



Report to:	Sutton Shareholdings Board	Date:	14 June 2017
Report title:	Appointment of External Auditors		
Report from:	Mary Morrissey, Strategic Director of Environment, Housing and Regeneration Gerald Almeroth, Strategic Director of Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Simon Wales Chair of Sutton Shareholdings Board Councillor Jayne McCoy, Chair of the Housing, Economy and Business Committee		
Author(s)/Contact Number(s):	Sue Hogg, Head of Business Advice & Support, 020 8770 5260		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • An Open Council • A Green Council • A Fair Council • A Smart Council 		
Open/Exempt:	Open		
Signed:			Date: 31 May 2017

1. Summary

- 1.1 This report seeks approval to extend the appointment of the external auditors, Turpin Barker Armstrong (TBA), for Opportunity Sutton Limited (OSL), including the two subsidiary companies Sutton Living Limited (SLL) and Sutton Decentralised Energy Network (SDEN), and Encompass - a Local Authority Trading Company (LATC).

2. Recommendations

- 2.1 The Sutton Shareholdings Board is recommended to agree that TBA's appointment to provide Audit and Corporation Tax Services including to prepare the accounts for each company be extended to include the accounting period 2017/18.

3. Background

- 3.1 In April 2016, the Board agreed that TBA be appointed to provide Audit and Corporation Tax Services including to prepare the accounts for each company for the first year of operation after which this would be reviewed.
- 3.2 During this financial year there has not been any significant activity undertaken by TBA. They have aligned the companies' financial years to the Council's (April to March), prepared the dormant accounts for OSL and provided technical support in a number of matters including filing



of the Annual Return for Opportunity Sutton Ltd and confirmation statements (previously known as the Annual Return) for Sutton Living, SDEN and Encompass.

4. Issues

4.1 A change of auditor is a reserved matter for the shareholders to agree. Although this is not a change approval is being sought as the initial agreement was to appoint for one year. Decisions on future extensions will be taken by the Directors unless a change is proposed.

5. Options Considered

5.1 The options are to reappoint TBA or to conduct another selection process. There are no concerns about TBA’s performance and no reason to think that repeating the process conducted in early 2016 would yield a different result. It is generally undesirable to make frequent changes in external auditor as there are benefits of familiarity and continuity. For those reasons reappointment of TBA is recommended.

6. Impacts and Implications

Financial

6.1 The direct financial implications arising from this report are TBA’s fees for providing the above services. Last year, the Board requested quotes for this work and following an on-line search to find three local independent companies, TBA were found to offer the most competitive price for this work.

Legal

6.2 The Shareholders’ Agreement of each company states that Shareholder consent is required if the Company wishes to change their statutory auditors. Shareholder consent is therefore not required in this instance as each Company wishes to renew their contract and continue to appoint Turpin Barker Armstrong as their auditor for another year.

7. Appendices and Background Documents

Appendix letter	Title
None	

Background documents
None



Audit Trail		
Version	Final	Date: 31 May 2017
Consultation with other officers		
Finance	Yes	Phil Butlin
Legal	Yes	Laiping Mann
Equality Impact Assessment required?	No	N/A

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