

National Park Authority Audit Committee Meeting

Agenda Item 6



Internal Audit Services from 2016/17

Paper for decision

1. Purpose

The purpose of this paper is:

- 1.1 to advise members that our joint contract (with CNPA) for Internal Audit services provided by KPMG expires on 31 March 2016 and cannot be extended any further.
- 1.2 to provide members with the options available in relation to the provision of internal audit services from 2016/17.
- 1.3 to make a recommendation for members approval.

2. Recommendations

- 2.1 The officers' recommendation is option 4.1 (below) - enter into a Memorandum of Understanding for partnership working with WDC.
- 2.2 If necessary we would supplement this with the call-off contract that SNH have recently put in place. Or if the agreement with WDC was not successful overall we could fall back on option 4.2 without any significant risk.
- 2.3 Members are requested to note the contents of this report and advise their approval of these recommendations.

3. Background

- 3.1 The joint procurement of Internal Audit services with CNPA was successful from a financial perspective, However it has not provided the additional benefits we were anticipating in relation to joint working. Therefore both Park Authorities have agreed not to jointly procure a similar contract for 2016/17.
- 3.2 There is a requirement from Scottish Government for all public bodies to engage in partnership working and shared / joint service delivery and both Park Authorities are planning that we continue to achieve this in relation to Internal Audit Services, through differing routes.

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- 3.3 Towards the end of 2015 Scottish Natural Heritage (SNH) advised that they were going out to tender for Internal Audit Services and offered partners the opportunity to be part of the procurement process on the following basis;
- Lot 1 – supplementing existing internal audit delivery arrangements (participating public bodies SNH, LLTNPA, FC Scotland and HES)
 - Lot 2 – provision of the full range of internal audit services (CNPA, FSS and HES)

This did not commit us to using the winning bidder ([BDO LLP](#)) and therefore we agreed to be listed as a potential user of the contract. CNPA have opted to be included within Lot 1 which was the provision of the full range of audit services.

- 3.4 In parallel we have been discussing partnership working with West Dunbartonshire Council (WDC) and we have agreed that Internal Audit Services would be a viable area to progress together.
- 3.5 Therefore running a procurement exercise for the Park Authority in isolation seems to be an inefficient use of staff resource when there are two suitable alternatives, which also achieve the partnership working agenda, available to us. Annual expenditure on internal audit services is on average £12k - £15k.
- 3.6 KPMG and Audit Scotland have been briefed on the options being suggested to members. Initial discussions have taken place with KPMG in relation to handover.

4. Options

The options available for audit committee members to consider are:

- 4.1 We enter into a Memorandum of Understanding with WDC for the provision of Internal Audit Services.
- 4.2 We use the SNH call-off contract for the provision of Internal Audit Services.

5. Risks

- 5.1 There would seem to be no additional risk in either of the options above, given that we are not able to extend the existing contract with KPMG.

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- 5.2 In the event that the above options were not successful we would be able to go out to tender at a future date.
- 5.3 The options listed are not mutually exclusive therefore the risk to the organisation is very low.

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