

PFCC Decision Report

Report reference number: DR 064-22

Classification Official - Commercial

Title of report: Internal Audit Services 7F-2121-C114

Area of county / stakeholders affected: Countywide

Report by: Cheryl Barsdell, Senior Category Manager, 7 Force Commercial Services

Chief Officer: Janet Perry, Chief Financial Officer and Strategic Head of Performance and Resources

Date of report: 8th July 2022

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1. Executive Summary

The purpose of this report is to seek the Police, Fire and Crime Commissioner's approval to enter into a contract with RSM UK Risk Assurance Services LLP for internal audit services. This report contains details relating to the mini-competition and is a request for authorisation for the application of an electronic signature to the Call Off Agreement.

2. Recommendations

2.1 It is recommended that the PFCC, acting on the recommendation of the Joint Audit Committee:

- Enters into the contract with RSM Risk Assurance Services LLP for internal audit services appended to this report. The contract will be for 2 years with an option for 2 x 12-month extensions.

- Authorises the application of the PFCC's electronic signature to the Call-off Contract.
- 2.2 The cost of the contract will be £393,004 for Essex only (if the full four-year option is taken), representing a saving of circa 15% against the current budget.
- 3. Background to the Proposal**
- 3.1 The Kent and Essex contract with RSM expired on 30 June 2022.
- 3.2 A mini-competition has been undertaken from the Crown Commercial Services (CCS) Audit and Assurance Framework Agreement (RM6188).
- 3.3 A team of senior stakeholders from Kent and Essex, including JAC members, were the evaluation team for this project.
- 3.4 Two bids were received and a recommendation is made by the evaluation team to award a contract to RSM Risk Assurance Services LLP as set out in the report to the Joint Audit Committee (JAC) appended to this decision report.
- 4. Proposal and Associated Benefits**
- 4.1 This enables the continuation of an internal audit service within the force's existing budgets (the current budget for internal audit is £116,000 pa).
- 4.2 A risk report from Credit Safe indicated the successful bidder had a score of 79 which indicates a very low risk. This risk score falls within the parameters of our credit checks on companies (a minimum of 30 is required as per guidelines).
- 4.3 The Framework Agreement has been set up by Crown Commercial Services for central government and the wider public sector following a lengthy pre-market engagement. The result is that suppliers are all accredited, including Cyber Essentials, and have signed up to terms and conditions adapted for the audit market.
- 5. Options Analysis**
- 5.1 Do nothing – Ruled out as the provision of internal audit services is a statutory element of governance.
- 5.2 In-source – Ruled out as there was no appetite from stakeholders to pursue this option due to the nature of the service. It would be difficult to attract the right calibre of staff with the range of skills required.
- 5.3 Open tender – Ruled out as all the public sector audit providers are on the new Crown Commercial Services (CCS) Framework so this would be seen as an additional cost and administrative burden for these suppliers.

5.4 Mini-competition from the new CCS Framework - Recommended as CCS has launched a new framework specifically for the procurement of audit and assurance services with 20 suppliers pre-qualified. This is the recommended route for the public sector to procure internal audit services.

6. Consultation and Engagement

6.1 Stakeholders from Essex were engaged with throughout the process to ensure the needs of the business were met by the new contract. The tenders were evaluated by the PFCC's Chief Executive, s151 Officer and the Chair of the Joint Audit Committee.

7. Strategic Links

7.1 This contract supports the objective of building a culture of collaboration and continuing to unlock resources to reinvest so we can provide even better emergency services in Essex. This contract will enable Essex to continue to maximise the benefits of collaboration for internal audit services between Essex and Kent Police.

8. Police operational implications

8.1 The internal auditors provide assurance over operational policing.

9. Financial implications

9.1 The Essex cost over four years totals £393,004

Year 1	Year 2	Year 3	Year 4	Total
£98,251	£98,251	£98,251	£98,251	£393,004

9.2 The cost of the contract will be £393,004 for Essex only (if the full four-year option is taken), representing a saving of circa 15% against the current budget of £116,000 per annum.

10. Legal implications

10.1 The procurement has been carried out in accordance with the Contract Standing Orders and the Public Contracts Regulations 2015 using a compliant framework agreement.

11. Staffing implications

11.1 There are no staffing implications to this procurement.

12. Equality, Diversity, and Inclusion implications

12.1 The recommendations do not have any adverse equality, diversity or inclusion implications.

12.2 Under the core terms and conditions of the Framework Agreement, the supplier must follow all applicable equality law when performing its obligations under the contract including protections against discrimination on the grounds of race, sex, gender reassignment, religion or belief, disability, sexual orientation, pregnancy, maternity, age or otherwise, and any other requirements and instructions which CCS or the buyer reasonably imposes related to equality Law. The supplier must take all necessary steps, and inform CCS or the buyer of the steps taken, to prevent anything that is considered to be unlawful discrimination by any court or tribunal, or the Equality and Human Rights Commission (or any successor organisation) when working on a contract.

13. Risks and Mitigations

13.1 Procurement risks are mitigated through use of a legally compliant framework.

14. Governance Boards

14.1 Essex Joint Audit Committee (in June 2022) discussed the procurement and recommended the award of the contract to RSM.

15. Links to Future Plans

N/A

16. Background Papers and Appendices

Joint Audit Committee report

Regulation 84 Report Draft

RM6118 CCS Framework Core Terms

RM6188 Framework Order Form and Call Off



14. Appointment of
Internal Auditors v1.1.



7F 2121 C114
CAAREgs 84 Report V



RM6188-Core-Terms
.pdf



Call Off Agreement
Internal Audit.odt

Report Approval

The report will be signed off by the PFCC's Chief Executive and Chief Finance Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.

Sign: 

Print: P. Brent-Isherwood

Date: 25 August 2022

Chief Finance Officer

Sign: 

Print Janet Perry

Date: 20 September 2022

Publication

Is the report for publication?

YES	<input checked="" type="checkbox"/>
NO	<input type="checkbox"/>

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'None' if applicable)

None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

Redaction

If the report is for publication, is redaction required:

1. Of Decision Sheet?	YES	<input type="checkbox"/>	2. Of Appendix?	YES	<input checked="" type="checkbox"/>
	NO	<input checked="" type="checkbox"/>		NO	<input type="checkbox"/>

If 'YES', please provide details of required redaction:

Appendices should not be published as they include commercial information relating to bidders and their pricing and all information required is included in the main report.

Date redaction carried out:

Chief Finance Officer / Chief Executive Sign Off – for Redactions only

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.


Sign:

Print:

Chief Executive / Chief Finance Officer

Decision and Final Sign Off

I agree the recommendations to this report:



Sign:

Print: Roger Hirst

PFCC/Deputy PFCC

Date signed: 26 October 2022

I do not agree the recommendations to this report because:

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.....
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Sign:

Print: