

	<p style="text-align: center;">CHIEF OFFICER IN CONSULTATION WITH COMMITTEE CHAIRMAN DELEGATED POWERS REPORT</p> <p style="text-align: center;">26 June 2018</p>
<p style="text-align: center;">Title</p>	<p>Access to the Cross-Council Assurance Service (CCAS) Internal Audit, Anti-Fraud, Risk Management and Advisory Framework contract</p>
<p style="text-align: center;">Report of</p>	<p>Clair Green, Assurance Director In consultation with Cllr Richard Cornelius, The Leader, Chair of Policy & Resources Committee</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Enclosures</p>	<p>N/A</p>
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Summary

In April 2013 the Council entered into a procurement exercise with a number of other London boroughs, with Islington as the lead borough, for a four year Internal Audit, Anti-Fraud, Risk Management and Advisory Framework contract.

On 11th August 2014 the framework contract was awarded to Price Waterhouse Coopers (PwC). The contract includes no minimum values, so there is no obligation to use; our annual audit and anti-fraud plans determine the number of days that are delivered by the provider.

The original framework contract ran for four years until August 2018. In order to align contract termination dates across boroughs with the financial year end date, to update the contract in line with GDPR, and to allow adequate time for a re-procurement process which may be led by a borough other than Islington, an extension to the Framework has been agreed between PwC and Islington until March 2020. The procurement forward plan for 2018/19 identified that a procurement exercise would be undertaken due to the current contract expiring in August 2018.

This decision seeks to extend Barnet's access agreement in line with the above to March 2020.

Decisions

- 1. Access the extended Framework contract with Price Waterhouse Coopers (PwC) to provide Audit, Advisory and Assurance services for a two year period beginning from 1st April 2018.**
- 2. Authorisation to sign the Framework Access Agreement with the London Borough of Islington (Lead Council) and to call-off from the Framework as required.**

1. WHY THIS REPORT IS NEEDED

- 1.1 To comply with the Contract Procedure Rules within the Council's Constitution.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To ensure the Council's Assurance Group has an appropriate contract in place to provide it with any required Internal Audit, Anti-Fraud, Risk Management or Advisory services.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 There were none – legal and procurement advice were sought and it was confirmed that on practicality grounds an extension to the current arrangement was suitable to allow enough time for proper consideration and planning for the re-procurement exercise.

4. POST DECISION IMPLEMENTATION

- 4.1 The Framework contract runs for a two year period from 1st April 2018 to 31st March 2020.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Effective audit and risk assurance arrangements support continuous improvement in the delivery of the Council's objectives set out in the Corporate Plan 2015-2020, and thus supports the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

- 5.1.2 A comprehensive Internal Audit Plan is essential to giving an annual Internal Audit Opinion on the internal control environment (ICE) which is fundamental for the achievement of all of the Council's objectives. This opinion forms an

integral element of the Annual Governance Statement.

5.1.3 The Annual Plan is based on the risks identified by the organisation.

5.1.4 The Council, under the Financial Regulations of the Council's Constitution, requires provision of an adequate and effective system of internal audit.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 This contract does not involve any staff transfers under TUPE Regulations and all staff working on the contract will be paid above the London Living wage.

5.2.2 The annual audit and anti-fraud plan will generally determine the drawdown of days that the Council makes against the framework. These days are funded within the existing Assurance Group budget, primarily from Internal Audit, and from funding received from Capita for audits within CSG and Re. The need for ad hoc advisory services across the Council may also result in a drawdown of days from the framework and these costs will be met from each service's own budget.

5.2.3 The estimated contract value over the 2 year framework extension for Barnet is approx. £500,000 although this may vary based on annual plans, budget, resources, demand and the need for ad hoc advisory services across the organisation.

5.2.4 This is an opportunity to join other London boroughs, share experience and knowledge and to work towards a shared service agreement with them that will provide an opportunity for better Value for Money.

5.2.5 The Council's Contract Procedure Rules (CPRs) have been complied with during this procurement process.

5.2.6 When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

5.2.7 We are satisfied as to the competence of the supplier to provide the services and that the tender prices represent value for money for the Council.

5.3 **Social Value**

5.3.1 As part of the original tender process social value was considered as part of the scoring criteria.

5.4 **Legal and Constitutional References**

5.4.1 The Council has power to provide audit, assurance and advisory services under

the Local Audit and Accountability Act 2014. The Council may enter into contracts with providers of such services under section 1 of the Local Government (Contracts) Act 1997.

5.4.2 The threshold for application of the Public Contracts Regulations 2015 (PCR) is currently £181,301. The value of the proposed contract may exceed this threshold and accordingly the original contract was advertised in the Official Journal of the European Union (OJEU) and a competitive tendering procedure in compliance with the Regulations was used. The tender process (OJEU reference 1213-148) was led by London Borough of Islington and complied with the PCR. Therefore the council can lawfully call off from the Framework.

5.4.3 Bids were subject to evaluation in accordance with the tender evaluation model. Price Waterhouse Coopers gained the highest evaluation score for each of the 4 Lots and have therefore been awarded the contract for all 4 Lots.

5.4.4 The Council's Constitution (Contract Procedure Rules) sets out the process for authorisation of extensions:

Any Procurement, including extensions and variations to Contracts (permitted within the existing Contract) submitted in the Annual Procurement Forward Plan and approved by the Policy and Resources Committee, is deemed as Authorised irrespective of the Contract value.

5.4.5 The procurement was included in the 2018/19 Procurement Forward Plan, line 104, approved by the Policy & Resources Committee on 5th December 2017.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8739&Ver=4>

5.4.6 Council Constitution, Article 10 (Decision Making) provides that for contracts with values of £500,000 and over authorisation is via the Procurement Forward Plan and acceptance is a Full Officer DPR (in consultation with relevant Committee Chairman) if within budget.

5.4.7 HB Public Law has advised on and approved the terms of the extended Access Agreement with Islington Council.

5.5 Risk Management

5.5.1 The risks of failing to extend this contract are

a) Weaknesses in the effectiveness of internal control in key areas are not identified and addressed owing to an inability to complete the audit plan and the inability to achieve the required audit coverage across all Council Service areas.

b) An inability, owing to the lack of adequate coverage, for Internal Audit to support assertions in the Annual Governance Statement or to express an opinion around the effectiveness of the Council's Governance framework,

including the system of internal control which must be reported in the Annual Governance Statement under Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006.

c) Non-compliance with the Accounts and Audit Regulation 2003 which states at Section 6 that “a relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices.”

5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

The broad purpose of this duty is to integrate considerations of equality into day to day business and keep them under review in decision making, the design of policies and the delivery of services

PWC’s equalities and non-discrimination policies and procedures were evaluated during the tender evaluation process and were assessed as compliant.

5.6.2 The provision of internal audit and risk management services affects all members of the community in a consistent way, including those with protected characteristics.

5.7 Corporate Parenting

5.7.1 Not applicable to this decision.

5.8 Consultation and Engagement

5.8.1 Not applicable to this decision.

5.8 Insight

5.8.1 Not applicable to this decision.

6. BACKGROUND PAPERS

6.1 The decision to enter into the original Framework procurement was made on 18 April 2014 by Cabinet Resource Committee. See decision item 6:

<http://barnet.moderngov.co.uk/documents/g6759/Printed%20minutes%2018th-Apr-2013%2020.00%20Cabinet%20Resources%20Committee.pdf?T=1>

6.2 The decision to enter into the new Framework procurement or extension was made on 5 December 2017 by Policy and Resources Committee. See decision item 11:

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=8739&Ver=4>

Chairman: The Leader, Cllr Richard Cornelius, Chair of Policy & Resource Committee

Has been consulted

Signed

Cllr Richard Cornelius

Date 24/5/18

Chief Officer:

Decision maker having taken into account the views of the Chairman

Signed

Clair Green, Assurance Director

Date 26/6/18
