

Decision of Group Audit and Risk Committee  
by email on Monday, 27 April 2020

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Paper title:	SBA External Audit Tender
Board/Committee	Group Audit and Risk Committee
Date of meeting:	By email
Author:	Natalie Ferer, Group Financial Controller
Purpose:	To approve the appointment of External Auditors for SBA on behalf of LSBU as member of SBA
Recommendation:	That the Group Audit and Risk Committee approve, on behalf of LSBU as a member of the Company, the appointment of Buzzacott LLP as External Auditors of SBA

## Background

Moore Kingston Smith LLP (MKS) have audited the accounts of South Bank Academies for the year ending 31/8/19 and have acted as auditors since incorporation. There are no set rules as to how often an Academies Trust needs to tender for external audit services and the SBA audit committee agreed at its November 2019 meeting to go out to tender for audit services. A framework agreement administered by Crescent Purchasing Consortium was used. Moore Kingston Smith are not listed on that framework so were not able to submit a tender. Moore Kingston Smith had acted as auditors for the past 7 years since incorporation. There had been concerns as to the performance of the firm in the past, but this had improved in the final year of their engagement. It was recognised that by using this purchasing consortium framework that the incumbent firm would not be able to bid, but it was felt the advantages of using a framework agreement outweighed this consideration.

KPMG, our group auditors, did not submit a tender and our audit partner explained that it would not be able to submit a bid that was competitive on price compared to smaller firms that specialised in the Academy market.

## Evaluation of Tenders.

A selection panel was convened comprising of:

- Richard Flatman, Chair of SBA Audit Committee

- Tony Giddings, Member of SBA Audit Committee
- Helena Abrahams, Trust Business Manager
- Natalie Ferer, Group Financial Controller

The firms named on the framework are:

- BDO LLP
- Buzzacott LLP
- Clive Owen LLP
- Ensors Accountants LLP
- Grant Thornton UK LLP
- Haines/Watts
- KPMG LLP
- Mazars LLP
- PricewaterhouseCoopers LLP
- RSM
- Scrutton Bland
- Wylie & Bisset LLP

One firm, Buzzacott responded with a tender. BDO did not tender as they act as our internal auditors and KPMG had previously told us that they would not submit a tender as they would not be able to be competitive on price compared to the smaller firms. We did not receive any other feedback as to why other firms did not submit a tender.

The panel evaluated Buzzacott's tender based on the criteria agreed by SBA Audit Committee. The scoring for Buzzacott was as follows:

<b>Criteria</b>	<b>Score /out of a possible</b>
Managing and Resourcing of Work	20/20
Implementation plan	10/10

Audit Methodology and software	7.5/10
Quality Reviews	5/5
Audit of Institutions	7.5/10
Sample reports	5/10
Added value	5/5
Price	30/30
<b>Total Score</b>	<b>90/100</b>

As illustrated by the scoring, the panel were very impressed with the written tender submitted by Buzzacott and this was backed up with an online meeting where the panel met with the Partner and Associate Director who would be managing the service.

### **Fees**

Buzzacott estimate that their fees for the year ending 31 August 2020 (inclusive of disbursements but excluding VAT) will be as follows:

<b>Core audit and assurance services</b>	<b>£</b>
Statutory audit of the financial statements	13,750
Regularity assurance	2,000
Accounts Return assurance	1,750
Teacher's Pension assurance (per return)	1,250
<b>Other Services</b>	
Preparation of the financial statements (if required)	1,500 to 2,500
Accounts Return preparation (if required)	1,500

As a comparison, MKS set out their fees slightly differently in that they charged a low basic fee for the audit work of £8k but then added on a variety of charges including the interim audit and attendance at audit committee. The total fee that MKS charged for audit services was £19,800, compared to £17,500 quoted by Buzzacott for these services.

### **Other considerations**

Shachi Blackemore is a partner at Buzzacott and was previously a member of the LSBU board and audit committee. As she no longer serves on the LSBU board, or on the boards of any LSBU group company, the panel did not consider there to be any conflict of interest or independence issues. Furthermore, Ms Blackemore is not named as having any involvement in Buzzacott's bid or subsequent delivery of audit services.

## **Recommendation**

- That the Group Audit and Risk Committee approve, on behalf of LSBU as a member of the Company, the appointment of Buzzacott LLP as External Auditors of SBA