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# ***Leicestershire County Council***

## **PwC Service Delivery Centre – summary of arrangements**

Government and Public  
Sector

February 2014



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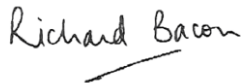
Members of the Corporate Governance Committee  
Leicestershire County Council  
County Hall  
Glenfield  
Leicester  
LE3 8HD

Ladies and Gentlemen,

At the previous meeting of the Corporate Governance Committee, members asked for more information regarding the arrangements for use of our Service Delivery Centres. In particular, you wanted assurance over the quality control and risk management arrangements we have in place. We have put together this short paper which responds to your queries.

If you would like to discuss any aspect of our paper please do not hesitate to contact either Richard Bacon or Matthew Elmer.

Yours faithfully,



PricewaterhouseCoopers LLP

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# *Service Delivery Centres*

At the November Corporate Governance Committee, members raised some queries about our planned use of Service Delivery Centres (SDCs). We have summarised in this paper our control arrangements to provide you with assurance about the processes we undertake.

As you know the Audit Commission recently tendered the audit work previously delivered by the District Audit service. This realised significant savings which have been passed on to your organisation in a reduction to your scale fee of around 40%.

As a result of this tender, suppliers have sought for opportunities to increase efficiency, whilst maintaining the level of quality. One principle which has recently been established is that certain basic parts of the audit can be off-shored. This is common practice in the private sector. It is also a process already used widely by other audit firms who carry out Local Government audits, as well as in private sector organisations.

When work is off-shored the firm delivering the audit and thus your audit team, remains entirely responsible for the conduct of the audit. As such the data would be subject to similar data quality control procedures as if the work had not been off-shored, maintaining the security of your data.

Examples of the work that can be off-shored are:

- Request for confirmations (Receivables, Bank or Payables);
- Verification/vouching of information to source documentation (e.g. agreeing a payable balance to invoice);
- Financial statements review;
- Mathematical accuracy checks of data;
- Research; and
- Preparation of lead schedules.

Recently, as with other firms, we have agreed a process with the Audit Commission, under which data can be off-shored to PwC Service Delivery Centres (SDCs) in India and Poland for the facilitation of basic audit tasks, as highlighted above. We have agreed with the Audit Commission how this will be regulated, together with their independent review of our internal processes to ensure compliance, with the Audit Commission requirements for off-shoring. We are already doing this with other organisations. It is a process which works well and delivers timely audit evidence of a high quality.



# *Quality of Work*

Activities at our SDCs are performed by qualified personnel who have training on the activities they perform. Work is typically performed by Process Specialists and Supervisors. We have a partner and managing director on-site supported by senior managers and managers who oversee daily operations. Regular checks for completeness and accuracy of work are undertaken by SDC supervisors.

Overseas, we have full-time on-site Assurance senior managers whose role is to oversee quality and service related to the activities being performed on behalf of UK engagement teams.

Work quality is of paramount importance. Each SDC has performance guidelines related to who should perform the work and the level of checking needed before sending the deliverable back to engagement teams. The SDC operations are also subject to periodic internal quality reviews of a representative sample of the deliverables to ensure quality. Quality is also being measured on the acceptance rates by engagement teams indicating quality of the work, as well as any feedback on how quickly the requests are assigned and completed within the SDC. For example, if they were processed within the allotted time and, importantly, if the Engagement Teams required deadline was met. We have ongoing performance reports in place to track these measures and use them to manage the operations of the SDCs.

While the SDC personnel will check the completeness and accuracy of the work performed under the standard user guide instructions and engagement team instructions, engagement teams are ultimately responsible for performing their own quality assurance review of work performed by the SDCs, including reviewing the sufficiency of and taking responsibility for the completed work.

If an engagement is selected for inspection by regulators, related work performed by the SDC will also be subject to inspection. Work performed by the SDCs will be subject to internal quality review procedures when performed in connection with an engagement that is selected for review.

**Ultimate responsibility remains with the engagement team for the quality of work performed.**



# *Independence and Security*

The SDCs are PwC Member Firms in their own right and are therefore subject to precisely the same IT infrastructure and data protection policies and procedures as any member firm in the PwC Network (including the UK). Their compliance to our Network Risk Management Policies and Standards are independently assessed by a quality review team. In addition, there is a separate Global IT inspection team that assesses data security and IT infrastructure arrangements.

SDC staff (consisting of process specialists, supervisors, and managers, or their equivalents) performing activities on behalf of engagement teams are required to be independent of those clients. The same independence rules apply to SDC staff as to your engagement team members.

The SDC processes have been designed to protect the security of client information. For example, engagement-related information is transmitted over PwC's secure network using a collaboration tool, Envoy, which provides document-level access security. Only PwC-provided solutions for the transmission and completion of PwC-related work are used.

Additionally, all SDC personnel are subject to the same security and confidentiality requirements required by the UK firm. For example, all SDC staff are required to complete the Safeguarding Information Training before beginning any work. This serves as a baseline of expectations to employees on how to operate within PwC, where staff may be exposed to client confidential information. SDCs are subject to Global Information Security Policy and to additional safeguards and physical security that have been put in place as a part of the program.

**Service Delivery Centres are subject to the same policies and procedures for the security of data as the UK firm.**





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