

**REPORT TO: POLICY AND RESOURCES COMMITTEE – 24 APRIL 2023**

**REPORT ON: CONTRACT FOR INTERNAL AUDIT SERVICE SUPPORT**

**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 126-2023**

## **1.0 PURPOSE OF REPORT**

1.1 To request approval to procure IT and general audit support for Internal Audit for the period covering 2023/24 to 2026/27. Joint procurement with Angus Council is proposed.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee approve the procurement of an audit support contract for 2023-2027 as set out in the report and delegate authority to the Executive Director of Corporate Services to award the tender.

## **3.0 FINANCIAL IMPLICATIONS**

3.1 The projected cost of the tender is estimated at around £50,000 per year and these costs will be contained within the Corporate Service Revenue Budget.

## **4.0 BACKGROUND**

4.1 Specialist IT audit support is required to supplement the skills of the in-house Internal Audit service. This has been fulfilled through previous contracts with external providers for some years. The previous long-term contract for support expired in June 2022. The contract at that time included both IT and general audit work. The contract was not renewed in 2022 to allow the support needs to be reviewed.

4.2 Following changes to the composition of the audit team in 2022/23, including the creation of a new Senior Auditor post and a sharing arrangement with Angus council regarding the Chief Internal Auditor role, it has been assessed that whilst the Internal Audit service requires IT audit support, general audit support will only be required to review services that lie within Internal Audit's responsibility or on an ad hoc basis in exceptional circumstances. The Chief Internal Auditor role is covered through a partnership arrangement with Angus Council, whereby their Service Leader – Internal Audit works 2 days per week for Dundee City Council. The sharing agreement is in place until October 2023 when it will be reviewed.

4.2 It has been assessed that the Internal Audit service requires a similar audit support service to Angus Council and therefore a joint procurement is proposed to create a framework contract that both councils can draw down from independently.

## **5.0 PROCUREMENT**

- 5.1 We anticipate that making the contract larger will attract further interest and competition given that Angus and Dundee City have had different providers in the past.
- 5.2 The procurement exercise for 2023/24 to 2026/27 will offer a four-year contract with a break clause at the end of 2024/25. The contract envisaged for Dundee City Council is between 25 and 35 days of IT support annually, with general support of around 20 days in total required to review risk management and insurance arrangements once each in the four-year period. Additional general support will only be required in exceptional circumstances.
- 5.3 Whilst there are national frameworks available which address such audit support, to use one of these would mean the automatic exclusion of local firms from this opportunity. Dundee City Council aims to use local suppliers where possible and Angus Council has a Performance Indicator based on the inclusion of the local supply base in tendering activities, therefore an open tender, via the PCS portal ([www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk)) is proposed.
- 5.4 As we seek to benefit from collaborative working opportunities going forward, to have a common supplier with Angus Council, and to hopefully benefit from the increased attractiveness such a contact would have within the marketplace, would ultimately be to the Council's advantage.

## **6.0 POLICY IMPLICATIONS**

- 6.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## **7.0 CONSULTATIONS**

- 7.1 The Council's Leadership Team have been consulted in the preparation of this report.

## **8.0 BACKGROUND PAPERS**

- 8.1 None.

**ROBERT EMMOTT**  
**EXECUTIVE DIRECTOR OF CORPORATE SERVICES**  
**5 APRIL 2023**