

# Market Engagement

Request for Information



 AUDIT SCOTLAND

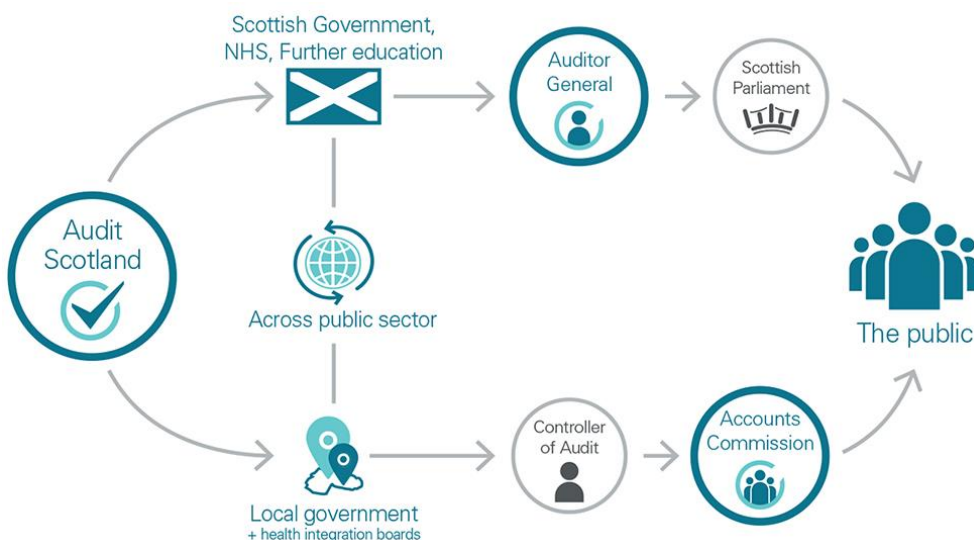
Prepared for New Audit Appointments  
September 2019

# Introduction

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

No information provided under this request will be used to make judgements regarding supplier performance, capacity or capability under any future procurement process. Nothing in this document shall be taken as constituting or indicating a contract or representation with or by Audit Scotland.

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# Overview

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## Purpose

1. The purpose of this Request for Information (RFI) is to:
  - 1.1. give an overview of our work;
  - 1.2. ask your views on how the Public Sector could best interact with the market to obtain services at best value for supply of Audit Services;
  - 1.3. seek your views on any related issues/developments in the marketplace that might impact on this project;
  - 1.4. help us both gain maximum benefit in future commercial relationships.
2. The current round of Audit Appointments made by the Auditor General Scotland and Accounts Commission supported by Audit Scotland started on 1/10/16 and is due to expire during 2021.
3. Three inter-related projects have been established to update the [existing Code of Audit Practice](#) and to deliver the next round of audit appointments in 2021 . The successful delivery of these projects is pivotal to the provision of world class public audit in Scotland.
  - 3.1. 2020 Code of Audit Practice and Public Audit in Scotland refresh
  - 3.2. Procurement Strategy
  - 3.3. The Invitation to Tender (ITT)
4. A procurement process fully complying with EU Procurement Regulations to the New Audit Appointments is planned to commence in August 2020 and end in December 2020
5. It is anticipated that supply of Audit Services under the new framework will commence from the 1<sup>st</sup> June 2021.
6. In order to complete and finalise the strategy, Audit Scotland recognises the value of market participants having the opportunity to contribute to this process, in accordance with Regulation 41 of the Public Contracts (Scotland) Regulations 2015, and therefore welcome your input. We would be most grateful if you could provide your views on all or some of the topics detailed.
7. The information gathered will be utilised in developing the New Audit Appointments procurement strategy and any subsequent Framework arrangements. No single submission will define the Framework arrangements in its entirety but all responses will be used to inform the procurement strategy.
8. On reviewing the information we may contact the responders to seek further clarification if required.
9. Potential responders are free to address some or all of the Information requested below.

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## Return Date

**10.** Should you have any questions on this market engagement exercise then please submit them via the Q&A facility on Public Contracts Scotland.

**11.** We would be grateful if you would provide your views/comments by **11 October 2019**. Please use the postbox facility on Public Contracts Scotland to submit your response.

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# Information Requested

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## 12. Market developments in audit best practice

There have been a number of recent reviews into Audit best practice such as Klingmann, Brydon and the Competition and Markets Authority. We would be interested in the markets view on recent developments and any emerging issues related to Best Practice emerging from such reviews.

## 13. Auditor Capacity

Recent publicity has highlighted an increase in the number of late or overdue local government audits in England with one of the contributing factors cited as a “shortage of appropriately skilled and experienced auditors”.

We are very much interested in the markets view on auditor capacity and the resulting impact this may have on audit quality, timing and best practice in a Scottish public sector arena.

## 14. Views on the existing code

The existing [Code of Audit Practice](#) has been in operation for the current round of Audit Appointments. As part of preparation for the new round of appointments a review process is underway. Hence, we would like to receive views from the market on the current Code. In particular any thoughts on the following questions:

- 14.1. What are the strengths of the current Code of Audit Practice that you would like to see retained?
- 14.2. Are there any aspects of the Code that you feel don't work so well and would benefit from greater clarity or amendments and if so what are they?
- 14.3. Are there any substantive changes needed to the scope or structure of the Code and if so for what purpose?
- 14.4. If you consider the scope of the audit needs to be expanded, what in your view would be the impact of this on delivery, cost, reporting etc.?
- 14.5. How do the Code and the Principles of Public Audit in Scotland help maintain confidence in public audit?
- 14.6. What more could and should public audit do to maintain public confidence in audit?

## 15. The existing Code and Best Value

In relation to local authority audits, what are your views about how the existing [Code of Audit Practice](#) refers to Best Value?

How might this be improved in future from an audit perspective?

**16. Audit Risk**

We are interested in obtaining market views on the risk or perceived risk to private audit firms of taking on audit appointments made by the Auditor General and Accounts Commission for Scotland.

This could include auditors sign opinions in own name, statutory reporting, the wider dimensions of public audit and political interest.

**17. The procurement approach**

The previous procurement exercise utilised the EU open procedure and appointed a number of auditors directly. We would be interested in the market view on ;

- EU procurement procedure eg Open, Restricted, Negotiated etc
- Potential of Lotting the requirements eg. Value, audit size, sector etc
- Establishment of a Framework with subsequent mini competition for audit packages
- Any other thoughts on procurement approach

**18. Price or fee sustainability**

We are aware of anecdotal comments regarding the current level of fees and whether these are at sustainable levels following recent market developments. Hence, we would be interested to receive any market comment on current fee levels and future sustainable levels.

In addition in preparation for the procurement exercise any views on how the ITT should structure the price / fee levels. Options could include, but not limited to;

- Discount from fixed fee
- +/- Discount from a benchmark fee
- Provision of a framework price with a mini competition to determine final price
- Open fee submission
- Any others?

**19. Any other thoughts?**

We would also be interested in any other issues that potential responders would wish to bring to our attention for consideration in developing the forthcoming procurement strategy and subsequent tender process..

# Market Engagement

## Request for Information

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

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