**Template for housing associations:**

**External audit tender**

Note about this document:

This document has been adapted from an existing audit tender to be used as a template to support other housing associations in their external audit process.

You can use this template as best fits your organisation’s structure and needs. Any section or information that is not relevant for your organisation can be removed or adapted.

The National Housing Federation is not responsible for any misuse of this template or unsuccessful tendering while using this template. If you have any question please contact matthias.barker@housing.org.uk.

**Cover page:**

**[Housing association name]**

**[Housing association logo]**

**EXTERNAL AUDIT SERVICES**

**INVITATION TO TENDER**

Tenders must be received no later than

[deadline]

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## Section A – Background

[Housing association name] wishes to engage a service provider to provide external audit services and accountancy advisory to the Group.

The Group includes the following entities:

[List of entities and relationship between them, for instance:]

* Parent housing association, a company limited by guarantee, registered charity and registered provider of social housing. Parent company of all subsidiaries below and lead entity in the VAT Group.
* Property and grounds maintenance company.
* Development and open market sales company.
* Commercial design and build company.

[Entity names] are employing entities.

[Housing association name] is registered with the Charity Commission as a charitable company and as a provider of social housing with the Regulator of Social Housing (RSH), which acts as its regulator. Its current activities comprise:

[List of activities, for instance:]

* Ownership and management of [number] units of housing stock comprising of [general needs, shared ownership, supported accommodation]
* Development of new social housing

[If relevant:] The following schemes are regulated by the Care Quality Commission:

A copy of the association’s last Annual Report and Accounts is available upon request. Additional information about our structure and activities can be obtained from our website [website link]

An overview of the sector and the range of activities that are provided is available from our trade body the National Housing Federation [National Housing Federation.](https://www.housing.org.uk/about-housing-associations/)

External Audit services form a key part of the overall assurance framework for both the Board of [housing association name] as well as to our primary regulator the RSH.

An important element of this tender process is that the selected contractor must be able to review the entire operations of the Group with particular reference to any regulatory requirements set out in the [Accounting Direction](https://www.gov.uk/government/publications/the-accounting-direction-for-social-housing-in-england-from-january-2019) and the [Housing SORP](https://www.icaew.com/library/library-collection/housing-sorp/sorp-2018). Tenderers should therefore ensure that their proposal clearly sets out how their service will assist the housing association in these areas.

## Section B – Statement of Requirements

Please see an outline of the information that must be included in tender submissions in Section C below. Failure to provide all or part of the information may result in your submission being excluded from the evaluation process.

**Timetable**

|  |  |
| --- | --- |
| **Action** | **Timeline** |
| Issue tender documents | [date] |
| Tender submission deadline | [date – allow for at least a month] |
| Panel interviews | [date] |
| Decision and Meeting to confirm | [date] |

Last date for submission of tenders is [date].

Please send an electronic version to [email address].

Late submissions may not be accepted.

**Contract**

The contract will cover the external audit service for the five financial years [2021/22] onwards with the possibility of an extension on a year by year basis, subject to satisfactory performance.

The Auditor will report to the Audit, Risk and Assurance Committee, the board and to [housing association name] senior management in line with auditing standards.

**Audit scope**

The scope of the External Audit work extends to all operations and records, financial and operational, of the housing association.

The scope of the work to be delivered is as follows:

* In conjunction with the Audit, Risk and Assurance Committee, the board and senior management, to plan, organise and carry out the external audit function including the preparation of an audit strategy;
* To co-ordinate coverage with the internal auditors and ensure that each party is not only aware of the other's work but also well briefed on areas of concern;
* To review and report on the accuracy, timeliness and relevance of the financial and other information that is provided for senior management and the board;
* To review on the Value for Money reporting in relation to regulatory standards;
* To advise if required on any incident reporting to the regulator.

**Evaluation criteria**

Submissions will be judged on the following evaluation criteria:

1. Knowledge of and ability to interpret the appropriate regulatory frameworks applicable across the Group.
2. Experience and expertise that demonstrates a sound understanding of the diverse range of work that the Group undertakes.
3. Experience and ability of the audit team.
4. Ability of the company to “add value” rather than providing purely a compliance audit.
5. Company’s abilities to offer consultancy services.
6. Cost of the external audit.

Short-listed companies will be invited to present and discuss their proposals (date to be notified in due course).

Tender documents should be returned, marked ‘Tender for Audit Services’ and addressed for the attention of the [Director of Finance].

[Housing association name] will not be liable to reimburse any costs incurred by the service provider during this tender process.

[Housing association name] wishes to maximise the value obtained from the external audit resource, however does not bind itself to accept the lowest tender. Pricing will form less than 30% of the overall assessment weighting.

Evaluation of tenders will be carried out by a Tender Panel, and the evaluators will, if necessary, contact tenderers to seek clarification of any aspect of a tender.

Tenderers should identify any work they are currently carrying out or competing for which could cause a conflict of interest, and indicate how such a conflict would be avoided.

Any queries in relation to this tender should be directed to:

Email:

Telephone:

Mobile:

## Section C – Documents to be submitted

To facilitate the needs of the Tender Panel in the evaluation process, all proposals submitted must follow the following format. Failure to supply all or any part of the requested information in the required format may result in a proposal being excluded from the evaluation process.

1. **Company information**

Background information on your company.

1. **Organisation chart**

Organisation chart for your company or, in the case of multi-office companies, an organisation chart for the local office responsible for this contract. This should include the total number of staff within each department together with the number of staff (and full-time equivalents) working on external audit assignments.

1. **Previous experience**

Details of previous experience of providing external audit services and any experience in relation to the Housing Registered Provider sector. [Housing association name] is seeking a provider that is fully familiar with the operating environment and regulatory issues faced by housing associations but is willing to consider tenderers who may have limited experience or no current client base reflecting that experience.

[Housing association name] will take up references from at least two of your current clients. Our intention is to select these from the list that you provide to us. We will contact tenderers to advise which clients we shall be contacting and obtain contact points from you.

1. **Methodology**

**Assessment of audit needs**

The successful company may be expected to undertake an assessment of audit needs and present its findings along with a strategic plan for external audit for consideration and approval. Please provide details of your approach to the assessment of audit needs, including the key stages of the process and whom this would involve.

**Audit fieldwork**

Please outline your approach to audit fieldwork, including the level of input that you would expect from [Housing association name] colleagues.

**Audit reporting**

Please provide an example of your standard audit memo template(s)

1. **Price**

Please outline your fees (including VAT and expenses) for the annual external requirements and the following activities:

|  |  |  |
| --- | --- | --- |
|  | Annual Fee (£) | Daily Rate (£) |
| Assessment of Audit Needs |  |  |
| Annual Audit requirements |  |  |
| Other (please specify) |  |  |

Details of proposed costings for the external audit tender provision for each of the next 5-years, with confirmation of how many years the rates are notionally guaranteed for, assuming no material changes in regulatory requirements for either party.

1. **Quality**

Quality is a key concern for us. Tenderers should set out the arrangements within their company for ensuring that quality exists throughout the audit process.

1. **Additional information**

Please provide the following additional information with your proposal:

* copy of your Health and Safety Policy statement;
* copy of your Equal Opportunities, Diversity and Inclusion policy;
* copy of your Data Protection (GDPR) policy;
* details of any rulings against your company in auditing regulations;
* details of any rulings against your company in respect of equality legislation; and
* details of your company’s Professional Indemnity Insurance.

## Section D – Additional information

Anyone requiring additional information should contact:

Name:

Job Title:

Tel:

Email:

Address:

Any requests for additional information will be collated by [HA name] and a composite response sent to all companies who have been invited to tender.