**Tender Specification**

**NORTH EAST ACCESS TO FINANCE LIMITED**

**together with group companies including NORTH EAST FINANCE (HOLDCO) LTD**

**PROCUREMENT OF GROUP AUDITOR**

**Tender Reference: NEA2F/041**

**January 2021**

**3rd Floor**

**Baltimore House**

**Abbots Hill**

**Gateshead**

**NE8 3DF**

**1. INTRODUCTION**

The Contracting Authority for this Tender is **North East Access to Finance Limited** (‘NEA2F’).

NEA2F is a company limited by guarantee and our registered office is 3rd Floor, Baltimore House, Abbots Hill, Gateshead NE8 3DF. NEA2F’s remit includes:

* Stewardship of legacy returns from publicly backed investment funds in North East England.
* Working with LEPs and policymakers to co-ordinate regional Access to Finance provision.
* Overseeing the deployment of returns from investment funds in the region into new programmes.
* Planning and supporting the implementation of new Access to Finance initiatives in the region.

Group companies include **North East Finance (Holdco) Limited** (‘NEF’) which is the Holding Fund Manager for the North East JEREMIE programme, or Finance for Business North East (‘FBNE’). FBNE invested £160m in North East SMEs in the period up to 2016. It has fully repaid its loan from the European Investment Bank and is concentrating on creating a legacy cash fund from the portfolio to support future programmes.

There are six companies in the group as a whole – see attached group structure chart. Until recently, multiple audit firms have been involved in auditing different companies, but recent rationalisation means that we now require a single group auditor. **NEA2F is inviting firms to tender for the contract as external Auditor for the whole group, commencing with the financial year 2020/21, for a period of three years.**

**Expressions of interest – please note**

Interested parties who intend to bid are asked to **register an expression of interest and we will send you the Applicant Pack**. Although section 2 below includes the specification of requirements, the Applicant Pack contains more details on the companies and we recommend that you read it carefully before preparing your bid document.

Expressions of interest and any questions about the tender process should be emailed to our Company Secretary James Arkless c/o [james.arkless@nea2f.co.uk](mailto:james.arkless@nea2f.co.uk).

In keeping with recent changes to regulatory requirements, tax compliance services and advice do not form part of this tender.

**2. SPECIFICATION OF REQUIREMENTS**

Tenders are sought from suitably qualified firms to act as external Auditor for the entire NEA2F group of companies for three years beginning with the financial year ending 31 March 2021. Any extension beyond this would be at NEA2F’s discretion.

Audit Services

The primary role of the external audit is to report on the consolidated financial statements of the NEA2F group and the financial statements of the individual companies and to carry out such examination of the statements and underlying records and control systems as is necessary to reach an opinion on those statements. The opinion will be required to cover primarily whether the statements give a true and fair view and have been properly prepared in accordance with UK GAAP and the Companies Act 2006. We have adopted FRS 102.

The contract will cover the audit of the following six companies:

* North East Access to Finance Limited
* North East Finance (Holdco) Limited
* The North East Regional Investment Fund Partner Limited
* North East Finance (Subco) Limited
* North East Technology (GP) Limited (first audit 15 months to align with group year-end)
* NEA2F Subco Limited

The Auditor will be required to provide access to technical support services to ensure compliance with all relevant company reporting requirements.

Timescales

It is a requirement under our constitutional documents that draft consolidated accounts must be submitted to NEA2F’s key stakeholders and then to its independent Members for approval, all within a period of six months following the year end, i.e. by the end of September.

It is therefore a specific requirement of this contract that a timetable will be agreed with the Auditor at the outset which guarantees that final draft financial statements are ready by 1 September at the latest, with the requirement to conclude the audit of the group and all companies in time for sign-off by the Board in late September. The relevant meeting dates in 2021 are as follows:

|  |  |  |
| --- | --- | --- |
| *Meeting* | *Date* | *To consider* |
| North East Finance  Audit Committee and Board | 9 September | North East Finance (Holdco) Limited and its subsidiaries North East Finance (Subco) and North East Technology (GP) only |
| NEA2F Audit Committee | 15 September | Draft consolidated accounts |
| NEA2F Board and AGM | 21 September | Final sign-off of consolidated accounts |

Delivery team and key contacts

It is important that you include in your bid details of the team which will deliver the contract, including details of the lead Audit Partner and the extent of their involvement.

It is our expectation that the Audit Partner will act as our Client Partner and oversee the entire contract, in order to ensure continuity and good client care.

**3. CONTRACTUAL ARRANGEMENTS**

**3.1 Contract Price**

Bidders are asked to provide a **fixed price** for the audit contract for three years, assuming no material change in the scope of activities. Any proposal to allow for annual increases for inflation must be clearly set out within the bid document so that there is no risk of misunderstanding. Please also provide a breakdown of the bid price per company in the group.

**3.2 Contract Term**

The appointment will be for a term of three years, commencing early 2021 and covering the audit of the group’s financial statements for the year ending 31 March 2021 and the two years following. Any extension will be at our discretion depending on operational factors.

1. **TENDER SUBMISSION**

The closing date for tenders to be received is **12.00 noon on Monday 15 February 2021.**

Bids should be limited to **15 pages of A4**, excluding CVs which may be appended.

Please submit your tender by email to [james.arkless@nea2f.co.uk](mailto:james.arkless@nea2f.co.uk) by the closing date. All bids will be opened on the closing date.

1. **EVALUATION OF TENDERS**

**5.1 Selection pre-conditions**

Bidders must provide:

* Confirmation that the firm is an FCA registered audit practice, together with details of its current PI provider and level of cover.
* Confirmation of the firm’s ability to complete the audit within the required timescale.

**5.2 Award Criteria**

Bids that satisfy the selection pre-conditions will be assessed against the award criteria below.

|  |  |
| --- | --- |
| **Criteria** | **Max score** |
| 1. **Technical Ability and Sector Knowledge**  * Relevant skills and expertise within the proposed team and clear evidence of an understanding of the regulatory requirements under which the audit will be undertaken. * Accessibility of an appropriate range of specialists. * Evidence of knowledge of the SME venture capital funds sector, including those which are publicly funded, and familiarity with the valuation of early-stage SME investments | **40** |
| 1. **Delivery and Client Service**  * Extent of Audit Partner, Manager and experienced Audit Lead commitment to providing consistent, joined up service throughout the contract. * Demonstration of plan for completion of audit in required timescale | **25** |
| 1. **Contract Price** | **35** |
| **Total** | **100** |
| ***Scoring framework for criteria 1:***  *Very strong: exceeds requirements of the contract:* ***36-40 marks***  *Strong: easily meets all the requirements of the contract:* ***31-35 marks***  *Good: meets contract requirements with minor reservations:* ***26-30 marks***  *Adequate: meets most contract requirements* ***21-25 marks***  *Unacceptable: unable to meet the contract requirements* ***20 or less*** |  |
| ***Scoring framework for criteria 2:***  *Very strong: exceeds requirements of the contract:*  ***23-25 marks***  *Strong: meets all the requirements of the contract:* ***20-22 marks***  *Good: meets contract requirements with minor reservations:* ***17-19 marks***  *Adequate: meets most contract requirements* ***14-16 marks***  *Unacceptable: unable to meet the contract requirements* ***13 or less*** |  |
| ***Scoring framework for price::***  *The maximum 35 marks will be awarded to the lowest fixed price bid for the 3 year term.*  *Other scores will be reduced in proportion to the additional cost.* |  |

**Annex 1 GROUP STRUCTURE CHART January 2021**

|  |  |  |
| --- | --- | --- |
| **Members**  Alan Hall, Sue Wilson, Lucy Winskell, Bill Blair | | |
| **North East Access to Finance Limited (‘NEA2F’)**  CRN: 07000338 | | |
| **North East Finance (Holdco) Limited**  CRN: 07000577  100% owned by NEA2F | | **North East Regional Investment Fund Partner Ltd** **[[1]](#footnote-1)**  CRN: 05852259  100% owned by NEA2F | **NEA2F Subco Limited [[2]](#footnote-2)**  CRN: 06515735  100% owned by NEA2F | |
| **North East Finance (Subco) Limited**  CRN: 07039229  100% owned by NEF Holdco | |
| **North East Technology (GP) Limited**  CRN: 06628835  100% owned by NEF Subco | |

1. Holds assets from older programmes originating with One North East (Single Programme and ERDF) [↑](#footnote-ref-1)
2. Holds assets from Entrust (the former Tyne & Wear Enterprise Trust) now used for development and operating costs [↑](#footnote-ref-2)