

Provision of internal audit services: Invitation to tender

Berwick-upon-Tweed Town Council

March 2016

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Berwick-upon-Tweed Town Council

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Section 1: Introduction and background

Berwick-upon-Tweed Town Council

The Council is a local authority established under the Local Government Act 1972. It performs the functions of a parish council for Berwick, Spittal and Tweedmouth. In the year ended 31 March 2015 it incurred expenditure of £289,856.

The Council employs 5 staff, including a part-time Clerk and a part-time Finance Officer. The Council maintains its accounting records using Scribe 2000 software. With the exception of payroll (which is provided by Northumberland County Council) all transactions are processed in-house using predominantly manual systems.

As a public body the Council is subject to statutory duties to disclose information it holds, including under the Freedom of Information Act 2000.

Further information about the Council's activities and finances can be found http://www.berwick-tc.gov.uk/town_council.

Improvement programme

In 2015 the Council commissioned an independent consultant to review and report on its financial management. The consultant's report identified a number of significant weaknesses and made recommendations for improvement. The Council accepted the report and is currently in the course of implementing the recommendations.

A copy of the consultant's report can be found at: http://www.berwick-tc.gov.uk/documents/document_display.htm?pk=1233.

Requirements for accounts and audit

The Council is:

- required to prepare its accounts in the form of an 'Annual Return' prepared on a simplified income and expenditure basis;

- subject to external audit under the provisions of the Local Audit and Accountability Act 2014. The 'audit' comprises an assurance engagement leading to a limited assurance report;
- required to engage an internal auditor to undertake a review leading to a pro-forma report included in the Annual Return.

Further information on the accounts and audit arrangements applicable to the Council may be found in *Governance and Accountability for Local Councils: A Practitioner's Guide* published by the National Association of Local Councils (see <http://www.nalc.gov.uk/library/publications/803-governance-and-accountability-with-appendix/file>).

Copies of the Council's Annual Return for the year ended 31 March 2015 (including the internal audit and external audit reports) may be found at http://www.berwick-tc.gov.uk/town_council/financial_information.htm.

Drivers for the procurement

The Council is seeking to appoint internal auditors who will:

- provide internal audit coverage to allow completion of the Internal Auditor's report in the Council's Annual Return;
- support its improvement programme by providing wider assurance on the design and operation of the Council's system of internal control, including compliance with its Financial Regulations.

Section 2: Specification

Scope of work

Tenders are invited for the provision of an annual internal audit that:

- meets the requirements for internal audit in Governance and Accountability for Local Council's: A Practitioner's Guide; and
- on a rolling basis over a period of five years, reviews design of and compliance with the Council's Financial Regulations.

The Council seeks written output comprising:

- the Internal Auditor's Report included in the Annual Return;
- a narrative report to the Council detailing the scope of work undertaken, the findings from that work and recommendations for improvement.

Timing of work

The annual internal audit covering arrangements and transactions for the year ending 31 March 2016 should be undertaken in May or June 2016 leading to draft outputs no later than 17 June 2016 and final outputs no later than 30 June 2016.

The annual internal audit covering arrangements and transactions for subsequent financial years should be undertaken in April or May following the end of the financial year leading to draft outputs no later than 15 May and final outputs no later than 31 May.

Duration of contract

The contract will cover the internal audit for the year ended 31 March 2016, 2017 and 2018 with an option to extend to cover the years ended 31 March 2019 and 2020.

Payment

Fees will be payable on completion of all elements of each annual audit.

Section 3: Pricing

Fixed fee

A fixed fee for the annual internal audit in accordance with the specification is sought.

For the year ended 31 March 2017 and subsequent years, the price will be increased by the movement in the Consumer Prices Index from 31 March 2016 to 31 March of the year in question.

Variations to fee

Circumstances may arise where variations to the specification are required, including as a result of changes in the internal audit requirements applicable to the Council and the Council's assessment of the level of assurance it requires.

The Council invites tenderers to quote hourly rates for different grades of staff that will form the basis for pricing such variations. These hourly rates will also be subject to inflation adjustments as detailed above.

Section 4: Planned tender timetable

The proposed tender timetable is:

DATE	ACTIVITY
23 March 2016	Issue of Invitation to Tender
No later than 6 April 2016	Receipt of any queries from prospective tenderers
No later than 8 April 2016	Answers to any queries from prospective tenderers
12 noon on 15 April 2016	Submission of tenderers
By 22 April 2016	Completion of tender evaluation
22 April 2016	Decision on award of contract
2 May 2016	Commencement of contract

Section 5: Evaluation criteria

Selection basis

Tenders will be evaluated in accordance with pre-determined criteria. The Council is not obliged to accept the lowest tender.

Criteria

The Council will evaluate the tenders against the following criteria:

CRITERION	INCLUDING ...
Price	Fixed fee Hourly rates for variations
Skills, competence and capacity	Professional qualifications Experience of undertaking similar types of work Arrangements for maintaining continuity of service
Contractual terms	No unusual proposed contractual terms
Independence and confidentiality	Identification of any threats to independence Proposals for acceptable safeguards to address those threats Arrangements for securing confidentiality of client information
Added value	Provision of any additional services or guidance that may be of assistance to the Council

Section 6: Tender submission

Tender submission arrangements

Tenders should be submitted no later than 12 noon on 15 April 2016 to:

Berwick-upon-Tweed Town Council
5 The Chandlery
Quayside
Berwick-upon-Tweed
Northumberland
TD15 1HE

Tenders should be submitted in a sealed envelope clearly marked 'Tender for provision of internal audit services' and bearing no indication on the envelope of the identity of the tenderer.

The Council reserves the right not to consider tenders received after the tender submission date.

Submissions required

Tenderers should make submissions including the following information:

CRITERION	INFORMATION REQUIRED
Price	Fixed fee Hourly rates for variations

CRITERION	INFORMATION REQUIRED
Skills, competence and capacity	<hr/> Details of professional status of the firm Details of qualifications and experience of the staff Details of arrangements for maintaining quality Experience of undertaking similar types of work, including internal audit work and work for not for profit organisations Arrangements for maintaining continuity of service
Contractual terms	<hr/> A copy of the standard engagement letter proposed for this type of assignment
Independence and confidentiality	<hr/> Details of any threats to independence and, if any, the safeguards proposed to address those risks Details of arrangements for securing confidentiality of client information
Added value	<hr/> Details of any additional services or guidance provided that may be of assistance to the Council

Tenderers should also include a signed declaration in the format set out in Appendix A.

Tender queries

Any queries should be submitted by email to town.clerk@berwick-tc.gov.uk no later than 6 April 2016. The Council will seek to respond to any queries by 8 April 2016. If queries are not specific to the circumstances of an individual prospective tenderer the responses will be shared with all tenderers.

Confidentiality

Tenderers shall treat the Invitation to Tender documents as confidential and restrict their circulation and distribution to a 'need to know' basis. Tenderers shall **not** disclose their Tender in whole or in part to any third party prior to either the award of contract or receipt of notification that their tender has not been accepted.

Appendix A: Declaration statement

We undertake to provide the following services:

Provision of internal audit services to Berwick-upon-Tweed Town Council

We accept the provisions of the Invitation to Tender and offer to provide services in accordance with the prices, terms and conditions stated herein.

We understand that the Council will disregard any oral agreement or arrangement made by us. We have been cautious to check our Tender before submission, as amendments to or withdrawals of Tender submitted, if received by the Council after the time specified for receipt of tender, may not be considered.

We undertake, and it shall be a condition of any Contract, that the following is a 'bona-fide' Tender, intended to be competitive and that we have not fixed or adjusted the amount of the Tender by or under or in accordance with any other person. We also certify that we have not done and we undertake that we will not do any of the following:

- communicate to any person other than the person calling for these Tenders the rates or approximate rates in the proposed Tender;
- enter into an agreement or arrangement with any other person that he shall refrain from tendering or as to the amount of any Tender to be submitted;
- offer to pay or give or to receive, or agree to pay or give or receive, any sum of money or consideration directly or indirectly to or from any person for doing or having done or causing or having caused to be done in relation to this or any other Tender or proposed Tender for the said goods or services any act or thing of the sort described above. In this context "person" includes any person and any body or association, corporation or incorporate and "any agreement or arrangement" includes any such transaction formal or informal whether legally binding or not.

We understand that no variations in, or acceptance of any Invitation to Tender, or Tender shall be binding unless agreed in writing.

This Tender shall remain open for acceptance for a period of thirty (30) days from the final date for the submission of Tenders.

Unless and until a formal agreement is executed this Tender, together with your written acceptance thereof, shall constitute a binding agreement between us.

We undertake that any of our employees, agents or servants providing the services under the Contract, where so required, will enter into and abide by a Confidentiality Agreement in an acceptable form.

We understand and it is agreed that the Council shall retain the right to reject any and all Tenders, in whole or in part and it is furthermore agreed that Council shall be under no obligation to select the lowest or any other Tender.

We understand that the Council reserves the right to alter or cancel any requirement stated in the contract at any time during the period of the contract.

We have taken all necessary steps to inform ourselves regarding this requirement and we understand and agree that the Council shall not be liable for any inaccuracy or insufficiency in the information available to us in connection with this Tender.

Dated:

Signed:

Name (Capitals):

Title:

On behalf of:

Address: