

Bath College
Internal Audit Tender Specification

1. TERMS AND CONDITIONS PERTAINING TO THE TENDER

1.1 This contract will commence upon appointment by the Corporation which is expected to be 10th July 2023 and will start with the planning of the internal audit for the year ending 31st August 2024. The appointment will be for 3 years plus the option for 2 further (and separate) 12-month appointments subject to the College's satisfaction of the appointee's performance. Equally if performance does not meet the requirements of this invitation (subject to any mutually agreed modification upon appointment) then early termination will apply.

1.2 The return bid should contain all the original parts of the tender. The Tender Documents must not be altered by the Tenderer in any way. Any modification considered necessary by the Tenderer should be detailed in a separate letter accompanying the Tender. Tenders may not be considered if the complete information called for is not provided at the time of tendering.

1.3 Tenders must be returned by 12.00 on Monday 8th May 2023

Late tender bids will not be considered. Failure to use the forms enclosed will invalidate the Tender. The College reserves the right, both prior to and after the award of the Tender, to inspect the validity of all information given, in order to substantiate the information detailed by a Tenderer.

1.4 Tenders will be assessed and selected by the Audit Committee. Please note that the College reserves the right not to accept the lowest or any tender, and reserves the right to accept a portion of any tender, unless the Tenderer expressly stipulates otherwise.

1.5A notice of the award of contract will be published to all tenderers making a submission under this contract.

About The College

Information about the College can be found at its website. This will show campus location and other key corporate information, including its statutory financial statements.

Significantly, Bath College is a Further Education College based in Somerset and was established under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of the Charities Act 2011 and operates under the HE and FE Statement of Regulatory Practice. FE Colleges were recently reclassified by the Office for National Statistics as being within the public sector.

2 OUTLINE

2.1 The role of Internal Audit is to provide an independent appraisal function, giving assurance that the College's systems of internal control (including those arrangements for achieving economy, efficiency and effectiveness) are adequate. This is detailed further in the Specification of Requirements in Section 5.

3 SHORT LISTING CRITERIA

3.1 After considering the tender submissions, the Appointment Panel may shortlist a number of firms and these will then be invited to attend for interview. The Panel will have regard to the following criteria in any such short listing process:

- The cost of the internal audit services. The applicant should set out the level of audit coverage considered necessary for the College. The applicant should then set out overleaf a fee structure for the required audit work. This structure should include:
 - Total cost per annum, **including** VAT and expenses
 - Total audit time
 - Breakdown of audit time between partner, manager, qualified and unqualified staff
 - Hourly rate for each of the staff categories above

(30%)

- The quality and substance of the proposed service and how well it will meet the needs of the College. This will include the level of business review and analysis on the economical, efficient and effective management of the College's resources and expenditure as detected in the course of the audit. The firm must be able to demonstrate a high quality of service to meet the specific needs of the College. The firm must be able to demonstrate the efficiency, quality and integrity of the audit approach proposed, together with the quality control procedures adopted. (30%)
- The firm must demonstrate experience of working with large complex educational institutions and be able to show a high level of commitment and relevant experience and expertise. (20%)
- The firm's size and the availability of local resources, including specialist staff and services, to meet the College's internal audit requirements. Specialist services would include, for

example, advice in relation to value for money, VAT and other types of direct and indirect taxation. Applicants should set out, as an appendix, the proposed staffing structure for the contract. For each member of senior staff who will be involved in the provision of the Internal Audit Service, details such as experience and qualifications should be provided. In addition, applicants should explain the training which will be given to junior staff and the measures that will be used to maintain continuity of senior staff. (20%)

3.2 Section 5 indicates that the successful firm may be required to conduct special reviews or investigations not included in the approved plan if requested by the Corporation, Audit Committee or the College's accounting officer. Applicants are asked to confirm that the rates quoted above would also apply to any such 'special' audits.

4 TIMETABLE

Description of process	Dates
Publication of tender documents	12 th April 2023
Receipt of final tender documents from applicants	8 th May 2023
Review Tender Submissions	22 nd May 2023
Interviews at College for short listed applicants	21 st June 2023
Start date	11 th July 2023

5 SPECIFICATION OF REQUIREMENTS

- **Appointment**

The Internal Auditors of Bath College will be appointed by the Corporation, following recommendation from the Audit Committee. The appointment will be for 3 years plus a further 2 years subject to the College's satisfaction of the firm's performance.

- **Role and Responsibilities of Internal Auditors**

Internal Audit is an independent appraisal function within the College providing a service to management and is responsible to the Corporation and Audit Committee. The key role of internal audit is to provide assurance to the Governing Body as to the adequacy of the systems of internal control (including those arrangements for achieving economy, efficiency and effectiveness).

The Audit Committee is responsible for reporting annually to the Corporation of the College about the adequacy of the systems of internal control in place across the College. To help it arriving at an opinion on this it may rely on an internal audit service, who will report to it. For day-to-day issues, the Audit Committee delegates the co-ordination, direction and

control of the audit to the Director of Finance & MIS. The Internal Auditors appointed will have direct access as necessary, to the Director of Finance & MIS, the Principal and to the Chair of the Audit Committee.

The scope of internal audit work extends to all of the College's activities.

For each meeting of the Audit Committee (normally 3 per year) reports detailing the results of internal audit reviews undertaken must be presented. These need to be finalised and received by the College two weeks in advance of each meeting of the Audit Committee. In addition an annual report will be required summarising the work undertaken and providing an opinion to the Audit Committee as to the adequacy of the overall system of internal control.

The successful firm may be asked to carry out special internal audit reviews requested by the Corporation, Audit Committee, Principal or the Director of Finance & MIS, providing such reviews do not compromise their objectivity or independence.

- **Audit Approach**

Each applicant firm will be responsible for determining the level of audit coverage required to evaluate internal controls and ensure that reporting deadlines are met. The level of audit work will be dependent upon an audit needs assessment agreed with the College by the applicant and an audit plan should be presented to the Audit Committee on an annual basis.

Applicants should set out in detail how they assess audit risk and explain their proposed approach to the preparation, review and issue of internal audit reports. Procedures for follow up recommendations made should be specified.

Applicants should state how they would prepare an audit plan for a maximum three year cycle.

Applicants should set out their internal quality assurance and practice review procedures.

All file and working papers prepared during the course of internal audits carried out by the successful applicant remain the property of the College and must be handed over to the College in the event of termination of the contract.

The Audit Service must be allowed full access to relevant internal audit working papers and correspondence.

Applicants should set out proposals as to how they will co-operate with the College's external auditors.

- **Provision of Service**

The appointed firm will be required to ensure that all staff used in the performance of this contract have a suitable level of expertise and experience, and that junior staff are given adequate supervision.

In the provision of the service required, the College would expect to see:

- A level of continuity of staff so that the appointed firm's personnel involved in performing the service can develop a suitable knowledge and understanding of the College;
- A suitable skills mix to cover all appropriate areas of activity; and

If, in the reasonable view of the College, the standard of work provided by the appointed firm is of an unsatisfactory quality, the College shall, at its discretion:

- Require the appointed firm to repeat the work in question to a satisfactory standard at no cost to the College; or
- Arrange for the work to be undertaken by a third party, and pass on the cost.

6 LIAISON AND REPORTING

6.1 The main contact within the College will be the Director of Finance & MIS through whom arrangements will be made for the conduct of the audit and with whom issues arising from the audit will be cleared.

6.2 The Internal Auditors will be able to ask the Chair of the Audit Committee to convene a meeting of the Audit Committee if necessary and attend Audit Committee meetings where relevant business is to be discussed. Any additional reporting will be at the request of the Audit Committee.

7 ACCESS TO DOCUMENTATION

7.1 The Internal Auditors will be able to access at all times the books, accounts and supporting documentation of the College and such information and explanations as thought necessary for the performance of their duties, including Financial Audit files and working papers.

7.2 All files and working papers prepared during the course of audits carried out by the successful applicant remain the property of the College and must be handed over to the College in the event of termination of the contract.

8 ADDITIONAL SERVICES

8.1 The Internal Auditors may also be asked from time to time to provide additional services beyond the scope of the internal audit. These will be the subject of separate agreement.

However, there is no obligation on the College to utilise the services of the Internal Auditors for these additional services.

9 ADDITIONAL INFORMATION

9.1 Responsibilities of Bath College

The Management Team of the College, is responsible for the management and administration of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

9.1.1 The Corporation recognises its responsibility on behalf of the College to:

- Ensure that funds are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Education and Skills Funding Agency and any other conditions which the Education and Skills Funding Agency may from time to time prescribe;
- Ensure that there are appropriate controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the College and prevent and detect fraud;
- Secure the economical, efficient and effective management of the College's resources and expenditure.

9.2 Responsibilities of the Audit Committee

The Audit Committee is responsible for reviewing the effectiveness of the College's systems of internal control. It must also satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness.

9.2.1 The Committee meets normally 3 times a year to discuss reports from the External and Internal Auditors and the relevant management responses.

9.2.2 It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards.

9.2.3 Whilst Executive Officers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions.

9.3 Responsibilities of the College's Internal Auditors

- 9.3.1 Internal Audit is an independent appraisal function within the College which operates as a service to all levels of management.
- 9.3.2 The Internal Auditor is required to give an annual opinion to the Corporation, through the Audit Committee, on the status of internal control within the College. This opinion will state whether the control arrangements, including those for economy, efficiency and effectiveness are adequate and properly applied.
- 9.3.3 In order to provide this opinion, the Internal Auditor will undertake a programme of work over a cycle to be authorised by the Corporation on the advice of the Committee.
- 9.3.4 The appointed Internal Auditor will liaise with the External Auditors as appropriate.
- 9.3.5 The findings and recommendations arising from each audit should be reported promptly to management. The Internal Auditor should draw the attention of the Audit Committee to any significant recommendations which have not received adequate attention. The Corporation is ultimately responsible for ensuring that prompt and effective action on those reports which call for it or, alternatively, for recognising and accepting the risks resulting from not taking action.

TENDER SCHEDULE

Internal Auditor Information

Name of Tenderer	
Address	
Telephone Number	
E-Mail	
Signature	
Name (Printed)	
Date	

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.

TENDER SCHEDULE

Form of Tender

Format of Proposal

1. Applicants should set out, as an appendix to this Form of Tender, the proposed staffing structure for the contract. For each member of senior staff who will be involved in the provision of the Internal Audit Service, details such as experience and qualifications should be provided. In addition, applicants should explain the training which will be given to junior staff and the measures that will be used to maintain continuity of senior staff.
2. The applicant should set out, as an appendix to this Form of Tender, the level of audit coverage considered necessary for the College. The applicant should then set out a fee structure for the required audit work. This structure should include:
 - (a) Total cost per annum
 - (b) Total audit time
 - (c) Breakdown of audit time between partner, manager, qualified and unqualified staff
 - (d) Hourly rate for each of the staff categories above
3. The successful firm may be required to conduct special reviews or investigations not included in the approved plan. Applicants are asked to confirm that the rates quoted overleaf would also apply to any such 'special' audits.

SCHEDULE OF RATES

I/we hereby offer to provide an Internal Audit Service to Bath College as detailed in the attached 'Specification of Requirements' (please complete the form below):

Service (please detail the specific aspects of the service to be provided under the engagement and cost accordingly)	Fees Including VAT and expenses		
	£	£	£
Internal Audit work			
Contract Management, including audit planning, annual report, audit committee attendance,			
Internal Audit Service – Total Fees			

Please state details of any early payment discounts.

Prices are fixed for/until:

Please add any cost or other information to support your tender.