

**To:** Housing Group Shareholder Meeting  
**Date:** 20 March 2018  
**Report of:** Head of Financial Services  
**Title of Report:** Procurement of External Auditor – Oxford City Council Housing Group

Summary and recommendations	
<b>Purpose of report:</b>	To provide an update on the current position in respect of external auditor procurement.
<b>Recommendation(s): That the Housing Group Shareholder resolves to:</b>	
1.	<b>note</b> the appointment of Mazars LLP as external auditors for the Oxford City Housing Group.

Appendices
None

## Introduction and background

- At the meeting on 20 December 2017 it was resolved to delegate the award of the contract for the provision of external audit services for the Housing Group to Oxford City Council's Head of Financial Services (S151 Officer).

## Procurement Process

- A Request for Quotation was released and the tender was open to any audit firms to bid. Tenders were received from:
  - Company A (2016/17 auditor for Oxford City Housing);
  - Mazars; and
  - Company B (2016/17 auditor for OxWED).
- 13 other entities expressed an interest but these didn't follow through to a tender.
- 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.
- The tendered prices for Oxford City Housing Group were as follows:

Audit Fees		Company A	Mazars	Company B	Company B (adj for CPI)
Year		£	£	£	£
2017/18	1	11,000.00	10,000.00	10,500.00	10,500.00
2018/19	2	22,500.00	15,000.00	19,800.00	19,800.00
2019/20	3	23,000.00	18,000.00	19,800.00+ inflation	20,205.90
2020/21	4	23,500.00	19,000.00	19,800.00+ inflation	20,191.05
2021/22	5	24,000.00	20,000.00	19,800.00+ inflation	20,186.10
Total		<b>104,000.00</b>	<b>82,000.00</b>	<b>89,700.00</b>	<b>90,883.05</b>
Ranking		3	1	2	
%		32%	40%	37%	36%

An adjustment had to be made to the figures from Company B to allow for inflation, however this did not impact on the overall result.

- Mazars are the most competitively priced for the Housing Group. Both Mazars & Company B scored comparably well in the qualitative review. Mazars appeared to present a generic, well drafted, but cut & paste response (at one point they refer to 'Red Lion' as the prospective audit client & in several places include details not required by the specific question in the document). Company B's narrative response appears more specifically focused & individually tailored, hence slightly outscoring Mazars in the qualitative total.
- The results of the combined Quality and Price scores still show Mazars as being the successful bidder as shown in the table below:

		Company A	Mazars	Company B
<b>Oxford City Housing</b>	Qualitative Total (%)	43%	50%	53%
	Price - lump sum total (%)	32%	40%	36%
	Total (%)	<b>75%</b>	<b>90%</b>	<b>89%</b>

- Oxford City Council's Head of Financial Services (S151 Officer) therefore awarded the contract for the provision of external audit services for the Housing Group to Mazars.

### Financial implications

- Financial implications are contained in the report.

### Legal issues

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

### Level of risk

11. Low.

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