COMMISSIONING INTERNAL AUDIT SERVICES

SUMMARY

1. Members will recall that the Fire Authority approved the tendering for internal audit services from 1 April 2014. The Authority also approved the composition of the panel to take this forward.

2. As was highlighted at the recent Member Day on 29 November 2013, it is proposed that a different approach to commissioning be adopted, which arises, in part, from membership of the Cabinet Office Commissioning Academy. The report was considered by the Governance, Audit and Scrutiny Committee on 3 December 2013.

RECOMMENDATIONS

3. The Authority is asked to endorse the approach set out in this report.

COMMISSIONING INTERNAL AUDIT SERVICES

4. As Members are aware, on a rolling programme of three years, the Authority has gone out to tender for its internal audit services.

5. This has been through a robust, but more traditional approach of specifying, in some detail, the nature of the service required. Tenderers were evaluated on that basis. That is not to say that the Internal Audit Service have not demonstrated value for money (because the previous three outsourced contracts have done, particularly compared with the service provided by a constituent authority until 2008). Indeed, a progressive approach was taken to require Internal Auditors to align the internal audit plan with the corporate risk register, which has led to both strategic audits and key systems audits.

6. However, one of the benefits of being a member of the Commissioning Academy is to consider a different approach to how services can be commissioned.

7. The overall approach is to set broader outcomes, which Internal Audit Services would be required to deliver or contribute to. So rather than the service specifying in great detail the inputs, i.e. how Internal Audit is to be delivered, the focus changes completely. The Service will set out a number of outcomes, although providers may well propose others/enhancements. Given the nature of Internal Audit Services this is perhaps a much greater challenge than perhaps more obvious community-based services and to that end, the outcomes will be supplemented by a minimum number of outputs, which again providers will be expected to propose add-ins or enhancements. For example, an outcome could be giving public confidence in our Fire & Rescue Service, while an output could be satisfactory reliance by External Audit.

8. Providers would be required to set out key performance indicators which would be linked to both the outputs and outcomes. In this way, performance can be better measured and reviewed, with payment aligned accordingly.
9. Providers would be evaluated on this basis, with the overall focus on quality (i.e. outcomes) rather than cost. The ultimate ambition is to select Internal Auditors who clearly demonstrate value for money, undertake key system reviews upon which External Audit can rely upon, but also play a clear contribution in helping the Authority to deliver its Vision and Strategic Plans.

10. This does represent a different approach and one less familiar to potential providers. As such, part of the approach will be to invite all interested providers to a pre-tender day. Potential providers can then understand much more about the approach, the challenges facing the Service and our plans for the future.

11. The draft timetable for the tender process is attached as Appendix 1 to this report. The expectation is that the process will conclude in March 2014.

STRATEGIC PLAN COMPATIBILITY

12. An effective internal audit service helps to support strategic planning.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

13. This report reflects the Authority’s commitment to undertaking a robust competitive process to secure an Internal Audit Service over a minimum of the next three years. An Internal Audit function is an essential requirement for the Authority, the S.151 Officer and the Monitoring Officer to discharge their statutory responsibilities.

LEGAL IMPLICATIONS

14. The S.151 Officer and Monitoring Officer must ensure that an adequate internal audit provision is in place to give assurance on the Authority’s systems of internal control.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

15. No direct issues arising.

CORPORATE RISK MANAGEMENT IMPLICATIONS

16. Internal Audit is a key factor in giving confidence in an Authority’s control and risk management arrangements.

HEALTH AND SAFETY IMPLICATIONS

17. No direct issues arising.

COMMUNICATION ACTIONS ARISING

18. No direct issues arising.

DETAILS OF CONSULTATION

19. Corporate Management Team.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

20. None.

RECOMMENDATIONS RESTATED

21. The Authority is asked to endorse the approach set out in this report.
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01482 567183

Humberside Fire & Rescue Service  
Summergroves Way  
Kingston upon Hull

RG/SJ  
6 December 2013
## Internal Audit Tender Timetable

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre 06/12/13</td>
<td>Advertise advance notice that there will be a tender invitation on the HFA website from 12/12/13</td>
</tr>
<tr>
<td>12/12/13</td>
<td>Publish tender advert</td>
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<tr>
<td>03/01/14</td>
<td>Tender period opens</td>
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<tr>
<td>Week commencing 06/01/14</td>
<td>Supplier day</td>
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<tr>
<td>31/01/14</td>
<td>Tender closes</td>
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<tr>
<td>February 2014</td>
<td>Panel meeting to consider tenders received</td>
</tr>
<tr>
<td>03/03/14</td>
<td>GAS Committee meeting to consider outcome</td>
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<tr>
<td>14/03/14</td>
<td>Fire Authority meeting to ratify outcome</td>
</tr>
<tr>
<td>01/04/14</td>
<td>Contract start date</td>
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