

Invitation to Tender (ITT):

FRC2023-067 Culture survey project

Reference	FRC2023-067 Culture survey project
Date	Date 21/04/2023

1 Background

The purpose of the Financial Reporting Council (FRC) is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them.

Delivering on our purpose will bring a variety of benefits. Improved outcomes, created by each of our regulatory activities are shown in the circle; each of which can positively reinforce others in the circle and contribute to overall benefits for a wide range of stakeholders such as greater transparency, increased trust in UK markets and a lower cost of capital for companies. Our direct stakeholders include companies, institutional investors, auditors, actuaries, accountants and their respective professional bodies. Our indirect stakeholders include retail shareholders, suppliers, employees, customers, communities, pensioners and savers, and financial institutions, all of whom have an interest in the health of companies and other organisations within our existing and future regulatory scope and in the success of the UK corporate sector as a whole.



The FRC is a public body, and a partner body of DBT. Although funded by member and levy contributions, not by the taxpayer, the FRC is subject to public sector requirements and engages closely with other regulators and public bodies.

To support the FRC's plan and act in the public interest the FRC's core objectives are to:

- Set high standards in corporate governance and stewardship, corporate reporting, auditing and actuarial work, and assess the effectiveness of the application of those standards, enforcing them proportionately where it is in the public interest.
- Promote improvements and innovation in the areas for which we are responsible, exploring good practice with a wide range of stakeholders.
- Influence international standards and share best practice through membership of a range of global and regional bodies and incorporate appropriate standards into the UK regulatory framework
- Promote a more resilient audit market through greater competition and choice.
- Transform the organisation into a new robust, independent, and high-performing regulator, acting in the public interest.

2 Project Requirements

2.1 Purpose & Background

The FRC is developing a culture survey for audit firms defined in Appendix 1 (hereafter “Tier 1 audit firms”) as part of the ongoing assessment of audit firms’ cultures and managing the risk that audit quality remains inconsistent. As published in the [2022 Public Report](#), a healthy culture within the audit firm is vital to achieving consistent audit quality.

In November 2022, the FRC published a [What Makes a Good Environment for Auditor Scepticism and Challenge](#) and a [focus group report](#), highlighting the key attributes of a high-quality audit culture that enables audit quality and providing narratives from auditors who participated in the focus group.

As part of the ongoing supervision of audit firm culture, the FRC is undertaking this survey to assess elements of audit firm culture that promote high-quality audit. The culture survey will provide the FRC with a comparable dataset and sufficient information to perform cross-firm benchmarking accurately and consistently.

The research and design of the survey will be conducted by the FRC. The successful supplier is expected to be responsible for administering and managing the survey process and analysing the results. The results will be reported to the FRC directly with separate reports for each firm that the FRC will then provide to the firms.

2.2 Scope overview

The survey questions will include (but not be limited to) six to eight (6-8) categories, such as awareness of behaviours, commitment to quality, purpose, psychological safety, training and coaching, communication, time and resources and leadership behaviour. Each category will consist of three to six (3-6) questions; these will be in the form of rating scale questionnaires. There will be a maximum of four (4) open-ended text responses for the whole survey. The exact details of the questions are to be confirmed upon successful tender.

The FRC intends for the survey to occur every one or two years, with potential expansion to other audit firms, subject to the successful and positive outcome of the first-year pilot.

The FRC will select a total of approximately 3,000 participants across all Tier 1 audit firms, between the range of 300 – 600 auditors from each firm, depending on the size and headcount of the Tier 1 audit firm. The survey should be online with the options to be available / completed on multiple devices (e.g., desktop, laptop, mobile phone). The questions/ questionnaires will be designed and created by the FRC. There should be one survey language (English) and relevant branding capability (i.e., customisation in the look and feel of the survey, such as logo/images).

Appropriate reporting must be available both from a dashboard and the ability to cut and slice critical areas, including (but not limited to) audit firms, auditors’ grades and location for analysis purposes.

The supplier should provide end-to-end project management, which should include (but not be limited to) setting up the survey, addressing queries, report access and any other day-to-day project management activities.

2.3 Key deliverables (and anticipated benefits)

The timeline for this survey is summarised below: -

Date	Key deliverables/processes
w/c 5 June 2023	FRC planning meeting with the chosen supplier
w/c 19 June 2023	FRC provides the draft survey questions
7 July 2023	FRC and chosen supplier agreement on the wording of the final survey questions
w/c 24 July 2023	Chosen supplier demonstrates the survey dashboard to FRC
4 September 2023	Survey goes live
4 – 29 September 2023	Chosen supplier provides ongoing support and management of the survey throughout this period
29 September 2023	Survey closes
6 October 2023	Chosen supplier provides preliminary survey results analysis
13 October 2023	Chosen supplier shares draft reports
20 October 2023	Closing meeting
27 October 2023	Chosen supplier shares final reports and analysis

The FRC anticipate this procurement will deliver the following benefits: -

- Provision of statistical evidence to support our supervision of audit firms.
- Access to benchmarking data showing how each firm compares to its peers who participated in the survey
- More accurate and consistent benchmarking data across all firms compared to the firm's own survey analysis
- Coverage of a broader scope of areas than currently covered by the firm's own surveys

The key deliverable for the survey partner includes: -

- Execution and delivery of the culture survey
- Benchmark and comparison dashboard (all Tier 1 audit firms)
- Results analysis
- Summary report for each of the Tier 1 audit firms (with comparison to other Tier 1 audit firms)

2.4 Liaison arrangements

The successful Supplier will liaise with the FRC's Audit Market Supervision Project Director.

2.5 Cost

The tenderer should provide a fee for the Services. You should provide a clear breakdown of costs. We do not anticipate that the cost will exceed £72,000, including VAT.

2.6 Your tender response

	Our Requirement	You should demonstrate
1	Our requirement is for an experienced provider to conduct a culture survey (designed by the FRC) to participants across all Tier 1 audit firms.	<p>Please outline that you have the knowledge, experience and transferrable skills to undertake this requirement. You should outline likely challenges that could be encountered and how your organisation (drawing on existing experience) would overcome these challenges in a timely manner to meet the project objectives.</p> <p>20%</p>
2	Our requirement is that the supplier should provide end-to-end project management, which should include (but not be limited to) setting up the survey, addressing queries, report access and any other day-to-day project management activities.	<p>Please outline your approach, technology and methodology that your organisation would use to achieve our objectives.</p> <p>10%</p>
3	In 2.3 above, we have outlined the key deliverables.	<p>Please provide a high-level activity plan (including responsible owners) and any key dependencies. This must be robust enough to deliver the requirement to a high standard.</p> <p>10%</p>
4	Our requirement includes administering and analysing in addition to end-to-end project management.	<p>Please outline what your organisation would do in this area and why this approach delivers optimum benefit to FRC.</p> <p>10%</p>
5	Following on from the above, the FRC will want to use the insights gained from the survey; therefore, the reporting, dashboard & MI are critical.	<p>Please detail the reporting, dashboard & MI that you would provide under the proposed engagements. Please also outline how if the FRC repeats the survey in future years, the reporting can be compared against the prior year(s).</p> <p>10%</p>
6	You must be able to securely manage the FRC and all participant firms' information*, manage the account and project successfully	<p>Please outline your approach to this, inclusive of any key personnel and the merits they would bring.</p> <p>10%</p> <p>*Your response will include the completion of a data due diligence questionnaire and/or IT security questions (as per the tender response document). If deemed unsatisfactory, your proposal may be refused.</p> <p>Pass / Fail</p>
7	Cost	<p>Your proposal must provide a clear breakdown of costs.</p> <p>30%</p>

2.7 Tender evaluation

Score	Criteria for awarding score
0	Unacceptable Does not satisfy any part of the requirement. Does not comply with and/or insufficient information provided to demonstrate that the bidder has the ability, understanding, experience, skills, resource and quality measures required to provide the services, with little or no evidence to support the response.
25	Poor Satisfies only minor aspects of the requirement. Or can carry out some or all of the required services but not to a sufficient standard. Strong concerns over relevant ability, understanding, experience, skills, resource, and quality measures required to provide the services.
50	Fair Satisfies part of the requirement only, not the full requirement. Or can carry out all required services but not to a sufficient standard. Minor Concerns over relevant ability, understanding, experience, skills, resource, and quality measures required to provide the services.
75	Good Satisfies the requirement, with minor additional benefits. Supplier has the relevant ability, understanding, experience, skills, resource and quality measures required to provide the services, but the supplier has also provided relevant innovative methodology, or relevant added value services which will directly enhance the service required, giving minor additional benefit to FRC.
100	Excellent Satisfies the requirement, with major additional benefits. Supplier has the relevant ability, understanding, experience, skills, resource and quality measures required to provide the services, but the supplier has also provided relevant innovative methodology, or relevant added value services which will directly enhance the service required, giving major additional benefit to FRC.

Questions & Clarifications

- Tenderers may raise questions or seek clarification regarding any aspect of this further competition at any time prior to the tender clarification deadline.
- Tenderers may raise questions or seek clarification within the timeframe by sending questions to procurement@frc.org.uk in the following format.

Nature of query / clarification	Query / Clarification

- FRC will not enter into exclusive discussions regarding the requirements of this ITT with tenderers.
- To ensure that all tenderers have equal access to information regarding this tender opportunity, FRC will publish all its responses to questions raised by Tenderers on an anonymous basis.
- Responses will be published in a questions and answers document to all Tenderers who have indicated that they wish to participate.

2. Tender process timeline

DATE/TIME	ACTIVITY
21/04/2023	Publication of the Invitation to Tender
05/05/2023 by 12.00noon	Supplier's deadline to submit clarification questions
10/05/2023 by close of play	FRC's deadline for publication of responses to clarification questions FRC will endeavour to meet this deadline
22/05/2023 by 12.00noon	Deadline for supplier submission of tender to the FRC.
26/05/2023	Shortlisted suppliers advised
31/05/2023	Supplier tender clarification session if required. <i>Provisionally</i> <ul style="list-style-type: none"> • 2.00 – 2.55 pm • 3.00 – 3.55 pm • 4.00 – 4.55 pm
02/06/2023	Tender outcome
w/c 05/06/2023	Contract commencement

3. Conduct

- 3.1.1. The tenderer must not communicate to any person the tender price, even approximately, before the date of the contract award other than to obtain, in strict confidence, a price for insurance required to submit the tender.
- 3.1.2. The tenderer must not try to obtain any information about any other person's tender or proposed tender before the date of the contract award.
- 3.1.3. The tenderer must not make any arrangements with any other person about whether or not they should tender, or about their tender price.
- 3.1.4. The tenderer must not offer any incentive to any member of FRC's staff for doing or refraining from doing any act in relation to the tender.
- 3.1.5. If the tenderer engages in any of the activities set out in this paragraph or if FRC considers the tenderer's behaviour is in any way unethical FRC reserves the right to disqualify the tenderer from the procurement.
- 3.1.6. The tenderer represents and warrants that a conflicts of interest check has been carried out, and that check revealed no conflicts of interest.
- 3.1.7. Where a conflict of interest exists or arises or may exist or arise during the procurement process or following contract award the tenderer must inform the FRC and submit proposals to avoid such conflicts.
- 3.1.8. Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of tenders. The FRC is not liable for any costs incurred by the tenderer as a result of the tendering procedure. Any work

undertaken by the tenderer prior to the award of contract is a matter solely for the tenderer's own commercial judgement.

4. Due Diligence

4.1.1. While reasonable care has been taken in preparing the information in this ITT and any supporting documents, the information within the documents does not purport to be exhaustive nor has it been independently verified.

4.1.2. Neither FRC, nor its representatives, employees, agents or advisers:

- makes any representation or warranty, express or implied, as to the accuracy,
- reasonableness or completeness of the ITT and supporting documents; or
- Accepts any responsibility for the adequacy, accuracy or completeness of the information contained in the ITT and supporting documents nor shall any of them be liable for any loss or damage, other than in respect of fraudulent misrepresentation, arising as a result of reliance on such information or any subsequent communication.

4.1.3. It is the tenderer's sole responsibility to undertake such investigations and take such advice, including professional advice, as it considers appropriate in order to make decisions regarding the content of its tenders and in order to verify any information provided to it during the procurement process and to query any ambiguity, whether actual or potential.

4.1.4. It is a requirement that the successful supplier (i) comply with all applicable laws and regulations including, without limitation, the Bribery Act 2010, the Equality Act 2010 and the Modern Slavery Act 2015; and (ii) in addition to any contractual requirement(s), inform the FRC immediately upon becoming aware of any event (including actual or threatened court proceedings) which may impact upon the reputation of the FRC, whether or not connected with the Supplies and/or Services.

5. Submitting a Tender

5.1.1. Tenderers must submit their tender response within the deadline to procurement@frc.org.uk.

5.1.2. Where a Tender Response Template is provided, potential providers must align their tender response with that format.

5.1.3. A Tender must remain valid and capable of acceptance by the Authority for a period of 90 days following the Tender Submission Deadline. A Tender with a shorter validity period may be rejected.

6. Evaluation

6.1.1. FRC will award the contract on the basis of the tender which best meets the evaluation criteria aligned to the requirements.

7. Acceptance of Tender & Notification of Award

- 7.1.1. FRC reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement.
- 7.1.2. FRC shall not be under any obligation to accept the lowest price tender or any tender and reserves the right to accept such portion or portions as it may decide, unless the tenderer includes a formal statement to the contrary in the tender. FRC also reserves the right to award more than one contract to fulfil the requirement.
- 7.1.3. The tenderer will be notified of the outcome of the tender submission at the earliest possible time.
- 7.1.4. Where the procurement process is subject to EU public procurement directives, a minimum standstill period of 10 calendar days will apply between communicating the award decision electronically to tenderers and awarding the contract.
- 7.1.5. Nothing in the documentation provided by FRC to the tenderer during this procurement or any communication between the tenderer and FRC or FRC's representatives, employees, agents or advisers shall be taken as constituting an offer to contract or a contract. No tender will be deemed to have been formally accepted until the successful tenderer has received a formal contract award letter from FRC.

8. Additional Information

- Tenderers must not undertake any publicity activity regarding the procurement within any section of the media.
- The FRC reserves the right to take up references. You may be required to provide references in the Tender Response Document / upon request. References must be relevant to the FRC requirement and in the last five years
- Please use the attached Tender Response Document for your reply.
- The Terms and Conditions will apply to this proposed Agreement are contained in the Tender Response document and should be accepted with no material changes.

Appendix 1: Tier 1 Audit Firms

The seven audit firms defined as being Tier 1 are:

- BDO LLP
- Deloitte LLP
- Ernst & Young LLP
- Grant Thornton UK LLP
- KPMG LLP
- Mazars LLP
- PricewaterhouseCoopers LLP