

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 28 January 2014

PROCUREMENT AUTHORITY – EXTENSION TO CURRENT CONTRACT

REPORT BY SERVICE MANAGER - GOVERNANCE

ABSTRACT

This report requests an extension to the current co-sourcing contract for an additional period of six months from 1 August 2014 to allow an External Quality Assessment to be conducted to inform the eventual procurement exercise.

1. RECOMMENDATION

It is recommended that the Scrutiny & Audit Committee

- a) agree to extend the current co-source contract for a period of a further six months to 31 January, 2015
- b) note the procurement exercise for the EQA will be conducted under Chief Officers delegated authority

2. BACKGROUND

Reference is made to report 728/11, approved by the Strategic Policy Committee on 6 December 2011. This report authorised the procurement of an internal audit co-source arrangement for a period of 18 months and an option extension for one year. The contract was subsequently extended and varied to reflect the co-source of an Audit Manager resource (report 380/13 to the 13 June 2013 meeting of this committee refers).

The extended contract expires on 31 July 2014 and this report sets out proposals for future provision and requests procurement authority to take this forward.

The Public Sector Internal Audit Standards have brought in new requirements for the external quality assessment (EQA) of internal audit. Within this, as best practice, is a principle that there should be an EQA if there is a material change within the internal audit function. The move to a co-sourced Audit Manager is such a change and therefore it is proposed that there be an EQA conducted on the basis of a validated self-assessment.

3. EXTENTION AUTHORITY

Members are aware that there are proposals under consideration that EQA's be conducted on a peer review basis across Scottish authorities. However, as this is just a proposal at present and will, if agreed, require development time, there will be a need to source an EQA provider for this first assessment.

The results of the EQA, which will be reported to this committee, will inform final decision around the further co-sourcing contract.

To allow time for the EQA to be discharged and to inform the co-sourcing exercise, it is proposed that the current co-sourcing contract be extended, on current rates, for an additional period of six months from 1 August 2014.

Thereafter, procurement authority for the continued arrangements will be sought from this committee.

4. FINANCIAL IMPLICATIONS

The current cost of extending the co-sourcing arrangement will be £25K and will be contained within existing budgets of the Governance Unit.

The cost for the EQA on a validated self-assessment basis is estimated as between £6K-£9K. This will also be contained within the available resources of the Governance Unit.

5. RISKS

This report does not require any specific risk issues to be addressed

6. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising directly from this report.

7. EQUALITIES IMPLICATIONS

The issues contained in the report fall within an approved category that has been confirmed as exempt from an equalities perspective.

8. CONSULTATION

The Chief Executive, Strategic Director-Resources, Head of Legal & Democratic Services and Head of Corporate Improvement & Finance have been consulted in the preparation of this report.

**JANINE WILSON
SERVICE MANAGER - GOVERNANCE**

NOTE: No background papers, as defined by Sections 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

Gov/JW