# Ref: GJF/2018/06/15

**Board Meeting:** 21 June 2018

**Subject:** Internal Audit Contract

**Recommendation**: Board members are asked to approve the award of the internal audit contract.

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## Background

As advised to previously, the Board’s current contract for provision of internal audit services ended on 31 March 2018. In light of this, and in line with the regional work undertaken, the Board undertook a joint tendering exercise with NHS Ayrshire and Arran, NHS24 and NHS Greater Glasgow and Clyde for the provision of internal audit services from 5 May 2018.

As advised in previous papers to the audit and risk committee the current tender was advertised in lots for this contract as opposed to core contract for the four bodies, the lots are noted in the table below:

|  |  |  |
| --- | --- | --- |
| Lot one  NHS GG&C | Lot Two  NHS Ayrshire and Arran, NHS24 and GJF | Lot Three  All Boards |
| Ernst & Young | Ernst & Young | Ernst & Young |
| Grant Thornton | Grant Thornton | Grant Thornton |
| PWC | PWC | PWC |
| RSM | RSM | RSM |
| Scott- Moncrieff |  |  |

It should be noted that bidders were precluded from tendering for Boards for which they provide external audit services.

## The Process

It was agreed with the procurement departments and Directors of Finance that the tender would be undertaken following OJEU regulations.

First Stage Evaluation

A working group was established to undertake the initial Tender evaluation, consisting of the Assistant Directors of Finance for each of the Boards.

The group also held a ‘meet the bidder’ event on 8 March 2018 to enable all bidders to ask questions relating to the tender.

The Group met on 29 March 2018 to evaluate the tender submissions and to arrive at a consensus score for each tender. One member of the NHS GG&C Procurement Department attended the meeting to provide any advice required and to record the scores awarded to the tenders.

In accordance with EU rules, the four tenders relating to Lot 2 were evaluated by the working group against the criteria defined in the specification, copy attached at appendix one. Lot One tenders were evaluated by NHS GG&C only.

In line with guidance any company who scored higher than the threshold value was subsequently invited to tender, therefore two companies in Lot two were invited to attend stage two of the process – presentation and interview.

## Outcome

The phase two valuation for the Board was undertaken by the Assistant Director of Finance (Governance and Financial Accounting) to ensure consistency with stage one and the Director of Finance to represent the Audit and Risk Committee.

Following the two stages of the evaluation, as noted in the attached tender report the successful bidders were:

Lot one – Scott-Moncrieff

Lot two – Grant Thornton

Following the ten day standstill period the internal audit contract was awarded to the above companies effective from 5 May 2018. The contract period will be for three years with the option to extend by one year.

## Conclusion

The Audit and Risk Committee approved the appointment of Grant Thornton as the internal auditor at the meeting on 12 June 2018 and recommend to the Board their appointment.

## Julie Carter

**Director of Finance**

**12 June 2018**

**(Lily Bryson, Assistant Director of Finance – Governance and Financial Accounting)**