



Services Agreement

Internal Audit Services

Stoke-on-Trent City Council

and

**The Borough Council of Newcastle-
under-Lyme**

1 Names of Parties and signatures

By the signatures of their authorised representatives, the parties agree to the terms and conditions set out in this agreement

Stoke-on-Trent City Council (provider)

Name of signatory Clare Potts

Signature

Date

The Borough Council of Newcastle-under-Lyme (client)

Name of signatory Sarah Wilkes

Signature

Date

2 Introduction

This services agreement sets out the terms on which Stoke-on-Trent City Council (SOTCC) will provide internal audit services to the Borough Council of Newcastle-under-Lyme (NBC).

3 Period of Agreement

This agreement will commence on 1st April 2020 and will continue until 31st March 2023 unless terminated earlier as set out below. The parties may extend this agreement although any extension must be agreed in writing by both parties.

Either party may terminate the agreement early by providing a minimum of 90 days' written notice (writing includes email). If either party terminates early, the service charges for the relevant payment period will be reduced pro rata to reflect the proportion that the expired part of that period bears in relation to the full period.

4 Variation

Any variation to the services provided must be agreed in writing by the parties.

5 Services to be provided and Service Indicators

The services to be provided are set out in Annex 1 to this agreement. Service delivery and quality targets are set out in Annex 2 to the agreement. SOTCC will use its reasonable endeavours to achieve the stated targets but does not guarantee that they will be achieved. If it is likely that such stated targets may not be achieved, SOTCC should advise NBC of this at the earliest opportunity.

6. Service Dependencies

NBC recognises that it will need to co-operate with and give SOTCC information and access to its systems as necessary to enable SOTCC to deliver the services properly.

NBC agrees to timeously provide to SOTCC such information/access as well as any instructions that SOTCC may from time to time request.

7 Managing the success of the agreement

Delivery will be managed through progress meetings between Newcastle and Stoke to be held quarterly.

8 Confidentiality and Data Protection

Subject to transparency laws (see below) all information accessed will be held in strict confidence and in line with all relevant Data Protection legislation, including but not limited to the Data Protection Act 2018, the EU General Data Protection Regulation (GDPR) 2016 and the UK GDPR which came into force following the United Kingdom's departure from the European Union on the 1st January 2021.

Where personal data is provided by NBC to SOTCC in connection with the services, NBC warrants it has complied with any fair processing or consent requirements. NBC will remain the controller and SOTCC will be the processor of that information, and SOTCC will use the information for the purposes of this agreement. The parties agree to comply with the obligations and constraints imposed on them in their roles as controller and processor, as set out in the GDPR and as reasonably instructed by NBC.

The parties are signatories to the One Staffordshire Information Sharing Protocol and will where considered appropriate enter into a more specific Tier 2 agreement under the Protocol, alongside this agreement.

9 Transparency Laws

Dealing with all requests for information under Freedom of Information Act and Environmental Information Regulations will be the responsibility of NBC. For clarity, this work falls outside the scope of the services provided under this agreement.

However, if SOTCC receives a request for information directly it does reserve the right to respond directly if NBC fails to respond in accordance with the relevant legislation.

10 Service Availability

The service will be provided Monday to Friday between 9.00 and 17.00 on working days (i.e. excluding weekends and public bank holidays).

11 Complaints

Any complaints about service provision should in the first instance be raised with SOTCC if and when they arise by contacting the Stoke Strategic Manager – Audit & Fraud. If not satisfied with this response, the Assistant Director – Financial Services & s151 Officer can be contacted. Contact details are provided in Annex 3.

12 Charges

For charges, SOTCC will raise an invoice at or about the commencement date for the full lump sum amount set out in Annex 4, with the invoice must be paid (together with VAT) by NBC by no later than the commencement date. In future years payment is to be made quarterly in advance. Payment will be made by BACS into the Council's nominated bank account.

If due to deficiencies in information provided by NBC, unexpected complexities in work or other circumstances outside the control of SOTCC, provision of the services necessitates work that wasn't reasonably foreseeable and would cause the number of equivalent hours expended to exceed the number of hours upon which the annual charge is based (see Annex 4, charges), the parties will agree an appropriate increase in the lump sum fee to cover this additional work, based on the hourly rates set out in Annex 4 (and in the absence of agreement, a reasonable fee will be charged).

In such event, however, SOTCC will notify NBC at the earliest opportunity, in advance of additional work being undertaken.

Timeous payment by NBC is a precondition to the obligations of SOTCC under this agreement.

13 Additional Work

Should NBC require additional work, this will be agreed subject to payment of additional fees. Sickness cover at auditor level can be provided to NBC subject to the payment of the fees included in Annex 4. Reasonable notice will be required, however urgent work may be accommodated subject to availability at SOTCC of the appropriate staff.

14 IT Access / Support

SOTCC to support NBC in the use and maximising the efficiency of its audit management information system, Pentana, subject to the requisite technical, communications and security provisions being made available. Any additional costs to SOTCC to service this arrangement are to be met by NBC and agreed in advance.

NBC will make available to SOTCC audit management information and information relating to the delivery of audit engagements to the extent that is necessary to service this contract. The costs associated with achieving this shall be borne by NBC.

It remains the responsibility of NBC to maintain their data stored within their information systems.

15 Liability

Neither party will be liable to the other for loss of profits, loss of business, loss of anticipated savings, loss of contract, loss or corruption of data or information or any special, indirect, consequential or economic loss, costs, damages, charges or expenses.

The total liability of each party to the other in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise arising in connection with the performance, or contemplated performance, of this agreement will be limited to 200% of the value of all charges payable under this agreement.

This paragraph 15 sets the entire financial liability of the parties to each other in respect of (a) any breach of this agreement and/or (b) any representation, statement or tortious act or omission (including negligence) arising under or in connection with this agreement. But nothing in this agreement limits or excludes either party's liability for death or personal injury caused by negligence or for anything else to the extent that the law doesn't permit its exclusion or limitation.

16 General

This agreement will be governed by and construed in accordance with the laws of England and Wales.

This agreement constitutes the entire agreement between the Parties relating to its subject matter. This agreement supersedes all prior negotiations representations and undertakings whether written or oral.

Description of services to be provided

Internal Audit

Annual Audit Plan

- Carry out risk based reviews to inform the plan, including discussions with senior officers
- Produce realistic, flexible and responsive audit plan that provides proportionate coverage to inform an annual opinion
- Monitor performance against the plan
- Undertake benchmarking and report results

Audit Plan Delivery

- Deliver the audit plan through appropriately qualified staff to the number of days as specified in the agreed plan
- Undertake quality assurance (including report sign off) for all internal audit work by SOTCC qualified Principal Auditor/Head of Internal Audit
- Provide advice and guidance to NBC staff as requested
- Design and deliver appropriate training and support to NBC staff as required on audit processes and assurance arrangements

Pentana

- During 20/21 upload appropriate data into Pentana to enable recommendations to be tracked and updated by NBC staff
- For future years, the use of Pentana will be reviewed and any changes agreed in advance with NBC

Reporting

- Provide management reports as required (frequency and content to be agreed)
- Provide quarterly updates on internal audit activity to the Audit & Standards Committee
- Production of an annual report to include an overall opinion on the authority's control environment

Audit & Standards Committee

- Representation at the Committee (and pre meetings if required) by the Head of Internal Audit or a representative to present all reports on internal audit and corporate fraud activity.
- To facilitate the Committee to undertake a self-assessment of good practice and to complete the Audit Committee Members Skills & Knowledge Framework, as detailed in CIPFA's "Audit Committees: A Practical Guide for Local Authorities & Police", 2018.
- Design and present appropriate training to the Committee based on the outcome of the skills and knowledge framework assessment.

Compliance with Public Sector Internal Audit Standards

- To ensure ongoing compliance with the Standards, lead on the implementation and further development of Newcastle's Quality Assurance Improvement Plan (QAIP)
- Provide an updated Internal Audit Charter each year

Corporate Fraud

The service covers all types of non-benefit and corporate fraud.

As a minimum, the following fraud risk areas are included:

- Council tax discount schemes
- Tenancy fraud
- Homelessness / Housing Needs / Right to Buy
- Business Rates
- Procurement
- Insurance
- Social Care payments
- Blue Badges
- Internal / Employee frauds.

The service will identify emerging fraud risks and develop / tailor services accordingly.

All fraud referrals (including those identified by NULBC as a result of any NFI exercise) will be directed through SOTCC and managed accordingly including assessment, feedback to the referrer if from NULBC staff, initial action and distribution to an Investigation Officer. Work will be undertaken within the agreed 20 hours per week. Should further work be required, this will be subject to the charges detailed in Annex 4 to be agreed in advance.

Fraud Awareness campaigns will be targeted across the Staffordshire Counter Fraud Partnership for increased reach and partnership-wide fraud reporting mechanisms will be implemented.

The service will maintain all statistical information related to fraud types to allow partners to meet publication requirements under the Transparency Code and other reporting requirements.

Service Standards

Targets for service delivery

- All telephone calls to be answered during business hours
- Simple queries to be answered within 2 working days
- Timescales to be provided for responses to complex queries within 2 working days
- Quality assurance to be provided within 5 working days of request
- Submission of draft Audit & Standard Committee reports by agreed deadlines (to be agreed in advance)

Contact details

Stoke-on-Trent City Council

Clare Potts
Strategic Manager – Audit & Fraud
Floor 4 Civic Centre
Glebe Street
Stoke-on-Trent
ST4 1HH
Telephone 01782 231264
Email clare.potts@stoke.gov.uk

Nick Edmonds
Assistant Director – Finance & Section 151 Officer
Floor 4 Civic Centre
Glebe Street
Stoke-on-Trent
ST4 1HH
Telephone 01782 238510
Email nick.edmonds@stoke.gov.uk

Newcastle-under-Lyme Borough Council

Sarah Wilkes
Head of Finance (S151 Officer)
Castle House
Barracks Road
Newcastle-under-Lyme
ST5 1BL
Telephone 01782 742119
Email sarah.wilkes@newcastle-staffs.co.uk

Charges

Charges for 2020/21 have been amended due to covid 19 which has reduced capacity for internal audit work. Charges are for Head of internal Audit Support only of £22,000. All other audit work to be agreed at completion of each review based on rates below.

No charges are made in respect of Corporate Fraud support for 2020/21.

Future year's charges of £133,000 are subject to uplifts for pay awards, superannuation and employer's NI increases. Fees to be agreed in advance in March each year.

Charges for additional services (to be agreed in advance) are:

Role	Daily Rate	Hourly Rate
Head of Internal Audit	£430	£58
Principal Auditor	£260	£35
Auditor	£200	£27
Corporate Fraud Manager	£260	£35
Senior Investigation Officer	£220	£30
Investigation Officer	£200	£27

These figures are strictly confidential and should not be shared with any third party without express permission. Figures quoted are subject to annual inflation rises.