

RM6188 Audit & Assurance Services

**Market Engagement
27 January 2020**

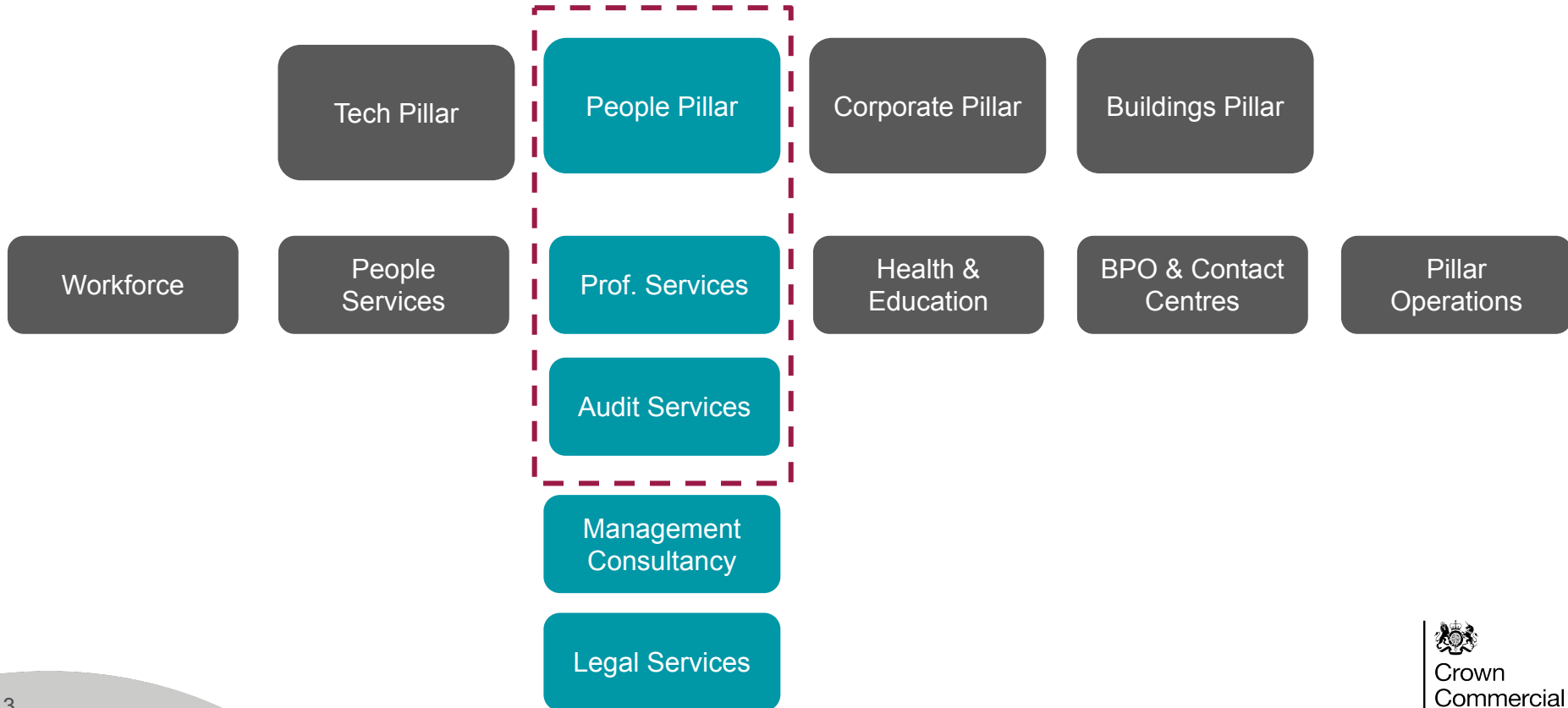


Crown
Commercial
Service

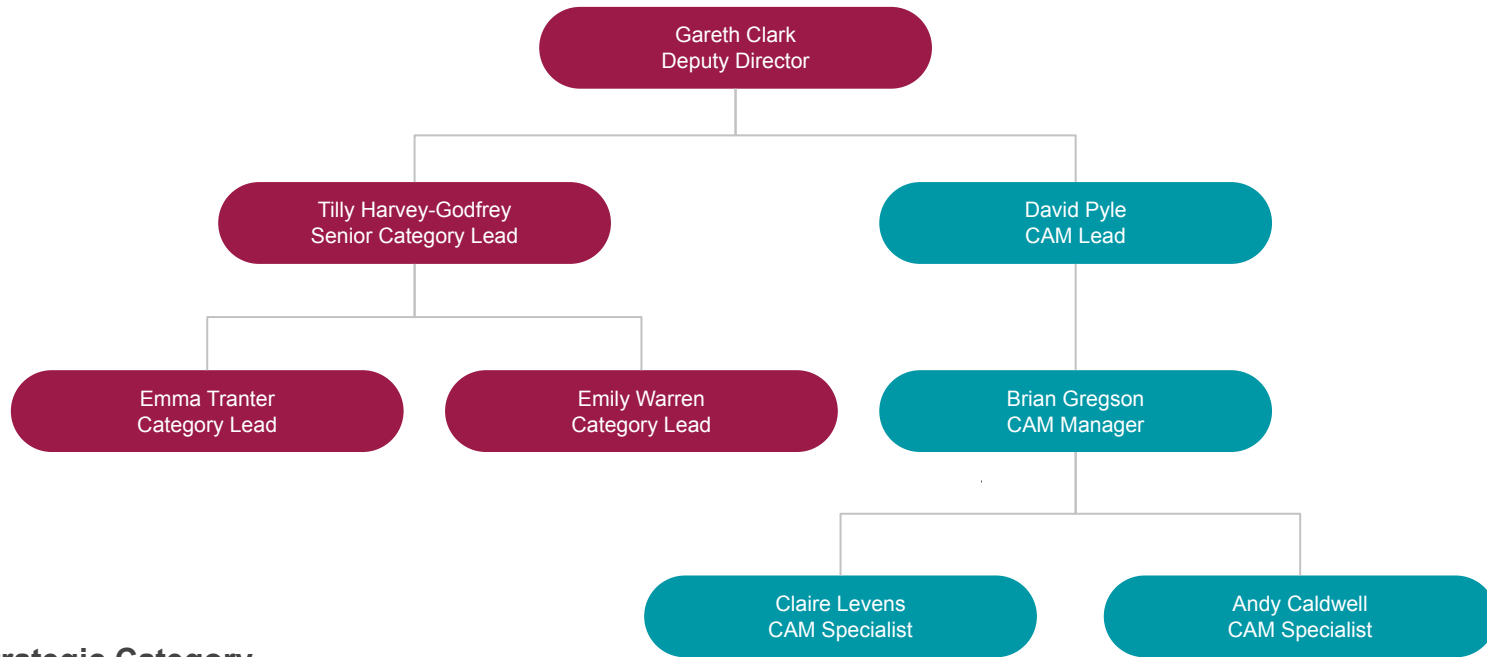
Agenda

1. Introductions
2. Timeline
3. Market engagement summary
4. ConsultancyONE and MCF Lot 3 spend analysis
5. Framework lotting structure options

Crown Commercial Category Structure



Audit Services and Management Consultancy Team



Key:



Strategic Category

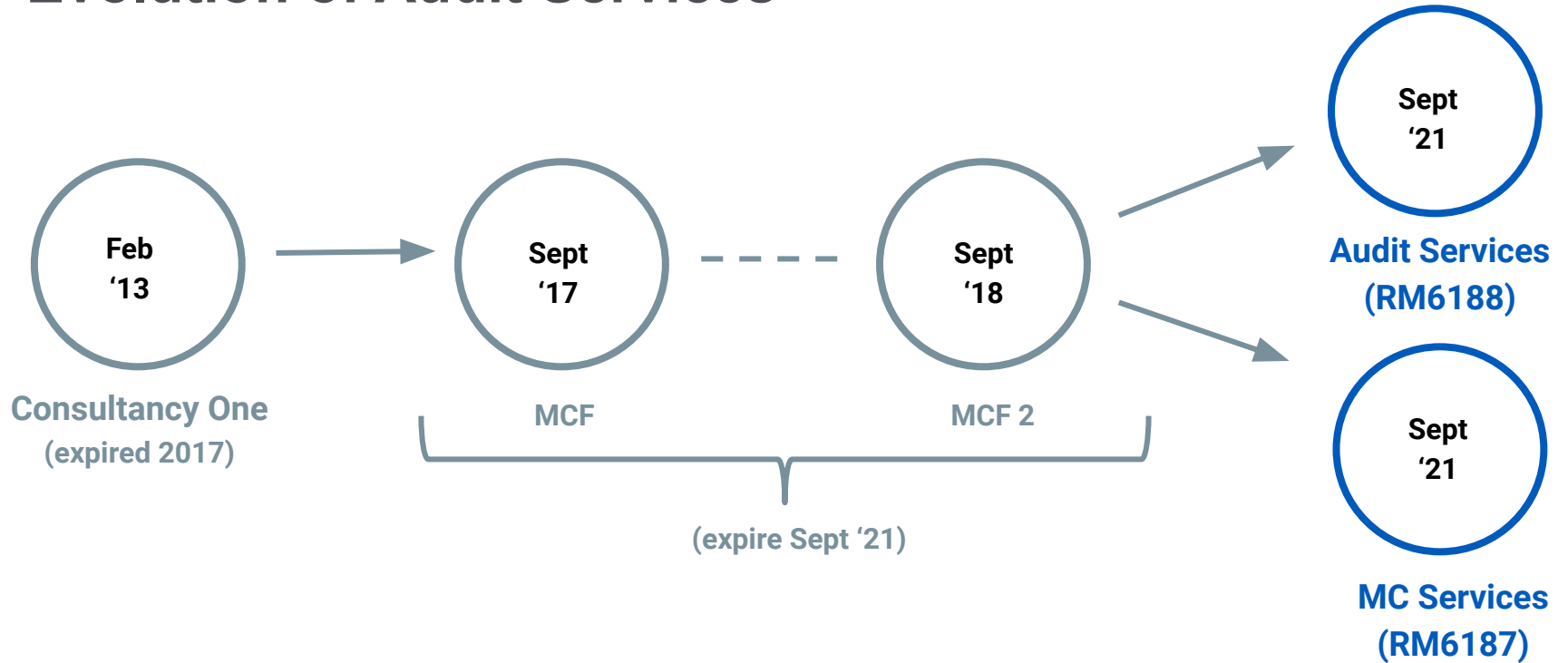


Commercial Agreement Management

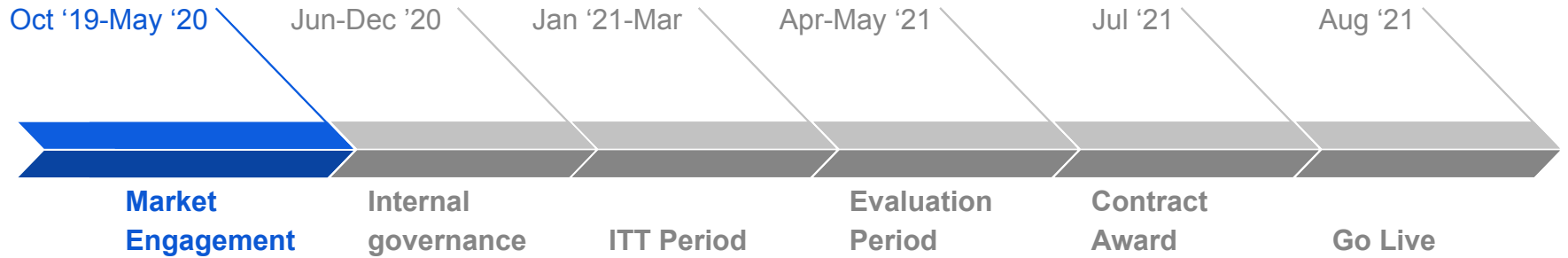


Crown
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Service

Evolution of Audit Services



Timeline



Market engagement | Summary of activity

Several customer stakeholders have been engaged, in order to determine:

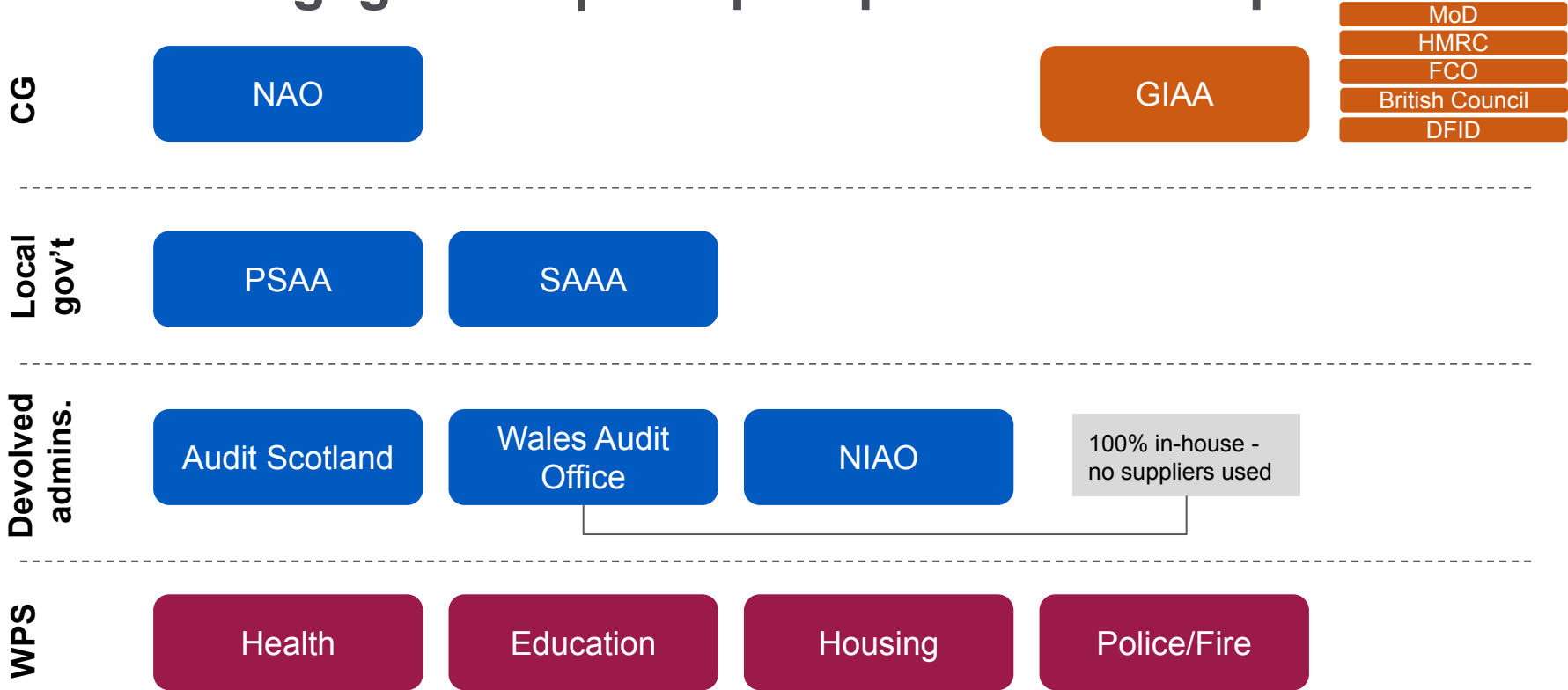
- Nature of requirements
- Total market size
- Demand for CCS framework
- Competitor landscape

Customers engaged

- | | |
|-------------------|-------------------|
| - Audit Scotland | - HMRC |
| - BEIS | - MoD |
| - BoE | - MHCLG |
| - British Council | - NAO |
| - DEFRA | - NHS Improvement |
| - FCO | - PSAA |
| - FCA | - SAAA |
| - GIAA | |



Market engagement | Complex public landscape

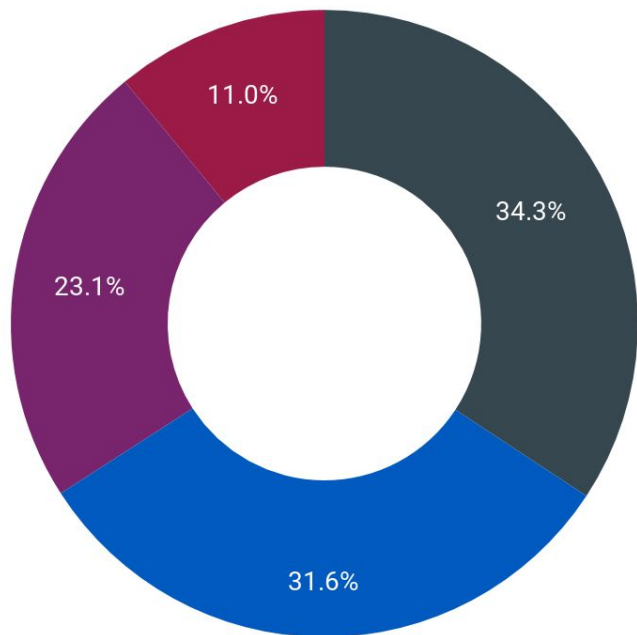


MCF Lot 3 (Audit) Spend analysis



ConsultancyONE | Spend by Lot

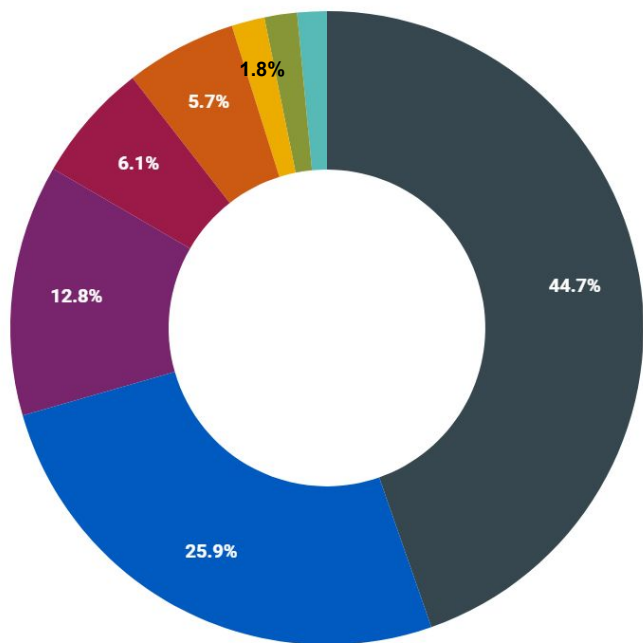
Spend by lot (%)



| | |
|-----------------------------------|---------------|
| Other Assurance and Advice | £27.0M |
| Internal Audit and Advice | £25.0M |
| External Audit and Advice | £18.3M |
| Financial Audit and Investigation | £8.7M |
| TOTAL | £79.0M |

MCF Lot 3 | Spend by Service Line

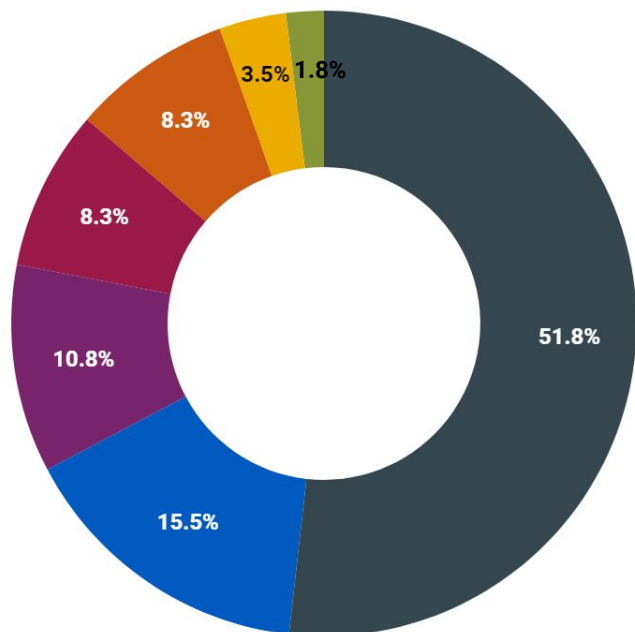
Spend by service line (%)



| | |
|---|---------------|
| Internal Audit | £7.6M |
| External audit | £4.4M |
| Counter-fraud and investigation | £2.2M |
| Governance | £1.0M |
| Special purpose reviews | £1.0M |
| Compliance and quality audit | £0.3M |
| Grant audit and certification | £0.3M |
| Supplier audit & supply chain assurance | £0.2M |
| TOTAL | £17.0M |

MCF Lot 3 | Spend by Customer Sector

Spend by customer sector (%)



| | |
|--------------------------|---------------|
| Central government | £8.8M |
| Not for profit | £2.6M |
| Education | £1.8M |
| Devolved administrations | £1.4M |
| Health | £1.4M |
| Local government | £0.6M |
| Police | £0.3M |
| TOTAL | £17.0M |

Framework lotting structure options



Crown
Commercial
Service

Options for lotting structure

| | Pros | Cons |
|---|---|---|
| A Single lot covering all services | <ul style="list-style-type: none">• Simple procurement for bidders and evaluators• Replicates Lot 3 of MCF | <ul style="list-style-type: none">• Price point differs according to service - hard to have one rate card• Disparate services grouped together |
| B 2 lots - Intern. & Ext. Audit then 'Other' | <ul style="list-style-type: none">• Simple procurement for bidders and evaluators• 'Catch-all' lot for variety of services | <ul style="list-style-type: none">• Internal & External audit is fundamentally different• Mix of generalists & specialists |
| C 4 or 5 lots - to be more discrete | <ul style="list-style-type: none">• Clear separation of Internal & External audit• Easier to shortlist suppliers | <ul style="list-style-type: none">• Similar suppliers across all lots• More complex procurement for bidders and evaluators |
| D DPS | <ul style="list-style-type: none">• Flexibility with suppliers able to join any time during the 4 years | <ul style="list-style-type: none">• Better suited to more dynamic markets with new entrants |



Option C is our proposed option

Service lines shown are indicative - final list to be created with customers

01

Internal Audit & Assurance

- Outsourced or co-outsourced internal audit services
- Development of internal audit strategy and/or methodologies
- Advice on governance, risk management and internal controls
- Benchmarking & quality assurance of internal audit performance incl. External Quality Assessment
- Specialist internal audit and advisory services e.g. PPM, data/technology, Finance, Commercial, HR

02

External Audit

- Statutory audit to provide assurance about historical financial performance
- Advice on financial statements and related documents
- Grant audit and certification
- Assurance over non-financial information including, but not limited to: environmental reporting; sustainability reporting; workforce reporting; corporate governance

03

Counter-fraud & investigations

- Financial irregularity investigations and advice
- Fraud investigations
- Forensic assessments, accounting investigations
- Expert witness

04

Other assurance & advice

- Special purpose reviews and investigations
- Compliance with procedures and/or quality audit
- CSR review and or sustainability assurance
- Foreign Corrupt Practices Act / Anti-Bribery Compliance investigations
- Supply chain assurance and third party risk
- Service Audit Reports (ISAE 3402)

05

Skilled person reviews

- Directly commissioned s166 reviews covering a range of regulatory issues e.g.
 - Client money & client asset arrangements; corporate governance & senior management arrangements; controls & risk management; technology & cyber resilience; financial crime; complaints handling; regulatory returns

TBC