

## Appointment of Internal Auditors

**Report to:** Board

**Date:** 18 December 2012

**Report by:** Kenny Dick, Finance and Procurement Manager

**Report No:** B-13-2012

**Agenda Item:** 13

### **PURPOSE OF REPORT**

To seek Board approval for the Audit Committee's recommendation on the appointment of Internal Auditors.

### **RECOMMENDATIONS**

That the Board:

1. Approves the Audit Committee recommendation 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
	Senior Management			
	Legal Services			
	Resources Directorate			
	Committee Consultation (where appropriate)			
	Partnership Forum Consultation (where appropriate)			
<b>Equality Impact Assessment</b>				
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 <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
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: G Weir	Date: 7 December 2012		

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**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 as 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 Audit Committee considered the appointment of Internal Auditors at its meeting of 6 December 2012 and agreed to recommend the appointment of Scott Moncrieff as the Care Inspectorate's internal auditors to the Board. A similar process is being undertaken with the SSSC Council and it is expected that a report recommending approval of the appointment of Scott Moncrieff will be submitted to Council at its meeting of 22 January 2013. Following this, a formal contract award notice will be published.

### **3.0 CONTRACT DURATION**

As noted in 1.1 the contract will be awarded for a 2 year period, effective from 1 April 2013, with the option to extend by two further one year periods.

### **4.0 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.

### **5.0 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.

### **6.0 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 that Audit Committee and management are provided with an independent, objective assessment as to whether systems and controls are working effectively.

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