CONTENTS

[1. PURPOSE 2](#_Toc444518866)

[2. BACKGROUND TO THE CONTRACTING aUTHORITY 2](#_Toc444518867)

[3. Background to requirement/OVERVIEW of requirement 2](#_Toc444518868)

[4. definitions](#_Toc444518869) 3

[5. scope of requirement](#_Toc444518870) 3

[6. The requirement](#_Toc444518871) 4

[7. key milestones](#_Toc444518872) 4

[8. authority’s responsibilities](#_Toc444518873) 4

[9. reporting](#_Toc444518874) 5

[10. volumes](#_Toc444518875) 5

[11. continuous improvement](#_Toc444518876) 5

[12. Sustainability](#_Toc444518877) 5

[13. quality](#_Toc444518878) 5

[14. PRICE](#_Toc444518879) 5

[15. STAFF AND CUSTOMER SERVICE](#_Toc444518880) 5

[16. service levels and performance](#_Toc444518881) 5

[17. Security requirements](#_Toc444518882) 6

[18. intellectual property rights (ipr)](#_Toc444518883) 6

[19. payment](#_Toc444518884) 6

[20. additional information](#_Toc444518885) 6

[21. Location](#_Toc444518886) 6

# PURPOSE

## The Defence Academy (DA) renegotiated the Academic Provider (AP) contract with Cranfield University (CU) in March 2018. The Contract is now an annually reconciled cost-based agreement and the DA requires audit resource to ensure that the AP contract is properly managed over a period of the next 4 years for CY16 to CY19. The audit activity for CY15 has been completed and therefore this requirement is to cover the audit activity for CY16 onwards. There is also an element of Knowledge Transfer of this activity from Auditor to DA staff.

## 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 2005). 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.

# 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.

# 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 Authority and should also identify recommendations to the 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 **REDACTED** profit.

## Validation that Cost applied to any in-year changes accurately reflect the costs incurred by the contractor, subject to the Contractor’s **REDACTED** 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 Authority resulting from inappropriate operation of the financial model.

## The Authority requires knowledge transfer such that DA Contract Management can be upskilled in using the Cost/Price Model.

# definitions

|  |  |
| --- | --- |
| Expression or Acronym | Definition |
| CY | Contract Year |
| MACF | Maximum Annual Course Fee |

# 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 future Contract Years.

## CY16 only. To conduct an annual reconciliation audit of CU’s account in respect of the AP contract to ensure they are reconciled between annual forecast and actual out-turn costs.

## Provide evidence pack from the audit to enable an Actual Cost Review for CY17 thereafter to determine any Annual Course Programme and MACF adjustments.

# 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

## The Potential Provider should note the following project milestones that the Authority will measure the quality of delivery against:

|  |  |  |  |
| --- | --- | --- | --- |
| **Milestone** | **Description** | **Completed**  | **Timeframe** |
| 1 | Mobilise and confirm the Project plan for Annual Reconciliation Audit for CY16 |  |  |
| 2 | Data Gathering and Analysis completed  |  |  |
| 3 | Report generation completed |  |  |
| 4 | Presentation of findings completed to management and qualification of any inappropriate cost recovery. |  |  |
| 5 | Final report completed including management responses |  |  |

#

# authority’s responsibilities

## Senior Responsible Officer – UKStratCom-Comrcl DepHd-02 shall act as the authority 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

# reporting

## 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 – COnsultant Days (Audit)

## Total days – TBC

# 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 Authority’s attention and agreed prior to any changes being implemented.

# Sustainability

## n/a

# quality

## MoD Defcon’s and DEFstans 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. A Limit of Liability is to be applied.

## Prices are to be submitted via the [e-Sourcing Suite] excluding VAT.

# STAFF AND CUSTOMER SERVICE

## The Authority requires the Potential Provider 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.

## Potential Provider’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 Potential Provider shall ensure that staff understand the Authority’s vision and objectives and will provide excellent customer service to the Authority 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 authority 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 requirements

## BC clearance for all staff and adherence with JSP440

# intellectual property rights (ipr)

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

# payment

## 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.

# additional information

## None

# 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. Remote working will also be considered.