**EXPRESSION OF INTEREST (EOI) REQUEST**

**FOR**

**THE ELECTORAL COMMISSION**

**The Electoral Commission Ref: C0146-DM-FCS: Internal Audit**

**EXPRESSION OF INTEREST (EOI) SCOPE**

The Authority requires information on your capability and capacity to provide the services detailed below.

We are looking for an innovative organisation willing and capable of using intelligence-based tools and systems to bring the Electoral Commission’s audit function into the 21st century.

Any supplier which does not respond to this EOI within the stipulated timescales (section 2) will exclude themselves from the bidding process for this project.

Please advise if you are interested in bidding for this opportunity.

If you are not interested in bidding, please provide reason(s) as this is will be valuable feedback for the Authority.

**PROCUREMENT TIMETABLE**

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| **DATE** | **ACTIVITY** |
| **12 / 06 / 2023** | **Publication of this EOI** |
| **26 / 06 / 2023, 12:00hrs** | **Return date for this EOI.** |
| **10 / 07 / 2023** | **Intended Invitation to Tender** |

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| This scope of work summarises the requirements for the supply of internal audit services to the Electoral Commission, these are subject to change and may differ to any subsequent Invitation to Tender.  **PLEASE NOTE: No formal TENDER response is required AT THIS STAGE, EITHER AS a Technical proposal or AS A PRICE SUBMISSION. PLEASE JUST CONFIRM INTEREST TO THE CUSTOMER CONTACT INDICATED.**  **Background – the Electoral Commission**  The Electoral Commission is an independent body set up by the UK Parliament in 2000. The Commission is independent of Government and political parties and is directly accountable to: Westminster Parliament (through a committee chaired by the Speaker of the House of Commons), Scottish Parliament and The Senedd.  There are currently 10 Electoral Commissioners, appointed by the Crown following a resolution of the House of Commons. The Commissioners have overall responsibility for the discharge of the Commission’s functions as set out in legislation, principally the Political Parties, Elections and Referendums Act (PPERA) 2000.  The Parliaments and The Senedd have designated the Chief Executive as the accounting officer of the Commission who in turn is responsible for the propriety and regularity of expenditure, ensuring that proper accounting records are kept and that assets are safe guarded.  The Chief Executive is supported in their role by the Finance Director and, through a system of delegated budgetary control to directors and senior managers.  The Audit & Risk Assurance Committee with advice from both internal and external audit support the accounting officer in meeting their responsibilities.  The Commission is responsible for:   * registering political parties * making sure people understand and follow the rules on party and election finance * publishing details of where parties and candidates get money from and how they spend it * setting the standards for electoral registration and running elections and reporting on how well this is done * making sure people understand it is important to register to vote, and know how to vote * running any referendums held in accordance with the Political Parties, Elections and Referendums Act 2000   Our strategic objectives are:   * Accessible registration and voting * Transparent political campaigning and compliant political finance * Resilient local electoral services * Fair and effective electoral law * A modern and sustainable electoral system   The specification section of this document sets out the internal audit service that the Commission wishes to purchase. It is anticipated that the new arrangements will come into effect from **1 April 2024** and the initial contract will be for a period of three years with an option to extend the contract up to a further 12 months.  **SPECIFICATION OF INTERNAL AUDIT SERVICES**  **INDEX**  1. AUDIT STANDARDS  2. AUDIT SCOPE  3. INDEPENDENCE  4. ACCESS  5. REPORTING  6. LIAISON  7. OWNERSHIP OF RECORDS  8. AUDIT NEEDS ASSESSMENT  9. AUDIT PLANNING  10. STAFFING AND TRAINING  11. FRAUD AND IRREGULARITIES  12. QUALITY CONTROL  13. CONFIDENTIALITY  14. INSURANCE  15. POLITICAL AFFILIATIONS  **SPECIFICATION FOR INTERNAL AUDIT SERVICES**   1. **AUDIT STANDARDS**    1. The Electoral Commission is independent of government and directly accountable to Parliament It does however maintain financial and auditing standards consistent with those applied to central government.    2. A common set of public sector Internal Audit standards is set out in the publication ‘*Applying the IIA International Standards to the UK Public Sector’* which was issued in April 2013 by the relevant Internal Audit standard setters for different areas of public sector activity. For the Commission the relevant standard setter is HM Treasury. The Commission requires that these audit standards together with any subsequent additional requirements specified by the Government Internal Audit Agency should be followed at all times by its internal auditors, and nothing in this document is intended to override these standards. 2. **AUDIT SCOPE**    1. A nominated, suitably senior and experienced individual is required to act as the Head of Internal Audit. The nominated Head of Internal Audit will be required to deliver an annual internal audit report that can be used by the organisation to inform its governance statement the annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. The annual report must incorporate:  * the opinion, * a summary of the work that supports the opinion, and * a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.   1. The Head of Internal Audit’s opinion will be used by the Accounting Officer of the Commission in considering the adequacy of the corporate governance framework. The Head of Internal Audit will identify to the Accounting Officer any issues of concern relating to the Commission’s internal control systems.   2. The internal audit service will be provided in accordance with the standards and guidelines incorporated within the Government Internal Audit Standards and related corporate governance initiatives. Internal audit should fulfil its terms of reference by systematic review and evaluation of risk management, control and governance which comprises the policies, procedures, and operations in place to:  1. establish, and monitor the achievement of, the organisation’s objectives 2. identify, assess and manage the risks to achieving the organisation’s objectives 3. advise on, formulate, and evaluate policy, within the responsibilities of the Accounting Officer 4. ensure the economical, effective and efficient use of resources 5. ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations 6. safeguard the organisation’s assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption 7. ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes      * 1. In delivering a comprehensive internal audit service the Commission will require the Head of Internal Audit to provide suitably experienced and skilled staff supported by appropriate tools and systems to audit or provide advice with regard to the following issues:      1. The Commission’s role as a regulator of party and election finance      2. The Commission’s work with its local government stakeholders in relation to organisation of referendums and electoral processes across the United Kingdom.      3. The Commission’s role in administering the payment of policy development grants to registered political parties      4. The Commission’s role in the delivery of public awareness campaigns including purchase of time and services from a variety of media suppliers      5. Procurement and implementation of capital and other projects including the operation of appropriate review stages      6. Review and audit of the Commission’s business continuity arrangements      7. Proactive audits of information and IT security and systems, including IT project risk, network security and infrastructure, continuity and disaster recovery, information governance, data security and privacy, data quality risk and business systems risk      8. Proactive audits of the Commission’s Risk Management and other management processes, including performance management, programme and project management.      9. Proactive business integrity work including fraud prevention and detection audits and when necessary investigative work e.g. in relation to suspected fraud, theft or corruption, to the legal standards required for either criminal prosecutions, civil recovery or for disciplinary sanctions      10. Audit of payroll services including sample checking of input and output from the Commission’s external provider of a fully managed payroll service to provide assurance to the Commission.      11. Advice to the Commission in relation to tax issues e.g. the application of HMRC regulations and the most appropriate processes and systems to maintain.  1. **INDEPENDENCE**    1. Responsibility for internal control rests with the Commission’s Accounting Officer, who should ensure that appropriate and adequate arrangements exist without reliance on internal audit. In order to preserve the objectivity and independence of the internal auditors, responsibility for implementing audit recommendations will rest with the Commission.    2. The internal auditors will be responsible for conducting an independent appraisal of the Commission’s activities and will provide a service to all levels of the organisation. Internal audit is not an extension of, nor a substitute for, good management. The internal auditors will be responsible for giving assurance and advice to the organisation on financial and other management controls and will also assist management by evaluating and reporting on the effectiveness of internal controls.    3. The internal auditors will have no responsibility for the development, implementation or operation of systems unless specifically requested by the organisation. The internal auditors may, however be requested by the Accounting Officer to provide advice on internal control aspects of developments, subject to the need to maintain objectivity and subject to availability of time within the programme.    4. All the Commission’s activities will fall within the remit of the internal audit service. The internal audit service will consider the adequacy of controls necessary to secure propriety, efficiency and effectiveness in all areas and will verify whether management have taken the necessary steps to achieve those objectives. 2. **ACCESS**    1. The internal audit service will have rights of access at any reasonable time to all of the Commission’s records, including computerised systems and to obtain such information and explanations as are necessary for the purpose of the proper exercise of the internal audit function.    2. The nominated Head of Internal Audit will have the right of direct access to all levels of management in the organisation, including direct access to the Accounting Officer as required.    3. The Head of Internal Audit will also have the right of direct access to the Chair of the Audit and Risk Assurance Committee. In particular, where the use of normal reporting channels could be seen as a possible limitation of the objectivity of the audit, the Head of Internal Audit has a duty to report directly to the Chair of ARAC or, if not available, the Chair of the Commission. The Audit and Risk Assurance Committee meets in private with the internal and external auditors at least once a year.    4. The Commission expectations of an effective relationship with an external provider of this service is summarised in the draft ‘Internal Audit Charter’ at Appendix A. ***In any subsequent Invitation to Tender*** ***we would like to see tenderers’ proposals for documenting, in this or other ways, the relationship to be delivered between Internal Audit and the Commission*.** 3. **REPORTING**     1. The Head of Internal Audit will propose for the Audit and Risk Assurance Committee’s agreement a strategic audit plan covering the period of the contract, which has been drawn up in consultation with Commission staff and the Accounting Officer. This strategic audit plan should be updated annually with the agreement of the Audit and Risk Assurance Committee.    2. The Head of Internal Audit will propose for the Audit and Risk Assurance Committee’s agreement an annual internal audit plan which has been drawn up in consultation with the Audit Committee Members, Accounting Officer and Commission staff, and will show how it supports the delivery of the strategic audit plan.    3. The Head of Internal Audit will provide to each meeting of the Audit and Risk Assurance Committee a report of progress against the current year’s audit plan, and a report at the end of each year showing progress against the plan as a whole.    4. In addition to the progress report specified in 5.3, the Head of Internal Audit will also provide regular reports on the Commission’s progress in implementing agreed recommendations from the Internal Auditors, NAO, the Audit and Risk Assurance Committee and any other relevant organisation.    5. These reports will be prepared in an agreed format and will include agreed performance indicators and will indicate any areas of concern.    6. An audit report will be issued at the completion of each audit assignment within timescales agreed with the Commission. The reports will give an opinion on the financial and management systems reviewed the possibility of the occurrence of fraud and likely risk and make recommendations for management actions to improve internal controls.    7. The Chair of the Commission’s Audit and Risk Assurance Committee can request appropriate reports from the Head of Internal Audit at any time, given a reasonable notice period. 4. **LIAISON**    1. The Head of Internal Audit will liaise with the Commission’s external auditors as necessary and agree protocols to ensure that (a) the National Audit Office can place appropriate reliance on internal audit work and (b) overall the audit services are optimally utilised and no inappropriate duplication of work occurs. 5. **OWNERSHIP OF RECORDS**    1. Audit files and working papers generated by the internal auditors in the course of providing the internal audit service will be deemed to be the property of the Commission. However, documents of a general nature designed for use in audit work but not specifically for the Commission shall be deemed to be the property of the internal audit service provider but be made available for the Commission to use at no additional cost.    2. Upon the expiry of the contract period, the outgoing internal auditors will ensure that all relevant documentation and working files are made available to the succeeding internal auditor within 60 days of the contract completion date. All necessary co-operation shall be extended by the outgoing internal auditor to ensure a successful handover. 6. **AUDIT NEEDS ASSESSMENT**    1. The Head of Internal Audit will undertake an audit assessment as may be agreed with the organisation to enable the need for any changes to the agreed audit programme to be assessed.    2. The audit needs assessment will include: 7. identifying systems, 8. determining the way in which systems will be grouped for audit purposes, 9. using knowledge of the Commission’s strategy and aims together with discussion with senior management and the Commission’s own risk management systems to determine which areas or particular factors should be considered high risk, 10. assessing the risks present in each system, 11. determining the period of time over which all systems will be audited, 12. allocating review frequencies to audits, and 13. estimating the audit staffing resources required to meet audit need and calculating their cost.     1. Where the Audit Needs Assessment indicates that resources provided in the contract are inadequate, the Head of Internal Audit will ask the organisation through the Accounting Officer to decide: 14. whether additional audit resource should be provided, or 15. whether to modify audit scope and timescales, and hence audit assurance     1. Audit results will be continually assessed for any implications for priorities, e.g. where critical areas of work which warrant considerable attention have not been recognised in the initial assessment of audit need. Similarly, some areas may subsequently be found to justify less attention. 16. **AUDIT PLANNING**     1. **Strategic Audit Plan**        1. The strategic audit plan referred in paragraph 5.1 will be prepared in response to the Audit Needs Assessment, in accordance with the standards incorporated within the Government Internal Audit Standards. In particular the strategic audit plan will:  * be output driven since it will be based on the Audit Needs Assessment, demonstrating a comprehensive understanding of the organisation and the way it operates. The plan will indicate how identified operations of high risk or problem areas will be addressed in practical terms, * indicate or refer to a basis on which the internal audit system will identify, evaluate and test controls in each system and sub-system, and * be achievable and promote the efficient use of resources.   + 1. The strategic audit plan will set out the areas to be covered and their review frequencies with cross references to the risk factors or risk index identified in the Audit Needs Assessment.   1. **Annual Internal Audit Plan**      1. The annual internal audit plan referred in paragraph 5.2 will be prepared from the strategic audit plan, showing details of planned audit assignments, including a proposed timetable of visits, and resource allocation. The annual internal audit plan will be subject to approval by the Audit and Risk Assurance Committee.   2. **Variation to the Annual Internal Audit Plan**      1. Any significant changes must be clearly documented in a “Certificate of Variation” together with an explanation of the reasons for the variation. This document will be reported to the Audit and Risk Assurance Committee for consideration and approval.      2. Where additional or ad-hoc audit work needs to be carried out and timing is a critical issue this can be approved by the Accounting Officer if less than five days and reported back to the next Audit and Risk Assurance Committee meeting or, if it is anticipated that the audit will require more than 5 days of resource, approval will be sought from the Chair of the Audit and Risk Assurance Committee.   3. Audit Terms of Reference      1. Each individual audit assignment will be supported by documented and agreed terms of reference which will: * identify the scope of the audit and audit and control objectives; * identify all elements of control systems audited; * document and evaluate those systems, identify appropriate or inadequate controls and recommend improvements in procedures or practices;   + - * test whether those systems of control are laid down and operate to achieve probity and the most economic, efficient and effective use of resources;       * draw attention to any apparent uneconomical or otherwise unsatisfactory result flowing from any policies and procedures;       * identify the expected added value from the proposed audit;       * identify the resource requirements to fulfil the proposed audit;       * agree timing and reporting arrangements.     1. All internal audit work emanates from the Annual Plan agreed with the Audit and Risk Assurance Committee. Individual terms of reference for assignments, with the exception of fraud or irregularity, should be discussed with the appropriate client manager prior to commencement. These meetings should result in an agreement on: * audit objectives * scope and approach * staffing * agreed audit days  1. **STAFFING AND TRAINING**    1. The internal audit service provider will employ adequate appropriately skilled and qualified staff to provide the services specified in this document.    2. The actual staffing of the Commission’s audit team should be agreed with the Accounting Officer.    3. The Accounting Officer may request evidence that internal audit staff are participating in appropriate and up to date training.    4. The internal audit service provider may, with the Accounting Officer’s approval, engage sub-contractors to allow specialist or technical skills to be obtained where necessary to cover vacancies. 2. **FRAUD AND IRREGULARITIES**    1. Responsibility for the detection of irregularities including fraud rests with management. The internal audit service will examine and evaluate the adequacy and effectiveness of the management’s arrangements for fulfilling this obligation and will seek to identify serious defects in internal control which might give rise to malpractice. Any such defects will be reported immediately to the Accounting Officer.    2. Where an immediate investigation and report by the internal auditor service is appropriate the Accounting Officer and the Internal Auditors will assess the likely effect of the investigation on the annual internal audit plan, together with the impact on resources, given risk levels and key objectives and agree any changes to this contract which are required as a result. An initial report will be expected within agreed timescales. 3. **QUALITY CONTROL**    1. The internal audit service provider is responsible for providing the Commission with an internal audit service which meets Government Internal Audit Service standards and specific standards requested by the Commission in this document. This is achieved through effective procedures for: 4. staffing 5. methods of working 6. annual and assignment plans 7. assignment briefing 8. liaison with Audit Committee and management 9. supervision 10. assignment review 11. reporting 12. performance indicators   Issues not covered in the previous paragraphs are set out in the following paragraphs.   * 1. Methods of Working      1. The internal audit service provider should have their own comprehensive Practice Manual which sets out in detail procedures to be followed regarding professional and personal conduct.   2. Liaison with the Audit and Risk Assurance Committee and management      1. The Head of Internal Audit is expected to attend Audit and Risk Assurance Committees.      2. Periodic meetings with the Accounting Officer to provide appropriate regular updates and notify the Accounting Officer of any issues of concern.      3. Regular meetings between the Finance director and the appropriate senior staff of the internal audit service to discuss the ‘strategic’ issues associated with the contract and progress in achieving the annual programme. The timing of audits will be confirmed at these meetings and the internal auditors will then notify the relevant managers.      4. There are also the day-to-day meetings between the Audit Manager, auditors and management to ensure satisfactory completion of individual assignments, to provide advice and guidance as necessary and to determine exact terms of reference of the audit review to prevent any misunderstanding. As part of the audit procedure, there should be introductory and concluding interviews with the relevant manager(s).   3. Supervision      1. Day to day supervision of each assignment is the responsibility of the Audit Manager (who could also be the Head of Internal Audit). This involves monitoring individual auditor performance, helping them to develop their skills and ensuring that the assignment is completed to:  1. agreed standards 2. time 3. agreed objectives    * 1. The Audit Manager will monitor progress against key stages of each assignment to ensure that the appropriate focus is maintained. Events identified during the course of the assignment may mean a change of emphasis and direction.    1. Assignment Review       1. Before submitting a draft report to the organisation, the Audit Manager will carry out a detailed review of the audit working papers and the auditor’s ‘preliminary’ draft report. This process also serves as a ‘debrief’ which will help to improve the planning process for subsequent audits.    2. Reporting       1. All reports will be reviewed in line with agreed internal audit service standards. A draft report will be issued to the relevant manager in the Commission for comment and, where appropriate, the manager’s comments may be included in the final version.       2. The final version of the report shall be issued to the Accounting Officer with a copy to the Finance Director as well as the relevant managers and directors, with a specified response date.       3. The Audit Manager will notify the Finance Director in writing if a response from the Commission is not received five days after the specified response date.       4. With reference to reporting systems, provision for access to online tools for entering and monitoring the implementation of internal audit recommendations. 4. **CONFIDENTIALITY**    1. All information acquired by the internal auditors in the performance of this contract will be treated as strictly confidential. 5. **INSURANCE**    1. The internal audit service provider will maintain appropriate insurance cover (professional indemnity and public liability) for all activity undertaken in the delivery of this contract. 6. **POLITICAL AFFILIATIONS**    1. The work carried out by the Commission must be strictly politically impartial, therefore any affiliations with any registered political party or any third party recognised under the Political Parties, Elections and Referendums Act 2000 of the tendering organisation, or that of their staff assigned to do work for the Commission, will need to be disclosed by the tenderer. These affiliations will be considered by the Commission and may deem the organisation ineligible for this contract.   **Appendix A**  **Electoral Commission – Draft Internal Audit Charter**   * 1. Internal audit is an independent and objective appraisal service which examines and evaluates the Commission’s activities. Internal audit provides assurance to the Chief Executive in their Accounting Officer role and reports directly to them, although in practical terms this relationship is managed through the Audit & Risk Assurance Committee.   2. The internal audit service additionally provides support to the Commission in the effective discharge of its responsibilities. To this end, internal audit is expected to provide analyses, recommendations, advice and information concerning activities reviewed.   3. Internal audit has the authority granted to it by the Accounting Officer and the Commissioners to full, free and unrestricted access to all the Commission’s activities, records, property and personnel. It has the right to ask for information, but it also has the duty to use it in the strictest confidence and to carry out its work with the least possible disruption to the normal ongoing activities of the unit/department it is auditing. In performing its functions, internal audit has no direct authority over, nor responsibility for any of the activities reviewed.   4. The internal audit plan will be updated annually following initial discussion with the Finance Director, the Accounting Officer, the Audit & Risk Assurance Committee and the external auditors (NAO). This plan will be formally agreed by the Audit & Risk Assurance Committee. It will seek to maximise effective audit coverage while making best use of audit resources. Internal audit effort is focused on the areas of highest risk to the business. Internal Audit should also prepare periodic work plans, designed to implement the audit strategy, for approval by the Audit & Risk Assurance Committee. The periodic plans should set out details of the assignments to be carried out in the period covered by the plan. They should establish the broad resources and skills required for each assignment and should set relative priorities for each assignment.   5. Internal Audit should fulfil its terms of reference by systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to – * establish, and monitor the achievement of, the organisation’s objectives * identify, assess and manage the risks to achieving the organisation’s objectives * advise on, formulate, and evaluate policy, within the responsibilities of the Accounting Officer * ensure the economical, effective and efficient use of resources * ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations * safeguard the organisation’s assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption * ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.   1. Internal audit should not have sole responsibility for the prevention or detection of fraud. However internal auditors should be alert in all their work to risks and exposures that could allow fraud. The Head of Internal Audit should arrange to be informed of all suspected or detected fraud so that they can consider the adequacy of the relevant controls, evaluate the implication of the fraud for their opinion of the risk management, control and governance, and consider making recommendations to line managers regarding any need for more detailed investigation and improvement in control.   2. Following the completion of fieldwork for an internal audit assignment a draft internal audit report will be prepared for discussion with the appropriate Commission manager. Once the draft and any recommendations have been agreed the report will be finalised to include an audit opinion. An executive summary of the report is prepared for submission to the appropriate manager, Accounting Officer and the Finance Director and the Audit & Risk Assurance Committee. The Head of Internal Audit will present a summary of the audit and any key findings or recommendations to the next meeting of the Audit & Risk Assurance Committee. In preparing the annual audit opinion the Head of internal audit will also review management actions in respect of previous audit recommendations.   3. The external auditors, National Audit Office, have a statutory duty to stakeholders for the audit of the organisation. The relationship between the external auditors and internal audit is an open, co-operative and reciprocal one enhanced by regular communication and discussion.   4. The Head of Internal Audit’s formal annual report to the Accounting Officer should present their opinion of the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes. It should also – * disclose any qualifications to that opinion, together with the reasons for the qualification, * present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies and accredited by Internal Audit, * draw the Accounting Officer’s attention to any issues the Head of Internal Audit judges particularly relevant to their preparation of the Statement on Internal Control, * compare work actually undertaken with the work which was planned and summarise performance of the internal audit function against its performance measures and criteria * comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.   1. In addition to the formal annual report, the Head of Internal Audit should make arrangements for interim reporting to the Accounting Officer in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the formal annual report. The Head of Internal Audit should also provide any information required by the Accounting Officer or Audit & Risk Assurance Committee on an ad hoc basis. |

Security and vetting requirements – Not used

**INDICATIVE EVALUATION CRITERIA**

Any resultant tenders will be evaluated using the following criteria: Quality 70% and Price 30%

Please note that the above criteria is subject to change during the development of the Invitation to Tender.

**RIGHT TO CANCEL OR VARY THIS EXPRESSION OF INTEREST**

The Authority reserves the right to:

Cancel all or part of this EOI at any stage and at any time;

Amend, clarify, add to or withdraw all or any part of the EOI at any time.

**EOI CUSTOMER CONTACT**

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