

## BOROUGH OF KETTERING

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<b>Report Originator</b>	Mark Dickenson Head of Resources	<i>Fwd Plan Ref No:</i> A16/030	
<b>Wards Affected</b>	All	7 <sup>th</sup> December 2016	
<b>Title</b>	<b>AWARD OF INTERNAL AUDIT CONTRACT</b>		

**Portfolio Holder: Councillor Lesley Thurland**

### **1. PURPOSE OF REPORT**

- 1.1 The current Internal Audit contract ends on 31<sup>st</sup> March 2017.
- 1.2 A formal tender process has been undertaken and this report summarises the outcome of that process and makes a recommendation about the award of contract (to be effective from 01/04/17).

### **2. INFORMATION**

- 2.1 The current Internal Audit contract comes to an end on 31<sup>st</sup> March 2017 (it commenced on 1<sup>st</sup> April 2012).
- 2.2 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<sup>st</sup> April 2017.

### **3. PROCUREMENT PROCESS**

- 3.1 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.
- 3.2 The framework provided by the North of England Commercial Procurement Collaborative allows for a direct award of internal audit services. An evaluation process has been undertaken to ensure best value is achieved for the Council.

### **4 EVALUATION CRITERIA**

- 4.1 To be part of the North of England Commercial Procurement Collaborative framework Internal Audit Providers, are required to meet certain standards of

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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).

- 4.2 In effect the tender submissions come down to a price based assessment which is based on a daily rate and an estimated amount of audit days to deliver the audit plan – to arrive at an annual cost.
- 4.3 To ensure that the Council is achieving the most economically advantageous solution the authority has taken the total number of audit days they require and compared costs based on rates set out in the framework agreement. Table 1 below summarises the annual cost for each provider.

<b>Company</b>	<b>Annual Cost</b>
A	£65,790
B	£75,876
C	£85,624
D	£85,785
E	£112,166
F	£120,938
G	£137,150
H	£155,598

- 4.4 From Table 1 it can be seen that Company A can provide the service at the best value.

## **5 CONSULTATION AND CUSTOMER IMPACT**

- 5.1 None as a direct consequence of this report.

## **6 POLICY IMPLICATIONS**

- 6.1 There are no direct policy implications as a result of this report.

## **7 USE OF RESOURCES**

- 7.1 If Company A is selected it would result in revenue savings of approximately £1,000 per annum when compared to the Council's current revenue budgets.
- 7.2 This would remain fixed for the 3 year period; any option to extend would be dealt with at the appropriate point in time.

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## **8 HUMAN RESOURCE IMPLICATIONS**

8.1 None as a result of this report

## **9 LEGAL IMPLICATIONS**

9.1 All procurements by the council have to comply both with the law relating to procurement by public authorities and the council's own contract procedure rules. This contract is no exception.

9.2 Since the value of this contract over its 5 year term is in excess of £300,000 it is, in principle, subject to all of the rules imposed by the European Union public procurement regime set out in the Public Contracts regulations 2015. However those regulations are relaxed where the procurement takes place in accordance with a "framework contract".

9.3 It is important that frameworks are used properly in order to comply with the Public Procurement Regulations and minimise risk of challenge. The framework has been considered by District Law who are of the view that it is appropriate to use this framework and there is little legal risk of challenge.

9.4 The procurement has also been conducted in accordance with the council's Contract Procedure Rules. These require in particular that all contracts for an amount in excess of £250,000 (which also takes into account any options to extend contracts) are approved by Executive in accordance with clause 4.4 of the rules.

9.5 Subject to approval of the Executive, officers will ensure that the legal processes required by the frameworks and the council's rules are completed in accordance with them to make the contracts legally binding.

## **10. RECOMMENDATION**

The Executive Committee is recommended to approve:

10.1 That the preferred bidder for the Internal Audit Contract is Company A

10.2 That authority be delegated to the Head of Democratic and Legal Services in consultation with the Head of Resources to conclude and sign the contracts with Company A.

Background Papers:

Title of Document:

Contact Officers: M Dickenson

Previous Reports/Minutes: