

**To:** Trading Companies Shareholder Meeting  
**Date:** 18 December 2018  
**Report of:** Oxford City Council S151 Officer  
**Title of Report:** Procurement of External Auditor(s) for Council Companies

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To provide an update on the current position in respect of external auditor procurement.
<b>Recommendation(s): That the Company's Shareholder resolves to</b>	
1.	Delegate the award of the contract for the provision of external audit services for the Trading Companies to Oxford City Council's S151 Officer (Head of Financial Services).

<b>Appendices</b>	
None	

### **Introduction and background**

1. The provision of an external audit service for all the Council's owned or jointly owned companies needs to be procured.
2. The Council has previously attempted unsuccessfully to procure audit services through a single contract for all its companies. Subsequent feedback suggested potential suppliers felt unable to meet the tight reporting deadlines simultaneously required across all entities. This resulted in having to separately seek quotations from audit firms for each company in order to close the 2016/17 accounts.
3. To facilitate the 2017/18 audit it is now proposed to run a tender process for the provision of external audit services for all companies but with the potential to split the contract into separate lots for one or more company.
4. The appointment of external auditors is a reserved matter within the Shareholder Agreement.

### **Progress on Procurement**

5. A Request for Quotation has been drafted and will be updated with the latest information the audit firms will need to inform their quotations. It is intended that the invitation to tender will be published in December 2017 but this is reliant on

receiving the required information from all of the companies the Council has an interest in and so the contract may not be tendered until the New Year.

6. The contract period is intended to be for an initial period of three years with the option to extend for two further periods of 1 year up to a maximum contract period of 5 years.
7. Once the results of the tender process are known it is intended to present the results to the Trading Companies Board of Directors for comment. Following which the Oxford City Council S151 Officer (Head of Financial Services) will determine the award of the contract lots based on the merits of the tenders received.

**Financial implications**

8. Provision has been made within the LATCO budget for the payment of external auditor fees to undertake the audit of the Statement of Accounts for Oxford Direct Services Group of Companies commencing in 2018-19.

**Legal issues**

9. There are no implications arising from contracting an auditor. There are, however, compliance issues if an auditor is not in place.

**Level of risk**

10. It is anticipated that splitting the contract into lots will drastically reduce the chance of a nil response to the tender. However, having to manage multiple auditors will have resource implications for Oxford City Council Financial Services staff.

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