

Audit Committee 24 June 2010

Tendering process for internal auditor

Executive summary and recommendations

### **Introduction**

PKF (UK) LLP were first appointed as HPC's internal auditors in 2006 and have held the appointment since then, subject to an annual review of their performance by the Audit Committee and the Committee's decision on whether to recommend PKF's reappointment to the Council.

In accordance with the tendering policy, it is proposed that as PKF have held the appointment for four years, it should now be put out to tender.

As the annual fee for the internal auditors has averaged approximately £26,700 between 2007-8 and 2010-11, it is not proposed that the tender should be advertised in the press, as it is below the threshold set out in the European Union Procurement Directives and the Regulations.

It is proposed that the invitation to tender will be sent to the following firms:

1. Baker Tilly
2. Deloitte
3. Ernst & Young
4. Grant Thornton
5. Haines Watts
6. Horwath Clark Whitehill
7. KPMG
8. Mazars
9. PKF
10. PricewaterhouseCoopers
11. RSM Tenon

### **Decision**

The Committee is asked to agree the following:

- (1) proposed approach to tendering described in appendix 1
- (2) the timetable in appendix 2
- (3) subject to the Committee's agreement of recommendations 1 and 2 and members' availability, that an additional meeting of the Committee should be held on 25 November 2010 or 2 December 2010. The purpose of the meeting will be to receive presentations from the shortlisted firms and agree a recommendation to Council on appointing an internal auditor.

**Background information**

None.

**Resource implications**

None.

**Financial implications**

Attendance allowance and expenses for shortlisting Panel meeting.

Attendance allowance and expenses for additional Audit Committee meeting in December 2010.

**Appendices**

1. Invitation to tender for internal audit services
2. Timetable for tendering process

**Date of paper**

12 April 2010

### Invitation to tender for internal audit services

The Health Professions Council (HPC) is seeking to appoint an internal auditor to supply services with effect from 1 April 2011. The successful organisation will be required to advise and provide assurance to the Audit Committee on the HPC's internal control processes.

The HPC is a UK statutory regulator of 205,000 health professionals. Full details about the organisation can be found on the website [www.hpc-uk.org](http://www.hpc-uk.org)

Based in central London, the organisation has approximately 130 employees with annual operating expenditure of £16 million.

The appointment process will be conducted in two stages.

Firstly, providers interested in supplying this service to the HPC will be requested to submit a tender document containing the following information:

- Proposed approach to internal audit work;
- Relevant experience;
- Names of members of the team who would supply the service and their CVs;
- Proposed fees;
- Indicative workplan;
- Two other organisations who can be contacted by HPC for references;

Providers should also complete the attached form.

A total of seven hard copies of the tender document should be provided. Faxed or emailed tenders will not be accepted. They should be delivered to the HPC no later than noon on 15 September 2010. Tenders received after this date will not be considered.

All tenders will be reviewed and shortlisted by a panel consisting of the Chair of Council, the Chair of the Audit Committee, one other Council member, the Chief Executive and the Director of Finance. Shortlisted organisations will be informed within five days of the Panel meeting.

Secondly, shortlisted firms will be invited to make presentations to the Audit Committee in December 2010.

They will be required to make a presentation to the Committee lasting not more than 20 minutes. The presentation should address the points mentioned above. This will be followed by a questions and answers session. The meeting is expected to last not more than one hour.

It should be noted that:

1. The HPC does not commit itself to accept the lowest, or any, expression of interest submitted.
2. The HPC will not be liable for or pay expenses or losses whatsoever which may be incurred by any tenderer in the preparation of a submission.
3. The contract if awarded will be awarded to the internal auditor based on the following criteria:
  - Understanding of the HPC
  - Experience of the service provider
  - Cost
  - Service level agreement
4. It is intended that the internal auditor will be appointed for a period of up to four years, subject to an annual review of the internal auditor's performance by the Audit Committee, which will make a recommendation on continuation of the appointment to the Council.

It is anticipated that the selected internal auditor will start the provision of service on 1 April 2011.

CONTACT INFORMATION	
Name of organisation	
Address	
Status – <i>eg Partnership</i>	
Telephone number	
Website	
Main contact – Name and job title	
Main contact – telephone number	
Main contact – email address	
Location of office where team working with HPC will be based	
Approximate travelling time to HPC offices	
Number of employees based at above office	
Copy of organisation chart for relevant part of organisation (please enclose)	

Copy of last 2 audited accounts (please enclose)	
Current full charge out rates for team members	
Example of organisations that you work with that have similar responsibilities to the HPC	
What are your disaster recovery arrangements?	
What are your policies on corporate and social responsibility?	
Potential conflict of interest with any of your existing clients	
Provide a copy of your equality and diversity scheme.	

Please return tenders and this completed form to: Marc Seale, Chief Executive and Registrar, Health Professions Council, Park House, 184 Kennington Park Road, London SE11 4BU

Deadline for return is noon on 15 September 2010. Tenders received after that time will not be considered.

**Timetable for tendering for internal audit services**

**2010:**

24 June	Audit Committee consider process
30 June	Write to firms inviting tenders
15 September (noon)	Deadline for tenders to be received by HPC
(Date to be arranged)	Panel meeting to shortlist. Panel's decision to be notified to interested parties within five working days of Panel meeting.
Late November 2010 or December 2010 (Date to be arranged)	Audit Committee meeting to receive presentations from shortlisted firms and to make recommendation to Council on appointment

**2011:**

10 February	Council meeting to consider recommendation on appointment
1 April	Appointment becomes operational