

Title of Report	Appointment of Internal Auditors
Summary/purpose of report	The contract for the provision of internal audit services expires 31 March 2025. We reviewed the options for the re-let of this contract and completed a procurement strategy business case. This report advises the Council of the outcome of this review and seeks approval to appoint internal auditors.
Recommendations	The Council is asked to approve the appointment of Henderson Loggie LLP to provide internal audit services to the SSSC. The appointment will be for an initial three-year period until 31 March 2028 with an option to extend for a further two 12-month periods.
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Responsible Officer	Hannah Coleman, Acting Director of Regulation
Link to Strategic Plan	<p>The information in this report links to:</p> <p>Outcome 1: Trusted People who use services are protected by a workforce that is fit to practise.</p> <p>Outcome 2: Skilled Our work supports the workforce to deliver high standards of professional practice.</p> <p>Outcome 3: Confident Our work enhances the confidence, competence and wellbeing of the workforce.</p> <p>Outcome 4: Valued The social work, social care and children and young people workforce is valued for the difference it makes to people’s lives.</p>
Link to Risk Register	Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.

Impact Assessment	<p>An Impact Assessment (IA) was developed.</p> <p>This procurement will have a positive impact on sustainability as it will deliver community benefits.</p>
Documents attached	Appendix 1 - Procurement Strategy Business Case Internal Audit May 24.
Background papers	Link to Impact Assessment Folder

INTRODUCTION

1. The SSSC is required to have independent, objective assessment as to whether systems and internal controls are working effectively. This is delivered through the provision of outsourced internal audit services.
2. The current contract awarded to Henderson Loggie LLP expires on 31 March 2025. There is therefore a requirement to carry out a procurement exercise for the re-let of this contract to ensure continuation of Internal Audit Services from 1 April 2025 onwards.

PROCUREMENT STRATEGY BUSINESS CASE

3. A procurement strategy business case was completed to identify and explore all possible procurement routes to market for the provision of internal audit services. This identified six possible routes to market including the new framework awarded by the Advanced Procurement for Universities and Colleges (APUC).
4. The procurement strategy business case is attached as Appendix 1 for information.

PROPOSED ROUTE TO MARKET

5. Each of the six options were evaluated. The outcome is a recommendation to award to the first ranked supplier within the APUC framework.
6. This framework is put together by Scottish Government, with all bidders being invited to submit a response to the tender. Bids are evaluated on cost and quality and then suppliers are ranked in order by the centralised procurement team at Scottish Government. There are significant resource savings using this approach as all suppliers on this framework have already demonstrated their capability to deliver the services to be accepted on the framework and using this competed framework will deliver best value. This is noted in the route to market options in the Procurement Strategy Business Case.
7. As a pre-competed, compliant route to market, the procurement risk is minimised. This route also meets our procurement priority of using collaborative frameworks where these exist.
8. The use of these Scottish Government frameworks ensures we receive the set rates that are agreed as part of the tender contract and are better value than if we were to procure in the open market.

CONTRACT DURATION

9. We propose to award a contract for a period of three years from 1 April 2025, with a further two optional 12-month extensions.

CONSULTATION

10. This report has been considered by Executive Management Team (EMT) and the Audit and Assurance Committee as part of the approval process. Audit and Assurance Committee recommended approving the appointment, subject to additional information being provided to demonstrate that the procurement process achieved best value; this is detailed at paragraphs 6-8 and Appendix 1.

RISKS

11. Risk 3, that we fail to meet governance, external scrutiny applies to this procurement, with the risk appetite being averse. This risk is mitigated with the completion of the Procurement Strategy Business case considering options to market and best value, with the recommendation being compliant with procurement legislation and our own internal governance arrangements.

IMPLICATIONS

Resourcing

12. It is anticipated that the economies of scale offered by using the APUC the framework will deliver better overall value for money than a separate joint procurement exercise.
13. Market rates for internal audit services have increased, the use of the framework and set rates within this framework that are agreed with centralised Scottish Government Procurement and it is estimated to bring savings of 28% compared to openly competing for the service. There will be no additional impact on our staffing resource.
14. The award of the contract supports our strategic objective to deliver sustainable procurement including securing community benefits.

COMPLIANCE

15. Our Procurement Strategy is informed by the Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016. This procurement is compliant with the requirements of this framework.

IMPACT ASSESSMENT

16. An impact assessment has been completed with the sustainability assessment being relevant to this procurement of internal audit services. This procurement will have a positive impact on sustainability as it will deliver community benefits.

CONCLUSION

17. As noted in the procurement strategy business case, a direct award to the first ranked supplier in the APUC framework appears to be the recommended option.