

**External Audit  
Invitation Tender  
June 2022**

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# 1. Background

## 1.1 Company Details

### Legal Structure

Colleges Scotland is a charitable company limited by guarantee and registered as a charity in July 1995. The company was established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association.

### Funding

#### Subscriptions

Colleges Scotland is funded through membership subscriptions and exists to represent its members' interests. Our members are the publicly funded colleges in Scotland. Budgeted membership subscriptions for 2021-22 are £892,662.

#### Scottish Funding Council Grant

College Employers Scotland (formerly the Employers' Association) was established in 2016. It is the body through which the Scottish Government's Policy of National Bargaining is delivered and implemented by employers in the college sector, in partnership with the trade unions (EIS-FELA, GMB, UNISON and UNITE). Membership of College Employers Scotland is made up of senior leaders from colleges across Scotland.

Negotiations take place via the National Joint Negotiating Committee (NJNC) which is the established forum for employers and trade unions jointly agreeing issues such as pay, and terms and conditions of employment in Scotland's colleges.

Funding from Scottish Funding Council's (SFC's) non-core programme funds , £460,000 was paid each academic year: 2016/17, 2017/18 and 2018/19. Funding of £435,000 was paid in academic year 2019/20 and 2020/21. £450,000 was agreed for 2021/22.

#### a) Conditions of Funding

This funding is offered in accordance with SFC's requirements for non-core programme funds, and the following specific conditions:

- SFC recognises that the budget for particular items may change over time; changes to spend should be agreed with SFC in advance
- Job evaluation process costs have been separated from this proposal and are being paid from a separate support staff job evaluation budget
- Future investment is not guaranteed and is subject to the outcome of the SFC Review of Coherent Provision and Sustainability.

#### b) Outcomes

The expected outcomes of the investment will be:

- A National Scheme of Job Evaluation
- A holistic Pay and Rewards Strategy
- Sustainable and flexible professional workforce, inclusive of training and development
- Professional Registration for Lecturers
- National Conditions of Service
- Development of National Policies and Guidance Frameworks

- Fair Work Framework
- A review of National Facilities Time
- A major review of the National Recognition and Procedures Agreement (NRPA)
- Robust analytical information to inform ongoing costs and funding requirements.

### **c) Monitoring and Evaluation**

Progress in achieving the outcomes of this investment will be monitored and reported through regular liaison meetings between SFC and Colleges Scotland as well as a final report, which includes a financial statement, to SFC by 30 September 2022. The report will detail the effectiveness of the investment in achieving the agreed outcomes and the impact it has created.

### **d) Payment of Funding**

A funding profile has been agreed between SFC and Colleges Scotland.

## **Objectives and Activity**

Colleges Scotland is the voice of the college sector in Scotland. 26 colleges operate in 13 regions across Scotland, allowing them to plan nationally and regionally, as well as deliver locally, and there are three regional strategic bodies co-ordinating approaches for colleges in the Highlands and Islands, Glasgow, and Lanarkshire regions.

### **Vision**

When Colleges Thrive, Scotland Thrives. Colleges Scotland as the voice of the sector supports the delivery of thriving colleges at the heart of a thriving Scotland.

### **Purpose**

Colleges Scotland exists to promote, influence and exemplify colleges as they deliver world-class education and training to students and their contribution to Scotland's economic, climate, social, and international ambitions.

Colleges Scotland Strategy and the Sector's Statement of Ambition are available to read on our [website](#).

## **1.2 About This Tender**

Colleges Scotland has decided to invite tenders for the provision of external audit services with effect from Friday 24 June 2022. The successful tenderer will undertake the 2021/22, 2022/23 and 2023/24 audits producing the relevant financial statements. Colleges Scotland's year-end is 31st July.

Colleges Scotland's objectives for this tender process are to:

- Secure a high-quality provider of external audit services.
- Ensure the appointed supplier is in place in readiness for the review of the financial statements for the year to 31 July 2022.
- Appoint a supplier who will provide high standards of professional service.
- Appoint a supplier who will provide excellent value for money.
- Work with an audit partner who will add value to our services.

### 1.3. Instructions to Tenderers

As part of this tender process Colleges Scotland will provide tenderers with a range of information. This is to ensure that clarification questions are minimised, and that uncertainty is reduced enabling tenderers to submit an accurate and relevant proposal.

Tenders will be considered in a two-step process:

- Step one will involve the submission of a written proposal addressing each of the areas described in Paragraph 1.5 below.
- Step two will involve shortlisted candidates providing a 15-minute presentation to our selected panel, followed by a questions and answers session. The presentation will be held at the Colleges Scotland office at Argyll Court, Castle Business Park, Stirling, FK9 4TY, on the date stated in the table below.

### 1.4 Process and Timescales

The process for selection is summarised as follows:

<b>Date</b>	<b>Stage</b>
Friday 24 June 2022	Colleges Scotland issue Invitation to Tender
Friday 22 July 2022 (1200 hours)	Deadline for Tender Submissions
Monday 25 July 2022	Evaluation of Tenders and shortlisting
W/c Monday 8 August 2022	Presentations to selection panel
Monday 15 August 2022	Preferred supplier notified
August 2022	Contract starts
Friday 9 December 2022	Colleges Scotland Audit and Risk Assurance Committee Meeting – Audit Report & Draft Financial Statement
Thursday 26 January 2023	Colleges Scotland Board Meeting – Audit Report & Draft Financial Statement Sign Off by Board Members
March 2023	Colleges Scotland AGM – Financial Statement Sign Off by Company Members

## 1.5 Tender Response Format

The proposal document shall include the following information and should be no longer than 20 pages. To ensure the process is as straightforward as possible your response will need to be submitted in the following format:

	Weighted Scoring
<b>1. The Organisation</b>	<b>20%</b>
<ul style="list-style-type: none"> <li>• A description of the organisation.</li> <li>• Industry experience and client base.</li> </ul>	
<b>2. Resourcing</b>	<b>10%</b>
<ul style="list-style-type: none"> <li>• Partners and Managers.</li> <li>• Structure and location of team/team members.</li> </ul>	
<b>3. Overall Approach to Audit</b>	<b>5%</b>
<ul style="list-style-type: none"> <li>• Strategy and planning.</li> <li>• Scope and materiality.</li> <li>• Control and co-ordination.</li> <li>• Reporting.</li> <li>• Transition.</li> <li>• Timetable.</li> </ul>	
<b>4. Specific technical issues to Colleges Scotland</b>	<b>5%</b>
<ul style="list-style-type: none"> <li>• Your views on any specific technical issues relative to Colleges Scotland.</li> </ul>	
<b>5. Quality Assurance and Independence</b>	<b>30%</b>
<ul style="list-style-type: none"> <li>• Overall approach to quality assurance.</li> <li>• Approach to dealing with emerging accounting issues.</li> <li>• Approach to potential conflicts.</li> <li>• Policies on independence, rotation and compliance with regulatory and professional bodies.</li> <li>• Processes that your firm will employ to address matters related to client satisfaction, performance measurement and continuous improvement.</li> <li>• Disclosure of actions recorded against the organisation and any actions pending.</li> </ul>	
<b>6. Fees</b>	<b>30%</b>
<ul style="list-style-type: none"> <li>• Fee proposal analysed by location and broken down by days and by staff at each level (partner, manager, field staff etc).</li> <li>• Fee proposal to be separately shown by activity.</li> </ul>	
<b>7. Compliance</b>	<b>0%</b>
<ul style="list-style-type: none"> <li>• General overview of the schedule and timing of billings.</li> <li>• Basis for agreeing fees for other audit related services.</li> <li>• Basis for agreeing fees in future years.</li> </ul>	

**Note:** Please ensure you respond using this format. If you need to provide additional documents (certificates, etc.) please reference these in your submission and add them as appendices.

## 2. Specification

The technical requirements are those elements of the contract that relate directly to the delivery of external audit services. The primary role of the external auditors will be to report on the financial statements and to carry out whatever examination of the statements and underlying records and control systems is necessary to reach their opinion on the statements. The audit of the financial statements is generally undertaken between June and November annually, with field work in September. The draft financial statements are required for review by early November.

### 2.1 Audit Personnel

The external audit service supplier is expected to appoint a Senior Representative (Audit Partner) to oversee the audit programme and meet with the Audit and Risk Assurance Committee. An Audit Manager should also be in place to manage the audit process and the on-site team.

### 2.2 Technical Expertise

The supplier should ensure that audits are staffed with suitably qualified and experienced personnel, and that work is properly controlled and reviewed. Tenderers are asked to provide CVs for both the Audit Partner and Audit Manager.

### 2.3 Audit Visits

The planning meeting for the audit should take place in May/June annually, followed by the audit fieldwork in September/October. There will be an audit review meeting in late November/early December and the financial statements will be presented to the Board of Management at the January board meeting for finalising.

#### Annual Timetable

Date	Action
June/July 2022	Out for Tender/Audit Planning Meeting
September/October 2022	Audit Fieldwork
November/December 2022	Audit Report and Draft Financial Statements to Audit and Risk Assurance Committee
January 2023	Audit Report and Draft Financial Statements to Board of Directors
March 2023	AGM
May/June 2023	Audit Planning Meeting for 2023 YE

The Audit Partner is expected to attend the Audit and Risk Assurance Committee meeting held in November/December each year to review the draft financial statements, as well as the Colleges Scotland Board in January and the AGM in March/April. In addition, the senior representative/partner may also wish to attend the Audit and Risk Assurance Committee meeting held in June when the audit plan is considered.

### 2.4 Audit Outcomes

The supplier will report to Colleges Scotland in the form of a management letter which highlights any significant accounting and control issues arising from the audit. The management letter will be drafted by end of September for consideration at the audit closing meeting and finalised for review by the Audit and Risk Assurance Committee in November/December.

## **2.5 Additional Services**

On an ad-hoc basis Colleges Scotland may request additional services from the supplier, such as special investigations, advice and consultancy. Any such service would be subject to a fee quotation being supplied and would only be requested if it did not conflict with the objectivity of the audit services being provided. The supplier should indicate what services they would be prepared to offer.

## **2.6 Added Value Services**

The supplier should state if there are any free-of-charge services they would wish to provide to support Colleges Scotland.

## **2.7 Letter of Engagement**

The Colleges Scotland Audit and Risk Assurance Committee will need to agree the letter of engagement with the selected audit firm on an annual basis. A draft letter should be provided as an example.

## **2.8 Contract Duration**

The initial contract will be for three years, renewable annually by the Colleges Scotland Audit and Risk Assurance Committee. Renewal would be dependent on satisfactory performance during the previous year's audit. Colleges Scotland will also have an option to extend the contract by up to a further three years, again at the discretion of the Audit and Risk Assurance Committee based on satisfactory performance.

## **2.9 Account Management**

The supplier will nominate a senior partner to be responsible for Colleges Scotland's audit services. This representative will be the main point of contact for Colleges Scotland and the Audit and Risk Assurance Committee for any matters that require escalation where there has been a breach of protocol or a reportable incident.

## **2.10 Performance Monitoring**

The Colleges Scotland Audit and Risk Assurance Committee will assess the suppliers' work each year to ensure that it is of a sufficiently high standard and has been charged at a reasonable price. The Colleges Scotland Audit and Risk Assurance Committee will then make a recommendation to the Colleges Scotland Board regarding reappointment of the auditors.

## **2.11 Implementation Plan**

Suppliers should indicate what their programme would be from August 2022 if they are selected to provide external audit services for Colleges Scotland with Audit Plans normally being provided May/June. This should include what preparation they would undertake and what input, support or information is required from Colleges Scotland.

## **2.12 Terms & Conditions**

Tenderers are required to submit a copy of their standard terms and conditions of contract for review by Colleges Scotland. These will be reviewed, and discussion or clarification of these conditions will be completed with the preferred supplier prior to the signing of the contract.



## 2.13 Quotes for Services

As well as an overall cost of the provision of services, each Tenderer shall also provide:

- Daily or hourly rate of key staff.
- Expected level of travel charges and expenses.
- Any additional costs.

## 2.14 Price Changes

Colleges Scotland will not accept an annual price increase without a clear justification showing costs to the appointed Supplier have increased. Tenderers should explain any mechanism they have in place for reviewing charges and provide details of categories of expenditure (e.g. rates of pay, cost of fuel) which might impact on the charges to Colleges Scotland.

## 2.15 Return of Tender Documents

An electronic copy of your proposal should be sent to Colleges Scotland no later than 1200 hours on Friday 22 July 2022. Please ensure electronic responses include “**External Audit Services Tender 2022**” within your email subject.

### Return to the following:

Shona Struthers  
Chief Executive/Company Secretary  
E-mail: [Shona.Struthers@collegesscotland.ac.uk](mailto:Shona.Struthers@collegesscotland.ac.uk)

### Copy to:

Kirstie Laird  
Board/Office Admin Officer  
E-mail: [Kirstie.Laird@collegesscotland.ac.uk](mailto:Kirstie.Laird@collegesscotland.ac.uk)

## Requirements for Strategic Funding Grants

1. Colleges Scotland must use the grant to achieve objectives and outcomes provided in the proposal and that SFC agreed.
2. Colleges Scotland must seek SFC's agreement in advance for any alterations to the objectives or outcomes of the project/programme of work. Colleges Scotland must also tell SFC immediately of any actual or anticipated problems with the project/work which are likely to affect the timetable, outcomes, or cost of the project. SFC may request additional reports if necessary.
3. If Colleges Scotland's pattern of spend differs significantly from the budget provided in the proposal, Colleges Scotland must notify SFC as soon as possible.
4. SFC may audit the relevant project documentation to satisfy themselves that Colleges Scotland has used the grant appropriately and have met the conditions of the grant.
5. SFC may suspend payments or recover grant paid if Colleges Scotland does not comply with any of the conditions of grant or monitoring and evaluation requirements.
6. The nominated contact must act on behalf of Colleges Scotland and accept responsibility for monitoring the use of the grant. Colleges Scotland must notify SFC as soon as possible if the named contact changes.

Colleges Scotland must consult SFC in advance of any publicity arrangement for the project/work so that SFC can advise on inclusion in signage, advertising, media releases and at events.