

11<sup>th</sup> August 2016

Dear Sirs

**Re: Multi-lot Mini competition in relation to framework agreement for External Audit Services  
Tender Offer reference number: PRJ340  
Period of agreement: 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020**

NHS SBS contract reference number: SBS/16/PC/ZY/8952  
Lot 1 of Audit Services Counter Fraud and Well Led Review

#### **STRUCTURE OF THIS INVITATION TO QUOTE (ITQ)**

- **Section 1: Introduction.** This section gives an outline of the ITQ.
- **Section 2: Competition Process.** This section sets out the timetable for the further competition; the steps for participating, and the process going forward.
- **Section 3: Submission of Responses.** This section sets out the arrangements that will be followed for the submission of responses to this ITQ.
- **Appendix A: Goods and Services Required.** This section specifies the services the Providers will be asked to provide.
- **Appendix B: Important Information.** This section contains important legal and administrative information relating to this quotation process and document.
- **Appendix C: Pricing Template**
- **Appendix D: The Services (Reporting Requirements)**

**Yours faithfully**

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## SECTION 1: INTRODUCTION

- 1.1 NEL CSU on behalf of the following Clinical Commissioning Groups (herein “The CCGs”)

Name	Cluster / Lot
Barnet	NCL
Enfield	NCL
Haringey	NCL
Islington	NCL
Camden	NCL
Waltham Forest	BHR / WEL
Newham	BHR / WEL
Havering	BHR / WEL
Barking & Dagenham	BHR / WEL
Redbridge	BHR / WEL
Tower Hamlets	BHR / WEL

- is seeking a Provider(s) with the appropriate product range, experience and competitive pricing to supply it with **External Audit Services**.
- 1.2 The purpose of this Invitation to Quote is to inform selected Providers about **The CCGs** requirements for the supply of **External Audit Services**. The document arms these Providers with the information needed to enable them to bid for the agreement to supply the **External Audit Services**.
- 1.3 NHS SBS awarded a Internal/External Audit, Counter Fraud & Well Led Governance Review Framework Agreement. **The CCGs** wishes to run a ‘further-competition’ under this framework agreement to obtain the **External Audit Services** detailed in Appendix A.
- 1.4 Expression of Interest, questions for clarification and Tender submissions are via Pro-Contract ([www.supplying2nhs.com](http://www.supplying2nhs.com)) portal. Expression of interest and tender submission by any other means will not be considered. Please register (free) on the website and search for “PRJ340 Multi lot Call off External Audit Services”

## SECTION 2: COMPETITION PROCESS

### 2.1 Introduction

The CCGs are looking to appoint a provider of External Audit Services until 31<sup>st</sup> March 2020 with an optional extension of 2 (two) years. An outline of the External Audit Services required from the successful Provider is contained in Appendix A.

### 2.2 Timetable for mini-competition

The timetable for the main stages of this further - competition is outlined below.

Action	Start Date	Finish Date or expected completion date
<b>Call for further competition</b>	<b>11/08/2016</b>	<b>11/08/2016</b>
Publish Mini Tender to suppliers on the framework	11/08/2016	11/08/2016
Clarification (Q&A) period	11/08/2016	06/09/2016
<b>Deadline for submission of Tenders</b>	<b>09/09/2016</b>	<b>09/09/2016</b>
Evaluation of Submissions	09/09/2016	08/10/2016
Interview and Presentation (Lot 1 NCL)	<b>11/10/2016</b>	<b>11/10/2016</b>
Interview and Presentation (Lot 2 BHR/WEL)	<b>14/10/2016</b>	<b>14/10/2016</b>
Notifying Preferred Bidder/unsuccessful bidders	31/10/2016	31/10/2016
<b>Procurement Completion</b>	<b>31/10/2016</b>	<b>31/10/2016</b>

### 2.3 Prices

Providers will be required to submit their quotations using the attached template, Appendix D, in order that a comparison between providers can be made, as part of the assessment of responses.

### 2.4 Capability

Providers must show their capability and capacity to provide the required External Audit Services detailed in Appendix A and B.

### 2.5 Proposed Approach

Providers must show their proposed approach to providing the required External Audit Services. This may include proposals for changing External Audit Services currently used by The CCGs whilst maintaining delivery timescales.

### 2.6 Selection of Service Provider

Having signed up to the NHS SBS framework agreement, Providers have already been assessed on the basis of their technical ability and financial standing. Accordingly, the evaluation of Providers for this 'further-competition' will focus on the following aspects:

<b>Criteria</b>	<b>Detail needed</b>	<b>Percentage weighting</b>	<b>Evaluated by</b>
<b>Cost</b>	<b>Outline Audit Plan looking at the level of staff working, split by days per level and cost per level.</b>	<b>40%</b>	<b>Written Submission</b>
<b>CCG Experience</b>	<b>Experience of performing statutory audit for CCGs.</b>	<b>10%</b>	<b>Written Submission</b> (Max words: 2000)
<b>Client Relationship</b>	<b>Detail on how the relationship will be managed and benefits to The CCGs of the organisations approach.</b>	<b>10%</b>	<b>Written Submission</b> (Max words: 2000)
<b>Quality and experience of the audit team.</b>	<b>Perceived Quality of the service offered. This is an opportunity for the organisation to distinguish itself from competing bids.</b>	<b>10%</b>	<b>Written Submission</b> (Max Words: 2000)
<b>Presentation</b>	<b>A presentation will be required outlining the plan for interim and final accounts audits by lot (we expect key members of the audit team to be present at this stage)</b>	<b>30%</b>	<b>Presentation</b>

Unless there are compelling reasons to do otherwise, the CCGs intends to award the business to the best scoring Provider based on the ITQ responses received as part of this process. However, the CCGs reserves the right not to award all or any of the business to the best scoring Provider or to any Provider.

### **SECTION 3: SUBMISSION OF RESPONSES**

#### **3.1 Response Instructions**

Providers are requested to submit responses by no later **than 12 noon on 9<sup>th</sup> September 2016**. Completed submissions should be done electronically utilising the Due North e Procurement portal.

#### **3.2 Submission Schedule – Requirements**

Providers should include the following details and general understanding of the External Audit Services required by The CCGs;

**3.3 Proposed Approach;** Firms will be expected to submit the following:

- An experience statement
- information on how the client relationship will be managed
- Detailed plan on how the different audits will be resourced for each lot
- two references from other CCGs
- detailed costs, showing number of days against level and cost per level
- evidence on how the firm would handle ethical issues arising from potential conflicts of interest (e.g. separation of consultancy and audit work)

**3.4 Requests for Clarification**

All enquiries in connection with this mini-competition should be made through the “discussion board” functionality of the e-procurement portal.

No approach of any kind should be made to any other person in connection with this mini-competition or this document unless directed by the above.

**3.5 Evaluation Criteria**

All scoring will be assessed on a scale of 0 to 5 with the following descriptors (see table below)

Score		Definition
0	Non-compliant	No response or partial response and poor evidence provided in support of it. Does not give the commissioner confidence in the ability of the bidder to deliver the contract.
1	Weak	Response is supported by a weak standard of evidence in several areas giving rise to concern about the ability of the bidder to deliver the contract.
2	Minor reservations	Response is supported by a satisfactory standard of evidence in most areas but a few areas lacking detail/evidence giving rise to some concerns about the ability of the bidder to deliver the contract.
3	Compliant	Response is comprehensive and supported by good standard of evidence. Gives the commissioner confidence in the ability of the bidder to deliver the contract. Meets the commissioner’s requirements.
4	Very good	Response is comprehensive and supported by a high standard of evidence. Gives the commissioner a high level of confidence in the ability of the bidder to deliver the contract. Exceeds the commissioner’s requirements in some respects.
5	Excellent	Response is very comprehensive and supported by a very high standard of evidence. Gives the commissioner a very high level of confidence the ability of the Bidder to deliver the contract. Exceeds the commissioner’s requirements in most respects.

## **APPENDIX A**

### **REQUIRED SERVICES**

1. **Contract**

The contract will be let on the Terms and Conditions of the NHS SBS Internal/External Audit, Counter Fraud & Well Led Governance Review Framework Agreement. (Reference: SBS/16/PC/ZY/8952)

2. **Contract Duration**

The contract will commence on the 1<sup>st</sup> April 2017 for an initial period of 3 (three) years with an optional extension of up to 2 (two) years.

3. **Management Information**

The CCGs will be looking for, as a minimum from the Provider, an outline report based on the Reporting Requirements as attached at Appendix E of this document.

## **APPENDIX B IMPORTANT INFORMATION**

### **Service Specification**

NEL Commissioning Support Unit (NEL CSU) is facilitating a mini competition regarding the requirement for External Audit Services (EAS) on behalf of the following clinical commissioning groups (CCGs)

<b>Name</b>	<b>Cluster (lot)</b>
<b>Barnet</b>	<b>NCL</b>
<b>Enfield</b>	<b>NCL</b>
<b>Haringey</b>	<b>NCL</b>
<b>Islington</b>	<b>NCL</b>
<b>Camden</b>	<b>NCL</b>
<b>Waltham Forest</b>	<b>BHR / WEL</b>
<b>Newham</b>	<b>BHR / WEL</b>
<b>Havering</b>	<b>BHR / WEL</b>
<b>Barking &amp; Dagenham</b>	<b>BHR / WEL</b>
<b>Redbridge</b>	<b>BHR / WEL</b>
<b>Tower Hamlets</b>	<b>BHR / WEL</b>

The EAS provider shall undertake the statutory audit. This opportunity is open to firms who are registered with the recognised supervisory bodies to perform this type of work.

The CCGs are Clinical Commissioning Groups who are responsible for the commissioning of local health services within boroughs.

NEL CSU provides core financial services to the BHR/WELC and NCL CCGs. As a result it is expected that the core location of detailed audit fieldwork is expected to be Clifton House for NCL and Clifton House and Becketts House for BHR/WELC. In addition, it is expected that the audit team will interact with staff based in separate CCG locations.

The Department of Health confirmed in September 2015 that health bodies will move in 2017/18 to a new audit framework under the Local Audit and Accountability Act 2014 (the Act). Clinical commissioning groups (CCGs) therefore must select and appoint their own auditors and directly manage their contracts for the audits for the financial year starting on 1<sup>st</sup> April 2017.

The CCGs wish to engage an EAS covering the next three financial years starting from 2017-18, with an option to extend for a further 2 years.

## **Main duties of auditors**

The main duties of auditors are set out in the act and include:

- to be satisfied that the accounts present a true and fair view, and comply with any legislative requirements that apply to them
- that proper practices have been observed in the preparation of the accounts
- that the CCG have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources
- that money provided by Parliament has been expended for the purposes intended by Parliament
- that the resources authorised by Parliament have been used for the purposes authorised, and
- that financial transactions are in accordance with any authority which is relevant to the transactions.
- The reporting requirements are outlined in Appendix D.

The external auditors are also required to comply with the National Audit Office's (NAO) statutory Code of Audit Practice (The Code) and have regard to any guidance issued by the NAO in support of it.

The CCGs seek an audit service that is proactive, alerting the CCGs to changes in accounting or legislative requirements, and highlighting the CCGs at the earliest opportunity issues identified elsewhere that may be relevant in conjunction with the Audit Committee and Chief Financial Officer (CFO) of each CCG.

In discharging its duty, the EAS shall need to co-operate with other relevant regulatory and other bodies, including the Internal Auditor for each CCG.

The EAS shall ensure that findings, conclusions and recommendations arising from each audit assignment are communicated promptly to the appropriate level of management and actively seek a response. Due to the high sensitivity of the service the EAS shall demonstrate how the Confidentiality and Data Protection aspects shall be maintained throughout the entire process.

## **Audit Planning**

The EAS shall prepare an Annual Audit Plan in collaboration with the CFO/Audit Chair, to be submitted to the Audit Committee for discussion and agreement, meeting agreed timescales. In the first year an indicative plan would be included as part of the bid, and the detail confirmed once the contract has been awarded.

## **Deliverables and Outputs**

Opinion(s) on statutory accounts and related documents for the CCGs: Annual Accounts; Annual Report; and any other disclosures as mandated by the NAO. A full list of the reporting requirements can be found in Appendix D.

Through the audit of the accounts and review of other evidence provide assurance that The CCGs has adequate arrangements for securing economy, efficiency and effectiveness in its use of resources.



**APPENDIX C**  
**PRICING TEMPLATE**

Lot number/ reference	Price
(1) NCL	
(2) BHR / WEL	

Please complete the table below for each lot applied for

LOT 1 NCL

Personnel	Day Rate £	Number of Days required	Total price
Partner/Director			
Manager			
Team Leader			
Local Counter Fraud Specialist			
Trainee			
Specialist Staff			
Other (Please state)			
Grand Total			

LOT 2 BHR / WEL

Personnel	Day Rate £	Number of Days required	Total price
Partner/Director			
Manager			
Team Leader			
Local Counter Fraud Specialist			
Trainee			
Specialist Staff			
Other (Please state)			
Grand Total			

All financial evaluations will follow the following formula:

$$\text{Score} = \frac{\text{Lowest Tender Price}}{\text{Other/Higher Tender Price}} \times [40]$$

## APPENDIX D

### THE SERVICES

#### Reporting Requirements<sup>1</sup>

To express an opinion on the accounts that includes the auditor's view on whether the accounts: (i) present a true and fair view and comply with statutory requirements (ii) have been prepared in accordance with proper practices. The auditor's opinion must include their view on the regularity of the body's income and expenditure i.e. that money provided by Parliament has been expended for the purposes intended by Parliament; resources authorised by Parliament to be used have been used for the purposes in relation to which the use was authorised; and that the financial transactions of the group are in accordance with any authority which is relevant to the transactions.

The auditor's opinion on the audited body's arrangements to secure economy, efficiency and effectiveness in the use of resources should only be provided if the auditor is not satisfied with the arrangements in place.

To certify completion of the audit.

To confirm that the group consolidation schedules (FMAs forms for NHS trusts) are consistent with the audited body's financial statements for the relevant reporting period, referring to any modification of the opinion on the financial statements.

To express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

To express an opinion, where required, on whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Where appropriate, to give an opinion on the part of the financial statements that relates to a pension fund maintained by the authority under regulations under section 1 of the Public Service Pensions Act 2013.

To issue an annual audit letter to provide a clear, readily understandable commentary on the results of the auditor's work and highlight any issues that the auditor wishes to draw to the attention of the public.

To consider the issue of a report in the public interest.

To consider whether to make a written recommendation to the audited body, copied to the Secretary of State.

To refer the matter to the Secretary of State if the auditor believes that the audited body or an officer of the audited body is:

- about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure;
- about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency

**1 Source: "Guidance on the Local Procurement of External Auditors for NHS Trusts and CCGs". Department of Health, March 2016.**