



# Brent

**Audit Committee**  
16 September 2015

**Report from the Chief Finance Officer**

For Information

Wards Affected:  
ALL

**Report Title: Strategic Audit Partner Procurement – Update Report**

## **1. Summary**

- 1.1 This report provides the committee with an update on the procurement activity being undertaken by the London Borough of Ealing to appoint a Strategic Audit Partner to support the services delivered by the Audit and Investigation Shared Service.

## **2. Recommendations**

- 2.1. That the Audit Committee notes the progress made in respect of the procurement activity commenced to appoint a strategic audit partner to support the Audit and Investigation shared service.

## **3. Detail**

- 3.1. The committee will recall that at the meeting of Council on 22 June 2015, it was resolved that the provision of internal audit service be delegated to the London Borough of Ealing with effect from 1 October 2015 or such other date as may reasonably agreed with the London Borough of Ealing.
- 3.2. The Shared Service hosted by the London Borough of Ealing will initially be delivery Audit and Investigation services to the Ealing, Hounslow and Brent who currently each operate very similar audit service delivery models, with the majority of audit days being delivered by the same outsourced provider, supported by an element of in-house resource. It should be noted that these arrangements have been in place for a significant period of time, with limited market testing being undertaken.
- 3.3. The vision for the Shared Service is to provide a comprehensive, robust and resilient Internal Audit service to the three London Boroughs. However, a clear vision of the shared service is one of growth and the delivery of services to other organisations over time. This strategy of growth is therefore a key development within the shared service and an important consideration for potential suppliers of Internal Audit services to the Shared Service.
- 3.4. The Shared Service approach therefore provides an opportunity for Ealing to explore opportunities to engage and manage a single Strategic Audit Partner on a

consolidated basis on behalf of the partnering organisations, creating an opportunity to achieve efficiencies with regards to contractor performance and management costs.

3.5 Due to the changing public sector landscape and the continuing need for Local Authorities to find continuing financial savings, it is important that an effective internal audit function is in place to support organisations through this journey. In order to achieve this objective it is vital that the Shared Service have the right internal audit partner that understands the current public sector landscape and has the relevant skills and expertise. The procurement approach being adopted by Ealing has therefore been designed to test the market in this regard and to identify the most appropriate partner to support the longer term vision of growth for the Shared Service. The Strategic Audit Partner will be able to demonstrate:

- A sound understanding of the pressures faced by the public sector and a track record of working effectively with complex public sector organisations;
- A service offering that complements shared service / cross-council service delivery;
- A well-established Internal Audit methodology reflecting the current pressures effecting public sector organisations and enabling the necessary levels of assurance in terms of the effective management of risk;
- Delivery of innovation and continuous improvement in internal audit methodology delivered specifically with regards to the use of technology;
- A rich mix of expertise and resources dedicated to supporting internal audit delivery by the shared service to the partner organisations;
- The effective ability to support the wider shared service growth agenda through collaborative working; and
- Bringing a strategy to develop a joint commercial enterprise that is successful in bidding for additional client contracts and growing the business.

3.6 It is the intention of Ealing to appoint the Strategic Audit Partner following the completion of an EU compliant procurement process, with services to commence from 1 April 2016.

3.7 In view of the lack of recent market testing in respect of Internal Audit Services, and as an initial step in the procurement process, a supplier market day was hosted by Ealing on 13 August 2015, in order to explain the shared service vision and the key attributes the Strategic Audit Partner would need to be demonstrate. This event attracted 9 potential suppliers, who received a standard presentation by the Ealing Head of Audit & Investigations, followed by the opportunity to ask questions of the procurement panel which consisted of representatives from Brent, Ealing and Hounslow.

3.8 It is the intention that the formal Invitation to Tender process will commence in early October 2015.

#### **4. Financial Implications**

- 4.1. The total value of the audit contract with Croydon Council, delivered by Mazars, is £192,000 in the current year and is funded within the Audit and Investigations base budget.

#### **5. Legal Implications**

- 5.1. The proposed procurement approach being conducted by Ealing will be completed in accordance with the relevant Contract Procedure Rules and OJEU requirements.
- 5.2. The responsibilities of Ealing as the Host organisation for the Shared Service and those for Hounslow and Brent in respect of the receipt of Internal Audit services will be defined within the respective collaboration agreements.

#### **6. Diversity Implications**

- 6.1. None

#### **7. Background Papers**

- 7.1. None

#### **8. Contact Officer Details**

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