


<p>London Borough of Hammersmith & Fulham</p> <p>Cabinet</p> <p>8 MAY 2017</p>	
<p>INTERNAL AUDIT CONTRACT RE-TENDER</p>	
<p>Report of the Leader of the Council – Councillor Stephen Cowan</p>	
<p>Open Report. A separate report on the exempt part of the agenda provides exempt information in connection with this report.</p>	
<p>Classification - For Approval</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: Moira Mackie, Interim Director of Audit, Fraud, Risk and Insurance</p>	
<p>Report Author: Geoff Drake, Senior Audit manager</p>	<p>Contact Details: Tel: 020 8753 2529 E-mail: Geoff.Drake@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report presents the business case for the re-tender of the existing sovereign LBHF call-off contract for Internal Audit services. This is a largely outsourced service for the council which currently costs approximately £299k per annum.
- 1.2. The procurement options are
- to undertake a full re-tender,
 - to undertake a mini-competition tender exercise using an existing framework agreement, or
 - to directly call –off from an existing framework agreement set up by another Local Authority.
- 1.3. A full tender exercise is not recommended., For all the other options the framework agreements are either currently being re-tendered or will shortly start so a preferred option between these cannot be recommended at this stage. We therefore propose that the options are kept under review and selected once the re-tender actions have been undertaken.

2. RECOMMENDATIONS

- 2.1. To approve the Procurement Strategy set out in Appendix 2 of the report.
- 2.2. To note the current uncertainty of the procurement arrangements planned to be undertaken by Central Purchasing Bodies (i.e. Crown Commercial Services (CCS) and Eastern Shires Purchasing Organisation (ESPO) and other London councils identified in Appendix 2.
- 2.3. To delegate to the Strategic Director of Finance (in consultation with the Leader) authority to commence the re-procurement of the LBHF Internal Audit Service based upon his professional opinion as per the Procurement Strategy in Appendix 2.

3. REASONS FOR DECISION

- 3.1. There is a statutory requirement for the Council to have an Internal Audit Service.
- 3.2. the most appropriate strategy is to keep under review the re-tendering of the two LA framework Agreements to consider where best value will be achieved. Given these will be under re-tender for some time we may also conduct a mini competition exercise either via the ESPO (Eastern Shires Purchasing Organisation) framework or the CCS (Crown Commercial Services) framework, again depending on which offers the best value for LBHF. While the contract(s) let are expected to be nil value minimum use it is expected that the annual cost should continue to be approximately 299k

4. PROPOSAL AND ISSUES

Introduction

- 4.1. Section 1 of the Procurement strategy at Appendix 2 of this report explains the need for an Internal Audit service.

Background

- 4.2. Section 1 of the Procurement Strategy at Appendix 2 explains how this service is currently delivered.

Current Arrangements

- 4.3. Current arrangements are set out in Section 2 of the procurement strategy provided at Appendix 2.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. The options identification and appraisal is set out in Section 3 of the Procurement Strategy at Appendix 2.

Proposed procurement route

- 5.2. To review the retender results from the two existing LA framework Agreements to consider where best value will be achieved. However, given these will be under re-tender for some time, a mini competition exercise could also be undertaken either via the ESPO framework or the CCS framework, again depending on which offers the best value for the Council. It is intended that each contract will have a minimum nil value use so that they can be used flexibly.

6. CONSULTATION

- 6.1. *Not applicable*

7. EQUALITY IMPLICATIONS

- 7.1. The equalities impact assessment is provided at Appendix 3 for information.

8. LEGAL IMPLICATIONS

- 8.1. Internal Audit and Risk Management are statutory requirements as set out in the Accounts and Audit Regulations 2015.
- 8.2. If the Internal Audit services need to be re-procured, then the Council would need to comply with the Public Contracts Regulations, 2015 (as amended).
- 8.3. Legal Implications by Babul Mukherjee, Senior Solicitor (Contracts) Tel: 02073613410

9. FINANCIAL IMPLICATIONS

- 9.1. There are no direct financial implications as the contract will be a call-off contract that is intended to have minimal or no required usage. While there is a risk that the day rates may increase under a new contract, there is an existing budget for audit services and any variance to that budget would require separate approval.

Financial Implications provided by Andrew Lord, Head of Strategic Planning and Monitoring, Corporate Finance Ext 2531.

10. IMPLICATIONS FOR BUSINESS

- 10.1. The successful contractor will be asked to provide a statement identifying the social value they can provide related to the contract. These might include the potential for the contractor to be involved in the LBHF jobs fair, and a corporate responsibility day in LBHF.

11. OTHER IMPLICATION PARAGRAPHS

11.1. Risk Management

11.1.1. To ensure that Market Testing has been done in order that the best possible service is provided at least possible cost to the local Taxpayer in accordance with managing risk number 4 on the Corporate Risk Register.

11.2. Corporate procurement

11.2.1. The Procurement Strategy (Appendix 2) notes the lack of current framework agreements that the Council is currently able to call off from. Central Purchasing Bodies and other London boroughs who have traditionally let framework agreements for audit services are either in the tender process or are programmed for being tendered later this year. In terms of planning the Council's own statutory arrangements this is a cause for concern due to the uncertainty that this creates, particularly in terms of what framework agreements will be available to the Council to call off from and the rates.

11.2.2. The Corporate Procurement Team will continue to work with the Audit Manager to ensure that a new contract is in place by April 2018.

11.2.3. Comments verified by: Alan Parry, Interim Head of Procurement (Job-share). Telephone: 020 8753 2581

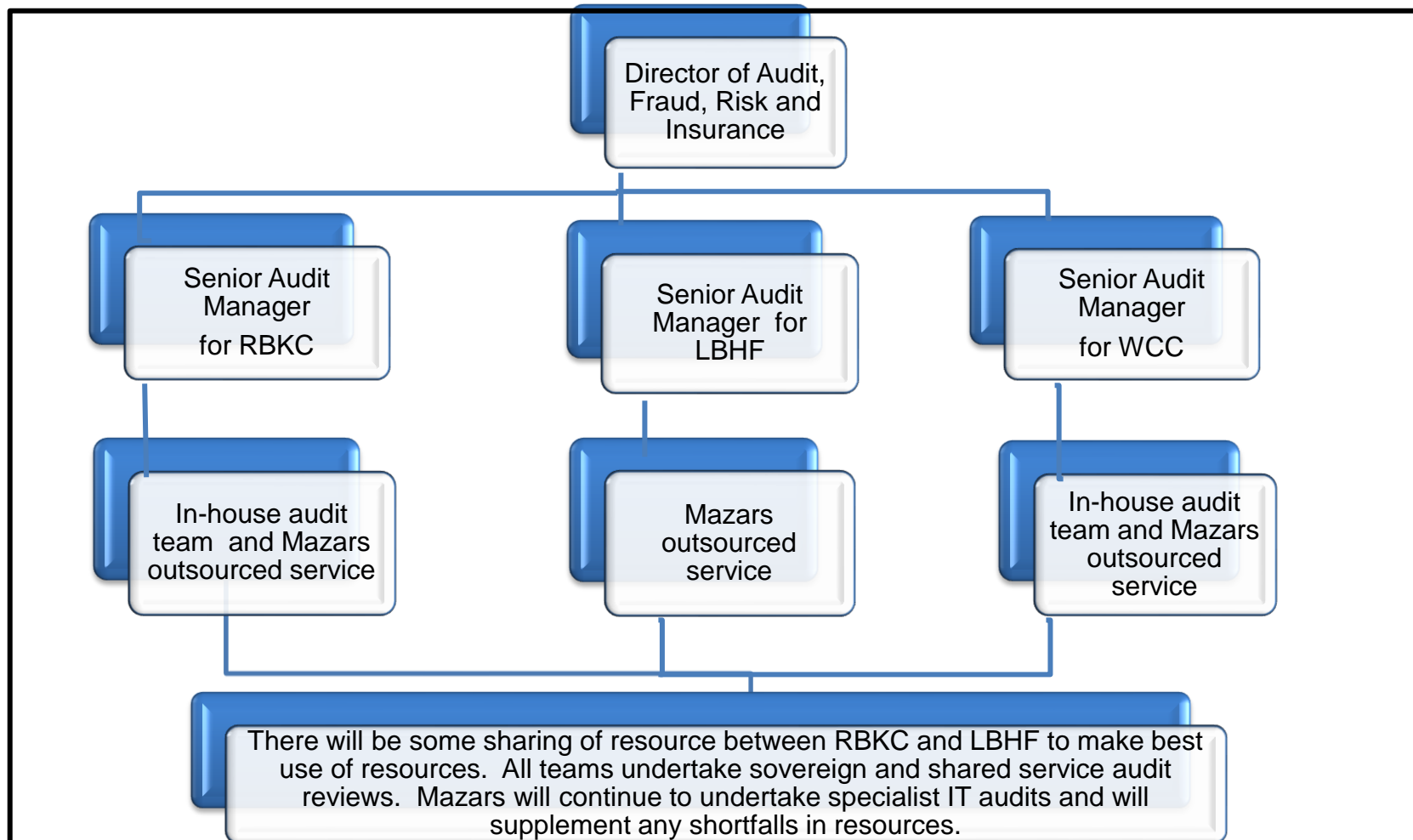
12. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

LIST OF APPENDICES:

- Appendix 1 Internal Audit Shared Service structure chart
- Appendix 2 Procurement Strategy
- Appendix 3 LBHF Equality Impact Analysis Tool

Internal Audit Shared Service structure chart



BUSINESS CASE AND PROCUREMENT STRATEGY REPORT **INTERNAL AUDIT SERVICES**

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

- 1.1. Internal Audit is a statutory service and a requirement of the Accounts and Audit Regulations 2015, which state that: 'A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing.
- 1.2. Section 151 of the Local Government Act 1972 requires every local authority to designate an officer (Section 151 Officer) to be responsible for the proper administration of its financial affairs including the provision of an internal audit service. For LBHF this is the Strategic Finance Director.
- 1.3. Internal Audit services are expected to comply with the Public Sector Internal Audit Standards which came into force on 1 April 2013 and were revised from 1 April 2016. These standards are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), they are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 1.4. The Internal Audit Service was changed from a fully in-house team of auditors to a contracted out service in 2005, retaining only the Head of Internal Audit and an audit manager post. The contract to deliver the service was won by Deloitte in 2005 and in 2008 (as part of the West London Framework agreement). Then the contracts let in 2011 and 2015 were won by LB Croydon (LBC) who delivered the audit days through a call off contract with Deloitte, then Mazars when Deloitte transferred their business to them.
- 1.5. The current call-off contract with LBC is due to expire in March 2018 with no opportunity to extend. The LBC call-off contract itself is also due to expire in March 2018 and LBC are in the process of re-tendering that contract
- 1.6. The LBHF Internal Audit service was transferred to a shared Internal Audit service hosted by RBKC following a review and reorganisation of the service in 2013 as part of the strategy at the time to move significantly to shared services arrangements. The shared service provides audit services to three councils, the Royal Borough of Kensington & Chelsea (RBKC), the London Borough of Hammersmith & Fulham (LBHF), and Westminster City Council (WCC). The shared service arrangements for LBHF are managed through a S113 agreement with RBKC. There are no WCC staff in the audit service, instead they purchase all of their audit requirements from RBKC. A structure chart for the shared service is provided at Appendix 1 for information.

- 1.7. This is a contract re-tender. The current service delivered by LB Croydon using the services of Mazars has delivered good quality work at a good price via a sovereign contract with LBHF. There are currently no plans to change the shared service hosted by RBKC, if this were to be decided then the existing S113 Agreement would need to be amended and approved by the S151 officers of both LBHF and RBKC.

2. FINANCIAL INFORMATION

- 2.1. This information is provided in the exempt report accompanying this report to Cabinet.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

- 3.1. There are currently no plans to review the internal Audit service. Any future change would require a change to the existing S113 Agreement with RBKC to deliver the Internal Audit Service, which would need the approval of the S151 officers of both LBHF and RBKC.

Full Procurement Exercise

- 3.2. There are a number of firms in the public sector internal audit market who provide this type of service and who should be capable of delivering the work required. There are a smaller number who have existing contracts with local authorities especially within the London area. At the time of the previous tender, the market was suffering from an economic downturn and the rates bid were suggested to be highly competitive. A scan of the market indicates that day rates have increased since this time.
- 3.3. The contract would continue to be for internal audit services, which would be overseen by the Shared Service Director of Audit. The contract value itself will vary depending on in-year demand, the intention is that the existing model of letting a call-off contract for the council would continue with no minimum or maximum use requirement. The recommended length of the contract is 3 years plus optional extensions of 1 year plus 1 year.
- 3.4. The total potential value of the contract is approximately £299k a year. This means that the procurement must comply with the Public Contract Regulations 2015 (as amended).

Framework Agreements

- 3.5. The potential advantages of using a framework agreement include:
- maintaining 'business as usual';
 - service continuity;
 - flexibility of service;
 - saving on the cost and resources required to carry out a full OJEU tender process;
 - potential 'bulk buy' discounts due to the combined purchasing power of the authorities joining the framework agreement
 - sharing of information, best practice etc. with other stakeholders.

- 3.6. The council could procure their audit service from existing frameworks provided by another local authority such as those provided by LB Camden and LB Islington, or from frameworks delivered by other organisations such as ESPO (Eastern Shires Purchasing Organisation) and CCS (Crown Commercial Properties).
- 3.7. The common feature of call off contracts delivered by other organisations is that the council has to produce an offering that the companies in the framework agreement can then bid for. Advantages from this approach include the time and cost savings for the bidding process compared to a full OJEU process, some potential savings on rates as contractors would expect to accumulate contracts from the framework so may offer discounts compared to their general rates. In addition, a contract could be taken out with all companies who submit a bid and a variety of suppliers could then be available to use. However, as the contract would not guarantee any work to a provider there may be less interest from potential bidders and rates may not be as competitive as those where a guaranteed level of service is procured.

Central Purchasing Bodies: ESPO & CCS

- 3.8. ESPO has a framework for internal audit services. There is no cost to the Council in accessing the framework, although providers on the list pay 0.5% of the contract value to ESPO and this is built in to their pricing. The suppliers list includes at least four top 20 accountancy firms, one of whom KPMG are our current external auditors which would preclude the Council from appointing them. ESPO recommend writing to the external auditor to confirm this helping to avoid future dispute. The accountancy firm who currently deliver our audit days, Mazars, is not included in the supplier list. The framework was subject to a competitive process, and to take this forward would require a mini competition. The Council would invite the other providers on the list to help demonstrate the competitive process. This would ensure a competitive bid, bring the service in line with our requirements but reduce the level of input necessary against a full OJEU process. This arrangement also provides a direct relationship with the winning supplier, thus offering a higher level of control. The ESPO framework contract was let in 2013 and is due to expire on 23 January 2017 so it is currently subject to further tendering. ESPO confirmed by email on 25/11/2016 that they were currently evaluating suppliers' tenders for a replacement framework and expect to award this in late January 2017. As such we cannot confirm whether this framework would meet our needs at this time.
- 3.9. Crown Commercial Services (CCS) operate the government framework covering these services called 'ConsultancyOne'. This agreement has been extended up to 16 February 2017 and their website states 'We are engaging with suppliers and customers to help inform the development of a new commercial arrangement for management consultancy and related services to replace ConsultancyONE (RM1502)'. The CCS advised on 28 November 2016 that 'It is still our intention to release the OJEU notice in Autumn 2016. All updates will be published on our pipeline page for the replacement vehicle'. At the time of drafting this report nothing further had been posted

on their site. As such we cannot confirm whether this framework would meet our needs at this time.

Local Authority Framework Agreements

- 3.10. The common feature of these contracts involve the procuring council agreeing a call-off contract with the council that holds the framework agreement. Advantages of this approach include being the most economic process to establish a new contract, the most potential savings on rates plus further potential savings from volume discounts achieved from all those joining the framework agreement. This would also help limit the risk that there would be less interest because no days would be guaranteed from the LBHF contract. There is also the potential for sharing of information, best practice etc. with other framework agreement stakeholders. Disadvantages would be that there would be a lack of choice of contractor to use
- 3.11. The council currently use a framework established by the London Borough of Croydon. This framework agreement for Internal Audit Services can be accessed free of charge by other local authorities. The agreement has been set up such that the majority of the work would be provided by a third party (currently Mazars, a top 20 firm). The framework is a single supplier framework, if this option were chosen the service would not be exposed to further competition and this should maintain continuity of service with retained contractor experience. Whilst the contract does link the council directly to the contractor for day to day management purposes, potentially there is a risk from being the third party (amongst others) in the agreement. The framework has been in place for 8 years, LBHF have contracted with LBC for audit services for the past 7 years. The LBC Framework Agreement is currently being re-tendered with the intention that a replacement will be in place in time to take over from the existing framework agreement without a break in service.
- 3.12. A consortium of Local Authorities led by the London Borough of Islington has set up a framework agreement for Internal Audit and related services, which other local authorities can also access free of charge. The current agreement is also a single supplier contract with PWC and is due to expire in October 2018 when it will be retendered. At present it has not been decided whether any new contracts can be signed that would extend beyond the framework contract expiry date.

Full Regulated Tender Process

- 3.13. Another option is for the council to procure their internal audit service through a full regulated process (in accordance with the Public Contracts Regulations 2015 (as amended)). This is a full tender process that will be undertaken over a period of months in line with the applicable regulations.
- 3.14. The main advantages of this approach are:
- This approach gives the council the greatest degree of control and flexibility in defining specific needs and requirements, rather than adapting its procedures to meet a specification defined by another authority.

- It allows the council to fully take advantage of the current competitive market.
- 3.15. The main dis-advantages of this approach are:
- The costs, time and resources needed to undertake such a project. The Council would need to properly scope the specification in line with current CIPFA guidance.
 - Single procurement exercises for common services, such as internal audit, tend to be more expensive in the long run compared to those awarded through a framework arrangement which should attract more favourable rates.
 - Whilst there is sufficient time to undertake a regulated procurement exercise, this route also has increased risks of timetable delays resourcing, etc.
- 3.16. It should be noted that the Council currently has an extremely flexible call off contract that does not require any services to be taken up. If a full tender process were followed any potential bidders are likely to expect a minimum guaranteed level of service each year which would lock the Council into a fixed cost upfront. If a low value was guaranteed for the contract it may limit the number of companies interested in the tender and it could result in less competitive rates than a framework could offer.

4. THE MARKET

- 4.1. Internal Audit consultancy is a mature market. The accountancy firms in the local government Internal Audit market include Mazars and PWC, who are currently the main companies in the London market through framework agreements. As such this is a routine contract with no need to develop the market. Most of the London area councils have contracted to framework agreements with a large number also being contracted with LB Croydon.
- 4.2. These will all be in a similar position to LBHF and at a similar stage of retendering. Any consultants in the field would be aware of the main framework agreement opportunities available and would have taken a decision whether they wished to apply to join those agreements, including any local firms. Given the potential size of the contract, and that for the present RBKC are looking to contract with the same contractors to allow the shared audit service to operate smoothly, only a large or medium size firm would have the capacity to bid for the contract.

5. PROCUREMENT STRATEGY: PROPOSED CONTRACT PACKAGE, LENGTH AND SPECIFICATION

- 5.1. The main element comprising the contract will be the delivery of audit days and audits. The contract will usually include base rates for audit, consultancy and anti-fraud work which can be called upon as wanted. The KPIs will include the % delivery of the audit plans in year, the level of delivery of audit days, speed of issue of draft and final audit reports. The usual length of such contracts is 3 years, which can have options included to add a further

1+1 years. It is also usual to have a clause allowing for the uprating of prices each year in line with inflation.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

- 6.1. The successful contractor will be asked to provide a statement identifying the social value they can provide related to the contract.

7. OTHER STRATEGIC POLICY OBJECTIVES

- 7.1. There are no other strategic objectives to be delivered from this contract. However, it is intended that any potential contractor will be asked to explain their arrangements they have in place
- 7.2. The nature of the work and the contract ensures that the London living wage will be exceeded.

8. STAKEHOLDER CONSULTATION

- 8.1. The main stakeholder for the contract remains the Internal Audit Service. The Section 151 officer and the Chair of the Audit, Pensions and Standards Committee will have some involvement in and agree the process and the final contractor selection. The (Acting) Director of Audit has had input into this process, including this document, and will continue to do so

9. PROCUREMENT PROCEDURE

- 9.1. The proposal is to pursue a call-off from an existing LA framework agreement although these are currently being re-tendered, with a fall back option to use an existing framework agreement (which are also being re-tendered at present) for a restricted procedure. These have proven in the past to offer the best price while maintaining good quality of service.

10. CONTRACT AWARD CRITERIA

- 10.1. The contract award criteria will be that the contractor must demonstrate deliverability both in capacity and ability as a base requirement before any other factors are considered. After that price will be the key determinant although as stated elsewhere bidders will be asked to provide evidence of their arrangements on equality and on social value to ensure they meet council expectations.

11. PROJECT MANAGEMENT AND GOVERNANCE

- 11.1. The key people involved will be Geoff Drake, as project manager. In addition Legal Services will be involved through Babul Mukherjee and procurement advice from corporate currently being provided by Alan Parry. The return tenders will be evaluated by Geoff Drake and the (Acting) Director of Audit as a minimum. The APSC Chair may also be invited to be involved. Progress on this will be provided to the Director of Audit and is expected to be provided to the Cabinet Member, currently Cllr Schmid. These will be

provided by Geoff Drake at the regularity required by those officers/Members.

12. INDICATIVE TIMETABLE

- 12.1. The milestones for this project can only be set once the tenders of the framework contract establish time frames or their re-tender is completed and prices are known, unless cabinet decide they want a full procurement exercise in which case a timeline based on establishing a contract by 31 March 2018 will be established in consultation with corporate procurement. This is the expected commencement date of the new contract in all cases.

13. CONTRACT MANAGEMENT

- 13.1. Once the contract is awarded the contract will be managed within the shared internal audit service. At this time it would be expected to be the senior audit manager with lead responsibility for LBHF. The current PIs, including the KPIs identified earlier in this document, would be applied. Performance would continue to be reported to the Director of Audit and the APSC.

LBHF Equality Impact Analysis Tool

Conducting an Equality Impact Analysis

An EqlA is an improvement process which helps to determine whether our policies, practices, or new proposals will impact on, or affect different groups or communities. It enables officers to assess whether the impacts are positive, negative or unlikely to have a significant impact on each of the protected characteristic groups.

The tool has been updated to reflect the new public sector equality duty (PSED). The Duty highlights three areas in which public bodies must show compliance. It states that a public authority must, in the exercise of its functions, have due regard to the need to:

- 1. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under this Act;**
- 2. Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;**
- 3. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.**

Whilst working on your Equality Impact Assessment, you must analyse your proposal against the three tenets of the Equality Duty.

General points

1. In the case of matters such as service closures or reductions, considerable thought will need to be given to any potential equality impacts. Case law has established that due regard cannot be demonstrated after the decision has been taken. Your EIA should be considered at the outset and throughout the development of your proposal, it should demonstrably inform the decision, and be made available when the decision is recommended.
2. Wherever appropriate, the outcome of the EIA should be summarised in the Cabinet/Cabinet Member report and equalities issues dealt with and cross referenced as appropriate within the report.
3. Equalities duties are fertile ground for litigation and a failure to deal with them properly can result in considerable delay, expense and reputational damage.
4. Where dealing with obvious equalities issues e.g. changing services to disabled people/children, take care not to lose sight of other less obvious issues for other protected groups.
5. If you already know that your decision is likely to be of high relevance to equality and/or be of high public interest, you should contact the Equality Officer for support.
6. Further advice and guidance can be accessed from the separate guidance document (link), as well as from the Opportunities Manager: PEIA@lbhf.gov.uk or ext 3430

LBHF Equality Impact Analysis Tool

Overall Information	Details of Full Equality Impact Analysis
Financial Year and Quarter	2016/ 17 - full year
Name and details of policy, strategy, function, project, activity, or programme	<p>Title of EIA: Internal Audit contract re-tender Short summary: The existing Internal Audit contract expires 31 March 2018. The intention is to re-tender the contract to deliver internal audit services.</p> <p>Note: If your proposed strategy will require you to assess impact on staff, please consult your HR Relationship Manager.</p>
Lead Officer	Name: Geoffrey Drake Position: Senior Internal Audit Manager Email: geoff.drake@lbhf.gov.uk Telephone No: 02087532529
Date of completion of final EIA	13 / 02 / 2017

Section 02	Scoping of Full EIA	
Plan for completion	Timing: 13/02/2017 Resources: one officer	
Analyse the impact of the policy, strategy, function, project, activity, or programme	Analyse the impact of the policy on the protected characteristics (including where people / groups may appear in more than one protected characteristic). You should use this to determine whether the policy will have a positive, neutral or negative impact on equality, giving due regard to relevance and proportionality.	
	Protected characteristic	Analysis
	Age	No impact
		Impact: Positive, Negative, Neutral
		Neutral

Disability	No impact	Neutral	
Gender reassignment	No impact	Neutral	
Marriage and Civil Partnership	No impact	Neutral	
Pregnancy and maternity	No impact	Neutral	
Race	No impact	Neutral	
Religion/belief (including non-belief)	No impact	Neutral	
Sex	No impact	Neutral	
Sexual Orientation	No impact	Neutral	

Human Rights or Children's Rights

If your decision has the potential to affect Human Rights or Children's Rights, please contact your Equality Lead for advice

Will it affect Human Rights, as defined by the Human Rights Act 1998?

No

Will it affect Children's Rights, as defined by the UNCRC (1992)?

No

Section 03	Analysis of relevant data Examples of data can range from census data to customer satisfaction surveys. Data should involve specialist data and information and where possible, be disaggregated by different equality strands.
Documents and data reviewed	Customer satisfaction returns (auditees), existing contract.
New research	If new research is required, please complete this section N/A

Section 04	Consultation
Consultation	Details of consultation findings (if consultation is required. If not, please move to section 06)
Analysis of consultation outcomes	

Section 05	Analysis of impact and outcomes
Analysis	What has your consultation (if undertaken) and analysis of data shown? You will need to make an informed assessment about the actual or likely impact that the policy, proposal or service will have on each of the protected characteristic groups by using the information you have gathered. The weight given to each protected characteristic should be proportionate to the relevant policy (see guidance).

Section 06	Reducing any adverse impacts and recommendations
Outcome of Analysis	<p>Include any specific actions you have identified that will remove or mitigate the risk of adverse impacts and / or unlawful discrimination. This should provide the outcome for LBHF, and the overall outcome.</p> <p>The process and proposals for appointing a new Internal Audit contractor has not highlighted any adverse impact for any of the groups with protected characteristics. However, groups with a protected characteristics have different and sometimes adverse experience in gaining employment</p>

and issues surrounding bullying and harassment.

Hammersmith and Fulham Council, as an equal opportunity employer is keen to use a diverse range of contractor staff which reflects the characteristics of the borough and the wider Greater London Population. In ensuring that Hammersmith and Fulham Council meets its Public Sector Equality Duties to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under this Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Hammersmith and Fulham Council has included equality and diversity provisions into its 'Councils Contract Standing Orders'. Clause 18.2 specifically places an obligation not to discriminate against any group with a protected characteristic. Clause 18.5, places an obligation to comply with the Equality Act and take all reasonable steps to eliminate discrimination, harassment and victimisation. In addition to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Clause 18.8 states:

'The Contractor shall, no later than twelve months from the Commencement Date and annually thereafter

submit a report to the Authority demonstrating its compliance with this Clause 18'.

It is recommended that the successful contractor for providing Internal Audit services is required to submit a report to Hammersmith and Fulham Council demonstrating compliance with Clause 18.

The contract will include robust non-discrimination provisions through clause 18 and require the contractor take all reasonable steps to ensure that anyone engaged in the performance of the contract with the Council observes these provisions. The new call off contract will reinforce the

	<p>contractor's obligations to comply with the law in relation to protected characteristics. It will include a commitment ensuring that the contractor and its suppliers understand the Council's commitment to equality and diversity, monitor and review fairness and equality throughout the recruitment process and, where appropriate, agree action to improve diversity in recruitment.</p>
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Section 07	Action Plan					
Action Plan	Note: You will only need to use this section if you have identified actions as a result of your analysis					
	Issue identified	Action (s) to be taken	When	Lead officer and borough	Expected outcome	Date added to business/service plan

Section 08	Agreement, publication and monitoring					
Chief Officers' sign-off	Name: Moira Mackie Position: Acting Director of Audit Email: moira.mackie@rbkc.gov.uk Telephone No: ☎ 020 7854 5922 or Mobile: 07800 513 192					
Key Decision Report (if relevant)	Date of report to Cabinet/Cabinet Member: 27 / 03 / 2017 Key equalities issues have been included: No					
Opportunities Manager (where involved)	Name: Position: Date advice / guidance given: Email: Telephone No:					