Invitation to Tender:

**External Audit Services**

**Closing Date: Friday 10 March 2023 at 1pm**

**Tees Valley Education**

Kedward Avenue

Middlesbrough

TS3 9DB

Company Number: 09630999

**Academies**

**Brambles Primary Academy**
Kedward Avenue
Middlesbrough
TS3 9DB

URN: 138559 LA: MiddlesbroughLA/Estab: 806/2005

**Discovery Special Academy**

Sandy Flatts Lane

MIDDLESBROUGH

TS5 7YN

URN: 145877 LA: MiddlesbroughLA/Estab: 806/7002

**Dormanstown Primary Academy**
South Avenue
Redcar
TS10 5LY

URN: 139931 LA: Redcar and ClevelandLA/Estab: 807/2001

**Pennyman Primary Academy**
Fulbeck Road
Middlesbrough
TS3 0QS

URN: 138560 LA: MiddlesbroughLA/Estab: 806/2006

**Wilton Primary Academy**

Pastures Lane

Lazenby

Middlesbrough

TS6 8DY

URN: 111611 LA: Redcar and ClevelandLA/Estab: 807/2233

**Introduction**

Tees Valley Education (TVE) is a multi-academy trust with five academies:

* Brambles Primary Academy: has over 300 pupils on roll with an age ranges of 3 to 11 years;
* Discovery Special Academy: has over 110 pupils on roll with an age range of 2 to 16 years;
* Dormanstown Primary Academy: has over 230 pupils on roll, between the age range of 3 to 11 years and includes base provision for up to 40 children from September 2023, on the autism (ASD) pathway and with communication needs;
* Pennyman Primary Academy: has over 350 pupils on roll with an age ranges of 3 to 11 years and includes unit provision for up to 55 children with physical, complex medical needs, associated learning and speech and language; and
* Wilton Primary Academy: has over 50 pupils on roll with an age range of 3 to 11 years.

All the academies have ether a good or outstanding Ofsted judgement (Discovery Special Academy is pending its first Ofsted inspection, as this academy opened in September 2018). Discovery is only one of four special academies that opened in 2018 and moved to its permanent site in September 2022.

Our schools’ communities thrive on the fundamental value that all children have the right to access the best possible education and start in life to enable them to reach their potential in their lives, communities and careers.

The Trust’s pledge is:

 *‘Delivering inclusive educational excellence so that all Tees Valley Education children can achieve their dreams, hopes, aspirations and a great sense of self-worth. By doing this, our children will become outstanding citizens able to contribute to society with the skills, ability, confidence and a voice to shape a better future for all.’*

The attributes and behaviours underpinning the culture at Tees Valley Education are encapsulated by the Tees Valley Education Diamond Standards. This acknowledges that ‘we’ are all diamonds: none of us start off polished, but with the right environment, time, support and development ‘we’ become brilliant.

The 4 C’s which were invented by the children, staff and communities are:

* Commitment: To achieve, succeed and create the best life and future.
* Curiosity: Be inquisitive, be brave and learn.
* Courage: To face our challenges and the unknown.
* Care: For ourselves, each other and our communities.

Furthermore, the Trust also lives by Aristotle’s ‘We are what we repeatedly do. Excellence, therefore, is not an act, but a habit.’

The Trust is seeking to commission an external auditor that is also aligned to the Trust’s values and further advocates for excellence.

The trust’s annual income is in excess of £11m per annum mainly sourced from central and local government grants. The trust’s tangible fixed assets are approximately £14m which the land and buildings were gifted as part of their transfer to Tees Valley Education. Currently the trust employs 273 members of staff which account for over 70% of all expenditure.

The Trust has nearly doubled in size since it established and it has an ethical approach to growth as system leaders with a focus on our USPs of SEND and disadvantage around: policy, people and practice. As a result, the Trust requires the the services of an experienced external auditor for the three years including 2022/23 annual audit plus 2 years (total of 5 years).

# Tender Format

Tees Valley Education awards contracts using the most economically advantageous tender (MEAT) criterion; our assessment of tender submissions will be based on price, quality, delivery, and other value adding services.

The assessment weightings for the criteria are provided in appendix A and a timetable for the process is contained within appendix B.

# Responsibilities of the Trust

Under the [Companies Act 2006](http://www.legislation.gov.uk/ukpga/2006/46/part/16), academy trusts must appoint an auditor to certify whether their annual accounts present a true and fair view of the trust’s financial performance and position (appointment being by the members, other than where the Companies Act permits the trustees to appoint - for example for the trust’s first period of account).

The audit contract must be in writing. The letter of engagement must only cover the external audit. If additional services are purchased, a separate letter of engagement must be obtained specifying the requirements of the work and the fee.

# Role and Responsibilities of External Auditors

External auditor is responsible for forming an independent opinion on the accounts and other financial statements which are to be laid before the Board of Trustees. Their report will state whether, in their opinion, the financial statements give a true and fair view of the financial position of Tees Valley Education of each year. In addition there is an expectation for auditors to support the sector and provide advice, guidance and support including good practice.

The MAT will also require assurance from the auditors on the transfer of financial systems at the start of the current financial year and of their experience of and ability to assist in the audit process with acquisitions/merger/associations etc with other schools/academies/trusts.

The Audit, Risk and Finance Committee is responsible to the Trust Board for the provision of an external audit service, however, for day-to-day issues, the Committee delegates the co-ordination, direction and control of external audit to the Director of Finance, Resources and Operations who also holds the Chief Finance Officer responsibilities. The External Auditors appointed will have direct access, as necessary, to the Chief Executive Officer, who is also the Accounting Officer and to the Chair of the Trust Board as well as the Chair of the Audit, Risk and Finance Committee.

Multi-Academy Trusts are required by the Education and Skills Funding Agency (ESFA) to submit an annual accounts return. The ESFA requires trusts to arrange for their external auditors to prepare an assurance report covering the preparation of the return, this return is in addition to the financial statements.

If appointed by TVE the External Auditors would need to take into account that in exceptional circumstances the DfE may also ask the Trust’s Auditors to act for them and report directly on internal control arrangements. These expectations are outlined in the Academy Trust’s Handbook, 2022.

# Audit Standards

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

In arriving at their opinion, the External Auditors will need to demonstrate experience in determining requirements of the basic audit service required and should be able to stress the additional requirements over the normal Companies Act audit which includes an opinion on whether:

* the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Trust and of its incoming resources and application of resources including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 2006;
* the financial statements have been prepared in accordance with Charities Statements of Recommended Practice (SORP 2019);
* the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Education and Skills Funding Agency as well as the Department for Education in respect of the relevant financial year;
* proper accounting records have been kept by the Trust (including each of the academies) throughout the financial year;
* grants made by the Department for Education have been applied for the purposes intended; and
* the information given in the trustees’ report is consistent with the financial statements.

It is to report on the financial statements of Tees Valley Education and to carry out whatever examination of the statements, and their underlying records and control systems, is necessary to reach their opinion on the statements; the External Auditors must ensure they have obtained all the information and explanations they think are necessary for the purpose of audit.

The Auditors will need to review whether in all material respects monies expended out of all non-recurrent grants and other funds from whatever source administered by TVE for specific purposes, have been properly applied to those purposes and, if appropriate, managed in compliance with any relevant legislation.

# Irregularities and Fraud

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 accounting officer and the Chair of the Audit, Risk and Finance Committee without delay.

# Liaison and Reporting

The main contact within TVE will usually be the Chief Finance Officer 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 Chief Executive Officer, the accounting officer and to the Chair of the Trust Board as well as the Chair of the Audit, Risk and Committee.

The audited accounts must be approved by the Trustees no later than an agreed date each year. However, it is normal practice for the accounts to be approved in advance of the agreed date by the Audit, Risk and Finance Committee and TVE expects the External Auditors to meet this timetable. The External Auditors will report to Trust Board by way of a management letter within the timescale agreed with TVE and in accordance with the Audit Code of Practice.

The management letter 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

The External Auditors have the right to ask the Chair of the Audit, Risk and Finance Committee to convene a meeting of the Committee if necessary and have the right to attend the Committee meetings where relevant business is to be discussed. The Audit, Risk and Finance Committee ordinary meets at least once an academic term, 3 times yearly.

The External Auditors may be required to attend meetings of Audit, Risk and Finance Committee to which the Trusts annual reports and financial statements are presented. The annual report and financial statements together with the management letter must be filed with the Education and Skills Funding Agency no later than 31st December following the financial year end, the annual accounts return must be filed with the ESFA no later than 31st January following the financial year end.

# Access to Documentation

The External Auditors will have right of access at all times to the books, accounts and supporting documentation of the Trust and to such information and explanations as thought necessary for the performance of their duties, including any internal audit or review files and working papers.

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

# Additional Services

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 Tees Valley Education to utilise the services of the External Auditors for these additional services. The additional services may include:

* Annual Audit of the Teachers’ Pension Fund contributions
* Annual Audit of the Trust’s (if any) trading subsidiary

# Terms of Engagement

Please provide a draft terms of engagement letter that addresses the needs of the Trust as detailed above and specifically the following points:

* The objective and scope of the audit;
* The responsibilities of the auditor;
* The responsibilities of the management of the Trust i.e. that they have expressly agreed the audit services, that they understand the need and the purpose of the services ‎and that they agree to make all and any information available to the auditor to allow them to fulfil their duty to provide an independent audit;
* The identification of the appropriate financial reporting framework ‎i.e. the Charity SORP 2019;
* The form and content of the report;
* Any circumstances giving rise to any differences to the expected form and content of the report.

# References

Please provide a selection of referees that we may contact as part of our assessment, including those in the academy, school or education sector.

# Insurance

The External Audit Provider undertakes to Tees Valley Education and agrees to take out and maintain for the duration of any contract or engagement adequate public and employer liability insurance cover in relation to the provision of the External Audit Services with a reputable insurance company and to produce upon Tees Valley Education’s request a copy of the insurance policy or policies.

**Please the provide responses to the following requirements and questions a to p using a maximum of 300 words for each unless otherwise indicated.**

**PART A – Total Weighting 50%**

**MANAGING & RESOURCING THE WORK**

## a) Please describe the management structure you would put in place to support the successful performance of the audit.

Please provide full descriptions of each of these roles in relation to their intended role within the audit and include full CV’s for key members of the management team. **CV’s will not be counted within the 300 word limit** and should be included as attachments or appendices.

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| **Response**  |

## **b) Ensuring adequate resources are available to fulfil all aspects of the audit is an essential requirement**.

The financial end of year for most academies is the **31st August,** whereupon most audits usually occur during the month of October and finalising the audit into December. Please identify the number of academies your audit teams can collectively accommodate, and please describe how you propose to ensure there are adequate resources to fulfil all aspects of the Tees Valley Education audit.

This response should include:

* Details on whether there will be a dedicated team
* Details on whether you intend to draw on pooled resources
* Number of staff you anticipate working on the contract
* Detailed information on the individuals you are proposing to work on the audit
* Level of staff to undertake the fieldwork
* % of time on site and virtual (if appropriate)
* Relevant qualifications or training they are undertaking

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| **Response** |

## c) Please describe the arrangements you will put in place to ensure the timely availability of staff resources to support the delivery of the External Audit Service.

In addition to day to day resource requirements your response should address how you intend to ensure management availability for the Agreement, including the requirements at Partner level.

Please note: Tees Valley Education reserve the right as part of the evaluation to visit the offices that you are proposing to manage and deliver the audit from, and should such visits be required, then any findings will be incorporated into the marking for this question.

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| **Response** |

## d) Please describe how you intend to manage resource shortfalls due to sickness absence, training and extended leave and how you would resource any unexpected additional requirements for audit days.

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| **Response** |

## e) Please describe your organisation’s understanding of the role of an Account Manager for one of our Trust. The response should include examples of the seniority, qualifications, experience and qualities required to fulfil this role and how much time you would expect them to be on site.

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| **Response** |

## f) Please complete the summary below showing details of the number of External Auditors and the % of staff holding professional qualifications or are training for a relevant professional qualification that you estimate would be assigned to the audit.

Please provide details of these other relevant qualifications.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Total Number General External Auditors  | CCAB Qualified %  | Other Relevant Professional Qualification %  | Training for Relevant Professional Qualification %  | Unqualified %  |  |
| Number Servicing academy and Academy Trusts |  |  |  |  |  |

**IMPLEMENTATION PLAN**

## g) Please set out the key stages and time scales of your plan for implementing the new contract to provide External Audit Services to Tees Valley Education should your Tender be successful.

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| **Response** |

**AUDIT METHODOLOGY & SOFTWARE**

## h) Please explain your system based audit methodology including details of any audit software utilised for planning, carrying out and recording audits by ensuring compliance with UK GDPR and the Data Protection Act.

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| **Response** |

## i) If you use audit software, please describe how you intend to provide your audit documentation to Tees Valley Education and how this meets UK GDPR and Data Protection Act.

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| **Response** |

**QUALITY REVIEWS**

## j) Please describe your internal processes for performing Quality Reviews and how this is documented and evidenced.

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| **Response** |

**UNIQUE AUDIT CHALLENGES OF TEES VALLEY EDUCATION**

## k) How would you approach any unique External Audit challenges of Tees Valley Education?

This should include:-

* Key areas of risk that you would focus on
* Level of staff you would allocate to the review
* Additional costs as a result of on site and virtual time e.g. travel and/or accommodation costs
* How they would be briefed and supervised

Please ensure this covers the steps you would take to address the specific challenges of External Auditing any areas of Tees Valley Education, including satellite locations with devolved responsibility and accountability.

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| **Response** |

## l) Please provide an average estimate for the days and skills mix for the External Audit that you would estimate required for a full annual cycle.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Enter Type of Work in this column  | Days | CCAB Qualified  | AAT Qualified  |  Trainee  | Other  |
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**SAMPLE REPORTS**

## m) Please provide an example of the External Audit reports you produce for clients monitoring progress on delivery against the annual audit plan and performance targets. (Attachments are accepted, word limit does not apply).

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| **Response** |

**VALUE ADDED AUDIT**

## n) Given financial constraints of academies in general; Tees Valley Education are under pressure to deliver more for less. Describe the initiatives you would propose for Tees Valley Education to provide effective External Audit reports that meet the assurance needs of the Members and the Audit, Risk and Finance Committee using reduced resources whilst still adding value for management.

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| **Response** |

**ADDITIONAL FACTORS**

## o) Please set out any other factors which you would like to add to your submission that demonstrates your ability to provide effective External Audit Services to Tees Valley Education such as key updates throughout the duration of Tees Valley Education being your client?

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| **Response** |

**UNUSUAL CHARACTERISTICS**

## p) Company and charity law brings a key requirement, in the context of financial management, for example Tees Valley Education is an exempt charity under the academies act. Please describe your knowledge of delivering External Audit against this requirement in the Education Sector and what real and perceived barriers you have experienced and overcome or that you anticipate may be encountered.

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| **Response** |

## p) Please provide details of your experience of the academies sector in the provision of external audit services, and in particular Multi-Academy Trusts.

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| **Response** |

**PART B – Weighting 50%**

**Pricing**

Please provide quotations for the following audit and additional services, for the purposes of the selection criteria only the price of the audit on the financial statements and ESFA annual accounts return will be considered all other services will be used for information only. You should also indicate a likely rise in fees annually as well as if TVE should grow in academy number in the tables below.

|  |  |  |
| --- | --- | --- |
|  | Total Price excluding VAT | Additional Price per additional academy |
| Annual Audit of the annual report and financial statements |  |  |
| Annual review of the ESFAs annual accounts return. |  |  |
| Annual audit of the teachers’ pension end of year certificate. |  |  |
| Any other service(s), please list: |  |  |

|  |  |
| --- | --- |
|  | Total Price excluding VAT |
| Financial Year | 2022/23 | 2023/24 | 2024/2025 |
| Annual Audit of the annual report and financial statements |  |  |  |
| Annual review of the ESFA’s annual accounts return. |  |  |  |
| Total Cost of External Audit Service |  |  |  |
| Total 3 Year cost of the External Audit Service |  |

**Appendix A**

**Assessment weightings**

**PART A – Total Weighting 50%**

|  |  |  |
| --- | --- | --- |
| **Managing and Resourcing the Work** | **Total Section Weighting** | **25%** |
| Management Structure | Question a Sub Weighting | 15% |
| Number of Staff | Question b Sub Weighting | 20% |
| Office Details | Question c Sub Weighting | 10% |
| Managing resource shortfalls | Question d Sub Weighting | 15% |
| Role of Account Manager | Question e Sub Weighting | 25% |
| Qualifications of staff | Question f Sub Weighting | 15% |
|  **Implementation Plan** | **Total Section Weighting** | **2%** |
| Implementation Plan | Question g Sub Weighting | 100% |
| **Audit Methodology and Software** | **Total Section Weighting** | **10%** |
| System Based Audit Methodology | Question h Sub Weighting | 85% |
| Audit Software | Question i Sub Weighting | 15% |
| **Quality Reviews** | **Total Section Weighting** | **10%** |
| Performing quality reviews | Question j Sub Weighting | 100% |
| **Audit of Tees Valley Education** | **Total Section Weighting** | **8%** |
| Institution Audit Approach | Question k Sub Weighting | 50% |
| Skill Mix | Question l Sub Weighting | 50% |
| **Sample Reports** | **Total Section Weighting** | **10%** |
| Reports for client monitoring | Question m Sub Weighting | 100% |
| **Value Added Audit** | **Total Section Weighting** | **5%** |
| Cost Saving initiatives | Question n Sub Weighting | 100% |
| **Additional Factors** | **Total Section Weighting** | **5%** |
| Efficiency improvements | Question o Sub Weighting | 100% |
| **Unusual Characteristics of Auditing** | **Total Section Weighting** | **25%** |
| Company & Charity Law Key Requirements | Question p Sub Weighting | 50% |
| Multi-Academy Trusts | Question q Sub Weighting | 50% |

**PART B – Weighting 50%**

The 5 year quotation of your tender will be compared to the lowest quotation and scored using the following formula:

$$\%=\left(1-\left(\frac{Your 5 Year Cost-Lowest 5 Year Cost}{Your 5 Year Cost}\right)\right)x100$$

**Appendix B**

**Timetable**

|  |  |
| --- | --- |
| * Friday 20 January 2023
 | Invitations to tender issued |
| * Friday 10 March 2023
 | Deadline for Submission |
| * Monday 13 March 2023
 | Evaluation and review of tenders completed within timescales |
| * Tuesday 14 March 2023
 | Inform shortlisted external auditors for interview and notify unsuccessful tenders |
| * Monday 20 March 2023
 | Interviews to be held with shortlisted external auditors |
| * Tuesday 21 March 2023
 | Inform external auditors of the outcome |

Please note the dates/times in your diary in the event you have been successful at the shortlisting stage, to ensure your availability of the interviews.

The interviews will be held with Trust Officers including Member/s.

Please return submissions to:

Mrs Emma Chawner

Director of Finance, Resources and Operations

Tees Valley Education

C/O Pennyman Primary Academy

Fulbeck Road

Middlesbrough

TS3 0QS

Or by email

emma.chawner@tved.org.uk