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| Local Government Boundary Commission for England |
| Tender Documents |
| Internal Audit Services |

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| LGBCE30/11/2020 |

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# Employer

## Name

Local Government Boundary Commission for England (or LGBCE or The Commission)

## Address

1st Floor, Windsor House, 50 Victoria Street, London, SW1H 0TL

## Website

[www.lgbce.org.uk](http://www.lgbce.org.uk)

## Contacts

Lynn Ingram, Director of Finance & Resources, lynn.ingram@lgbce.org.uk

Karen Cleverly, Finance Lead, karen.cleverly@lgbce.org.uk

## Background

The Local Government Boundary Commission for England (LGBCE or the Commission) was established by the Local Democracy, Economic Development and Construction Act 2009 (the Act) and is the independent and impartial public body responsible for keeping under review the electoral arrangements of local authorities in England. It also has some responsibility for reviewing the structure and external boundaries of local government in England.

LGBCE is a small public authority, accountable to Parliament through a Committee chaired by the Speaker of the House of Commons. It currently consists of a Chair and five commissioners, and is supported by a staff of around 22, led by the Chief Executive. With a yearly budget given by Parliament of around £2.2 million, the Commission typically commences reviews of the electoral arrangements of 25 local authorities in England each year.

Following its statutory establishment in April 2010, the Commission appointed an Audit & Risk Committee, which currently consists of three commissioners and an independent external member. The Audit & Risk Committee is supported by Commission staff, the Commission’s existing internal audit supplier and, from time to time, a representative from the National Audit Office (as LGBCE’s external auditor).

# Object of the contract

## Summary of services to be provided

The successful bidder will provide an independent internal audit service to the Commission by carrying out an agreed programme of advisory and assurance based internal audits in compliance with Public Sector Internal Audit Standards (PSIAS) updated April 2017.

They will be responsible for providing advice and assurance to the Commission’s Accounting Officer (the Chief Executive) and Audit & Risk Committee on all governance, financial and related control arrangements, including (but not exclusively) key financial controls, strategic and operational planning, bench marking and quality assurance, corporate governance and risk management.

## Location of delivery of services

LGBCE office at Windsor House, 50 Victoria Street, London SW1H 0TL (or remotely during COVID-19 period).

## Duration of contract

Services are required for the three financial years from 1 April 2021 until 31 March 2024. The provider’s first activity will be to undertake a needs assessment to inform the provider’s 2021/22 Internal Audit Plan which will be reported to the LGBCE’s Audit & Risk Committee (ARC) in May 2021.

The contract may be extended by a further period of up to one year by agreement between LGBCE and the successful provider.

## Timetable

|  |  |
| --- | --- |
| Oct 2020 | Future opportunity listed on Contracts Finder |
| 30 Nov 2020 | Invitation to Tender published on Contracts Finder |
| 11 Jan 2021 | Tender return date |
| Mid – end Jan 2021 | Tender evaluation. |
| w/c 1 Feb 2021 | Clarification interviews if necessary (by Microsoft Teams) |
| Mid Feb – early Mar 2021 | Contract awarded and conclusion of contract documentation  |
| Mar 2021 | Publish contract award on Contracts Finder |
| 1 Apr 2021 | Start of new contract |
| w/c 5 Apr 2021 | Initial meeting to discuss new internal audit strategy/programme for 2021/22 – 2023/24 |
| May 2021 | ARC meets new provider and considers the draft internal audit strategy for 2021/22. |

# Detailed specification

## Scope of the internal audit service

1. The scope of internal audit extends to all the LGBCE’s statutory, governance and internal management activities.
2. The successful provider will consider the adequacy of controls necessary to secure economy, efficiency and effectiveness in all areas making sure they are appropriate and proportionate for the size of the organisation. It will seek to confirm that management have taken the necessary steps to achieve these objectives. This may include looking at operations and/or performance.
3. The provider will be required to examine the processes by which policy decisions are made, monitored and reviewed. However, it is not within the remit of the provider to question the appropriateness of policy decisions.
4. As well as providing assurance to LGBCE, it will also be necessary to carry out advisory work in areas where LGBCE needs expert assistance to set up or strengthen existing arrangements. This may also include looking at operations and/or performance.
5. The provider may be requested by the Commission, its Audit & Risk Committee, Chief Executive or Director of Finance & Resources, to conduct ad-hoc reviews of distinct aspects, provided such reviews do not compromise the internal audit provider's objectivity, independence or the achievement of the audit plan.
6. It is not envisaged that the internal audit provider will make an independent review of ‘value for money’ issues as part of the audit plan.

## Required outputs

The provider’s first activity must be to undertake a needs assessment which will inform the provider’s 2021/22 Internal Audit Plan. This will be discussed at the Audit & Risk Committee in May 2021.

In order to provide the required assurance, the internal audit provider will undertake a programme of work over a cycle authorised by the Audit & Risk Committee to achieve the following objectives:

1. Review and appraise the soundness, adequacy and application of accounting, financial and non-financial controls;
2. Ascertain the extent to which systems of control ensure compliance with established policies and procedures, and take account of business risk;
3. Ascertain the extent to which the assets and interests entrusted or funded by the LGBCE are properly controlled and safeguarded from losses of all kinds;
4. Ascertain that accounting and other management information is reliable as a basis for the production of accounts and other returns;
5. Ascertain the integrity and reliability of information provided to management including that used in decision making;
6. Ascertain that systems of control are documented and operate to achieve the most economic, efficient and effective use of resources.

Normally, we would expect this to be achieved through three assurance-based audits and two advisory audits. One of the assurance-based audits would examine key financial controls, while the other two would be selected using the Commission’s risk register.

Finally, an annual opinion is required to be provided for LGBCE (through the Audit & Risk Committee) on the status of internal control of the Commission (see reporting, below).

## Reporting

The following reports are required for submission to the Audit & Risk Committee (ARC) after consultation with the Director of Finance & Resources. The internal auditor is required to attend ARC meetings to present and discuss the reports (usually in Feb, May, Jun and Nov).:

|  |  |
| --- | --- |
| Document required | When? |
| Annual internal audit plan – setting out the agreed audit programme for the year, the number of days and the cost. A long-term audit strategy document supported by an audit needs assessment; | For February ARC meeting (prior to the start of the financial year of the audit plan). NB – this will be for the May ARC meeting in the first year. |
| Update on the internal audit plan – setting out progress against the annual plan. Details of any agreed changes and any impact on number of days/cost. | For all other ARC meetings (usually in May, June/July and November) |
| A full report for every assignment including grading of each recommendation to management. (Before work on an assignment begins a Terms of Reference summary will be agreed with appropriate LGBCE staff – normally the Director of Finance & Resources). | Draft to be issued within one month of completion of each audit giving an opinion on the area reviewed and making recommendations where appropriate\*. |
| Annual internal audit report providing an opinion on internal control in LGBCE including a direction of travel as well as a report of previous audit recommendations yet to be implemented. | For May ARC meeting (after the end of the financial year). NB – this will also be required for the final year of the contract and must be completed before the end of the contract. |

\*LGBCE will respond to each draft audit report, stating the proposed action and a timescale for implementing agreed recommendations. These comments will be included in the auditor’s final report.

## Independence

Within LGBCE, responsibility for internal control rests fully with the senior management who must ensure that adequate arrangements exist without reliance on the internal audit provider. In order to preserve the objectivity and impartiality of the internal audit provider’s professional judgement, responsibility for implementing audit recommendations rests with senior management.

The internal audit provider will have no executive role nor will it have any responsibility for the development, implementation or operation of systems. It may provide advice, however, on control and related matters subject to the need to maintain objectivity.

The internal audit provider will be granted rights of access to all LGBCE’s records, information and assets which it considers necessary to fulfil its responsibilities (subject to respecting absolute confidentiality of LGBCE’s records, and adherence to the obligations of the Data Protection Act 2018 where applicable).

The internal audit provider will have a right of access to the Chair of LGBCE’s Audit & Risk Committee, Chief Executive and Director of Finance & Resources as and when necessary.

## Standards and approach

The internal audit provider’s work will be performed with due professional care in accordance with the PSIAS Code of Ethics, and the provider’s own appropriate professional auditing practice. In achieving its objectives, the provider must:

* Identify all elements of control systems and establish a review cycle of them;
* Evaluate those systems identifying inappropriate or inadequate controls and recommend improvements and procedures or practices;
* Ascertain that procedures and controls are documented and operate to achieve the most economic and efficient use of resources;
* Draw attention to any apparently uneconomical or otherwise unsatisfactory results flowing from decisions, practices or policies;
* Liaise with external auditors and other appropriate bodies to enhance the level of service that is provided for the management of LGBCE;
* Ensure that the audit approach and recommendations are proportionate for an organisation the size of LGBCE.

If, in the reasonable view of LGBCE or its Audit & Risk Committee, the standard of work provided by the internal audit provider is of unsatisfactory quality, the LGBCE may, at its discretion:

* Require the internal audit provider to repeat the work in question to a satisfactory standard at no cost to the LGBCE; or
* Arrange for the work to be undertaken by a third party and pass on the costs of such work to the internal audit provider.

In order to ensure a satisfactory level of service, the internal audit provider will be required to explain their service standards within their bid.

The internal audit provider will be required to ensure that all staff used in the performance of this contract are of a suitable level of expertise and experience, and that junior staff are given adequate supervision. Furthermore, the LGBCE wishes the following aspects to be considered by the internal audit provider:

1. Continuity of staff, so that the provider’s personnel involved in performing the contract can develop a suitable knowledge and understanding of the LGBCE;
2. A suitable skills mix to cover all appropriate areas of activity.

As part of your submission:

* Please provide details of how you would approach the audits. Please explain particularly how you would carry out the service in such a way that it produces the least possible burden on the Commission’s staff. LGBCE is a small organisation and the internal audit activity should be proportional to the size of the organisation. As a guide, in recent years, audits have been carried out in two blocks and total activity has been around 21 days.
* Explain how you would ensure a satisfactory level of service, providing details of your service standards
* Explain your approach to staffing, how you would ensure a suitable level of skills and experience and how you would ensure continuity.

## Management, personnel and accountability

As part of your submission, please provide details of the named personnel who would be responsible for the project as well as full details of their role. We would expect some continuity of staff involved in this work.

Detailed CVs of all members of staff proposed to have a responsibility for the contract and any significant role in the service provided must be included with your submission.

The internal audit provider will be accountable to the LGBCE through the Audit & Risk Committee or, if delegated, the Chief Executive, for their performance. Day-to-day management of the service operates through the Director of Finance & Resources, who must be kept informed of emerging developments and draft audit results, and who will monitor implementation of recommendations.

The Director of Finance & Resources will be responsible for ensuring that LGBCE responds appropriately to recommendations and commentary contained within all audit reports, and for the implementation of controls. Certain aspects may be delegated to the Finance Lead as appropriate. The internal audit provider will keep the Director of Finance & Resources informed of audit results and will draw to the attention of the Audit & Risk Committee significant findings and recommendations.

# Bidding for the contract

## Instructions

Bids must be submitted electronically to finance@lgbce.org.uk by the [tender return date](#_Timetable) and must be completed and signed by a suitably authorised individual. Any supporting documentation required must be included within the submission. Your bid should include:

### Signed declaration

The declaration at [Appendix 1](#_Appendix_1:_Form) should be completed and signed by a suitably authorised individual.

### Contract issues memo

The memo at [Appendix 3](#_Appendix_3:_Contract) must be completed and returned if there are any clauses in the proposed contract at [Appendix 2](#_Appendix_2:_CCS) that you would wish to amend.

### Organisation details

Details of the organisation’s fitness and ability to carry out the contract, including qualifications, experience, recent contracts, references. You should also provide details of any actions against the organisation.

### Governance, risk management and business continuity arrangements

An overview in order to satisfy LGBCE that its contractor has sound processes, policies and arrangements. You should also confirm that you meet the insurance requirements.

### The proposed team

Details of the proposed team: Names, level, qualifications/CV, details of experience/skills necessary to carry out the work, proportion of the work to be carried out by each.

### Method statement

Your detailed proposals and approach to carrying out the work and satisfying the requirements of this specification. This should comprise no more than 10 pages.

### Price schedule and audit days

The prices indicated on the price schedule must be for a fixed price for the overall delivery (each year) and indicate daily and hourly rates for different categories of audit staff. The price must be fixed for the first two years of the contract, after which an annual inflation-linked price increase in the rates may be considered subject to full and prior agreement with the LGBCE. Any increase will normally be capped at the prevailing CPI/ inflation rate.

A pro-forma price schedule is attached at [Appendix 4](#_Appendix_4:_Personnel) and must be submitted with your bid.

## Clarifications

If the answer to a question raised by a bidder changes or supplements the basis for the proposal, then an addendum to these documents will be issued to all potential bidders.

No conditions submitted by any bidder at any time will be deemed to be binding upon the LGBCE, or accepted in substitution, unless agreed in writing prior to acceptance of an offer.

Further information, or any questions, relating to the procedural arrangements and operational aspects for this tender may be addressed to:

Lynn Ingram
Director of Finance & Resources
Local Government Boundary Commission for England
lynn.ingram@lgbce.org.uk

## Evaluation criteria

Tenders will be evaluated by a panel comprising LGBCE staff and/or members of LGBCE’s Audit & Risk Committee using the evaluation criteria and weightings below. You are advised to consider the evaluation criteria carefully and ensure you explain how you satisfy these when compiling your bid.

The following are essential criteria and the tenderer must score a ‘pass’ for each of these in order to be considered any further:

|  |  |  |
| --- | --- | --- |
| Essential criteria | Evidence required | Selection criteria and scoring |
| Must be legally qualified to carry out the required services  | Please provide details of the standard of qualifications that your organisation sets for its Audit employees. | Pass/Fail Evidence of qualifications, membership of professional bodies such as CIIA, CCAB or equivalent. |
|  Technical Capability (experience) | Details of the experience that your organisation has in the delivery of services similar to those required under this contract. This experience should be evidenced with examples of recent contracts. | Pass/FailExperience of similar contracts in terms of size, complexity, value, sector. |
| Audit ethics & policies | Please provide details of your policies which deal with ethics, potential conflicts, independence and compliance with regulatory and professional bodies. | Pass/FailEvidence of compliance and a satisfactory approach to handling/mitigating any potential conflicts. |
| Reputation | Please provide disclosure of actions recorded against your organisation and any actions pending. | Pass/ Fail |
| Staffing (knowledge base) | Please detail the number of staff available to carry out services directly relevant to those required. | Pass/ FailThe organisation has access to sufficient staffing resources/knowledge pool to mitigate delivery risk.  |
| Insurance | Please confirm that you have (or commit to obtaining if you are successful):* £1 million Professional Indemnity (for the life of the contract plus 6 years)
* £1 million Public Liability.
 | Pass/FailConfirmation required. |

Those bids that meet the essential criteria will then be scored using the following evaluation criteria:

|  |  |
| --- | --- |
| **Description** | **Weighting** |
| **Understanding the requirements** - Capability and commitment to provide LGBCE with a thoroughly professional internal audit service and an understanding of its purpose, functions and values. | 20% |
| **Innovative approach** - Commercial, innovative approach to the internal audit function. | 10% |
| **Expertise, quality and assurance** - Range of knowledge and expertise offered by the bidder**.** | 20% |
| **Personnel and accountability** – a named team with appropriately skilled and accountable personnel. | 20% |
| **Pricing** - please complete the price schedule in Appendix 4. | 30% |

### Scoring Method

Tenders will be scored against each of the criteria above, according to the extent to which they meet the requirements of the tender. The meaning of each score is outlined in the table below.

The total score will be calculated by applying the weighting set against each criterion, outlined above; the maximum number of marks possible will be 100. if any bidder scores 1 in any of the criteria, they will be excluded from the tender competition.

|  |  |
| --- | --- |
| **Score** | **Description** |
| 1 | Not Satisfactory: Proposal contains significant shortcomings and does not meet the required standard |
| 2 | Partially Satisfactory: Proposal partially meets the required standard, with one or more moderate weaknesses or gaps  |
| 3 | Satisfactory: Proposal mostly meets the required standard, with one or more minor weaknesses or gaps. |
| 4 | Good: Proposal meets the required standard, with moderate levels of assurance |
| 5 | Excellent: Proposal fully meets the required standard with high levels of assurance |

### Scoring Method for Pricing

LGBCE will use a proportionate pricing scoring methodology. There will be a maximum of 30 marks (30% weighting), the lowest priced bid will receive the full 30 marks and all other bids will then be marked as set out in the example below.

Proportionate pricing scoring (example only)

|  |  |  |
| --- | --- | --- |
| Supplier | Price | Marks |
| 1 (lowest bid) | £20,000 | 30 |
| 2 | £25,000 | 20/25 \* 30 = 24.0 |
| 3 | £45,000 | 20/45 \* 30 = 13.3 |

### Bid Clarification

LGBCE reserves the right to award the contract based on applicants’ written evaluation only if one candidate emerges from the evaluation stage as significantly stronger than the others.

LGBCE may invite suppliers for bid clarification if necessary.

### Feedback

Feedback will be given upon request to unsuccessful bidders.

## Additional information

In bidding for the internal audit contract for LGBCE, bidders must note the following:

* Bidders must obtain for themselves, at their own responsibility and expense, all information necessary for the preparation of their proposal.
* All information supplied by LGBCE or any representative in connection with this invitation to tender shall be regarded as confidential.
* Bidders may provide additional literature to support their offer. However, all information requested in the relevant sections must be provided in the order and format requested.
* One electronic copy of the bid is required to be emailed to finance@lgbce.org.uk , by 5pm on 11th January 2021. All prices must be in Sterling (GBP) and exclusive of VAT.

# Appendix 1: Signed declaration

**Bidder information**

|  |  |
| --- | --- |
| **Name of company** |  |
| **Name of contact** |  |
| **Address** |  |
| **Telephone** | **Switchboard:****Direct line to contact:** |
| **Email** |  |
|  | I/we hereby certify that the information provided in all documentation relating to this tender is accurate to the best of my/our knowledge and understand that false information could result in the termination of any future contract. |
| **Signature** |  |

# Appendix 2: CCS Short Form Agreement

|  |  |
| --- | --- |
|  |  |

The contract will be based on the Crown Commercial Services Short Form Agreement **for Services** which can be found on the GOV.UK website or by following this link:

<https://www.gov.uk/government/publications/short-form-terms-and-conditions>

# Appendix 3: Contract Issues Memo

Please complete the form below detailing any of the terms you would wish to amend in the proposed LGBCE contract (see [Appendix 2](#_Appendix_2:_CCS)).

Willingness to agree to contract sections will be used in the evaluation criteria for selecting the final supplier.

Terms and conditions that the Supplier has not objected to in its response will not be subject to negotiation on award of contract.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Section & clause number | Section heading (if applicable) | Reason for suggested change | Proposed amendment | LGBCE comments |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

# Appendix 4: Personnel and pricing schedule

|  |  |  |
| --- | --- | --- |
| **2021/22** | **Overall Price** | **£ (ex VAT)** |
| **2022/23** | **Overall Price** | **£ (ex VAT)** |
| **2023/24** | **Overall Price** | **£ (ex VAT)** |

|  |  |  |
| --- | --- | --- |
| **Category (amend title of role if necessary)** | **Name** | **Hourly rate, £ (ex VAT)** |
| **Audit Partner** |  |  |
| **Audit Manager** |  |  |
| **Audit Assistant** |  |  |
| **Other staff (please specify)** |  |  |

**Other costs (please specify)**

|  |  |
| --- | --- |
| **Activity** | **Breakdown of costs, £ (ex VAT)** |
|  |  |
|  |  |
|  |  |
|  |  |