

Service Level Agreement for provision of  
Internal Audit Services for the Financial  
Year 2014/15

Between:

Health Group Internal Audit Service

and

The Health & Social Care Information  
Centre

From 1st April 2014.

Contents	Page
1 Overview of the agreement	2
2 Customer Responsibilities	4
3 HGIAS Responsibilities	5
4 Service performance	7
5 Overview - Fees / charges	8
6 Agreement	9

## Annexes

A Fees payable

B Service levels

C Report formats

D Key contacts

E Specific internal audit requirements

# 1 Overview of the agreement

## **Purpose of this agreement**

1.1 This agreement sets out the basis on which Health Group Internal Audit Service, referred to as HGIAS, will provide internal audit services to the Health & Social Care Information Centre referred to as the HSCIC.

## **Summary scope of services**

1.2 HGIAS has been engaged to provide the HSCIC with internal audit services as agreed amongst both parties. Further details are provided in Annex E.

## **Applicable standards**

1.3 The services defined above will be conducted in full accordance with the Public Sector Internal Audit Standards (PSIAS) and the HGIAS will monitor and report on the service provided in accordance with the applicable Government Internal Audit Performance Measures.

## **Commencement date and duration**

1.4 The commencement date for the services will be 01/04/2014 and will run until 31/03/2016. There will be an annual review of the service.

1.5 Alterations or revisions to the Agreement may be suggested by either party at any time but will require the agreement of both parties before any formal written amendment may be made, apart from very minor or routine changes not affecting the substance of the Agreement.

1.6 This Agreement is not binding in law but both parties agree to act as if such force was in effect. Variations to this Agreement shall only be valid if agreed in writing between the both parties.

1.7 HGIAS or the HSCIC, upon giving the other party two months notice of their intention to do so may terminate this agreement. However, any termination process should only be applied after the dispute resolution process has been fully completed to resolve any issues (see section four – Service Performance).

**Confidentiality and ownership of books and records**

1.8 The classification of all papers, information and material coming to the attention of and produced by the HGIAS shall be respected. They may not be disclosed to any person outside the HSCIC without the permission of the Internal Audit Sponsor and the HGIAS.

1.9 All reports, working papers, documents and other data held (including electronic) or generated by the HGIAS as a result of audit activity shall be the property of the HGIAS but will be held within the HGIAS's file management system.

1.10 Personal data received and required as part of an audit will be stored securely in-line with Cabinet Office standards on information security.

1.11 HGIAS will at all times respect individual HSCIC confidentiality. Where issues are identified that HGIAS believe should be reported to the Department, HGIAS will encourage/advise the HSCIC to escalate the issue directly with the Department (e.g. via their Departmental Sponsor). If, in extreme circumstances, the HSCIC does not escalate the issue to the Department, then HGIAS will report the issue but only after informing HSCIC of our intention.

## 2 Customer Responsibilities

2.1 The Accounting Officer of the HSCIC is responsible for ensuring there are effective arrangements for governance, risk management (including advice about and scrutiny of key risks) and internal control.

2.2 In accordance with the agreed scope of services (see 1.2 above) the HSCIC will:

- Appoint an overall sponsor for internal audit ;
- Appoint a day-to-day contact point for HGIAS
- Assign an Engagement Sponsor for each review;
- Provide access to all necessary information including records, documents and correspondence relating to the agreed audit activity, including information requiring security clearance to review, for which the HGIAS will have a duty to safeguard and handle appropriately under the prevailing central government Security Policy Framework/and or NHS framework;
- Allow access at all reasonable time to any land, premises or member of staff of the HSCIC;
- Meet appointments, information requests and agreed deadlines for responses and recommendations, providing explanations concerning any matter relevant to the agreed audit activity;
- Agree a mechanism with the HGIAS for customer satisfaction surveys; and

2.3 The HSCIC will deliver the above and day-to-day response levels in accordance with agreed indicative timescales as set out in Annex B.

2.4 Responsibility for implementing the recommendations identified by the HGIAS rests with the management team of the HSCIC.

## 3 HGIAS Responsibilities

3.1 The HGIAS will assign a Designated Head of Internal Audit (HIA) / Relationship Manager who will lead the provision of services to the HSCIC.

3.2 In accordance with the agreed scope of work (see 1.2 above) the HGIAS will:

- Meet with the assigned Engagement Sponsor in advance of each engagement to discuss and subsequently agree a formal terms of reference to include the following inter alia:
  - scope and limitations
  - approach
  - the HGIAS team
  - key contacts at the HSCIC
  - timetable for delivery and
  - budget / fees (if applicable)
- Meet with the key contacts and or Engagement Sponsor at the end of the fieldwork to confirm the factual accuracy of the internal audit findings.
- Provide a draft report (in accordance with the format set out in Annex C) with details of the findings, implications and proposed actions for review and agreement by the key contacts, before submission and agreement of the final report with the engagement sponsor.
- Hold update meetings on a sufficiently regular basis, to provide the Internal Audit Sponsor with progress on the progress against the agreed scope of work, providing papers, where relevant, at least [e.g. two] working days in advance of the meeting.

3.3 The Group HIA has right of direct access to the HSCIC Accounting Officer and is able to raise any matter with the Accounting Officer. Any serious matters identified should be raised in a timely manner with the HSCIC Finance Director/Governance Director and / or Accounting Officer, before being communicated to other parties.

3.4 The HGIAS will deliver the above and day-to-day response levels in accordance with agreed indicative timescales as set out in Annex B.

3.5 Attend as required HSCIC Assurance & Risk Committee (ARC) meetings to present audit findings and raise any assurance concerns both from internal audits carried out

within the HSCIC and on more general governance matters through intelligence gained by the HGIAS.

- 3.6 In conjunction with the HSCIC audit sponsor, support the development an annual audit programme for the HSCIC which provides, based on professional experience, an adequate spread of assurance.

## 4 Service performance

- 4.1 The Group HIA of the HGIAS will be accountable to the Accounting Officer of the HSCIC for the delivery of the responsibilities outlined in Section 3 above. The Accounting Officer and the Chair of the Audit and Risk Committee will also have the right of access to the Group HIA to discuss any matters in relation to the provision of the services as agreed therein.
- 4.2 If at any time the HSCIC Accounting Officer is dissatisfied with the service provided by the HGIAS; or wishes to discuss how it could be improved; or for instance where a formal dispute occurs concerning the service being provided by HGIAS, they can formally raise this with the Group HIA's Line Manager.
- 4.3 Upon receipt of the issue, the Group HIA's Line Manager will seek to resolve the issue with the HSCIC within 5 days of receipt. If the issue cannot be resolved it will automatically be referred to the relevant DH Director General, by email with all relevant information, for resolution under the terms of the SLA, within 20 working days of referral.
- 4.4 If the matter still remains unresolved it will finally be escalated by the relevant DH Director General who will seek resolution with the Departmental Permanent Secretary.
- 4.5 The HSCIC Audit Committee will be responsible for agreeing the scope of the services provided by the HGIAS and for reviewing the HGIAS's performance. In order to do this, they will use the reports provided by the HGIAS on the Government Internal Audit Performance Measures.
- 4.6 An annual review meeting will be held at the HSCIC offices to discuss and review formally the services being provided by the HGIAS against the Service Levels set out in this agreement, and recommend any improvements.

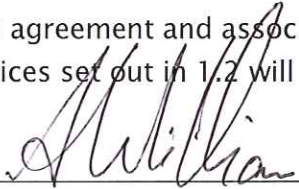


## 5 Overview – Fees / charges

- 5.1 Where appropriate, the charges for the audit service will be levied on the basis of daily rate plus VAT where applicable. Travel and subsistence will be recharged at cost and in line with DH policy, the understanding being that best endeavours will always be made to minimise expenses and that any costs incurred will be met up to public sector standard rates.
- 5.2 The HGIAS will review the daily rate (for costs associated with in-house staff) prior to the start of each new financial year in the light of costs incurred. Any proposed changes will be notified to the Internal Audit Sponsor for agreement.
- 5.3 The days charged for specific audits will be those agreed in the Annual Internal Audit Plan and confirmed at the start of the audit in the agreed Terms of Reference. Any anticipated over-runs of the auditor day budget for a particular audit will be discussed with the relevant Engagement Sponsor and the Designated HIA / Relationship Manager, and, if appropriate, the HSCIC Accounting Officer and Audit Committee.
- 5.4 Days charged or exchanged for ad-hoc work (including assurance work in addition to the internal audit plan and advisory work) will be on the basis agreed with the HSCIC as the assignments arise.
- 5.5 The HGIAS will review the financial arrangements at least annually and as appropriate.
- 5.6 The Designated HIA / Relationship Manager reserves the right to agree directly with the HSCIC Accounting Officer and/or the Chairman of the HSCIC Audit Committee to undertake any work or to continue work beyond that which was planned when in his/her professional judgement it is necessary to do so.
- 5.7 Where there is a net overspend in year, the HGIAS would not bill the HSCIC more than the total agreed costs for the year unless the increase has been agreed with the key client contact point, and approved by the HSCIC Accounting Officer and Audit Committee. There is an overall budget limit for Internal Audit of £ (to be agreed) for the 2014/15 financial year.
- 5.8 Where appropriate, arrangements may be made for sharing or exchange of resources on a quid pro quo basis that do not require a fee to be levied where all parties agree to do so. Any such arrangement should be documented and formally agreed by the relevant parties.
- 5.9 HGIAS will bill the HSCIC monthly for the cost of work undertaken until the point that the work is completed.

## 6 Agreement

6.1 This agreement and associated Annexes sets out the entire basis on which the services set out in 1.2 will be provided by the HGIAS to the HSCIC.

  
\_\_\_\_\_

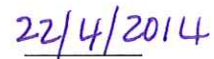
HSCIC Accounting Officer [Andy Williams]

  
\_\_\_\_\_

Date

  
\_\_\_\_\_

HGIAS Group Head of Internal Audit [Bronwyn Baker]

  
\_\_\_\_\_

Date

## Annex A – Fees Payable 2014-15

Co-source supplier resource role/grade	Daily rates 2014-15 (£)
Partner	£1405
Director	£1339
Associate Director	£958
Senior Audit Manager	£620
Audit Manager	£446
Assistant Audit Manager	£440
Executive	£435
Associate / Graduate Trainee	£238
Specialist Staff (Investigator)	£564
Other Specialist Staff (IT)	£564
Other Specialist Staff (P21 etc)	£564
HGIAS – in house resource	
Blended rate	£330
Total maximum cost for 14/15	(to be agreed)

## Annex B – Service Levels

<b>Phase of internal audit activity</b>	<b>HGIAS responsibilities</b>	<b>HSCIC responsibilities</b>
Planning	<ul style="list-style-type: none"> <li>• Planning meetings with the Engagement Sponsor will be held as mutually agreed</li> <li>• Issue a draft Terms of Reference (ToR) within 5 days of the meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement sponsor to attend planning meetings on agreed date</li> <li>• Agree the ToR within 5 days of receipt</li> <li>• Distribute ToR and book initial meetings with key stakeholders</li> </ul>
Fieldwork	<ul style="list-style-type: none"> <li>• Complete fieldwork in accordance with the ToR during the agreed fieldwork period</li> <li>• Conduct audit close-out meeting at agreed date (at end of fieldwork period)</li> </ul>	<ul style="list-style-type: none"> <li>• Where relevant, ensure information requested is available at the start of the audit and all required information is provided before the close-out</li> <li>• Facilitate agreed attendance at the audit close-out</li> </ul>
Reporting	<ul style="list-style-type: none"> <li>• Submit draft report to key contacts within 10 days of the close-out</li> <li>• Submit final draft to Engagement Sponsor within 5 days of receipt of key contacts comment</li> <li>• Agree report as final within 10 days of submissions to the Engagement Sponsor</li> </ul>	<ul style="list-style-type: none"> <li>• Agree draft report and provide key contact's agreed actions, owners and timescales within 10 days of receipt of the draft report</li> <li>• Engagement Sponsor to agree report as final within 10 days of submission</li> </ul>

General	<ul style="list-style-type: none"><li>• Telephone calls will be responded to by the end of the next working day</li><li>• E-mails will be responded to by the end of the second working day</li><li>• Letters will be responded to within 5 working days</li></ul>	
---------	--	--

## Annex C – Agreed Report formats

*HGLAS templates to be used (or as otherwise agreed during the audits)*

## Annex D – Key contacts

### HSCIC

<b>Name</b>	<b>Relevance to service</b>	<b>Contact details</b>
Andy Williams	Accounting Officer	<b>TBC</b>
Carl Vincent	Internal audit sponsor	<b>0113 866 5731</b> Carl.vincent@hscic.gov.uk
Andrew Griffiths	Internal Audit lead director	<b>0113 397 3263</b> andrewgriffiths@hscic.gov.uk
David Wilmshurst	Day to day Contact	<b>0113 397 3802</b> David.wilmshurst@hscic.gov.uk

### HGIAS

<b>Name</b>	<b>Relevance to service</b>	<b>Contact details</b>
<b>Bronwyn Baker</b>	Health Group Internal Audit Service  Group Head of Internal Audit	<b>0113 25 45515</b> <a href="mailto:Bronwyn.Baker@dh.gsi.gov.uk">Bronwyn.Baker@dh.gsi.gov.uk</a>
<b>TBC (prior to commencement of the SLA)</b>	Designated Head of Internal Audit	

## Annex E – Specific internal audit requirements

HGIAS will provide a mixed economy service of both in house and outsourced provision.

HGIAS will nominate a senior member of staff to be Head of Internal Audit (HIA) for HSCIC and this will be (to be agreed).

The HSCIC HIA role and responsibilities will include (note: this list is not exhaustive):

- The development of a risk based Internal Audit annual work plan;
- Liaising and reporting to the HSCIC Audit Committee;
- Attendance at each HSCIC Audit Committee meeting;
- Direct access to Audit Committee Chair and Members;
- Written progress reports against the audit work plan for each Audit Committee meeting;
- In conjunction with the HSCIC day-to-day contact point, the production of 'recommendation tracker' reports highlighting progress with the follow up of internal audit recommendations (to be received by the Audit Committee);
- The production of the HIA Opinion and Annual Report; and
- Regular liaison with external audit (as/when required).

Specific internal audit requirements for the HSCIC will include (note: this list is not exhaustive):

TBC.