

**Provision of Audit Services**

**for Actual Cost Review**

**To**

**Ministry of Defence**

**From**

**Deloitte LLP**

**Contract Reference: CCCC21A43**

**FRAMEWORK SCHEDULE 4**

**CALL OFF ORDER FORM**

PART 1 – CALL OFF ORDER FORM

SECTION A

This Call Off Order Form is issued in accordance with the provisions of the Framework Agreementfor the provision of Audit Services for Actual Cost Review dated **31st October 2019.**

The Supplier agrees to supply the Services specified below on and subject to the terms of this Call Off Contract.

For the avoidance of doubt this Call Off Contract consists of the terms set out in this Template Call Off Order Form and the Call Off Terms.

|  |  |
| --- | --- |
| Order Number | **To be advised by Customer post award** |
| From | **Ministry of Defence**  **("CUSTOMER")** |
| To | **Deloitte LLP**  **("SUPPLIER")** |

SECTION B

1. call off contract period

|  |  |
| --- | --- |
|  | **Commencement Date**: 7th April 2021 |
|  | **Expiry Date**:  End date of Period: 6th July 2021 |

1. Services

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| --- | --- |
| 2.1. | **Services required**:  Please refer to Annex 1- Statement of Requirements. |

1. PROJECT Plan

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| --- | --- |
| **3.1.** | **Project Plan**:  Please refer to Annex 1- Statement of Requirements. |

1. contract performance

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| --- | --- |
| **4.1.** | **Standards**:  Please refer to Annex 1- Statement of Requirements. |
| **4.2** | **Service Levels/Service Credits**:  Not applied |
| **4.3** | **Critical Service Level Failure**:  Not applied |
| **4.4** | **Performance Monitoring:**  Please refer to Annex 1- Statement of Requirements. |
| **4.5** | **Period for providing Rectification Plan:**  In Clause 39.2.1(a) of the Call Off Terms |

1. personnel

|  |  |
| --- | --- |
| **5.1** | **Key Personnel**:  Customer- redacted  Supplier- redacted |
| **5.2** | **Relevant Convictions** (Clause 28.2 of the Call Off Terms):  In Clause 28.2 of the Call Off Terms |

1. PAYMENT

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| --- | --- |
| **6.1** | **Call Off Contract Charges** (including any applicable discount(s), but excluding VAT):  In Annex 1 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing) |
| **6.2** | **Payment terms/profile** (including method of payment e.g. Government Procurement Card (GPC) or BACS):  Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.  Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.  Invoices should be submitted electronically against a purchase order generated under the contract.  For the avoidance of doubt, the total contract value will not exceed £45,000.00 exc. VAT.  redacted |
| **6.3** | **Reimbursable Expenses**:  Permitted  Travel to and from the base location as defined in Section 18 of the Statement of Requirements in Call Off Schedule 2 Annex 1 shall be included in the day rates. Travel to other locations are to be charged at the Customer’s rates |
| **6.4** | **Customer billing address** (paragraph 7.6 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):  redacted |
| **6.5** | **Call Off Contract Charges fixed for** (paragraph 8.2 of Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):  Three (3)Call OffContract Months from the Call Off Commencement Date |
| **6.6** | **Supplier periodic assessment of Call Off Contract Charges** (paragraph 9.2 ofCall Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing))will be carried out on:  Not Applied |
| **6.7** | **Supplier request for increase in the Call Off Contract Charges** (paragraph 10 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):  Not Permitted |

1. LIABILITY and insurance

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| --- | --- |
| **7.1** | **Estimated Year 1 Call Off Contract Charges**:  The sum of £45,000.00 (exc VAT) |
| **7.2** | **Supplier’s limitation of Liability** (Clause 37.2.1 of the Call Off Terms);  In Clause 37.2.1 of the Call Off Terms |
| **7.3** | **Insurance** (Clause 38.3 of the Call Off Terms):  In Clause 38.3 of the Call Off Terms |

1. TERMINATION and exit

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| --- | --- |
| **8.1** | **Termination on material Default** (Clause 42.2 of the Call Off Terms)):  In Clause 42.2.1(c) of the Call Off Terms |
| **8.2** | **Termination without cause notice period** (Clause 42.7 of the Call Off Terms):  In Clause 42.7 of the Call Off Terms |
| **8.3** | **Undisputed Sums Limit**:  In Clause 43.1.1 of the Call Off Term |
| **8.4** | **Exit Management:**  Not Applied |

1. supplier information

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| **9.1** | **Supplier's inspection of Sites, Customer Property and Customer Assets:**  Not Applied |
| **9.2** | **Commercially Sensitive Information**:  Not Applied |

1. OTHER CALL OFF REQUIREMENTS

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| --- | --- |
| **10.1** | **Recitals** (in preamble to the Call Off Terms):  Recital A  Recital C - date of issue of the Statement of Requirements: 15th March 2021  Recital D - date of receipt of Call Off Tender:24th March 2021. |
| **10.2** | **Call Off Guarantee (Clause 4 of the Call Off Terms):**  Not required |
| **10.3** | **Security**:  Short form security requirements  AND  Refer to Annex 1- Statement of Requirements. |
| **10.4** | **ICT Policy:**  Not applied |
| **10.6** | **Business Continuity & Disaster Recovery**:  In Call Off Schedule 8 (Business Continuity and Disaster Recovery)  **Disaster Period**:  For the purpose of the definition of “Disaster” in Call Off Schedule 1 (Definitions) the “Disaster Period” shall be Not Applied |
| **10.8** | **Protection of Customer Data** (Clause 35.2.3 of the Call Off Terms):  In Clause 35.2.3 of the Call Off Terms |
| **10.9** | **Notices** (Clause 56.6 of the Call Off Terms):  Customer’s postal address and email address:  redacted  Supplier’s postal address and email address:  redacted |
| **10.10** | **Transparency Reports**  In Call Off Schedule 13 (Transparency Reports) |
| **10.11** | **Alternative and/or Additional Clauses from Call Off Schedule 14 and if required, any Customer alternative pricing mechanism:**  Not Applied |
| **10.12** | **Call Off Tender**:  redacted |
| **10.13** | **Publicity and Branding (Clause 36.3.2 of the Call Off Terms)**  In Clause 36.3.2 of the Call Off Terms |
| **10.14** | **Staff Transfer**  Annex to Schedule 10, List of Notified Sub-Contractors (Call Off Tender). Not Applied. |
| **10.15** | * + 1. The contact details of the Customer Data Protection Officer is:   redacted  [redacted](mailto:Cio-dpa@mod.gov.uk)   * + 1. The contact details of the Suppliers Data Protection Officer is:   **To be confirmed at Contract Award**   * + 1. The Processor shall comply with any further written instructions with respect to processing by the Controller.     2. Any such further instructions shall be incorporated into this Schedule.  |  |  | | --- | --- | | **Contract Reference:** | **CCCC21A43** | | **Date:** | **7 April 2021** | | **Description Of Authorised Processing** | **Details** | | Identity of the Controller and Processor | The Parties acknowledge that for the purposes of the Data Protection Legislation the Customer will be Data Controller and the Supplier will be Data Processor. | | Use of Personal Data | Managing the obligations under the Call Off Contract Agreement, including exit management, and other associated activities. | | Duration of the processing | For the duration of the Framework Award plus 7 years. | | Type of Personal Data | Full name  Workplace address  Workplace Phone Number  Workplace email address  Names  Job Title  Compensation   |  | | --- | | Tenure Information Qualifications or certifications | | Nationality | | Education & training history | | Previous work history | | Personal Interests | | References and referee details | | Driving license details | | National insurance number | | Bank statements | | Utility bills | | Job title or role | | Job application details | | Start date | | End date & reason for termination | | Contract type | | Compensation data | | Photographic facial Image | | Biometric data | | Birth certificates | | IP address | | Details of physical and psychological health or medical condition | | Next of kin & emergency contact details | | Record of absence, time tracking & annual leave | | |
| **10.16** | **DEFCONs and DEFFORMs** |
|  | DEFCON 5J (Edn 18/11/16) Unique Identifiers  DEFCON 35 (Edn 10/04) Progress Payments  DEFCON 76 (Edn 12/06) [Contractor's Personnel At Government Establishments [36KB PDF]](http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/downloads/defcons/pdf/076.pdf)  DEFCON 129J (Edn 18/11/16) The Use of The Electronic Business Delivery Form  DEFCON 501 (Edn 11/17) [Definitions And Interpretations [26KB PDF]](http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/downloads/defcons/pdf/501_1117.pdf)  DEFCON 502 (Edn 05/17) Specifications Changes  DEFCON 503 (Edn 12/14) Formal Amendments to Contract  DEFCON 522 (Edn 11/17) [Payment and Recovery of Sums Due [50KB PDF]](http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/downloads/defcons/pdf/522_1117.pdf)  DEFCON 531 (Edn 11/14) [Disclosure Of Information [26KB PDF]](http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/downloads/defcons/pdf/531_1114.pdf)  DEFCON 602B (Edn 12/06) Quality Assurance (without Quality Plan)  DEFCON 647 (Edn 04/19) [Financial Management Information [12KB PDF]](http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/downloads/defcons/pdf/647_0419.pdf) and [Financial Management Information Annex A and B [147KB XLS]](http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/downloads/defcons/xls/647_ann_0419.xls)  DEFCON 658 (Edn 10/17) Cyber  DEFCON 703 (Edn 08/13) [Intellectual Property Rights - Vesting In The Authority [25KB PDF]](http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/downloads/defcons/pdf/703_0813.pdf) |

**FORMATION OF CALL OFF CONTRACT**

**BY SIGNING AND RETURNING THIS CALL OFF ORDER FORM (which may be done by electronic means) the Supplier agrees to enter a Call Off Contract with the Customer to provide the Services in accordance with the terms Call Off Order Form and the Call Off Terms.**

**The Parties hereby acknowledge and agree that they have read the Call Off Order Form and the Call Off Terms and by signing below agree to be bound by this Call Off Contract.**

**In accordance with paragraph 7 of Framework Schedule 5 (Call Off Procedure), the Parties hereby acknowledge and agree that this Call Off Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of the Call Off Order Form from the Supplier within two (2) Working Days from such receipt.**

|  |  |
| --- | --- |
| **For and on behalf of the Supplier:** | |
| Name and Title | Redacted |
| Signature | Redacted |
| Date |  |
| **For and on behalf of the Customer:** | |
| Name and Title | Redacted |
| Signature | Redacted |
| Date |  |

Annex 1- Statement of Requirements

# PURPOSE

## The Defence Academy (DA) renegotiated the academic provider (AP) contract with Cranfield University (CU) in March 2018 and requires audit resource to ensure that the AP contract is properly managed over a period of 4 years for cy12 to cy15. The audit activity for cy13 is under way and drawing to a conclusion therefore this requirement is to cover the audit activity for cy14 onwards. The AP contract is now clearly stated to be an annually reconciled cost-based agreement and the Defence Academy (DA) does not have sufficiently skilled resources available to it to carry out the required audit activity to ensure that value for money is preserved via the appropriate scrutiny of the Supplier’s costs using professional audit techniques. This requirement should be viewed in the context of the da’s historic failure to manage Cranfield University’s contractual compliance including its cost performance. There is therefore an educational dimension to the requirement as awareness is fostered in the client’s CU team for auditing.

## The DA wishes to engage professional auditors to undertake a critical review of the cost and price model which will set the annual fee and price any amendments for the remaining years of the renegotiated contract.

## The contract has operated for a number of years (since 2009). The majority of the services are delivered from the Shrivenham site with a substantial retained number of academic and non-academic employees. Cranfield has operated an enterprise level accounting system that captures a rich level of transactional data but has historically been poorly managed

# BACKGROUND TO THE CONTRACTING aUTHORITY

## The Defence Academy of the United Kingdom is a key enabler and force multiplier for UK defence, it’s purpose is;

### To prepare people in Defence to meet the challenges of the future.

### To play a leading role in developing the strategic thinking capability of Defence.

### To advance and promote the defence and security interests of the UK and its allies and partners through education and training.

## The Defence Academy at Shrivenham needs to understand and exploit the interaction of new ways of learning through new technology with changing trends such as the increasing focus on collaborative working and challenge-based active learning. It must also be alive to the growing importance of digital media literacy and new forms of peer review via the social network. The challenges facing the academy over the next 5 years are therefore significant but it is also a period of significant opportunity. As MOD’s leading provider of joint training and education, the academy has a crucial role to play in ensuring that our armed forces of the future have the capability to achieve success in the military tasks set by the government.

# BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

## The selected supplier must deliver insight and analysis through a detailed and controlled examination of the financial performance of Cranfield University in discharging their obligations under the academic provider contract. The production of audit reports will determine the revised cost assumptions and any adjustment to the course fee and maximum annual course fee. The milestones completed during the engagement will be as a consequence of the natural conclusion of research and analysis confirmed by the contractor’s method statements. A draft report is required to be reviewed in association with the Customer and should also identify recommended authority. The conclusion of the engagement will require the production of a good practise internal audit report including all evidence, findings reflections and actions. Final audit report to include:-

## Cost / price model validation of operation by cu.

## Validation that cost assumptions accurately reflect the costs incurred by the contractor, subject to the contractor’s 2% profit.

## Validation that cost applied to any in-year changes accurately reflect the costs incurred by the contractor, subject to the contractor’s 2% profit.

## Validation that costs are appropriately and accurately applied to complimentary business.

## Validation the apportionment of AP and PV space charging for permanently allocated space used for enduring enabling e.g. Laboratories; the library; office and teaching space

## Identification and description of any remedial actions required by the contractor in order to ensure contract compliance.

## Quantification (as appropriate) of any over recovery of costs and/or excessive charges/margins incurred by the Customer resulting from inappropriate operation of the financial model.

## The Customer requires knowledge transfer such that da contract management can be upskilled in using the cost/price model.

# DEFINITIONS

|  |  |
| --- | --- |
| Expression or Acronym | Definition |
| AP | Academic provider |
| CU | Cranfield university |
| CY | Contract year |
| DA | Defence academy |
| DEFAC-HQ | Defence academy headquarters |
| JFCCOMRCLTL | Joint forces command commercial team leader |
| MACF | Maximum annual course fee |
| PV | Private venture |

# SCOPE OF REQUIREMENT

## Conduct a review and validate the cost/price model developed as part of the contract renegotiation and apply this to help da contract management team to set an appropriate annual fee for cy14.

## Cy14 only. To conduct an annual reconciliation audit of cu’s account in respect of the ap conduct to ensure they are reconciled between annual forecast and actual out-turn costs.

## Provide evidence pack from the audit to enable conduct an actual cost review for cy14 thereafter to determine any macf adjustments.

## Refresh training for da contract management staff in using the pricing spreadsheet.

## Carry out any updates required to the user guide for the da contract management staff to enable skills transfer.

# THE REQUIREMENT

## To provide audit, assurance and advisory services supporting defence academy financial capability, reviewing the financial performance of the academic provider contract. The Supplier should set out a coherent programme of work allocating credible, competent and skilled resources to carry out the requirement in auditing and externally subcontracted managed service contract.

# KEY MILESTONES AND DELIVERABLES

## The following contract milestones/deliverables shall apply:

|  |  |  |
| --- | --- | --- |
| **Milestone** | **Description** | **Timeframe** |
| 1 | Mobilise and confirm the Project plan for Annual Reconciliation Audit for CY14 | +1 month |
| 2 | Data Gathering and Analysis completed | +1 month |
| 3 | Report generation completed | +1 month |
| 4 | Presentation of findings completed to management and qualification of any inappropriate cost recovery. | +1 month |
| 5 | Final report completed including management responses | +1 month |

# MANAGEMENT INFORMATION/REPORTING

## Senior responsible officer – ukstratcom-comrcl dephd-02 shall act as the Customer on all matters of escalation, executive reporting and final acceptance of the report.

## Project manager - day to day management, review and approval of key milestones, issues and risks that may affect the progress and delivery of obligations on a day to day basis shall fall to the AP contract manager.

## Weekly reporting of progress via conference call or face to face update to ap contract manager.

## Monthly executive review with the senior responsible office ukstratcom-comrcl dephd-02 and defac AP contract manager.

# VOLUMES

## Total number of days to be confirmed.

# CONTINUOUS IMPROVEMENT

## The Supplier will be expected to continually improve the way in which the required services are to be delivered throughout the contract duration.

## Changes to the way in which the services are to be delivered must be brought to the Customer’s attention and agreed prior to any changes being implemented.

# QUALITY

## MOD DEFCON’s and DEFSTAN’s as appropriate.

# PRICE

## The contract should be priced on the basis of consumed auditing days, proof of approved/consumed days should be supplied in order to substantiate the application for payment process. Liability will be limited to auditing days used.

# STAFF AND CUSTOMER SERVICE

## The Customer requires the Supplier to provide a sufficient level of resource throughout the duration of the audit services – Defence Academy academic provider contract in order to consistently deliver a quality service to all parties.

## Supplier’s staff assigned to the audit services – Defence Academy academic provider contract shall have relevant internal audit and financial qualifications, (these may include cmiia, cima, acca) plus recent relevant experience to deliver the contract.

## The Supplier shall ensure that staff understand the Customer’s vision and objectives and will provide excellent customer service to the Customer throughout the duration of the contract.

# SERVICE LEVELS AND PERFORMANCE

## Services must be supplied in accordance with good industry practice and will measure the timeliness of milestone deliverables

## The mechanism to remedy poor Supplier performance shall be to formally report to the senior responsible officer as part of the monthly review for scrutiny review and agreement of actions to rectify.

## In the event of an exit strategy being required due to poor quality performance, the contractor shall set out an approach to contract close down for the Customer to review prior to enacting. This close down procedure shall set out the production of restated deliverables, reductions in billings, and any refunds due to reasonable rejection of delivered services to date.

# SECURITY AND CONFIDENTIALITY REQUIREMENTS

## BPSS clearance for all staff and adherence with jsp440.

## IPR in deliverables shall in all cases be the property of the Customer during and on completion of the commission

# PAYMENT AND INVOICING

## Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.

## Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

## Invoices should be submitted electronically against a purchase order generated under the contract.

# CONTRACT MANAGEMENT

## Attendance at contract review meetings shall be at the Supplier’s own expense.

# LOCATION

## The location of the services will be carried out at our main base, Defence Academy of the United Kingdom, Shrivenham, SN6 8LA. Travel and subsistence are to be charged at mod rates if any work is required at locations not covered by this main base location.

## It is, however, likely that as the current pandemic continues that a proportion of work will be done virtually.