

NHS Ayrshire & Arran



Meeting:	Ayrshire and Arran NHS Board
Meeting date:	Monday 28 November 2022
Title:	Appointment of Internal Auditor
Responsible Director:	Derek Lindsay, Director of Finance
Report Author:	Fiona McGinnis, Assistant Director of Finance

1. Purpose

This is presented to the Board for:

- Decision

This paper relates to:

- Local policy

This aligns to the following NHSScotland quality ambition:

- Effective

2. Report summary

2.1 Situation

The current internal audit contract ends this financial year and the process for tendering for the new contract has commenced. Under the terms of the Board standing orders, the Board is responsible for the appointment of the internal auditor. The Board are being asked to agree a derogation to the Board standing orders to delegate authority to the Audit and Risk Committee to make the decision regarding the appointment of the internal auditor.

2.2 Background

The current internal auditor for NHS Ayrshire & Arran (NHSAA) is Grant Thornton. A joint tendering exercise to appoint internal auditors was undertaken with NHS Greater Glasgow and Clyde (NHSGGC), the National Waiting Times Centre Board (NWTCB) and NHS 24 in 2018 for the three years to 2020-21. The contract was then extended for a further two year period, ending 2022-23.

The tendering process has commenced for the appointment of the internal auditor for the next three years. Once again this is being undertaken as a joint tender, with NHS Greater Glasgow and Clyde leading on the procurement process.

2.3 Assessment

The tender process for awarding the internal audit contract commenced in August 2022. The tender documentation and timetable has been developed by the Assistant/Deputy Directors of Finance from each of the four Boards who are part of the tender and they have been guided by the procurement manager from NHSGGC.

The tender has been split into two lots, the first for NHSGGC and the second for NHSAA, NWT CB and NHS 24. This is to enable smaller audit companies the opportunity to tender.

There is a two stage process for the evaluation of the tender applications. The first stage will involve the team who developed the documentation scoring the initial bids. The second stage will involve presentations from the audit companies and these will be scored by the team involved in stage one along with a combination of Directors of Finance and Chairs of the Audit and Risk Committees from each of the four NHS Boards.

A robust and fair process has been developed for the selection of the internal auditor for each organisation which will ensure best use of resources. The timetable for the tender process is detailed in Appendix 1.

Delegation of the authority by the Board to the Audit and Risk Committee to appoint the internal auditor will provide good corporate governance given the remit and experience of the committee members.

2.3.1 Quality/patient care

There are no implications on the quality of services from the decision requested in this paper.

2.3.2 Workforce

There are no workforce implications from the decision requested in this paper.

2.3.3 Financial

There are no financial implications from the decision requested in this paper.

2.3.4 Risk assessment/management

There is a potential risk to the organisation if the tender and decision making process is not robust.

2.3.5 Equality and diversity, including health inequalities

An impact assessment has not been completed because this paper is requesting a derogation to the Board standing orders.

2.3.6 Other impacts

Delegating responsibility for appointment of the Board internal auditor to the Audit and Risk Committee will ensure effective use of resources and good governance and accountability.

2.3.7 Communication, involvement, engagement and consultation

This paper and process has been discussed with the Head of Corporate Governance

2.3.8 Route to the meeting

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- Audit and Risk Committee, 23 November 2022

2.4 Recommendation

For decision. Members are asked to decide to approve a derogation of the Board standing orders, delegating authority to the Audit and Risk Committee to appoint the internal auditor. The NHS Board will be advised of the outcome.

3. List of appendices

The following appendices are included with this report:

- Appendix No 1, Internal Audit Timetable

GGC0615- (Internal Audit Framework)				
Summarised Workplan for Audit & Risk Cttee				
Key:				
Technical User Group to Action	Procurement to Action	Tender Evaluation Board to Action	Suppliers	
Task	Details	Owner	Start	End
1st Draft of Tender Specification	Technical User Group to review current specification and update. Submit to Procurement for review thereafter	Technical User Group	31/05/2022	23/08/2022
Technical User Group meeting with Procurement	Review first draft specification and discuss any changes / updates	Technical User Group	07/09/2022	07/09/2022
Specification Approved	Technical User Group to review any comments from Procurement and amend accordingly. Submit final document	ARCs	07/09/2022	27/09/2022
Tender Documentation Processes	Preparation of Invitation to Tender documentation	Procurement	07/09/2022	30/09/2022
Issue ITT on PCS-T	Publish contract notice and issue invitation to tender on PCS-T system	Procurement	04/10/2022	04/10/2022
ITT Return	Bidders will be asked to submit their bids	Suppliers	01/11/2022	01/11/2022
Stage 1 Evaluations/Scoring	Each member of the Tender Evaluation Board considers and scores each bid against the agreed criteria	Technical User Group	03/11/2022	17/11/2022
Stage 1 - Evaluation Board meeting to finalise scores	Meeting to discuss the scores and agree which bids progress to Stage 2.	Technical User Group	24/11/2022	24/11/2022
Approval of Stage 1	DOF & ARC Chairs for review / approval	Technical User Group	24/11/2022	30/11/2022
Invitation to interview issued	Procurement to issue invitations to bidders to attend interview	Procurement	01/12/2022	01/12/2022
Stage 2 - Interviews	Interview panel required to carry out interviews with bidders	Tender Evaluation Board	09/12/2022	09/12/2022
Stage 2 - Evaluation Meeting	Evaluation Panel required to review all responses and score - evaluation meeting scheduled by Procurement to discuss consensus score	Tender Evaluation Board	12/12/2022	12/12/2022
Approval of Stage 2	DOF & ARC Chairs for review / approval Virtual approval	Tender Evaluation Board	12/12/2022	19/12/2022
Award Report Preparation, Standstill Period and letters	Procurement will: - prepare award documentation based on evaluation outcome - issue standstill/unsuccessful letters - following 10 day standstill period issue award letter to successful supplier(s)	Procurement	19/12/2022	20/01/2023
Go Live Date		Suppliers		23/01/2023