**CATHCART & DISTRICT HOUSING ASSOCIATION**

**INVITATION TO TENDER FOR THE PROVISION OF INTERNAL AUDIT SERVICES**

**2024-2027**

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1. **INTRODUCTION Background Information**
   1. Cathcart & District Housing Association became office-based in the area in 1987 and has a stock of 583 properties for rent and factors a further 477 properties for owner occupiers.
   2. The early work of the Association was entrenched in CTI schemes in the Holmlea Road/Tulloch Street area of Cathcart. In 2010 we purchased all the previously owned Glasgow City Council houses in the area through second stage stock transfer from GHA.
   3. We became a Registered Charity in 2005 and consequently, we are exempt from having to pay corporation tax on any surpluses we make, ensuring maximum investment in the management and maintenance of our housing stock.
   4. We are here to serve our local community, and in doing so we value our independence. We are in a stable financial position. We believe we have managed risk conservatively over the years and as a result, maintain financial stability. We have undertaken Audit in recent years and in order to minimize risk to the organisation have worked with a partner housing association.
   5. We employ 17 employees across the organisation and operate from our offices in Rhannan Road, Cathcart.
   6. The Association’s Management Committee is responsible for putting in place an effective internal audit strategy and wishes to invite tenders from experienced internal auditors.
   7. The purpose of this tendering exercise is to select internal auditors for a maximum period of three years with a possible extension to five years by negotiation during year 3.
   8. This tender documentation should be completed and returned using the Public Contracts Scotland website portal by **12 noon on Wednesday 6 March 2024**. In order to maintain transparency and consistency with all bidders, please direct all queries or requests for further information via the Public Contracts Scotland website portal by Wednesday 21 February 2024. The following instructions should be strictly adhered to, as any deviation will result in tenders not being opened or considered:

Tender returns must only be made through the Public Contracts Scotland Website portal.

* 1. The evaluation criteria are listed in **Appendix A**.
  2. The timetable for this process is as follows:

|  |  |
| --- | --- |
| * Issue of Invitation to Tender (ITT) | Wednesday 7 Feb 2024 |
| * Requests for further information/clarification | By 21 Feb 2024 |
| * Return of ITT | 12 noon  Wednesday 6 March 2024 |
| * Shortlisting and referee contact | Week commencing 12 March 2024 |
| * Interviews of Shortlisted Suppliers | 18 March 2024 |
| * Award of Contract | 25 March 2024 |
| * Contract Start Date | 1 April 2024 |

# RESPONSIBILITIES

The Association’s Management Committee is responsible for:

* Establishing and monitoring systems of control and accountability throughout the organisation, including financial and operational controls and risk assessment; and
* Ensuring economical, efficient, and effective delivery of services, by overseeing arrangements for internal and external audit and approving annual financial statements and statutory annual returns to SHR, OSCR, FCA, and others as required.

# TERMS OF REFERENCE OF SELECTED AUDITORS

* 1. The internal audit service will provide the Association with an objective and independent assessment of its activities, financial and otherwise. The internal audit service is responsible for evaluating and reporting to the Management Committee, and the Director, thereby providing them with assurance on the arrangements for risk management, internal financial control, governance, and Value for Money (VFM).

## Scope

* 1. All of the Organisation's activities fall within the remit of the internal audit service. The internal audit service will consider the adequacy of controls necessary to secure propriety, economy, efficiency, and effectiveness in all areas. It will seek to confirm that management has taken the necessary steps to achieve these objectives and manage the associated risks.
  2. The scope of internal audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements.
  3. The Association’s Management Committee are the decision makers within the organisation, based on reports and recommendations provided by Senior Staff. Internal audit is required to examine the arrangements by which such decisions are made, monitored, and reviewed, to ensure related risks are identified and managed.

## Responsibilities

* 1. The internal auditor is required to give an opinion to both the Management Committee via the Finance and Audit Sub-Committee, on the adequacy and effectiveness of the arrangements for risk management, control, and governance and for economy, efficiency, and effectiveness (value for money) within the organisation and the extent to which the Association Management Committee can rely on these. The internal auditor should also comment on other activities which have been audited during the process.
  2. To provide the required assurance, the internal auditor will undertake a programme of work, based on an agreed process at the outset of the contract. This will be based on the undernoted processes which are not necessarily exhaustive:
     + establish and monitor the achievement of organisational objectives.
     + identify, assess, and manage risks to the achievement of these objectives.
     + assess compliance with policies, laws, and regulations.
     + ascertain the integrity and reliability of financial and other information provided to management and stakeholders, including that used in decision-making.
     + ascertain that systems of internal financial and management control are laid down and operate to promote the economic, efficient, and effective use of resources and safeguard assets.

## Standards and approach

* 1. The internal auditor’s work will be performed in accordance with appropriate professional auditing practice. It will comply with the relevant Code of Audit Practice and the Scottish Housing Regulator’s Standards of Governance & Financial Management.
  2. In achieving its objectives, the internal audit service will develop and implement an audit strategy that assesses the Organisation’s arrangements for risk management, control, and governance and for achieving value for money.
  3. The internal auditor will implement measures to monitor the effectiveness of the service and compliance with standards. The Finance and Audit Sub-Committee will consider and approve these performance measures and may also ask the external auditor to provide an independent assessment of the internal audit’s effectiveness.

## Independence

* 1. The internal audit service has no executive role, nor does it have any responsibility for the Audit, implementation, or operation of systems. However, it may provide independent and objective advice on risk management, control and governance, value for money, and related matters, subject to resource constraints. For day-to-day administrative purposes only, the internal auditor should report to the Director.
  2. Within the Organisation, responsibility for risk management, control, and governance arrangements and the achievement of value for money rests with the Association’s Management Committee who should ensure that appropriate and adequate arrangements exist without reliance on the Organisation’s internal audit service. Where there are differences of opinion between internal audit and management, the Association Management Committee should ultimately determine whether or not to accept audit recommendations, recognise and accept the risks of not taking action, and instruct management to implement recommendations.

## Access

* 1. The internal audit service has rights of access to all the Organisation’s records, information, and assets which it considers necessary to meet the terms of the contract.

## Reporting

* 1. The internal auditor must submit reports to the Finance and Audit Sub-Committee. These reports must relate to the Organisation’s financial year and include any significant issues affecting the opinion up to the date of preparing the report. The report should give an opinion on the adequacy and effectiveness of the Organisation’s arrangements for:
     + risk management, control and governance, and internal financial and management controls.
     + economy, efficiency, and effectiveness
     + and the extent to which the Association Management Committee can rely on them.
  2. The auditor should also prepare, before the beginning of each financial year, an audit risk assessment and audit plan supported by an assessment of resource needs for both the Association. These should be submitted to the Association Management Committee for approval following consultation with the Director.
  3. The internal auditor is accountable to the Association Management Committee for the performance of the service and should also report audit findings to the Director and draw the attention of the Association Management Committee to key issues and recommendations. This may be done by providing the Association Management Committee with copies of all reports.
  4. The internal audit service is required to produce its reports, in writing, within 15 working days of completing each audit, giving an opinion on the system reviewed and making recommendations to improve systems where appropriate. The Organisation will respond usually within 15 working days of issue. This may fluctuate depending on committee cycles. These reports will be submitted for approval to the Finance and Audit Sub-Committee. Material recommendations will usually be followed up within a defined timescale. In addition, the Finance and Audit Sub-Committee will monitor the implementation of audit recommendations.

## Liaison

* 1. The internal audit service will liaise with the external auditors to optimise the audit services provided to the Association.

# FEE

* 1. Prospective auditors are requested to tender for the contract on the basis of stating the proposed number of days per annum, together with the day rate (exclusive of VAT). Prices should be quoted for the period of the contract (i.e. 3 years) by completion of Appendix D.
  2. As a guide, the Organisation’s expectations for this process are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Association Days per Annum** | **Subsidiary Days per Annum** | **Total Days per Annum** |
| Probity, VFM, and General Audit | 12 | 0.5 | 12.5 |
| Contract Management, Annual  Reporting, Finance & Audit Committee attendance | 3 | 0.5 | 3.5 |
| **Total** | **15** | **1** | **16** |

* 1. Any proposed increase in fees for subsequent years of the contract shall not exceed that of the CPI December rate unless the scope of the audit required is significantly amended and or augmented by the prior written instruction of the Organisation.

# PROPOSED PERSONNEL

* 1. Prospective auditors are requested to provide a resume of all staff who will work with the Organisation.

# OTHER MATTERS

* 1. **Additional Services**

The selected auditors may be asked from time to time to provide additional services beyond the scope of the audit described in section 3, which could involve investigative work and value for money reviews. Precise requirements will be agreed between the Finance and Audit Sub-Committee and the selected auditor before any work is undertaken.

Any systems Audit or consultancy work will be the responsibility of separate staff after hourly rates for additional work have been agreed.

# Finance and Audit Sub-Committee

The internal auditor will be required to attend the appropriate Finance & Audit Sub-Committee evening meeting and a subsidiary board meeting and present internal audit reports are presented, to present and discuss their findings, conclusions and make any recommendations.

# Staffing

The selected auditors will be required to provide suitably qualified and experienced staff and to ensure that they receive appropriate training. They must also ensure that appropriate arrangements are in place to provide continuity of staffing.

# Termination of Appointment

In the event of serious shortcomings on the part of the selected auditor, the Finance and Audit Sub-Committee may remove them with immediate effect, without compensation, notwithstanding any agreement between them and the Organisation. Either party can end the contract at any time by providing three months' written notice.

# EVALUATION OF TENDERS

* 1. The following quality criteria will be used to evaluate submissions and presentations:
     + Knowledge and understanding of the Housing sector.
     + Knowledge and understanding of the property repairs and maintenance industry.
     + Knowledge of assessing and advising on risk assessment in all areas
     + Approach to contract.
     + Fee, including robustness and flexibility of fee structure.
  2. Total quality scores will be considered along with bid prices in order to evaluate the tenders and arrive at a final decision on the award of the contract based on value for money. Please refer to Appendix B of this document for further information.

# 8 CONTACTS

|  |
| --- |
| **Nominated Contact: Director** |
| Name: Christine Leitch [Christine@cathcartha.co.uk](mailto:Christine@cathcartha.co.uk)  T: 0141 633 2779  M: 07803 145 061 |

**APPENDIX A**

**Performance Indicators for Internal Audit Service**

The Organisation expects the successful organisation to adopt the following performance targets:

1. Annual Report to be submitted to the Organisation within 5 weeks of the year end.
2. Annual Plans to be agreed with the Organisation 7 weeks prior to the start of the year to which they refer (the exception to this being year one of the contract)
3. Terms of Reference for each assignment to be submitted to the Organisation at least 4 weeks prior to the date of the fieldwork.
4. Draft Reports to be submitted to the Organisation within 15 working days of the end of the fieldwork.
5. Management responses to the draft report to be received by the internal auditor within 15 working days of receipt of the report.
6. Final Report to be issued to the Organisation within 10 working days of receipt of the management response.
7. Follow-up work to be completed before 31 March each year.
8. Recommendations made compared with recommendations accepted.
9. Internal audit attendance at meetings of the Finance and Audit Sub-Committee
10. The views of management on the added value of audits and satisfaction with audit conduct.
11. To Meet the terms of Appendix E over the course of the three-year contract with either 3 or 4 internal audits each year.

Please confirm that you are able to meet these performance targets, setting out the processes that you have in place to ensure that they are achieved.

# APPENDIX B

**Internal Audit Tender– Evaluation Framework**

|  |  |  |
| --- | --- | --- |
| **Evaluation criteria** | **Guidance notes** | **Weighting** |
| 1. Knowledge and understanding of the Housing Sector | Governance structure, FRS102, Accounts Direction, current issues, SHR Regulatory Standards of Governance & Financial Management. | 15% |
| 2. Knowledge and understanding of the property repairs and maintenance industry | Governance structure, Accounts Direction, current issues | 10% |
| 3. Strength of audit team | Experience staff who will carry out the process | 10% |
| 4. Resourcing of contract | Staff assigned to contract (number/grade); availability of other staff to provide cover; availability of Partner for Committee meetings | 10% |
| 5. Approach to contract | Relationship with client; timetabling issues; relationships with external auditors | 15% |
| 6. Fee | Fee structure, days per annum, x rate etc. indexation, variations, expenses | 40% |
|  | **TOTAL** | **100%** |

Internal Audit Services Tender

# APPENDIX C

**Organisation Information Form**

|  |  |
| --- | --- |
| **PART A** | **Organisation Information** |
| **A1** | Name of the Organisation submitting the tender, and the address where the contract will be managed. |
| **A2** | Please confirm that you are not aware of any conflict of interest that might preclude your company from providing professional services to this contract, i.e. that no member of your team has a relationship private or otherwise with any member of our staff team, Management Committee Members. |
| **A3** | Describe the relevant experience of your company in the context of this contract, including the number of RSL clients and the length of your contract with them. Please also confirm whether or not any contracts have ended due to non-compliance with the contract agreement. |
| **A4** | Do you have an Equal Opportunities Policy and a Health and Safety Policy? Yes No  If you do, please let us have a copy. It is a requirement of the contract that you have these policies. |
| **A5** | Please provide details of your Professional Indemnity Insurance (i.e. name of insurer, period, and extent of cover) |
| **A6** | Please provide information as to how the quality of your internal audit service is established and monitored, including performance review. |
| **A7** | Please provide a minimum of 2 organisations reference contact details (i.e. name, telephone, or email and position in the organisation)  Both of these should be Housing Associations |

|  |  |
| --- | --- |
| **PART B** | **Key Project Personnel** |
| **B1** | Give CV details of the people within your company who will have prime responsibility for the delivery of services to this Internal Audit contract and their location. |
| **B2** | Give details of the other key professional staff who will form your team for the contract and their location. |
| **B3** | Describe the relevant experience of the personnel named at B.1 and B.2 above in the context of this contract. |

|  |  |
| --- | --- |
|  | **Project Execution** |
| **C1** | ***METHOD STATEMENT***  Describe the approach you will adopt for carrying out the Internal Audit services and what your proposed work plan is, including target response times and use of IT. |

Signed:

For:

Date:

# Fee Bid Form Appendix D

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of Organisation: | | | | |
| Project: **Provision of Internal Audit Service** | | | | |
| **FEE BID** | | | | |
|  | | Year 1 | Year 2 | Year 3 |
|  | Fee: |  |  |  |
|  | VAT: |  |  |  |
|  | Expenses: |  |  |  |
|  | Any additions / ongoing costs: |  |  |  |
|  | **TOTAL:** |  |  |  |
| **Please provide the above information for each year of the contract, indicating yearly increases.**  **Also, it would be useful if you could provide a costed schedule indicating how the above figures are arrived at.** | | | | |

**Appendix E**

**Proposed work schedule during terms of contract**

| **Review Area** | **Type** | **2024/25** | **2025/26** | **2026/27** |
| --- | --- | --- | --- | --- |
| **Governance** |  |  |  |  |
| Governance – Regulatory Standards | Assurance |  |  |  |
| **Finance** |  |  |  |  |
| Budgetary Control | Assurance |  |  |  |
| Core Financial Controls | Assurance |  |  |  |
| **Human Resources** |  |  |  |  |
| HR Policies and Procedures | Assurance |  |  |  |
| **Operational** |  |  |  |  |
| Tenancy Sustainment & Debt Management | Assurance |  |  |  |
| Duty of Care – Asbestos, Electrical, Fire, Gas Safety, and Legionella | Assurance |  |  |  |
| Voids Management | Assurance |  |  |  |
| Planned Maintenance | Assurance |  |  |  |
| Development | Assurance |  |  |  |
| **Follow Up** |  |  |  |  |
| Follow Up | Follow Up |  |  |  |
| **Management and Planning** |  |  |  |  |
| Annual Planning | Management |  |  |  |
| Annual Report | Management |  |  |  |
| Total Days |  |  |  |  |