Mar 2012;
- Local Public Audit – update, Audit and Risk Management Committee 14 June 2012;
- Audit of Non-City Fund Accounts, Audit and Risk Management Committee 12 July 2012;
- Appointment of Non-Local Authority Funds Auditors, Audit and Risk Management Committee 20 Sept 2012;
- Local Audit and Accountability Bill, Audit and Risk Management Committee 25 June 2013;
- External Audit Arrangements, Audit and Risk Management Committee 7 Feb 2017.

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