

For Decision

Agenda Item: 4
Date of Meeting: 19/02/25

To: The Audit & Risk Sub-Committee

From: The Director

Subject: Tender for Internal Audit Services 2025 – 28

1. Introduction and Purpose

- 1.1 The current contract with Wylie+Bisset ends on 31st March 2025, after being extended for an additional year. Therefore, the internal audit service needed to be put out for tender. The Finance Manager has undertaken the tendering process on my behalf.
- 1.2 As reported by the Finance Manager to Committee at its January meeting, the tender was live on Public Contract Scotland. The Tender is for a contract to provide internal audit services for a three-year period, with an optional 2 extension periods, of one year each.
- 1.3 The Deadline for submission of responses was the 29th of January. The returned tenders were marked and scored by the Finance Manager and me.
- 1.4 The purpose of this report is to present the outcome of the tendering process and a proposal to appoint the preferred supplier of services for the Sub-Committee's consideration and approval.

2. Outcome of Tender for Internal Audit Services

- 2.1 By the deadline of 29th January, two tenders had been returned, one from WBG LLP (formerly Wylie+Bisset) and one from TIAA Ltd. The "tender" was on a price/quality basis of 60/40 respectively. The scoring of the returned tenders is as follows:

<u>Tenderer</u>	<u>Contract Price (3 yrs)</u>	<u>Quality Score</u>	<u>Price Score</u>	<u>Overall Score</u>
WBG LLP	£12,432	79	40	119
TIAA Ltd	£18,163	93	22	115

- 2.2 From the above table, Committee should note that TIAA scored highest in quality, while WBG scored highest for price. On average, WBG have come out as the highest scoring tenderer in this exercise, demonstrating

the best value for money at the 60/40 quality and price parameter set. Further, the Sub-committee should note that the day rates for any additional work were lower for WBG (£504 per day) versus TIAA (£780-£1,260 per day), however, these are not part of the contracted price set out in the table at 2.1.

2.3 Based on the above, it is being recommended that the Sub-Committee consider the reappointment of WBG LLP to provide internal audit services.

3. Risk

3.1 By appointing an Internal Auditor, we are ensuring that we have the internal controls and processes in place to manage and control our finances and operations effectively and have the capacity to carry out our short-, medium- and long-term strategic objectives.

Risk Category	Mitigating Measure
<p>Strategic, Financial, and Operational Management</p> <ul style="list-style-type: none"> • Lack of adequate controls and procedures across the business bring financial, reputational, or efficiency loss. • Breach or management override of controls cause financial loss. • Failure to comply with statutory and regulatory requirements. • Failure to comply with Governance standards. • Lack of adequate risk management procedures in place to ensure effective mitigation of risks. 	<ul style="list-style-type: none"> • Comprehensive Internal audit Programme is implemented and key areas of the business reviewed for compliance. • Internal Audit findings reported to the Management Committee and any recommendations implemented (where appropriate). • A separate Audit and Risk Committee, where Internal Audit Reports and operational and strategic arrangements are scrutinised. • Key areas of note highlighted and analysed to Committee

4. Delivery of our Strategic Objectives

Area	Related Strategic Objective(s)
Internal Audit (Tendering of service)	<ul style="list-style-type: none"> 3. Deliver value for money 6. Use of resources efficiently and effectively. 7. Achieve the highest standards in all that we do.

5. Application of our Core Values

Area	Related Core Value(s)
Internal Audit (Tendering of service)	<ol style="list-style-type: none"> 1. Engaged and responsive 2. Accountable and compliant 3. Efficient and responsible 4. Excellent and committed

6. Compliance and Assurance

6.1 Having an internal audit function and tendering for services on a 3 - 5-year cycle, ensures we are compliant with Regulatory Standards as follows.

Compliance Source	Details
The Standards of Governance and Financial Management for RSLs	<p>Standard 4 - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</p> <p>Guidance 4.4 - The governing body identifies risks that might prevent it from achieving the RSLs purpose and has effective strategies and systems of risk management and mitigation and internal control and audit.</p> <p>Guidance 4.6 - The RSL has an internal audit function. The governing body ensures the effective oversight of the internal audit programme by the audit and risk committee or otherwise. It has arrangements in place to monitor and review the quality and effectiveness of internal audit activity, to ensure that it meets its assurance need in relation to regulatory requirements and standards of governance and financial management. Where the RSL does not have an audit and risk committee, it has alternative arrangements in place to ensure that the functions</p>

	<p>normally provided by a committee are discharged.</p> <p>Guidance 4.7 – The governing body has formal and transparent arrangements for maintaining an appropriate relationship with the RSLs external and internal auditors.</p>
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6.2 Evidence Bank

Evidence	Assurance Exercise Location
Sub-Committee Report for 19/02/25 meeting Preferred Tender	Standard 4 Guidance 4.4, 4.6 and 4.7

6.2.1 Committee is reminded that our Assurance Exercises are available in the Committee Log-in Area of our website, which Committee can access at any time.

7 Summary and Decision Required

7.1 The current internal audit services contract ends on 31st March 2025. Therefore, this was put out to tender in January with a closing date of 29th January. Following the deadline, two tenders had been received and were marked and scored by the Finance Manager and me.

7.2 The outcome of the tendering process is set out in Section 2.

7.3 Risk has been considered at Section 3.

7.4 Section 4 shows how tendering for internal audit services links to the delivery of our strategic objectives.

7.5 Section 5 shows how tendering for internal audit services links to the application of our core values.

7.6 Section 6 sets out how we comply with Regulatory Requirements.

7.7 The Sub-Committee is asked to:

- consider this report and the recommendation to appoint WBG LLP as the Internal Auditor for 2025 – 28 at a contracted price of £12,432 for the three-year period, and with an optional 2 extension periods of 1 year each beyond the initial period, should performance be satisfactory.

- To approve the appointment of WBG LLP as the Associations Internal Auditor, commencing from the 1st of April 2025.