

GWENT POLICE AUTHORITY
Strategic Planning and Performance Committee

Date: 4th March 2010 **Item No: 5f**

Heading: The Provision of an Internal Audit Service

Report Author: Chief Constable

SUMMARY

The purpose of this report is to seek approval to extend the current Internal Audit contract for a period of 3 months from 1st April 2010, to enable the award and implementation of a new collaborative Internal Audit contract from 1st June 2010.

RECOMMENDATIONS

1. That a new collaborative contract is awarded in accordance with E.U. Directives for a period of 3 years, with an option to extend for a further 2 years under Dyfed-Powys Police Authority's Standing Orders complying with Gwent Police Authority's Standing Orders Part II, Item 11.1(b) (most economically advantageous tender).
 2. That the current internal audit contract with Monmouthshire County Council is extended for a period of 3 months under Gwent Police Standing Orders Part II, Item 6.1(c) to allow for the revised contract commencement date and effective implementation period.
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1. **BACKGROUND**

- 1.1 Internal Audit Services are required for the examination and evaluation of the adequacy and effectiveness of the Authority's internal control systems. Gwent Police Authority awarded a contract to Monmouthshire County Council in April 2006 following a formal tender process. The contract was for a 3-year period, with the option of 2 annual extensions.
- 1.2 Dyfed-Powys Police Authority currently has a contract with Deloitte for the provision of an internal audit service. The contract is due to expire on 31st March 2010. South Wales Police Authority currently has a contract with RSM Bentley Jennison, which is due to expire on 31st March 2010. Gwent Police Authority's contract with Monmouthshire County Council is due to expire on 31st March 2010 with an option to

extend for 12 months. This will be the first Internal Audit contract, which Police Authorities of Wales (PAW) will enter into.

- 1.3 Dyfed-Powys Police Authority agreed to act as Lead Authority on behalf of Gwent Police Authority, South Wales Police Authority and Police Authorities of Wales (PAW), which is a representative body of the four Police Authorities in Wales, to tender for the provision of Internal Audit Services.

2. PROPOSAL FOR CONSIDERATION BY COMMITTEE

- 2.1 The total estimated contract value for 3 years, which was based on historical data is £676,359 (value for the two annual extensions is £450,906) which meant that a full EU Tendering process had to be completed.
- 2.2 An invitation to tender was released to eight companies on 24th September 2009, following a pre-qualification stage. Tenderers had to submit their responses to the Invitation to Tender by 29th October 2009. The tender was divided into Lots to allow for SME's to compete.
- Lot 1 – Provision of an internal audit service to Dyfed-Powys Police Authority, Gwent Police Authority, South Wales Police Authority and Police Authorities of Wales (PAW).
 - Lot 2 – Provision of an internal audit service to Dyfed-Powys Police Authority, South Wales Police Authority and Police Authorities of Wales (PAW).
 - Lot 3 – Provision of an internal audit service to Dyfed-Powys Police Authority.
 - Lot 4 – Provision of an internal audit service to Gwent Police Authority.
 - Lot 5 – Provision of an internal audit service to South Wales Police Authority.
 - Lot 6 – Provision of an internal audit service to Police Authorities of Wales (PAW).
- 2.3 The evaluation of the Tender responses was carried out at evaluation meetings on 2nd and 3rd of November 2009 by an evaluation panel made up of the following people:
- Chair of Audit Committee Dyfed Powys Police Authority
 - Chair of PAW and member of Dyfed-Powys Police Authority
 - Member of South Wales Police Authority
 - Head of Finance Gwent Police Authority
 - Head of Accountancy Services South Wales Police Authority
 - Financial Controller Dyfed Powys Police Authority
 - Procurement and Contracts Manager Dyfed Powys Police Authority
 - Contracts Officer Gwent Police Authority
 - Senior Procurement Officer South Wales Police Authority

- Procurement and Contracts Officer Dyfed Powys Police Authority

2.4 Tenders were evaluated based on weightings of 60% quality and 40% cost of service.

2.5 Three tenderers were shortlisted and invited to present to the evaluation panel to expand upon their tender responses. In addition to the panel, the following people attended the presentations: -

- Director of Finance and Resources, Dyfed Powys Police Authority
- Director of Finance, South Wales Police Authority
- Treasurer, South Wales Police Authority
- Treasurer, Gwent Police Authority

2.6 Subsequent to the presentations, the Directors of Finance requested that the evaluation panel completed a quality review of the scoring before a recommendation was made to the participating organisations. This was completed on the 16th February 2010 and resulted in the scoring detailed below (only Lots 1 and 4 listed, as others were not relevant to Gwent Police Authority).

Lot 1 (All Organisations)

Tenderer	Annual Charge for Gwent (£'s)	Charge Score	Specification Score	Total score
A (Ranked 1)	51,925	35.22	60.00	95.22
B (Ranked 2)	51,150	35.76	55.70	91.45
C (Did not bid)				

Lot 4 (Gwent Police Authority Only)

Tenderer	Annual Charge for Gwent (£'s)	Charge Score	Specification Score	Total score
A (Ranked 1)	57,350	31.89	60.00	91.89
B (Ranked 2)	55,800	32.78	55.70	88.47
C (Ranked 3)	53,785	34.01	52.86	86.87

2.7 The evaluation concluded that Tenderer A was ranked 1st on all Lots and represents the lowest cost option for the Authority.

3. STAFFING/PERSONNEL IMPLICATIONS

- 3.1 All incumbent providers were contacted to give a view as to whether TUPE would apply to this contract. They all advised that in their opinion TUPE would not apply.

4. FINANCIAL IMPLICATIONS

- 4.1 The contract value over the 3-year period (excluding PAW) will be £663,300, which provides a collaborative 3 year saving of £13,059 against current costs. Gwent Police Authority's potential saving is of approximately £1,860 per annum (£5,580 over 3 Years) against Monmouthshire County Councils tendered costs. The cost of this service is included within the revenue budget.
- 4.2 For information, if Gwent Police Authority were to remain with Monmouthshire County Council for 2010/11 then the potential saving of approximately £1,860 per annum would not be delivered and furthermore it would increase the prices of the preferred provider to the other forces by £7,575 per annum, eradicating the potential savings.

5. CONSULTATION

- 5.1 Consultation occurred with the Finance Department, the Treasurer of Gwent Police Authority, Dyfed-Powys Police Authority and South Wales Police Authority.

6. PROJECT ASSESSMENT FOR EQUALITY AND DIVERSITY MATTERS

- 6.1 This project/proposal has been considered against the general duty to promote equality, as stipulated under the Police Force's Equality Schemes, and has been assessed not to discriminate against any particular group.

7. RISK ASSESSMENT

- 7.1 No formal risk assessment has been undertaken however, without an internal audit provision, there are no assurances that the financial and non-financial controls are adequate. This would leave the organisation vulnerable to criticism from external agencies such as the Wales Audit Office.

8. STAYING AHEAD (2011 REVIEW)

- 8.1 It is envisaged that an internal audit service will be required to assist with the 2011 Review and beyond.

9. CONCLUSION

9.1 Following the tendering process, it was concluded that due to the results of the quality evaluation of Tenderers responses together with the costs submitted, that Tenderer A should be awarded the contract for an internal audit service, as they represent best value in both quality and pricing.

10. CONTACT OFFICER

10.1 Wilhelmina Magness, Contracts Officer

11. BACKGROUND PAPERS

11.1 None

12. APPENDICES

12.1 None