

**Carmel College**

**March 2025**

## **TENDER SPECIFICATION FOR EXTERNAL AUDIT SERVICES**

The successful contractor will perform financial statements and regularity audits as determined on an annual basis by the Audit Committee on behalf of Carmel College. Audit services will be conducted in accordance with UK Generally Accepted Accounting Practice (including FRS102) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education (FE SORP).

The specification includes the following documents:

- Specification requirements
- Tender timeline
- Tender Response Form
- Pricing Schedule
- Quality Requirements
- Additional Information

## **Specification Requirements**

### **1 Appointment and Qualification**

- 1.1 The External Auditors of Carmel College will be appointed by the College's Governing Body, following recommendations from the Audit Committee. The appointment will be for a term of 5 years.

### **2 Role and Responsibilities of External Auditors**

- 2.1 External audit is responsible for forming an independent opinion on the accounts and other financial statements which are to be laid before the Governing Body. Their report will state whether, in their opinion, the financial statements give a true and fair view of the financial position of Carmel College at the end of July of each year, the College financial year-end.
- 2.2 To provide an annual assurance report on regularity in accordance with the post-16 Audit Code of Practice as updated annually by the DfE.
- 2.3 The Audit Committee is responsible to the Governing Body of Carmel College for the provision of an external audit service, however, for day-to-day issues, the Audit Committee delegates the co-ordination, direction and control of internal audit to the Vice Principal – Finance, Resources and Systems. The External Auditors appointed will have direct access, as necessary, to the Principal as accounting officer and to the Chair of Audit Committee.

### **3 Audit Standards**

- 3.1 Audits shall be conducted in accordance with published auditing standards and guidelines.
- 3.2 In arriving at their opinion, the External Auditors are required to consider the following matters and to report on any aspect on which they are not satisfied, namely whether:
- Proper records are being kept by Carmel College.
  - The financial statements agree with the accounting records.
  - They have obtained all the information and explanations they think are necessary for the purpose of audit.
  - In all material respects monies expended out of all non-recurrent grants and other funds from whatever source administered by Carmel College for specific purposes, have been properly applied to those purposes and, if appropriate, managed in compliance with any relevant legislation

### **4 Irregularities and Fraud**

- 4.1 The External Auditors will report any serious weaknesses, fraud, irregularities or breakdown in accounting controls which they come across in the normal course of their duties in writing to the Principal and the Chair of Audit Committee without delay.

## **5 Liaison and Reporting**

- 5.1 The main contact within Carmel College will be The Vice Principal - Finance, Resources and Systems through whom arrangements will be made for the conduct of the audit and with whom issues arising from the audit will be cleared. The External Auditors will also have a right of access to the Principal, the Chair of Audit Committee and the Chair of the Governing Body.
- 5.2 The audited accounts must be approved by The Governing Body no later than the following December each year. However, the accounts must have been approved prior to this date by College Audit Committee and Carmel College expects the External Auditors to meet this timetable. The External Auditors will report to The Governing Body by way of an Audit Completion Report within the timescale agreed with Carmel College and in accordance with the Audit Code of Practice.
- 5.3 This will report any significant matters arising from the audit which might lead to material errors or have an impact on future audits including, for example, where economies could be made or where resources could be used more effectively, together with advice on improvement. These matters will include:
  - Weaknesses in the structure of accounting systems and internal controls
  - Deficiencies in the operation of accounting systems and internal controls
  - Inappropriate accounting practices and internal regulations
  - Non-compliance with legislation, accounting standards or other relevant regulations
- 5.4 The External Auditors have the right to ask the Chair of Audit Committee to convene a meeting of the Audit Committee if necessary and have the right to attend Audit Committee meetings where relevant business is to be discussed.
- 5.5 The External Auditors will be required to attend meetings of the Audit Committee and Full Governing Body to which Carmel College's annual reports and financial statements are presented.

## **6 Access to Documentation**

- 6.1 The External Auditors will always have right of access to the books, accounts and supporting documentation of Carmel College and to such information and explanations as thought necessary for the performance of their duties, including Internal Audit files and working papers.
- 6.2 All files and working papers prepared during audits carried out by the successful applicant remain the property of Carmel College and must be handed over to Carmel College in the event of termination of the contract.

## **7 Additional Services**

- 7.1 The External Auditors may also be asked from time to time to provide additional services beyond the scope of the external audit. These will be the subject of separate agreement. However, there is no obligation on Carmel College to utilise the services of the External Auditors for these additional services.

## Additional Information

As the preparation of proposals will necessitate an initial audit needs assessment, applicants may wish to have discussions with College management before making their submissions. The Vice Principal - Finance, Resources and Systems – Michelle Williams - will be available to discuss the brief for this assignment.

Subsequently, if desired, arrangements can be made to meet with other senior management of Carmel College. Requirements should be communicated to the Vice Principal – Finance, Resources and Systems who will advise of the relevant points of contact to arrange appointments.

## TENDER TIMELINE

EXTERNAL AUDIT TENDER TIMELINE 2025-2026			
Action	Date of action 2025	Actioned by	Complete
Tender Documents approved	Tuesday 11 <sup>th</sup> March	MWS/Audit Committee	
Contract Specification agreed	Tuesday 18 <sup>th</sup> March	MWS/SLT	
Invitation to tender issued to qualified potential providers and advertised on college website	Tuesday 25 <sup>th</sup> March	CPC (Internal Audit) & MWS (External Audit)	
Site visit (if requested) and/or final specification questions answered	Monday 28 <sup>th</sup> April	LBS/MWS	
Tender submission return date * ( <u>Electronically-held</u> until the opening date and shared on opening day)	<b>12 noon</b> Friday 9 <sup>th</sup> May	LBS/MWS	
Tender opening/initial evaluation (prepare summary paper for Governor panel)	Tuesday 20 <sup>th</sup> May	MWS/MWS/JHN/ RPR	
Governor Panel – Audit Committee – final evaluation decision	Tuesday 10 <sup>th</sup> June	MWS/LBS/JHN/ RPR/Governor Panel	
Notification of intent (Alcatel 10-day standstill period triggered)	Tuesday 10 <sup>th</sup> June	LBS/JHN/MWS	
FGB Approval	Tuesday 1 <sup>st</sup> July 2025	MWS/RPR	
Final tender award notification	Wednesday 02 <sup>nd</sup> July	MWS/LBS/JHN	

\*Any final modifications must be submitted 7 days prior to deadline

## **TENDER RESPONSE FORM**

### **Format of Proposal**

1. Applicants should set out the proposed staffing structure for the contract. For each member of senior staff who will be involved in the provision of the External 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. Applicants should set out the level of audit coverage considered necessary for Carmel College. The applicant should then set out overleaf 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

### **Pricing Schedule**

The pricing section of your tender response is worth 50% of the total award criteria. Please provide an External Audit Service to Carmel College, as detailed in the attached 'Specification Requirements'. Please complete the form below quoting prices for each year of the intended contract.

## Tender Scoring

All tenderers total costs will be compared against one another. The tenderer with the lowest price will achieve 50% of the overall award criteria. The other tenderers percentage scores will be calculated by the below methodology.

(Lowest total costs/Cost to be Scored) X 50% = Final Score

<i>Contract Period</i>	<i>Total Cost per annum</i>	<i>Total Audit Time</i>	<i>Breakdown of Audit Time</i>	<i>Hourly Rate for each staff member</i>
Year 1	£		Partner:	£
			Manager:	£
			Qualified Staff:	£
			Unqualified Staff:	£
Year 2	£		Partner:	£
			Manager:	£
			Qualified Staff:	£
			Unqualified Staff:	£
Year 3	£		Partner:	£
			Manager:	£
			Qualified Staff:	£
			Unqualified Staff:	£
Year 4	£		Partner:	£
			Manager:	£
			Qualified Staff:	£
			Unqualified Staff:	£
Year 5	£		Partner:	£
			Manager:	£
			Qualified Staff:	£
			Unqualified Staff:	£

## **QUALITY REQUIREMENTS**

This section of the tender is worth 50% of the total award criteria. Your responses will be assessed and scored and will contribute to the overall assessment of your return.

Tenderers should complete the yellow fields only. Please ensure that if additional information is required as a supplement to your response, it is clearly labelled. The College may disregard any information that is not appropriately cross-referenced.

Questions		Supplier Response	Score	Max Score Available	Evaluation Feedback
1	<p>Please provide details of the Senior Management structure you intend to appoint to support the College.</p> <p>In addition to this, please provide details of their role within the contract where relevant.</p> <p>(Maximum word count 300 words)</p>			4	
2	<p>Please describe how you propose to ensure the timely availability of staff resources to support the delivery of the External Audit Service.</p> <p>In addition to day to day resource requirements your response should address how you intend to ensure management availability for the requirement, including the requirements at Partner level.</p> <p>(Max 500 Words)</p> <p>Please note: The Institution reserves the right as part of the evaluation or programme to visit the offices that you are proposing to manage and deliver the framework from, and should such visits be required, then any findings will be incorporated into the marking for this question.</p>			5	



3	<p>Please describe how you intend to manage resource shortfalls due to sickness absence, training and extended leave.</p> <p>Your response should include how you propose to ensure there is no loss in quality where unexpected absences occur.</p> <p>(Max 500 Words)</p>			4	
4	<p>Please detail the role the Account Manager for the contract will have. In your response please include examples of seniority, qualifications, experience and qualities the Account Manager will utilise in order to fulfil the role and how much time they are intended to be on site.</p> <p>(Max 500 Words)</p>			4	
5	<p>Please detail your implementation plan for providing Audit Services to the College, including the setting out of key stages and time scales.</p> <p>(Max 500 Words)</p>			5	

6	<p>Please explain your system based audit methodology including details of any audit software utilised for planning, carrying out and recording audits.</p> <p>(max 500 words)</p>			4	
7	<p>If you use audit software, please describe how you intend to provide your audit documentation to the College for its records to review, for the purposes of placing reliance on the work of Internal Audit.</p> <p>(max 500 words)</p>			4	
8	<p>Please describe your internal processes for performing Quality Reviews and how this will be documented and evidenced.</p> <p>(Max 500 Words)</p>			4	

9	<p>Please briefly describe the key controls you would expect to see at the College to minimise business interruption and aid in disaster recovery, and how you intend to audit the effectiveness of – and compliance with – these controls.</p> <p>(Max 500 words)</p>			4	
10	<p>Please describe briefly what key controls you would expect to see at the College to minimise data loss and how you propose to audit the effectiveness of – and compliance with – these controls.</p> <p>(Max 500 words)</p>			4	
11	<p>Please provide details of the number of days you would require for completion of the proposed work together with a breakdown of skill mix.</p>			4	
12	<p>Please describe the initiatives you intend to implement to provide effective External Audit reports that meet the assurance needs of the College's Audit Committee using reduced resources whilst still adding value for management.</p> <p>(Max 500 words)</p>			4	

## **ADDITIONAL INFORMATION**

### **1. Responsibilities of Carmel College**

- 1.1 In accordance with Carmel College's Accountability Agreement, the Governing Body is responsible for the management and administration of Carmel College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.
- 1.2 The Governing Body recognises its responsibility on behalf of Carmel College to
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  - Ensure that funds are used only for the purposes for which they have been given and in accordance with the Accountability Agreement with the DfE and any other conditions which the DfE may from time to time prescribe.
  - Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
  - Safeguard the assets of Carmel College and prevent and detect fraud.
  - Secure the economical, efficient and effective management of Carmel College's resources and expenditure.
- 1.3 In discharging these responsibilities, the Governing Body expects the Principal as Accounting Officer, to ensure that the following controls are in operation:
  - Clear definitions of the responsibilities of, and authority delegated to, resource managers.
  - a medium and short-term planning process, supplemented by detailed annual income, expenditure and capital budgets.
  - Monthly reviews of financial results involving variance reporting and updates of forecast outturns.
  - Clearly defined and formalised requirements for approval and control of expenditure, with decisions involving material capital or revenue expenditure being subject to formal detailed approval.
- 1.4 The Audit Committee will assess and report to the Governing Body on the effectiveness of the above systems.

### **2. Responsibilities of the Audit Committee**

- 2.1 The Audit Committee is responsible for reviewing the effectiveness of Carmel College's accounting procedures and systems of internal control. It must also satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness.
- 2.2 The Committee meets four times a year to discuss reports from the External and Internal Auditors and the relevant management responses.
- 2.3 It reviews Carmel College's annual financial statements to ensure compliance with legislation and accounting standards.

- 2.4 Whilst the Executive Officer attends 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.

### **3 Responsibilities of Carmel College's Internal Auditors**

- 3.1 Internal Audit is an independent appraisal function within Carmel College which operates as a service to all levels of management. This function is currently provided by Wbg Services LLP.
- 3.2 The Internal Auditor is required to give an annual opinion to The Governing Body, through Audit Committee, on the status of internal control within Carmel College. This opinion will state whether the control arrangements, including those for economy, efficiency and effectiveness are adequate and properly applied.
- 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 Governing Body on the advice of the Audit Committee.
- 3.4 The Internal Auditor will liaise with the External Auditors as appropriate.
- 3.5 The Internal Auditor has a direct right of access to The Vice Principal - Finance, Resources and Systems, the Chair of the Governing Body and the Chair of Audit Committee.
- 3.6 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 Governing Body is ultimately responsible for ensuring that prompt and effective action is taken on those reports which call for it or, alternatively, for recognising and accepting the risks resulting from not acting.

### **4 Responsibilities of Carmel College's External Auditors**

- 4.1 External audit is responsible for forming an independent opinion on the accounts and other financial statements which are to be laid before the Corporation. Their report will state whether, in their opinion, the financial statements give a true and fair view of the financial position of Carmel College each year.
- 4.2 Formally the Audit Committee advises the Corporation on the College on the provision of an external audit service, however, for day-to-day issues, the Audit Committee delegates the co-ordination, direction and control of external audit to the Vice Principal Finance, Resources and Systems.

#### **Audit Standards**

External Audit is conducted in accordance with published auditing standards and guidelines.

In arriving at their opinion, the External Auditors are required to consider the following matters and to report on any aspect on which they are not satisfied, namely whether:

- Proper records are being kept by the College.
- The financial statements are in agreement with the accounting records.

- They have obtained all the information and explanations they think are necessary for the purpose of audit.
- In all material respects monies expended out of all non-recurrent grants and other funds from whatever source administered by the College for specific purposes, have been properly applied to those purposes and, if appropriate, managed in compliance with any relevant legislation