

	<p>ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER 29th August 2014</p>
<p style="text-align: center;">Title</p>	<p>Access to the Internal Audit, Anti-Fraud, Risk Management and Advisory Framework contract</p>
<p style="text-align: center;">Report of</p>	<p>Assurance Assistant Director</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>Not applicable</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Caroline Glitre caroline.glitre@barnet.gov.uk 020 8359 3721</p>

<p>Summary</p>
<p>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 new Internal Audit, Anti-Fraud, Risk Management and Advisory Framework contract.</p> <p>On 11th August 2014 the framework contract was awarded to Price Waterhouse Coopers (PwC). The assessment of the bids received was weighted as follows, recognising the need to maintain a strong control environment in light of funding reductions in other parts of the organisation:</p> <ul style="list-style-type: none"> • 70% Quality • 30% Price (for the Internal Audit lot this was made up of 25% price and 5% volume discount) <p>The quality criteria reflected the desire of the lead boroughs to work more closely together and the role that the provider can play in supporting that objective. The boroughs also wish to ensure that the in-house teams benefit from the range of specialisms available to the provider so that as a group we become less reliant on the provider over time. Finally, it recognised the modernisation of the audit, risk and anti-fraud function, with less reliance on “compliance” work and more of a demand to influence the strategy of the organisation and act as a pro-active advisor to senior management to help them make informed decisions.</p>

The contract includes no minimum values, so there is no obligation to use; our annual audit and anti-fraud plans will determine the number of days that are anticipated to be delivered by the provider.

The framework will run for four years, and organisations wishing to use it will draw down days from the framework. It is anticipated that a number of other London based local authorities, NHS bodies or ALMOs and other local authorities in the counties surrounding London will join the framework. The contract is structured so that increased volumes of work will lead to a reduction in price and will benefit all organisations using it.

Closer working with other like-minded boroughs will help us to improve our services, share best practice and deliver efficiencies over time.

Our current contract for internal audit services expires on 31 August 2014. We will therefore draw down against the new Framework contract from 1 September 2014.

Decisions

- 1. Access the Framework contract with Price Waterhouse Coopers (PwC) to provide Audit, Advisory and Assurance services for a four year period beginning from 1st September 2014.**
- 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 DECISIONS

- 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 REJECTED

- 3.1 There were none – a competitive procurement process was run by the lead authority, London Borough of Islington, and the contract awarded to Price Waterhouse Coopers (PwC).

4. POST DECISION IMPLEMENTATION

- 4.1 The Framework contract runs for a four year period up to 10th August 2018.

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 2013-2016, 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 Each internal audit will be mapped to the corporate priority that it supports. In addition 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, anti-fraud and risk management plans will generally determine the drawdown of days that the Council makes against the framework. These days are funded within the existing Assurance Group budget's, primarily from Internal Audit. 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 generally be met from each services own budgets.

- 5.2.3 The estimated contract value over the 4 year framework for Barnet is approx. £820,000 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.

5.2.8

5.3 Legal and Constitutional References

5.3.1 The Council has power to provide audit, assurance and advisory services under the Audit Commission Act 1998 (to be replaced by the Local Audit and Accountability Act 2014 when it comes into force). The Council may enter into contracts with providers of such services under section 1 of the Local Government (Contracts) Act 1997.

5.3.2 The threshold for application of the Public Contracts Regulations 2006 (PCR) is currently £172,514. The value of the proposed contract may exceed this threshold and accordingly the 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.

5.3.3 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.

5.3.4 The Council's Constitution (Contract Procedure Rules) sets out the acceptance process for entering contractual commitments:

“**Acceptance**” is the authorisation to enter into a contract with a particular supplier(s) on the terms, conditions and at the price(s) as set out in the contract documents.’

Section 11 outlines Acceptance procedures:

‘11.1 Acceptance of contracts must be in accordance with Appendix 1 Table A and in all cases is subject to:

- budgetary provision;
- a compliant procurement process; and

- confirmation of acceptable financial status of the service provider'

Appendix 1 Table A states that for contract values in excess of £172,514 the acceptance process is:

'If within budget- Officer in consultation with Chairman of relevant theme or Policy and Resources Committee'

5.3.5 The Vice Chairman of the Policy and Resources Committee has been consulted when making this decision.

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

5.4 Risk Management

5.4.1 The risks of failing to accept 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 Services 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."

5.5 Equalities and Diversity

5.5.1 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

5.5.2 PWC's equalities and non-discrimination policies and procedures were

evaluated during the tender evaluation process and were assessed as compliant.

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

5.6 Consultation and Engagement

5.6.1 Not applicable to this decision.

6. BACKGROUND PAPERS

6.1 The decision to enter into the 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>

7. DECISION TAKER'S STATEMENT

7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

8. OFFICER'S DECISION

I authorise the following action

8.1 To access and call-off from the 11th August 2014 Framework contract for Internal Audit, Anti-Fraud, Risk Management and Advisory services with Price Waterhouse Coopers.

Signed **Clair Green**

Date **29th August 2014**