FRC Financial Reporting Council

Invitation to Tender (ITT):

FRC2020 -026 New Finance System (General Ledger & Expense)

Reference	**FRC2020 -026 Financial Management System**
Date	October 2020

1. **Background**

   The Financial Reporting Council (FRC) regulates auditors, accountants and actuaries and sets the UK's Corporate Governance and Stewardship Codes. We seek to promote transparency and integrity in business; our work is aimed at investors and others who rely on company accounts, audit and high-quality risk management. As the Competent Authority for audit in the UK, the FRC sets auditing and ethical standards and monitors and enforces audit quality.

2. **The Requirement**

This ITT covers FRC's requirement for a new finance system.

Background (FRC Structure)

- The FRC Structure consists of the following five divisions
  - Regulatory Standards
  - Supervision
  - Enforcement
  - Corporate Services
  - UK Endorsement Board (this division is a subsidiary of FRC)
- Each division includes several departments – currently there is a total of twenty-six departments. However, the department / division structure is not static and there is occasionally a re-structure where departments move to a different division or a new department / division is created.
- At present, FRC has a headcount of c275.

Current systems

- **Sage 200 Cloud**
  - We have been using Sage accountancy for several years and upgraded to Sage 200 in 2015. This is the General Ledger used for all our record keeping for all our financial transactions.
- **Green Light**
  - This is a bespoke Expense management solution which was implemented in 2019. Green Light is currently used for all staff expense claims, purchase order requests and supplier payments.
  - Green Light and Sage 200 operate in synch and has consistent information across both systems.

Current & Future challenges

- FRC is a financial regulator; evolving and facing new challenges every day. As a result, we are growing from a current headcount of c275 to a headcount of c500 in the next few years. Therefore, there will more demand for staff expense claims, supplier payments etc.
  - Our current Expense management system (Green Light) requires manual input for expense claims and supplier payments – there is no
    - Optical Character Recognition (OCR)
    - Mobile phone upload for receipts
- In addition, due to our planned growth there will be additional financial transactions however we will still have to adhere to Government record keeping guidelines. Therefore, there will be a challenge to ensure
  - Accurate record keeping and reporting
  - Project - monitoring & reporting of the additional projects expected

- Currently all projects are manually entered in the system – no option to upload project financials

The Requirement

We require a new General Ledger and Expense management system which is fit for purpose as we grow over the next few years. Based on our organisational size / volume the system cost should be proportionate.

Area	Requirement	Description
Accounts-Payable	Invoice Approval	System must record who must approve the invoice and within which period. Evidence of an approval hierarchy with approval rules (e.g. start/end date for approvers/thresholds by category of spend) and role-based access control.
	Scanned Documents Linked to Transactions	System must enable scanned documents to be linked to transactions and accessible at the time of approval and to enable drill down from the general ledger to the scanned image.
	Coding of invoices	System must enable validation of all codes used when processing invoices to check they are valid prior to submitting them. This ensures time isn't wasted with users having to return invoices for resubmission due to incorrect coding.
	Closed lines for Invoicing	System must restrict/hide lines on the PO which have been closed so invoices will no longer be matched to them in error.
	Invoice viewing	System must allow departments to view invoices relating to their department without having to view them through the purchase order they are linked too. This will allow them to view invoices which have not yet been matched to a PO.
	Electronic invoicing	System must allow electronically received invoices to be saved directly into the system so the invoice doesn't need to be printed and then scanned into the system.
Cash Management	Bank Data Interface	System will support creation of BACS and faster payment files as required and interface with bank account technology: - Ability to support standard payment instructions. - Ability to interface directly to bank systems (including creation of BACS files).
Expenses	Electronic expenses	System must have a fully functionable electronic expenses system that allows for various expenses claims from a variety of up to 600 claimants. It should include the ability to enter claimable limits that are editable by the administrator, provide strong reporting and track what is outstanding.
Fixed Assets	Fixed Assets	System must provide a standard Fixed Assets module and calculate & post depreciation automatically based on the information it holds, which should include a scanned image of the resulting invoice.
General Ledger	Ledger Codes	System must allow System Administrator to create up to 1,000 general ledger codes and several different levels of hierarchy attached to each of these codes. We also require at least 50 characters for various analysis codes such as project codes and case references.
	Accounting Periods	System must enable accounting periods to be freely defined - e.g. next period can be opened before close of previous period and the package will preferably provide the ability to include a 13th calendar period for year-end adjustments. The package must also support the assignment of a validity period to general ledger accounts, outside of which postings cannot be made.

	Chart of Accounts	System must allow free definition of different dimensions (e.g. Cost centre, cost unit, project, product group, analysis codes) and provide effective dates for CoA elements and combinations.
Integration	Interfaces	System must import/upload transactions based on external data in standard format such as XML, XLS, CSV. This data is made up of different transaction types, formats, templates and will be extracted from or inserted to the following ancillary systems; - Output of BACS file; - Upload of clearing banks' electronic statements; - Microsoft Exchange/Outlook (e.g. from embedded workflow such as purchase order processing); - Any externally maintained catalogues for Purchase Order Processing
IT	SaaS products	SaaS products must have at the least these 4 criteria: - Are there adequate backup processes. - GDPR compliant with data located in the EU (or now probably and preferably in the UK post Brexit). - IP restriction – can we restrict access to the software by its IP address so it's only available through our VPN? If not, does it have multi-factor authentication? - Disaster recovery processes also need to adequate. These need to be part of the SLA which is usually above 99.0% which also includes downtime for maintenance.
IT	IT	We would also like to see details of regular security testing (At least annually or after major changes) Is the data encrypted in transit and at rest? Who would have access to the data and how is this monitored? What support staff would have access and where are they based?
Purchasing	Standard Purchase Order Processing (POP) Functionality	System must provide requisitions, simple workflows with approval limit hierarchies, segregation of duties, PO.
	Purchase Order Processing Workflows	System must be capable of operating complex workflows including reminders/notifications by e-mail, involving multiple approvals (e.g. financial, technical, contract).
	Amendments to items retrospectively	System Administrator must be able to amend payments (e.g. cancel or match to a different PO) in the period between release for payment from POP and actual payment. As well as being able to amend the 'owner' of a PO to allow for changes in staff.
	Service Orientation	System must provide a more service-oriented order process / format (as opposed to product oriented).
	Efficient Navigation	System must provide intuitive and efficient navigation e.g. for users such as Facilities when checking issues; when checking invoice against order. It should have easily definable search criteria with unlimited results
Reporting	Reporting	System must provide flexible reporting with industry standard functionality. This should include but is not limited to: - Standard reporting (i.e. profit and loss, balance sheet, account statement, number of invoices, asset accounting, etc.) - Cross-module reporting (e.g. AP with GL) - purchase order reporting including length of time to resolve troubleshoots / invoice mismatches / User activity / free licences etc - Expenses detail reporting
	Prior year data	The system must have the ability to incorporate at least one year of prior year data as a comparison.
	Project	System must include the ability to report by project.

Treasury	Bank Statement Upload	Preferably the system can upload bank statements for reconciliation and cashflow management purposes. The system should automatically match information from cashbook and bank statement where amounts and transaction references match e.g. cheque numbers. If possible - also can automatically post DDs to the cashbook & creditor account and reconcile where possible.

The Deliverables

The supplier will be required to undertake the following activities:

- The Supplier shall plan for all stages of the system lifecycle from Strategy and Design, through Transition and Operation to Continuous Improvement.
- The Supplier shall design and implement the system such that it is intuitive to use and requires the user to have the minimum possible level of skill and experience with using technology, as confirmed through User Acceptance Testing.
- The Supplier shall design and implement the system to be both usable and user-friendly to the widest possible audience.
- The Supplier must agree a Test Strategy, Approach and Plan for testing, assuring and signing off its required services prior to the outset of any testing.
- The Supplier shall provide written documentation to support the operational use of the system in the form of user guidance, reference material and work instructions. The Supplier shall maintain such documentation, updating as required any subsequent system change.
- The Supplier shall work with the FRC to develop and implement a training programme that will deliver the requisite number of trained users, as agreed with the FRC, required to deliver services to customers in accordance with the agreed release plan. The Supplier shall work with the FRC to complete a training needs analysis.

The Outputs

- Fully functioning General Ledger and Expense management solution capable of delivering our requirements.

Reporting & Governance

- The provider will be expected to provide a detailed Project plan which includes
  - o   Cost
  - o   Timescales
  - o   Quality
  - o   Scope
  - o   Risks
  - o   Benefits
- Weekly updates against the plan will be expected.

Duration of the Contract

- Start from January 2021 (at the earliest) for a minimum period of 3 years.

Cost /Financials

- The tenderer should provide a fixed fee for the work exclusive of VAT however inclusive of all expenses. Tenderers should detail their cost in the Tender Response Documents in the format specified. No other costs should be charged on top of the fixed fee, unless and except if the scope has materially changed from what is set out / agreed. Changes to the scope / cost must be mutually agreed.
- We estimate: -
  - o Year 1 cost circ £40,000 - £50,000 including implementation.
  - o Year 2 cost circ £25,000 - £35,000
  - o Year 2 cost circ £25,000 - £35,000
- FRC reserves the right to extend to proposed contract for a further 1 + 1 years capped at no more than circ £175,000

References

- FRC reserves the right to take up references. You will be required to provide references within the Tender Response Document. References must be relevant to the FRC requirement and within the last five years.

3. **Use of ITT & publication**

3.1.1. All documents contained in this ITT are confidential and must be used solely for the purposes of this ITT. The documents can only be passed on to third parties on a strictly 'need to know' basis for the purposes of the tenderer preparing and submitting a tender.

3.1.2. Tenderers **must not** undertake any publicity activity regarding the procurement within any section of the media

4. **Questions & Clarifications**

4.1.1. Tenderers may raise questions or seek clarification regarding any aspect of this further competition at any time prior to the tender clarification deadline.

4.1.2. 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

4.1.3. FRC will not enter into exclusive discussions regarding the requirements of this ITT with tenderers.

4.1.4. 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.

4.1.5. Responses will be published in a questions and answers document to all Tenderers who have indicated that they wish to participate.

5. Timelines

Dates are indicative.

Activity	Date/timeline
Invitation to tender issued	**05/10/2020**
Deadline for tender queries / clarifications	**19/10/2020**
Anticipated response to tender clarifications	**23/10/2020**
Deadline for receipt of tenders	**30/10/2020 by 12.00noon**
Evaluation period (ITT)	**30/10/2020 post mid day - 04/11/2020**
Tender shortlist / demo invites	**05/11/2020**
Shortlisted supplier demo's & Q&A	**On / around w/c 09/11/2020**
Tender Decision	**On / around w/c 16/11/2020**
Tender outcome communicated	**On / around 20/11/2020**
Contract issued, executed	**On / around** w/c 23rd November 2020
Contract commencements	TBC / 1st January 2021

6. Conduct

6.1.1. 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.

6.1.2. 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.

6.1.3. The tenderer must not make any arrangements with any other person about whether or not they should tender, or about their tender price.

6.1.4. 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.

6.1.5. 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.

6.1.6. The tenderer represent and warrant that a conflict of interest check has been carried out and that check revealed no conflicts of interest.

6.1.7. 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 NEST and submit proposals to avoid such conflicts.

6.1.8. Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of tenders. NEST 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.

7. Due Diligence

7.1.1. 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.

7.1.2. Neither FRC, nor its representatives, employees, agents or advisors:

- 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.

7.1.3. It's 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.

7.1.4. 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.

8. Submitting a Tender

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

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

8.1.3. 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.

9. Evaluation

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

Stage 1 – Tenderers must complete the Tender Response Document, successful / top scoring suppliers will be shortlisted to demo sessions.
Stage 2 – The demonstrate and clarification session will evaluate the system capability and solution fit.

10. Acceptance of Tender & Notification of Award

10.1.1. FRC reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement.

10.1.2. 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.

10.1.3. The tenderer will be notified of the outcome of the tender submission at the earliest possible time.

10.1.4. 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.

10.1.5. 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.

11. Additional Information

11.1.1. Please use the attached Tender Response Document for your reply.

11.1.2. The Supplier should propose Terms & Conditions that will govern the proposed Contract.

11.1.3. Additional details relating to the FRC https://www.frc.org.uk/ and https://www.frc.org.uk/about-the-frc/procedures-and-policies/procurement