



Tender for the Provision of External Audit Services to QAA

Buyer name: The Quality Assurance Agency for Higher Education (QAA)

Contact details:

Name	Caroline Blackburn
Position	Finance Director
Telephone	01452 557000
Email	c.blackburn@qaa.ac.uk

Deadline for provider response and method for responding: Please return your completed tender to facilities@qaa.ac.uk by 20 April 2021

Invitation to Tender

Tender for the provision of External Audit services to the Quality Assurance Agency for Higher Education (QAA)

QAA background

1 QAA was established in 1997 and is the independent body entrusted with monitoring and advising on standards and quality in UK higher education. QAA is a company limited by guarantee and has charitable status.

2 QAA works across all four nations of the UK and is dedicated to checking that the three million students working towards a UK qualification get the higher education experiences they are entitled to expect.

3 As the designated quality body (DQB) under the terms of the *Higher Education and Research Act 2017*, QAA reviews providers of higher education in England and gives the Office for Students (OfS) evidence which they use to decide if providers meet their conditions of registration.

4 To support standards and promote quality enhancement, we publish a range of reference points and guidance including the UK Quality Code for Higher Education.

5 We also build international partnerships to enhance and promote the reputation of UK higher education worldwide. We offer specially designed products and services aimed at supporting the development of quality assurance systems and professionals worldwide.

6 Our Strategy states our aims for 2020-25.

- The trusted expert independent body supporting the enhancement and regulation of higher education across a diverse UK.
- Providing expert advice that secures standards and supports quality enhancement.
- Strengthening the global reputation of UK higher education.

7 QAA has offices in Gloucester and Glasgow and also operates from office space in London and Cardiff. We also employ staff who work remotely at home. All QAA staff aim to be professional and approachable, working actively with all who have a stake in UK higher education to safeguard standards and improve quality.

8 The QAA Board is responsible for developing and overseeing the strategic direction and has a number of sub-committees including a Nomination and Remuneration Committee and an Audit and Risk Committee. The Committees usually meet three times a year, and meetings are held virtually or in London or Gloucester. The terms of reference of the Audit and Risk Committee include advising the Board on all matters relating to external audit and reviewing QAA's Directors' Report and Financial Statements.

9 QAA is also subject to periodic audits, in addition to the work undertaken by QAA's internal and external auditors' and is ISO 27001 certified and subject to annual information security management audits.

10 QAA's financial year runs from 1 August to 31 July.

11 QAA has a trading subsidiary established in 2011, now called QAA Enterprises Limited, which will also need to be audited. Very little activity is currently channelled through this entity.

Freedom of Information Act 2000 (FOIA)

12 QAA is not covered by the FOIA, but we are committed to meeting its standards of openness and accountability. All requests for information made to QAA are dealt with in the spirit of the FOIA as far as is reasonable and practical. There may be elements of your tender submission which you consider to be potentially commercially sensitive and would not want them disclosed. Therefore, where you consider tender information falls into this category, please extract the information and insert it into a separate annex, which we will treat as being potentially commercially sensitive - but you should refer to it in the main body of the tender.

Services required by QAA

13 QAA is seeking to appoint external auditors for a period of four years initially. There will, however, be an option to extend this contract to a period of up to six years in total, subject to annual reappointment at the Annual General Meeting.

14 The prime responsibility of the external auditors is to report whether:

- QAA's financial statements give a true and fair view of the state of its affairs and of its income and expenditure, balance sheet and cash flow for the year, and to carry out whatever examination of the statements and underlying records and control systems is necessary to reach an opinion on the statements
- QAA Enterprises Limited's financial statements give a true and fair view of the state of the company's affairs
- the financial statements comply with the Charities Statement of Recommended Practice (SORP) and other legislative, regulatory or accounting requirements.

15 The external auditors should report to QAA, via the Audit and Risk Committee, by way of a management letter which highlights any significant accounting or control issues arising from the audit.

16 The external auditors will be required to advise QAA on the implications of the new Charities SORP and on the implications of changes to any other relevant statutory, regulatory or accounting requirements.

17 QAA's activities are not currently subject to Corporation Tax and it is not VAT registered. The external auditors are required to advise QAA if they believe there is a serious risk that QAA could, or has become, liable for Corporation Tax or VAT. However, substantive advice on Corporation Tax or VAT does not form part of the services covered by this invitation to tender.

18 QAA may wish to seek substantive advice on any finance or related issue during the term of the contract and does not commit itself to seeking this advice from its external auditors.

19 Tenderers are nevertheless free to propose any additional services that they feel it is appropriate for them to provide within the audit fee (for example, training packages for staff).

Timing of the audit visit and attendance at Audit Committee meetings

20 The external audit is normally undertaken during the second half of September, to enable the financial statements to be approved by QAA's Audit and Risk Committee and its Board of Directors prior to the Annual General Meeting. QAA wishes to retain this timing in future years.

21 QAA's Audit and Risk Committee normally meets three times a year. The external auditors are expected to attend the November meeting of the Committee which discusses the final accounts; a draft management letter incorporating QAA's responses to the management letter points should be presented to this meeting. The external auditors will also be expected to attend other meetings of the Committee as required. Attendance should be at a level of audit partner.

Qualifications and skills of external auditors

22 External auditors should be qualified as auditors in accordance with the meaning of the *Companies Act 2006*.

23 As QAA is a charity, the external auditors should have experience of audit within the not-for-profit and charity sectors. In addition, as QAA's main funders and other stakeholders are within the higher education sector, experience of the higher education sector is desirable.

Letter of engagement

24 The duties of QAA and the external auditors should be clearly set out in agreed terms of reference detailed in the letter of engagement.

Reappointment of external auditors

25 The external auditors are formally reappointed each year at QAA's Annual General Meeting. The Audit and Risk Committee will evaluate annually the work of the external auditors to ensure that it is of sufficiently high quality and continues to offer value for money, and will make a recommendation to the Board regarding the reappointment of external auditors based on this evaluation.

Further information

26 Any enquiries about this tender should be addressed to Caroline Blackburn, Finance Director (c.blackburn@qaa.ac.uk). Answers to any queries raised by tenderers may be communicated to all companies involved in the invitation to tender if the answer contains information of material significance.

27 The 2019-20 Annual Report and Financial Statements for QAA and QAA Enterprises Limited (approved at the Board meeting on December 2020) can be found on the [QAA website](#).

28 Tenderers can also access the [QAA website](#) for further information on QAA's activities.

Tender process

29 Tenders should include:

- a proposed outline audit programme, including timetable, which demonstrates how the requirements in this tender document will be met
- a statement of any additional items included within the tendered audit fee
- details of the number and level of trained staff who will service the audit
- the names and details of the background and experience of the proposed audit partner and audit manager
- details of commitment to the continuity of staff allocated to the audit each year
- details of any policy on the number of accounts to be held by the audit manager
- details of a commitment to quality assurance processes
- evidence of indemnity cover.

30 In addressing these areas, tenderers are asked to set out how they meet the criteria in paragraph 41.

31 This procurement will be managed electronically by QAA's Facilities Team. To participate in this procurement, please email your tender to facilities@qaa.ac.uk by 20 April 2021.

32 Presentations will take place virtually early May 2021. Successful organisations will be advised following the Audit and Risk Committee meeting in mid-May.

Pricing/invoicing

33 Tenders should provide a quote for the annual audit fee. The price quoted should include (and separately identify):

- all expenses and disbursements - including attendance at the October meeting of the Audit and Risk Committee
- VAT.

The tender should include details of the budget audit hours analysed by team member status (partner hours, manager hours, etc). Any expected increases in the annual fee during the duration of the contract should be included in the tender documentation.

34 Tenderers are advised that if QAA suspects that there has been an error in the price or calculation in a tender document, it reserves the right to seek any clarification it considers necessary from the tenderer.

35 Any tenderer who:

- a fixes or adjusts the amount of their tender by, or in accordance with, any agreement or arrangement with another person, or
- b communicates in any way, other than to QAA, the amount or approximate amount of their proposed tender, or
- c enters into agreement with any person to refrain from tendering or as to the amount of any tender to be submitted, or
- d offers or agrees to pay or to give, or does pay or give, any sum of money, inducement or valuable consideration directly or indirectly to any person, for doing or having done or causing to have done in relation to any other tender or proposed tender, any act or omission.

shall be disqualified without prejudice to any other civil remedies available to QAA and without prejudice to any criminal liability which such conduct by a tenderer may attract.

36 The tender will be awarded using the Most Economically Advantageous Tender methodology, not lowest price. QAA is not bound to accept the lowest, or indeed any, tender.

Indemnity

37 The successful organisation will be required to keep QAA fully and effectively indemnified against any loss or claim arising from the provision, or failure to provide, of the services outlined in this document. Tenderers are requested to outline what insurance they have in place to meet any potential liabilities under such an indemnity. The successful tenderer will be required to provide evidence of such cover.

References

38 Tenderers should provide the names of at least two current clients, within the charity or higher education sector, for whom a similar service is provided by the office from which it is proposed to service this audit. References will be requested at presentation stage.

Conflicts of interest

39 Details of any known or potential conflicts of interest, including with QAA staff, QAA Board members or with any higher education institution, should be stated.

Timetable

40 It is proposed that an appointment is made according to the following timetable:

1 April 2021	Tender opportunity advertised
20 April 2021	Tender opportunity submission deadline
5 May 2021	Shortlisted tenderers invited to give presentation to the Audit and Risk Committee (approx. 45 minutes). The presentation should be made by the proposed partner and audit manager who will initially service this appointment
19 May 2021	Recommendation of external auditor made to the Audit and Risk Committee Audit and Risk Committee makes formal decision on appointment of external auditors
16 June 2021	Audit and Risk Committee makes recommendation on appointment of auditors to the Board. Board makes final decision on appointment of external auditors
16 June 2021	Issue of Award Decision Notice

Selection criteria and acceptance of tender

41 Tenders will be assessed against the following evaluation criteria and weightings.

a. A proven track record as external auditors in the not-for-profit sector	10%
b. Experience of external audit within the charity and higher education sector	10%
c. Whether the tenderer is of sufficient size to adequately resource the audit and to provide technical advice and support	10%
d. The ability to demonstrate that the audit approach is in accordance with published audit standards and specific QAA requirements	15%
e. The quality and continuity of staff allocated to the audit each year	15%
f. Evidence of quality standards	10%
g. Price	30%

