

Subject: London TravelWatch – Appointment of External Auditor

Report to: Transport Committee

Report of: Executive Director of Secretariat and Executive Director of Resources

Date: 3 November 2010

This report will be considered in public

1. Summary

- 1.1 Under the requirements of Schedule 18 paragraph 8 (4) of the GLA Act it is for the London Assembly to appoint the external auditor of London TravelWatch.
- 1.2 The Committee agreed at its meeting on 26 May that authority be delegated to the Executive Director of Secretariat, in consultation with the Executive Director of Resources, to let a new three-year contract for the appointment of an external auditor to undertake the audit of annual statutory accounts of London TravelWatch for the 2010/11 to 2012/13 financial years.
- 1.2 This report is to advise the Committee that following a procurement process undertaken by the Greater London Authority the Executive Director of Secretariat acting on the advice of the Executive Director Resources has decided to award this external contract to Moore Stephens LLP.

2. Recommendation

- 2.2 **That the Committee approve the decision of the Executive Director of Secretariat to appoint Moore Stephens LLP to act as the external auditor of the statutory annual accounts of London TravelWatch for the 2010-11 to 2012-13 financial years.**

3. Background

- 3.1 The External Auditor of London TravelWatch is appointed by the Assembly pursuant to Schedule 18, Paragraph 8 (4) of the Greater London Authority Act 1999. Paragraph 8(5) of the Act requires the Auditor to be eligible for appointment as a company auditor under Part II of the Companies Act 1989.

- 3.2 The existing external audit contract ended with the conclusion of the audit of TravelWatch's 2009-10 accounts in summer 2010. The Committee agreed at its meeting on 26 May that authority be delegated to the Executive Director of Secretariat in consultation with the Executive Director of Resources to let a new three-year contract for the appointment of an external auditor to audit the annual statutory accounts of London TravelWatch for the 2010/11 to 2012/13 financial years.
- 3.3 The Executive Director Secretariat subsequently agreed that tenders would be invited from at least five recognised company auditors for this contract with objective of completing the process by mid October 2010 so that the final appointment could be formally approved at this meeting of the Transport Committee. This timetable was designed to ensure that the new auditor is in place by the beginning of 2011 and can therefore commence the preparatory work necessary for the audit of TravelWatch's accounts for 2010-11.
- 3.4 The invitation to tender documentation was issued in August 2010 to six registered company auditors under Part II of the Companies Act 1989 requesting that interested parties submit tender documents by 10 September. Three registered audit companies expressed interest and submitted tenders.
- 3.5 In line with the Greater London Authority's procurement code these tenders submitted were assessed against the following criteria:
- Tender price (weighting of 20%)
 - Experience and ability of staff (30%)
 - Experience of Previous projects (30%)
 - Demonstration of Bidders Procedures and practices (10%)
 - Equalities (10%).
- 3.6 On the basis of the information presented, the assessment panel – which consisted of GLA officers from Finance and the Assembly Secretariat – considered that the tender submitted by Moore Stephens LLP scored most highly having regard to these criteria. The panel therefore decided that the audit contract should be awarded to Moore Stephens and this decision was confirmed by the Executive Director Secretariat on 19 October.

4. Issues for Consideration

- 4.1 In recognition of the current review being undertaken of the role and responsibilities of London TravelWatch the proposed audit contract will provide for review of the contract should the organisation's statutory status change before March 2013 – resulting in there being no requirement for a separate annual statement of accounts to be prepared and audited. It is the view however of the GLA's Executive Director Secretariat and Executive Director Resources that it would be prudent to let the contract for the three year period in view of the cost savings likely to result and the timescale of any legislative process required to alter the formal legal status of London TravelWatch. During the course of the contract the GLA will seek to maximise any benefits which could be secured from having a group wide approach to the procurement of external audit services in the lead up to the expected abolition of the Audit Commission in 2012.

5. Legal Implications

- 5.1 Schedule 18 paragraph 8 (4) of the GLA Act states that an annual statement of accounts for London TravelWatch shall be audited by a person appointed by the Assembly. Paragraph 8(5) of the Act requires the Auditor to be eligible for appointment as a company auditor under Part II of the Companies Act 1989. The London Assembly Transport Committee agreed at its meeting on 25 May that authority be delegated to the Executive Director of Secretariat in consultation with the Executive Director of Resources to let a new three-year contract for the external auditing of the annual accounts.
- 5.2 Paragraph 3.8 of the Contracts and Funding Code requires that three written quotations should be obtained for contracts valued between £5,000 and £125,000, and that value for money should be obtained. Paragraphs 1 and 2 indicate that this has taken place.

6. Financial Implications

- 6.1 There are no direct financial implications arising for the GLA to appoint Moore Stephens to act as the external auditor for London TravelWatch for the three financial years running from 2010-11 to 2012-2013. London TravelWatch currently has set aside annual budget of £13,000 (inclusive gross of VAT) to meet the cost of the external audit services and the price quoted by the successful contractor is within this budget.
- 6.2 As part of the annual budget setting process, GLA finance officers will ensure that TravelWatch sets aside sufficient funds to meet the external audit costs arising from this contract award in each financial year.

List of appendices to this report:

None

Local Government (Access to Information) Act 1985
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List of Background Papers:

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