

Meeting of the South Bank Academies Audit Committee

2.00 pm on Thursday, 28 November 2019
in Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Appointment of auditors	3 - 8	NF

Date of next meeting
2.00 pm on Tuesday, 10 March 2020

Members: Richard Flatman (Chair) and Tony Giddings

In attendance: Helena Abrahams, Michael Broadway, Alexander Enibe, Natalie Ferer and Om Parkash

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Paper title:	External Audit Tender
Board/Committee	SBA Audit Committee
Date of meeting:	28 th November 2019
Author:	Natalie Ferer, Group Financial Controller
Purpose:	To consider and approve the strategy for the tender for external audit services.
Recommendation:	To approve the strategy for the tender for external audit services.

Background

Moore Kingston Smith LLP have audited the accounts of South Bank Academies for the year ending 31/8/19 and have acted as auditors for 7 years since incorporation. It is a statutory requirement that The Trust appoint external auditors, but there are no set rules as to how often an Academies Trust needs to tender for external audit services. As part of the tender process, there should be consideration of the amalgamation with the LSBU group audit function but also to seek to ensure that the external audit function delivers value for money is a service that meets the needs of the Trust.

The proposal is to tender through Crescent Purchasing consortium where there are 12 potential firms offering services. The tender will go out following approval with auditors appointed in good time for planning the 2019/20 audit process.

Recommendation

- That the committee approve the attached sourcing strategy.

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Procurement Services – Sourcing Strategy

Sourcing Initiative Title: SBA External Audit

Reference: 19-001

This strategy document is for the [re]tender of the [insert title]. The strategy is to determine how key issues will be addressed – such as route(s) to market, value analysis, stakeholders, timescale and evaluation criteria – and translated into the procurement process and documentation. It identifies and minimises risk and assists in ensuring all key factors have been taken into account when conducting the procurement, leading to fit for purpose contracts offering value for money.

Strategic Overview

1. Background Information

Category	Professional Services (Financial Services)
Description of Sourcing Initiative	Provision of external audit services and related services such as TPS return, filing of returns with ESFA and producing accounts for South Bank Academies
Procurement Lead	Rob Ager
New or repeat requirement	New

2. Stakeholders

<p>Working Group Members and key stakeholders:</p> <p>Group Financial Controller South Bank Academies Finance Team Trust Business Manager Group Executive Board Members Trust Executive</p>
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3. Business Need

<p>Moore Kingston Smith have audited the accounts of South Bank Academies for the year ending 31/8/19 and have acted as auditors for the past 7 years since incorporation. It is a statutory requirement that the Trust appoint external auditors, but there are no set rules as to how often an Academies Trust needs to tender for external audit services. As part of the tender process, there should be consideration of the amalgamation with the LSBU Group audit function but also to seek to ensure that the external audit function delivers value for money and is a service that meets the needs of the Trust.</p> <p>Appointment of new auditors should be complete by March 2020 allowing time to plan for the 2020 year end.</p>

4. Options Analysis

Although the Trust wishes to consider amalgamating with the Group audit service, currently delivered by KPMG, it also wants to compare KPMG to other firms before making the decision to appoint. A framework has been designed specifically for the Education Sector through the Crescent Purchasing Consortium and it is recommended that this be used. The suppliers 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

It would not be appropriate for BDO to be included in the tender as they already provide internal audit services to the Trust. It should be noted that Moore Kingston Smith are not on this framework (nor any other compliant Framework) so would not be able to submit a tender, meaning that 2019 will be the last year that they can act as auditors for the Trust.

Recommended Option

5. Recommended Option: Overview

Description of Tender Workstreams	External Audit Services for South Bank Academies
EU or Non EU If EU compliant, is a collaborative route available?	No
Estimated contract value per year	£30,000
Estimated contract value of entire contract life (including possible extensions)	£150,000
Proposed Contract duration	3 year initial terms with the option of 2 x 1 year extensions

6. Recommended Option: Routes to Market

It is recommended to run a mini-competition from the Crescent Purchasing Consortium framework Lot 2 "Audit Services".

The scope of the framework agreement covers all of the requirements as outlined in the Joint Audit Code of Practice and the Academies Financial Handbook 2016. The framework is also intended to cover any potential future requirements imposed upon CPC members by the UK Government, Funding Bodies, Department for Education and any other relevant bodies.

There are 12 suppliers on the framework covering London & South East.

7. Evaluation Criteria & Weightings

Criteria	Weighting
Price	30%
Managing and Resourcing the work	20%
Implementation Plan	10%
Audit Methodology and Software	10%
Quality Reviews	5%
Audit of Institutions	10%
Sample Reports	10%
Added Value	5%

8. Ethical Procurement

Not applicable

9. Targetted Benefits (Cashable and non Cashable)

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10. Anticipated Timeline

Key Stage	Planned date for completion
Sourcing Strategy approved by Natalie Ferer	20 th November 2019
Sourcing Strategy approved by SBA Audit Committee	28 th November 2019
ITT Issued	29 th November 2019
ITT Return Date	20 December 2019
ITT Evaluation	January 2020
10 Day standstill period ends	Jan/Feb 2020
Award Contract	February 2020
Other (please specify)	

11. Submission and approval

Submitted by Lead Stakeholder:	
Date:	

Approved by Procurement:	
Date:	

Approved by BSM:	
Date:	

Approved by Head of Procurement:	
Date:	