



## Appointment of Internal Auditors

**Report to:** Audit Committee  
**Date:** 6 December 2012  
**Report by:** Kenny Dick, Finance and Procurement Manager  
**Report No:** A-33-2012  
**Agenda Item:** 11

### **PURPOSE OF REPORT**

To advise the Committee on the outcome of the internal audit service procurement evaluation process and to request that the Audit Committee recommend the appointment of the highest scoring tenderer to the Board.

### **RECOMMENDATIONS**

That the Audit Committee agrees to make a recommendation to the Board that Moore Stephens, who operate as Scott Moncrieff in Scotland, are appointed to provide internal audit services to the Care Inspectorate. The appointment is to be for a two year period until 31 March 2015 with options to extend for two further one year periods.

**Version Control and Consultation Recording Form**

Version	Consultation	Manager	Brief Description of Changes	Date
2.0	Senior Management	ET	None	14/11/12
	Legal Services			
	Resources Directorate			
	Committee Consultation (where appropriate)			
	Partnership Forum Consultation (where appropriate)			

**Equality Impact Assessment**

To be completed when submitting a new or updated policy (guidance, practice or procedure) for approval.

Policy Title:

Date of Initial Assessment:

EIA Carried Out

YES

NO

If yes, please attach the accompanying EIA and briefly outline the equality and diversity implications of this policy.

If no, you are confirming that this policy will have no negative impact on people with a protected characteristic and a full Equality Impact Assessment is not required.

Name: Kenny Dick

Position: Finance and Procurement Manager

Authorised by Director

Name: Gordon weir

Date: 7 November 2012

**1.0 INTRODUCTION**

**1.1** The current contract for internal audit services expires on 31 March 2013 therefore a procurement process to let a new contract was undertaken using the Government Procurement Service’s collaborative framework ‘Management Consultancy and Accounting Services (MCAS) RM662/L13 – Internal Audit Services.

All eight suppliers on the framework were invited to tender for the provision of internal audit services to the Care Inspectorate and SSSC, with the contract period being two years in the first instance with an option to extend for two further one year periods.

**2.0 PROCUREMENT PROCESS**

Two tenders were received, one from the incumbent supplier, Scott Moncrieff, and a further tender from Deloitte LLP.

These tenders were evaluated using both price and quality evaluation criteria. Price and quality were independently evaluated. The evaluation of quality was undertaken by two evaluation panels who scored the tenders independently. There was an opportunity for both panels to discuss significant variances in scores before the marks of the panels were averaged. Both panels independently scored Scott Moncrieff highest in terms of quality and the revised average marks of both panels also showed Scott Moncrieff as the best tender in terms of quality. Price was evaluated by the Senior Accountant. There was not a significant difference in price but Scott Moncrieff scored slightly higher. Scott Moncrieff was therefore the overall winner. The panel mix was a follows:

<b>Panel 1</b>	<b>Panel 2</b>
Mike Cairns (CI Audit Committee Convener)	Elizabeth Carmichael (SSSC Audit Committee Member)
David Wiseman (CI Audit Committee Member)	Nicky Anderson (Senior Accountant SSSC)
Kenny Dick (Finance & Procurement Manager)	Karen Anderson (CI Director of Operations, Planning, Assurance & Public Reporting)

**3.0 APPOINTMENT OF INTERNAL AUDITORS**

Following evaluation, Scott Moncrieff was the supplier with the highest score for both price and quality. The committee is asked to recommend to the Board at its meeting of 18 December 2012 that Scott Moncrieff is appointed as the

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Care Inspectorate's internal auditors. A similar process is being undertaken with the SSSC Audit Committee and it is expected a report recommending appointment of Scott Moncrieff will be submitted to the Council at its meeting of 23 January 2013. Following this, a formal contract award notice will be published.

**4.0 CONTRACT DURATION**

As noted in 1.1 the contract will be awarded for a two year period, effective from 1 April 2013, with the option to extend by two further one year periods.

**5.0 RESOURCE IMPLICATIONS**

The anticipated contract value over the four year period is within the range £185k to £250k, allowing for additional audit services if required. This is in line with current costs and will be allowed for in the revenue budget.

**6.0 BENEFITS FOR PEOPLE WHO USE SERVICES AND THEIR CARERS**

The internal audit service will play a key part in assessing the organisation's risk management, control and governance arrangements, ensuring these are adequate and effective. This in turn means that the Care Inspectorate optimises the use of its resources to maximise the benefits of the work of the Care Inspectorate to people who use care services and their carers.

**7.0 CONCLUSION**

The procurement timetable allows for the appointment of internal auditors with the contract to be effective from 1 April 2013. The planned process includes a two month implementation period during which a draft 2013/14 audit plan can be prepared and presented to Audit Committee at its meeting of 19 March 2013. This ensures the Care inspectorate and SSSC continue to have in place a process to ensure Audit Committee and management are provided with an independent, objective assessment as to whether systems and controls are working effectively.

Version: 1.0	Status: <i>Final</i>	Date: 14/03/2013
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