



Policy, Finance and Development Committee	Tuesday, 31 January 2017	Matter for Information and Decision
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Title: **Award of Internal Audit Contract**

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1. Introduction

The current Internal Audit contract end on 31 March 2017. A formal tender process has been undertaken and this report summarises the outcome of that process and makes a recommendation about the award of the contract to run from 1 April 2017 to 31 March 2020.

2. Recommendations

That the Committee:

- (i) Notes that the preferred bidder for the Internal Audit contract is Company A.
- (ii) Delegate authority to the Chief Finance Officer in consultation with the Chair of Policy, Finance and Development Committee to conclude and sign the contract with Company A.

3. Information

- 3.1 The current Internal Audit contract comes to an end on 31 March 2017. To comply with regulation and best practice the Council must ensure that it has appropriate internal audit arrangements in place. Accordingly a formal tender exercise has been undertaken so that new contractual arrangements can be operational from 1 April 2017.
- 3.2 The procurement process was undertaken using an OJEU compliant framework. The framework enables the procurement process to be simplified as these companies have already been through a tendering process. The Council used the framework provided by the North of England Commercial Procurement Collaborative. This covers both local government and the NHS and is an established framework offering access to a panel of specialist providers of Internal Audit.
- 3.3 The framework provided by the North of England Procurement Collaborative allows for the direct award of Internal Audit services. An evaluation process has been undertaken to ensure that best value is achieved by the Council.
- 3.4 To be part of the North of England Commercial Procurement Collaborative framework internal audit providers are required to meet certain standards of service delivery. This gives the Council the confidence that all providers on the framework are capable of providing the level and quality of service required to comply with internal auditing standards.
- 3.5 Since the Council can be confident that any one of the providers listed on the framework meet quality thresholds, the tender submission process comes down to a

price based assessment which is based on a daily rate and an estimated amount of annual audit days to deliver the audit plan. Of the eight companies on the framework, Company A had the lowest annual value at c. £64k. The other seven companies annual costs were in the range of c. £75k to c. £150k.

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Implications	
Financial (MHo)	Saving of approximately £4k per annum are anticipated from awarding the contract to Company A. This would remain fixed for the three year period of the contract – any option to extend would be dealt with at the appropriate moment in time.
Legal (MHo)	It is important that frameworks are used properly in order to comply with the Public Procurement Regulations and minimise the risk of challenge. The procurement has been conducted in accordance with the Council's contract procedure rules.
Risk (MHo)	The recommendations contained within this report are designed to mitigate risks by ensuring appropriate internal audit arrangements are maintained.
Equalities (MHo)	No significant implications.
	Equality Assessment:-
	<input type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input checked="" type="checkbox"/> Not Applicable