

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

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| <b>REPORT TO:</b> | Leader and Cabinet                       | 14 December 2006 |
| <b>AUTHOR/S:</b>  | Chief Executive/ Finance Project Officer |                  |

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### **INTERNAL AUDIT SERVICE TENDER EXERCISE**

#### **Purpose**

1. The purpose of this report is to inform Members of the result of exposing the Council's Internal Audit Service to competitive tendering and to seek Cabinet's approval of the intention to award the resulting contract to Bentley Jennison for an initial four-year period from 1 April 2007, subject to conditions and to the mandatory "standstill" period required under EU procurement rules.

#### **Executive Summary**

2. Following a comprehensive evaluation of tenders using criteria set out in the invitation to tender, the tender submitted by Bentley Jennison ranked 1st for both three- and four-year contract periods.
3. Cabinet is asked to approve the intention of awarding the contract to Bentley Jennison for an initial four-year period from 1 April 2007, subject to conditions and to the mandatory "standstill" period required under EU procurement rules.

#### **Background**

4. Following the decision made by the Resources, Staffing, Information and Customer Services Portfolio Holder at his meeting on 12 September 2006, invitations to tender were issued to five organisations for return by 2 November 2006. In order to evaluate whether differing contract periods might have a material effect on the tenders submitted, bids were invited for both three- and four-year periods, each extendable by up to two years. Four organisations submitted tenders:

| <u>Tender</u> | <u>3-year contract</u><br><u>extendable by up to 2 years</u> | <u>4-year contract</u><br><u>extendable by up to 2 years</u> |
|---------------|--|--|
| A             | £98,315 p.a. (371 days p.a.)                                 | £96,460 p.a. (371 days p.a.)                                 |
| B             | £82,600 p.a. (280 days p.a.)                                 | £80,535 p.a. (280 days p.a.)                                 |
| C             | £132,883 p.a. (354 days p.a.)                                | no bid   |
| D             | £143,000 p.a. (345 days p.a.)                                | £136,500 p.a. (345 days p.a.)                                |

#### **Considerations**

5. The tenders were evaluated using criteria set out in the invitation to tender: price; skills mix; other quality criteria; and presentation and interview. The evaluation resulted in two of the four organisations being unable to gain enough points from the presentation and interview element of the evaluation, to match the scores of the other two organisations. Only two organisations were therefore invited to support their tenders in the form of a presentation and interview, held on 22 November 2006.
6. The presentation and interview panel comprised the Resources, Staffing, Information and Customer Services Portfolio Holder, the Chairman of the Scrutiny and Overview Committee and the Chief Executive. Following the presentations and interviews, the panel concurred with the results of the evaluation exercise, that the tender submitted by Bentley Jennison ranked 1st for both three- and four-year contract periods.

7. Following the judgement in the European Court of Justice in the case of Alcatel (C81-98) and to comply with The Public Contracts Regulation 2006, all awards of contracts that are subject to European Procurement Directives are subject to a mandatory 'standstill' period of at least 10 days between the award decision and contract conclusion. The standstill period is solely to allow unsuccessful bidders the opportunity (should they wish to do so) to apply to the Courts for the award decision to be reversed or set aside.

### Implications

|                     |  |
|---------------------|--|
| 8. Financial        | Budgetary provision has been made in the draft 2007/08 estimates to meet the anticipated costs of awarding this contract.  |
| Legal               | The provision of the Internal Audit service with effect from 1st April 2007 will be subject to a detailed service specification and defined contract conditions.                                 |
| Staffing            | With the appointment of a new contractor, there will be a period of transition, which may have a temporary impact on some officers' time.  |
| Risk Management     | The requirement for this authority to maintain an adequate and effective internal audit of all the activities of the Council will be met by the contractor fulfilling the service specification. |
| Equal Opportunities | The contractor will be expected to comply with a number of policies to which the authority subscribes, including equal opportunities, race equality, etc.  |

### Consultations

9. Advice regarding the tender process has been sought from the Procurement Officer and from his counterpart at Cambridgeshire County Council, who has considerable experience in this area.

### Effect on Annual Priorities and Corporate Objectives

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| 10. Affordable Homes              | The Internal Audit service has a key role to play in support of the corporate management of the Council, in:<br>(a) objectively examining, evaluating and reporting on the adequacy of internal control within the Council; and<br>(b) assisting management in its pursuit of greater value for money through the economic, efficient and effective use of resources. |
| Customer Service                  |   |
| Northstowe and other growth areas |   |
| Quality, Accessible Services      |   |
| Village Life                      |   |
| Sustainability                    |   |
| Partnership                       |   |

### Conclusions/Summary

11. The outcome of the evaluation exercise is that the tender submitted by Bentley Jennison ranked 1st for both three- and four-year contract periods.

### Recommendation

12. Cabinet is requested to approve the intention of awarding the contract to Bentley Jennison for an initial four-year period from 1 April 2007, subject to conditions and to the mandatory standstill period required under EU procurement rules.

**Background Papers:** the following background papers were used in the preparation of this report:  
Tender documents

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