



## THE POLICE & CRIME COMMISSIONER FOR CLEVELAND

### DECISION RECORD FORM

**REQUEST:** For PCC approval.

**Title:** Procurement Report for Internal Audit Services

**Executive Summary:**

On the 22<sup>nd</sup> November 2012 the Police and Crime Commissioner (PCC) and the Chief Constable were each established as their own corporation sole. In order to minimise duplication and bureaucracy it was agreed that a Shared Internal Audit Service would cover both bodies.

The 2014 process using the Crown Commercial Services Framework did not provide sufficient competition as only one provider bid for the work, the contract established for Internal Audit is due to expire on 31<sup>st</sup> March 2017.

As a result of the lack of competition in 2014 via the Crown Commercial Services Framework a decision was made to carry out a local procurement to open the contract up to the wider market.

Prior to commencing the procurement exercise a review of the specification has been carried out to ensure that it continues to meet the needs of both the PCC and Force and will offer value for money.

A decision was made to tender for a 3 year contract with an option of two further 12 month extensions. The current contract value is £46,233 per annum, therefore based on a potential 5 year contract the total value of the contract £231,164. The EU tender threshold is £164,176 therefore an EU tender exercise was conducted.

An open tender was carried out using EU Supply as the tender portal, advertising the contract in Contract Finder and OJEU as per the Public Procurement Regulations 2015. An open tender is a competitive exercise whereby a tender is advertised and all bidders wishing to express an interest can access the tender documentation and submit a bid.

Ten suppliers expressed an interest in the tender, however only four suppliers submitted a response by the closing date and time of 12 noon on 3<sup>rd</sup> February. One supplier made contact following the closing time to clarify the closing date as there was a discrepancy on the tender documentation whereby the date on one questionnaire differed from the system. On review the EU Supply system clearly showed a response was in progress from this supplier. A message to all suppliers who had expressed an interest was sent advising that the discrepancy should have been clarified, however that bids submitted via a message on EU supply would be accepted up until 4pm on the closing date. One further response was received within this timescale.

The evaluation team, evaluated the five bids in line with the evaluation criteria, as per below:

Bidder 1 – 75.40%	Bidder 2 – 76.08%
Bidder 3 – 66.27%	Bidder 4 – 74.36%
Bidder 5 – 78.00%	

**Decision:**

That the Police and Crime Commissioner notes the Procurement process used to appoint a supplier for the Internal Audit Service.

The Police and Crime Commissioner approves the procurement methods and recommendations put forward by the Evaluation Team to award the contract to Bidder 5.

**OPCC Lead Officer:** Michael Porter

**Contractor Details (if applicable):** TIAA Ltd

**Implications:**

Has consideration been taken of the following:	Yes	No	
Financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Equality & Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Human Rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**(If yes please provide further details below)**

**Decision Required – Supporting Information**

Financial Implications: (Must include comments of the PCC's Chief Finance Officer where the decision has financial implications)

The agreed budget for the Internal Audit Services is £50,000 per annum.

The current contract Price is £46,233 per annum.

The below table provides a comparison of the prices submitted by each of the bidders:

Criteria	Bidder 1	Bidder 2	Bidder 3	Bidder 4	Bidder 5
No of days per annum	118	115	100	115	110
Price per annum	£48,435	£43,915	£55,000	£45,645	£37,640
<b>Total Contract Price (5 Years)</b>	<b>£242,175</b>	<b>£219,575</b>	<b>£275,000</b>	<b>£228,225</b>	<b>£188,200</b>

If Bidder 5 is accepted as the preferred supplier the annual savings against the budget are £12,360 or £37,080 over the initial 3 year contract term (if the 2 year extension is taken up this would increase to £61,800 over the full contract term). Savings against the current contract price would be £8,593 or £25,779 over the initial 3 year contract term if the 2 year extension is taken up this would increase to £42,965 over the full contract term).

Legal Implications: (Must include comments of the Monitoring Officer where the decision has legal implication)

Having read this report and having considered such information as has been provided at the time of being asked to express this view, the Chief Executive is satisfied that this report does not ask the PCC to make a decision which would (or would be likely to) give rise to a contravention of the law.

#### Equality and Diversity Implications

There are no diversity & equal opportunity implications associated with the award of this contract.

#### Human Rights Implications

There are no Human Rights implications associated with the award of this contract.

#### Sustainability Implications

There are no sustainability implications associated with the award of this contract.

#### Risk Management Implications

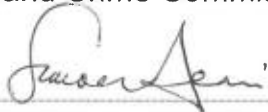
There are no risks associated with the award of the contract.

#### OFFICER APPROVAL

##### Monitoring Officer

I have been consulted about the decision and confirm that financial, legal, and equalities advice has been taken into account. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Signed



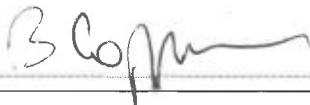
Date

14/3/17

##### Police and Crime Commissioner:

The above request HAS my approval.

Signed



Date

15/3/17

## **Report of the Chief Constable to the Police and Crime Commissioner for Cleveland – February 2017**

**Status: For Decision**

### **Procurement Report for the Internal Audit Services**

#### **1. Purpose**

- 1.1 On the 22<sup>nd</sup> November 2012 the Police and Crime Commissioner (PCC) and the Chief Constable were established as their own corporation sole. In order to minimise duplication and bureaucracy it was agreed that a Shared Internal Audit Service would cover both bodies.
- 1.2 In 2014 a decision was made to run a further competition exercise on the Crown Commercial Services Framework to appoint an Internal Audit Provider. The rationale for this was that the framework included a number of key suppliers in the market and that the use of a framework reduces procurement costs and timescales in the tendering process as suppliers on the framework are already commercially compliant.
- 1.3 The 2014 process using the Crown Commercial Services Framework did not provide sufficient competition as only one provider bid for the work, the contract established for Internal Audit is due to expire on 31<sup>st</sup> March 2017.
- 1.4 As a result of the lack of competition in 2014 via the Crown Commercial Services Framework a decision was made to carry out a local procurement to open the contract up to the wider market.
- 1.5 Prior to tendering a review of the specification has been carried out to ensure that it continues to meet the needs of both the PCC and Force and will offer value for money.

#### **2. Recommendations**

- 2.1 That the Police and Crime Commissioner note the Procurement process used to appoint a supplier for the Internal Audit Service.
- 2.2 The Police and Crime Commissioner approve the procurement methods and recommendations put forward by the Evaluation Team to award the contract to Bidder 5.

### 3. Background

- 3.1 A decision was made to tender for a 3 year contract with an option of two further 12 month extensions. The current contract value is £46,233 per annum, therefore based on a potential 5 year contract the total value of the contract would be £231,164. The EU tender threshold is £164,176 therefore an EU tender exercise was conducted.
- 3.2 An open tender was carried out using EU Supply as the tender portal, advertising the contract in Contract Finder and OJEU as per the Public Procurement Regulations 2015. An open tender is a competitive exercise whereby a tender is advertised and all bidders whom express an interest can access the tender documentation and submit a bid.
- 3.3 Ten suppliers expressed an interest in the tender, however only four suppliers submitted a response by the closing date and time of 12 noon on 3<sup>rd</sup> February. One supplier made contact following the closing time to clarify the closing date as there was a discrepancy on the tender documentation whereby the date on one questionnaire differed from the system. On review the EU Supply system clearly showed a response was in progress from this supplier. A message to all suppliers who had expressed an interest was sent advising that the discrepancy should have been clarified, however that bids submitted via a message on EU supply would be accepted up until 4pm on the closing date. One further response was received within this timescale.
- 3.4 The evaluation team, evaluated the five bids in line with the evaluation criteria, as per the table below:

Criteria	Weighting	Bidder 1	Bidder 2	Bidder 3	Bidder 4	Bidder 5
Price	40%	32.400%	35.58%	27.77%	34.36%	40%
Technical and Professional Ability	15%	10.5%	9%	9%	13.5%	10.5%
Resource Capacity	15%	10.5%	9%	9%	10.5%	9%
Specification	15%	13.5%	13.5%	10.5%	9%	10.5%
Relationship Management	10%	7%	7%	7%	4%	6%
Continuous Improvement	5%	1.5%	2%	3%	3%	2%
<b>Total</b>	<b>100%</b>	<b>75.40%</b>	<b>76.08%</b>	<b>66.27%</b>	<b>74.36%</b>	<b>78%</b>

### 4. Implications

#### 4.1 Finance

4.1.1 The agreed budget for the Internal Audit Services is £50,000 per annum.

4.1.2 The current contract Price is £46,233 per annum.

4.1.3 The below table provides a comparison of the prices submitted by each of the bidders:

<b>Criteria</b>	<b>Bidder 1</b>	<b>Bidder 2</b>	<b>Bidder 3</b>	<b>Bidder 4</b>	<b>Bidder 5</b>
<b>No of days per annum</b>	118	115	100	115	110
<b>Price per annum</b>	£48,435	£43,915	£55,000	£45,645	£37,640
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4.1.4 If Bidder 5 is accepted as the preferred supplier the annual savings against the budget are £12,360 or £37,080 over the initial 3 year contract term (if the 2 year extension is taken up this would increase to £61,800 over the full contract term). Savings against the current contract price would be £8,593 or £25,779 over the initial 3 year contract term if the 2 year extension is taken up this would increase to £42,965 over the full contract term)

#### 4.2 Legal

Terms and Conditions used for this service are the Police and Crime Commissioners standard services terms.

#### 4.3 Diversity & Equal Opportunities

There are no diversity & equal opportunity implications associated with the award of this contract.

#### 4.4 Human Rights Act

There are no Human Rights implications associated with the award of this contract.

#### 4.5 Sustainability

There are no sustainability implications associated with the award of this contract.

#### 4.6 Risk

There are no risks associated with the award of the contract.

### 5. **Conclusions**

5.1 The Evaluation Team is confident that the procurement exercise has been conducted in a fair, comprehensive, thorough and transparent process.

5.2 Bidder 5 has submitted the most economically advantageous tender and the evaluation team are confident they can deliver to the specification.

5.3 The contract costs are within budget delivering savings of £8,593 per annum against the current contract price and £25,779 over the initial 3 year contract term.

Iain Spittal  
T/Chief Constable

Evaluation team:

Procurement and Fleet Lead Business Partner – Cleveland Police

Head of Finance - Cleveland Police

Assistant Chief Officer – Cleveland Police

Chief Finance Officer and Deputy Chief Executive - PCC