

Procurement of Internal Audit Services (Assistant Chief Executive – Amanda Fahey)

Synopsis of report:

This report provides the Committee with a brief overview of the preparations being made to commence a procurement exercise for the provision of Internal Audit services.

Recommendation(s):

None. This report is for information.

1. Context of report

- 1.1 Internal Audit is a statutory requirement in local government as defined in the Local Government Act 1972. The Accounts and Audit Regulations 2015 (Regulation 5) require the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 The Council's internal audit service is currently provided by an external provider and the contractual arrangements are due to end 30 April 2023. New arrangements for internal audit service provision therefore need to be in place by May 2023.

2. Report and, where applicable, options considered

- 2.1 Internal audit is an essential component to the assurance regime of local government and should therefore be given sufficient attention when considering the model of service provision and the management of the service, not only to ensure value for money but also to ensure a strong “third line of defence” exists in reviewing the effectiveness of the Council's internal controls. Due to its importance as a cornerstone of local authority governance and assurance, the Council needs to ensure that it has a robust internal audit function in place.
- 2.2 The market for audit services has changed considerably over recent years, with the development of a variety of service models, including partnership models, external provision, internal provision, framework development and hybrid services. In addition, audit services have moved away from being a largely regulatory service, focusing on compliance, to one that adds value to an organisation by being a critical friend, providing advice and assisting with the developments of internal controls. It is therefore appropriate to review the Council's scope and requirements and update the specification prior to going out to the market for a new contract.
- 2.3 Due to the value of the contract, necessary approvals have been sought from the Corporate Management Committee, at its meeting 19th January, for the procurement route and to commence the retender of the contract. The Committee will be advised of the outcome of the procurement exercise once completed.

3. **Policy framework implications**

- 3.1 The audit of Council services and systems supports the values and goals of creatively improving our services and striving for excellence in everything we do whilst being as efficient and effective as possible, ensuring value for money.

4. **Resource implications**

- 4.1 The cost of internal audit services is provided for in the Council's annual budget.

5. **Legal implications**

- 5.1 Under the Accounts and Audit Regulations 2015 the Council is required to ensure that it has a sound system of internal control which;
- facilitates the effective exercise of its functions and the achievement its aims and objectives,
 - ensures that the financial and operational management of the authority is effective; and
 - includes effective arrangements for the management of risk.
- 5.2 The proposed procurement routes comply with the Public Contracts Regulations 2015.
- 5.3 Legal services with the assistance of external solicitors may be required to draw up the necessary contract, the cost of which will be met from existing budgets.

6. **Equality implications**

- 6.1 There are no equality implications arising from this report.

7. **Environmental/Sustainability/Biodiversity implications**

- 7.1 Consideration will be given in the specification to any appropriate environmental and sustainability measures.

8. **Conclusions**

- 8.1 The Committee is asked to note the commencement of the procurement exercise for Council's internal audit provision in accordance with the recommendations considered at Corporate Management Committee 19th January 2023.

(For information)

Background papers

None.