



LEE VALLEY REGIONAL PARK AUTHORITY

AUDIT COMMITTEE

25 FEBRUARY 2016 AT 12:30

Agenda Item No:

6

Report No:

AUD/64/16

AWARD OF INTERNAL AUDIT CONTRACT

Presented by the Director of Finance & Resources

SUMMARY

Members agreed (Paper AUD/47/14) to award a short term contract for up to two years (2014/15 and 2015/16) with Mazars Public Sector Internal Audit Limited (Mazars PSIA) under the London Borough of Croydon framework agreement. Officers are proposing that we continue with this contract under the framework agreement set up by Croydon until March 2018 as the most efficient way to continue to let this contract.

RECOMMENDATION

Members Approve: (1) the award of a short term contract for up to two years (2016/17 and 2017/18) with Mazars Public Sector Internal Audit Limited (Mazars PSIA) under the London Borough of Croydon framework agreement.

BACKGROUND

- 1 The Authority externalised its Internal Audit function in 2004. The contract was successfully won by Deloitte PSIA for three years. The contract was retendered and let in 2007/08 and Deloitte PSIA successfully won the contact for a further seven years (five years plus two) including extensions.
- 2 In December 2013 the Authority received confirmation that Deloitte LLP had agreed to sell its shares in Deloitte PSIA to Mazars LLP. The sale was completed at 31 January 2014 and Mazars PSIA undertook to complete the Deloitte PSIA contract with the Authority until 31 March 2014. Officers from the Authority met with Mazars PSIA who confirmed that the Croydon framework agreement with Deloitte PSIA was legally transferred to Mazars PSIA and that in effect the Authority could still pursue a contract with Mazars PSIA via the framework agreement.
- 3 In February 2014 (Paper AUD/47/14) Members of this Committee agreed to continue with Mazars PSIA under the existing framework agreement for a further two years (until March 2016) due to the significant organisational changes that were progressing at that time through the transfer of services to Lee Valley

Leisure Trust (the Trust) and that the major Olympic venues were coming on stream and some degree of continuity and on-going knowledge were important to be retained by the Authority during this period of significant change.

- 4 The contract has proven its success over the years both in terms of price, quality and service. The original in-house service (2 FTEs) would have cost significantly more per year than the contract (circa £55,000 annually) and it would not have provided the broad range of skills and knowledge base of a large firm specialising in Internal Audit.
- 5 The externalisation has enabled the Authority to develop its risk management practices and a risk based auditing process that satisfies both its own governance and control requirements as well as meeting the external auditor requirements. Our own internal customer satisfaction surveys have also demonstrated that managers see this as a beneficial and supportive service that has helped implement improvements and ensure best practice.

EXISTING CONTRACTOR

- 6 As the current contract with Mazars PSIA is due to expire on 31 March 2016, officers are cognisant that there are still significant changes and developments as the Authority and Trust develop their working practices, and have concluded that maintaining the existing arrangement would deliver the Authority's requirements.
- 7 The use of Mazars would satisfy the Authority's audit, risk management, internal control and governance requirements through the London Borough of Croydon framework.

ENVIRONMENTAL IMPLICATIONS

- 8 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 9 Currently there is an annual budget provision of £55,000 to fund up to 160 days of internal audit work. It is anticipated that this will be sufficient to meet the Authority's requirements and Mazars PSIA will be able to match this under the current framework agreement.

HUMAN RESOURCE IMPLICATIONS

- 10 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 11 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 12 There are no risk management implications arising directly from the recommendations in this report.

EQUALITY IMPLICATIONS

- 13 There are no equality implications arising directly from the recommendations in this report.

Author: Simon Sheldon, 01992 709 859, ssheldon@leevalleypark.org.uk

PREVIOUS COMMITTEE REPORT

Audit Committee	AUD/47/14	Award of Internal Audit Contract	27 February 2014
-----------------	-----------	-------------------------------------	------------------

ABBREVIATIONS

The Trust	Lee Valley Leisure Trust Limited
Mazars PSIA	Mazars Public Sector Internal Audit Limited

This page is blank