

Internal Audit Procurement Process

Report by Head of Finance

Summary: This report provides an overview of the procurement process being managed by South Norfolk Council to deliver a new internal audit provider to the Internal Audit Consortium.

Recommendation: That the report be noted.

1 Introduction

- 1.1 The Authority's Internal Audit function is provided via an Internal Audit Consortium comprising South Norfolk Council, Breckland District Council, Broadland District Council, Great Yarmouth Borough Council, North Norfolk District Council and the Broads Authority. The Authority originally sourced internal audit services from the consortium under the terms of the Service Level Agreement with Broadland District Council, although these services are now procured directly from the consortium.
- 1.2 The consortium contracts internal audit services from a private sector provider, Deloitte (although this contract is currently in the process of being transferred to Mazars Public Sector Internal Audit Ltd), to deliver the annual Internal Audit work plan, with the consortium providing an audit management service (including the Head of Internal Audit function) to the member authorities. The consortium's current contract with the external provider ends on 30 September 2014.

2 Procurement Process

- 2.1 Due to the ending of the existing contract, South Norfolk Council, in its capacity as contracting authority, is managing a process to (re)procure internal audit services on behalf of the consortium. The services to be contracted relate to internal audit services to fulfil each member authority's statutory responsibilities under the relevant legislation, including the Accounts and Audit Regulations 2011.
- 2.2 This procurement is being managed as an OJEU tender process based on the overall value of the work to be contracted. In addition, the procurement is being conducted in accordance with the Competitive Dialogue procedure under Directive 2004/18/EC as implemented in the UK by the Public Contracts Regulations 2006 (as amended). This will involve the following key stages:
- issue of prior information notice (PIN);
 - soft market testing;
 - issue of OJEU notice;
 - assessment of pre qualification questionnaires (PQQ);

- competitive dialogue;
- invitation to submit final tender;
- tender evaluation;
- identification of preferred bidder; and
- mobilisation and contract start (1 October 2014).

2.3 The procurement is currently at the PQQ stage, and the Authority's Head of Finance is supporting the process alongside Heads of Service from the other consortium members.

2.4 The mid-year change of Internal Auditor in 2014/15 poses a potential challenge in terms of the delivery of the annual Internal Audit work plan, and members will have noted under the earlier item on this agenda that the proposed 2014/15 work plan has been scheduled with the bulk of activity after the planned new contract start date. This is in order to minimise the risk of any work needing to be re-performed by an incoming service provider, and also to ensure consortium members receive the maximum efficiencies from any revised contract rates.

3 Summary

3.1 The Internal Audit Consortium offers significant benefits to the Authority in providing a cost effective means of delivering the appropriate level of Internal Audit activity. The (re)procurement of the external provider contract is expected to deliver savings on the audit day rate for all members of the consortium from the contract start date. Actions are in place to minimise as far as possible any risks associated with a potential change of provider.

Background papers:	None
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Broads Plan Objectives:	None
Appendices:	None