



**Rochford District
Council**

REPORT TITLE:	Internal Audit Services
REPORT OF:	David Dickinson, Strategic Director Finance

REPORT SUMMARY

Rochford's internal audit services are currently provided by Basildon Borough Council, the contract for which expires at the end of June 2025. At the September Audit and Governance Committee, members agreed to tender for internal audit services in conjunction with Brentwood (whose internal audit services are currently provided by BDO) with the intention that new arrangements have effect from 1 April 2025. This report sets out the result of that process.

RECOMMENDATION

That the Committee approves the appointment of BDO as the council's auditors with effect for 1 April 2025

1. BACKGROUND INFORMATION

Rochford's internal audit services are currently provided by Basildon Borough Council (Basildon) via a partnership agreement. The council has tendered, in conjunction with Brentwood, for the provision of Internal Audit services from 1 April 2025. This approach is consistent with the OneTeam strategy agreed between the two councils.

2. PROCUREMENT ROUTE

The tender was conducted using the Crown Commercial Services RM6188 framework, Audit and Assurance Services. A CCS (Crown Commercial Service) framework agreement under the Public Contracts Regulations 2015 (PCR 2015) is a specific type of agreement designed to help public sector organisations procure goods and services more efficiently. CCS framework agreements provide public sector bodies with access to pre-approved suppliers, ensuring compliance with procurement regulations and achieving value for money.

Basildon Council is not an approved supplier on framework agreement RM6188 so was unable to participate in the tender process. It was established that there would be no TUPE implications arising from the transition from Basildon to a new supplier.

There are 18 suppliers on the RM6188 framework Lot 1: Internal Audit and Assurance. An expression of interest process was conducted to ensure that only those suppliers interested in tendering were asked to do so. This reduced the number asked to tender to 6.

The tender process commenced at the beginning of November 2024 with a return date of 6 December 2024. In the event 3 tenders were received

Mazars
BDO
TIAA

3. TENDER EVALUATION

The evaluation criteria were weighted

Price 45%

Quality 55% (including 5% Social Value)

The quality score was assessed against the following criteria

Requirement
The organisation must be able to demonstrate a high quality of service to meet the specific needs of the Councils as set out in the specification. The firm must be able to demonstrate the efficiency, quality and integrity of the audit approach proposed, and set out the quality control procedures adopted. 15%
The organisation must demonstrate experience of recent working with district/borough councils and be able to show a high level of understanding of the environment in which they operate. Please provide the names of two reference councils (references to be taken up at the discretion of the contracting organisation). 10%

The organisation should set out the availability of resources including specialist staff and services, required to meet the councils' requirements. Applicants should set out the proposed staffing structure for the contract. For each member of senior staff who will be involved in the provision of the Internal Audit Service, details such as experience and qualifications should be provided. In addition, applicants should explain the training which will be given to junior staff and the measures that will be used to maintain continuity of senior staff. 7.5%
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The organisation should set out the form and frequency of communications, providing examples of documents, that it will provide to the councils. 10%
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The organisation should explain how it will assist the council in developing the awareness and capability of the committee responsible for the contract. This should include, as a minimum, an annual briefing session for members on the role of internal audit. 7.5%
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The final evaluation (quality/price/social value) scores were

BDO – 99%

TIAA – 97.01%

Mazars – 86.79%

It is recommended, therefore, that the contract be awarded to BDO.

Full details of the evaluation are included in the confidential appendix.

4. OTHER OPTIONS CONSIDERED

None

5. RISKS

The handover from the old to the new provider could cause delays in the delivery of the 2025/26 programme of audits. However, the 3 month overlap in the contracts will ensure that this process is as smooth as possible.

6. ENGAGEMENT/CONSULTATION

None.

7. FINANCIAL IMPLICATIONS

The new annual contract price represents a saving of £30k compared to the current contract cost.

8. LEGAL IMPLICATIONS

None.

9. ECONOMIC IMPLICATIONS

None.

10. EQUALITY & HEALTH IMPLICATIONS

None.

11. ENVIRONMENTAL & CLIMATE IMPLICATIONS

None.

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Appendix - Confidential

The quality scores awarded are as in the table below

QUALITY SCORING												
EVALUATION OF NON-PRICE ASPECTS												
Brentwood and Rochford Councils Internal Audit and Assurance Services												
Quality Scores by Tenderer												
Criteria	Overall Weighting (%)	Sub-criteria / Individual Question description	Max Score	Individual Criteria Weighting (%)	Tiaa		Mazars		BDO			
					Score	Weighted (%)	Score	Weighted (%)	Score	Weighted (%)	Score	Weighted (%)
Quality	55	Quality Question 1	5	15	5	15.00	5	15.00	5	15.00		
		Quality Question 2	5	10	5	10.00	5	10.00	5	10.00		
		Quality Question 3	5	7.5	5	7.50	5	7.50	5	7.50		
		Quality Question 4	5	10	5	10.00	5	10.00	5	10.00		
		Quality Question 5	5	7.5	5	7.50	5	7.50	5	7.50		
		Social value	5	5	4	4.00	4	4.00	4	4.00		
Score	55	<- Overall Score IS EQUAL TO Individual Score ->		55		54.00		54.00		54.00		

The pricing assessment was as follows

Pricing Evaluation - Standard Deviation Model

Tender Title:	Brentwood Borough Council and Rochford District Council Internal Audit and Assurance Services	45%
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Bidder's names	Value (£)	Variation from Lowest Bid	Weighting	Weighted %
1 Tiaa	£233,050	£10,300.00	1.0	43.01
2 Mazars	£254,748	£31,998.00	1.2	32.79
3 BDO	£222,750	£0.00	1.0	45.00
4				
Std Deviation	£16,334			
Mean	£236,849			
Lowest Value	£222,750			
Number of Bidders	3			

Combining the 2 produced an overall result of

SUMMARY SCORING

Internal Audit and Assurance Services

Criteria	Overall Weighting (%)	1	2	3	4	5	6	7
		TIAA	Mazars	BDO				
		Weighted %	Weighted %	Weighted %	Weighted %	Weighted %	Weighted %	Weighted %
Pricing	45%	43.01	32.79	45.00				
Quality	55%	54.00	54.00	54.00				
		0.00	0.00	0.00				
Quality		54.00	54.00	54.00				
TOTAL	100%	97.01	86.79	99.00				
RANK		2	3	1				

The recommendation, therefore, is that the contract be awarded to BDO. BDO have been awarded the Brentwood contract.