

LONDON COUNCILS

INVITATION TO TENDER:  
External Audit Services

Tender Reference: LC/2022/05/20

Closing Date for Tenders: 15 July 2022 (Noon)

Contract Commencement Date: December 2022

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## GLOSSARY OF KEY TERMS

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A detailed description of the requirement, together with formal definitions of the most important terms and phrases, are given in the rest of the document and in accompanying Appendices A and B. For tenderers' convenience, however, the following key terms, which are used throughout this documentation, are defined thus:

Contractor	'the Contractor' means the particular organisation appointed to provide those specific services.
Client	Means London Councils, being the public body which has opted to run an open tender process to appoint a contractor.
Contract	Means this specific contract which will be awarded by the Client, for the provision of marketing and advertising services.
Service or Services	Means the services provided by the Contractor under the Contract.

## QUESTIONS

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Questions relating to this invitation to tender documentation should be submitted:

by e-mail to [Tenders@londoncouncils.gov.uk](mailto:Tenders@londoncouncils.gov.uk)

A log will be maintained of all questions raised, which will be circulated periodically to all prospective tenderers. The final date for raising any questions is Midday on 08 July 2022.

## 1. INTRODUCTION AND BACKGROUND

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### Invitation to Tender for External Audit Services

#### **Introduction**

London Councils represents London's 32 borough councils and the City of London. It is a cross party organisation that works on behalf of all of its member authorities regardless of political persuasion. London Councils makes the case to government, the Mayor and others to get the best deal for Londoners and to ensure that our member authorities have the resources, freedoms and powers to do the best possible job for their residents and local businesses. London Councils runs a number of direct services for member authorities including the Freedom Pass, Taxicard and Health Emergency Badge. It also runs an independent parking appeals service and a pan-London grants programme for voluntary organisations.

#### **BACKGROUND TO THE AUTHORITY**

London Councils represents London's 32 borough councils and the City of London.

It is a cross-party organisation that works on behalf of all of its member authorities regardless of political persuasion and:

- makes the case to government, the Mayor and others to get the best deal for Londoners and to ensure that our member authorities have the resources, freedoms and powers to do the best possible job for their residents and local businesses;
- runs a number of direct services for member authorities including the Freedom Pass, Taxicard and Health Emergency Badge. It also supports an independent parking and environmental appeals service and a pan-London grants programme for voluntary organisations; and
- acts as a catalyst for effective sharing – including ideas, good practice, people, and resources, as well as policies and new approaches - among boroughs and groups of boroughs.

The strategic direction of London Councils is set by its Leaders' Committee, which comprises the Leaders and directly elected Mayors of all of London's local authorities. There is also a cross-party Executive, which guides the organisation's day-to-day work.

London Councils consists of four entities which are:

- London Councils Joint Committee;
- London Councils Transport and Environment Committee;
- London Councils Grants Committee; and
- London Councils Limited.

## **Background to requirement / overview of requirement**

London Councils' joint committees are established under section 101 and 102 of the Local Government Act 1972 and other enabling legislation. London Councils' governing agreement requires the production and audit of the annual accounts for the joint committees. A similar requirement exists in the Articles of Association of London Councils Limited. As a result of this requirement, London Councils has to produce annual accounts for each of its entities. The activities of the Transport and Environment Committee, the Grants Committee and the company are incorporated into London Councils Joint Committee's consolidated accounts.

The three joint committee accounts are prepared in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and the company accounts are prepared in accordance with United Kingdom Accounting Standards including FRS102.

In addition, London Councils, as an employer's association, has an obligation under the Trade Union and Labour Relations (Consolidation) Act 1992 to submit an annual return (AR27) to the Certification Officer. The information included in the return is based on the audited financial accounts. The act imposes a duty on London Councils to appoint an auditor to audit the accounts included in the return and report on whether they give a true and fair view of the committee's affairs.

London Councils financial year runs from the 1st of April to the 31st of March.

The annual accounts are prepared by London Councils' finance section which is part of the Corporate Resources Division.

London Councils current external auditor is Grant Thornton UK LLP.

Prior to 2015/16, London Councils' external auditor was appointed by the Audit Commission under the provisions of the Audit Commission Act 1998. The Audit Commission Act was repealed with effect from 1 April 2015 and the provisions of the Local Audit and Accountability Act, which introduced new local public audit arrangements, do not apply to joint committees.

London Councils is inviting tenders for the provision of external audit services for a four year period, commencing with the audit of the 2022/23 financial statements and return and ending on the completion of the audit of the 2025/26 financial statements and employers' association return.

## Definitions and Acronyms

Expression or Acronym	Meaning
Authority	London Councils
CIPFA/LASAAC	Chartered Institute of Public Finance and Accountancy (CIPFA) / Local Authority (Scotland) Accounts Advisory Committee (LASAAC)
Employers Association	A body of employers, usually from the same sector of the economy, associated to further the interests of its members by conducting negotiations with trade unions, providing advice, making representations to other bodies, etc
Joint Committee	When two or more local authorities enter into an agreement to discharge their functions by a committee formed under Section 101 and 102 of the Local Government Act 1972

## 2. SPECIFICATION OF SERVICE

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London Councils **is looking to appoint a contractor** to audit the annual financial statements and employer's return for the 2022/23, 2023/24, 2024/25 and 2025/26 financial years. On the conclusion of the annual audits, the Potential Provider shall provide an independent audit opinion and report on London Councils' financial statements and employers' return. The audit should be conducted in accordance with International Standards on Auditing (UK).

The annual audits will cover the following financial statement and return:

- London Councils Joint Committee Consolidated Statement of Accounts;
- London Councils Transport and Environment Committee Statement of Accounts;
- London Councils Grants Committee Statement of Accounts; and
- Annual Return for an Employers' Association – Form AR27

The Potential Provider will be required to prepare an annual external audit plan detailing their scope and approach to their annual audits by the 5th of February of each year and an annual audit report that reflects the outcome of the audit by 5th of September of each year.

The Potential Provider will provide audit opinions to be inserted into the financial statements as necessary and complete the audit report included in the AR27 return.

In addition to expressing an opinion on the financial statements, the Potential Provider will be required to consider the completeness of disclosures in the Annual Governance Statements.

The Audit Committee meets three times a year and it is expected that the Potential Provider's representative will attend at least two of the meetings to present their audit plan and audit report. However, the Audit Committee may request attendance of the Potential Provider at additional meetings or the Potential Provider may seek a meeting with the Chair or member of the Committee.

The Potential Provider will be expected to liaise with London Councils internal auditors during the course of their appointment in order to avoid areas of duplicated work.

The Potential Provider must be eligible for appointment as a statutory auditor under the Companies Act 2006.

The contract will be for a four years period, commencing with the audit of the 2022/23 financial statements and employers' association return and ending on the completion of the audit of the 2025/26 financial statements and employers' association return.

## Key milestones

The key milestones of the annual audit process are shown in the table below. The Potential Provider should note that London Councils will measure the quality of delivery against these milestones:

Milestone	Description	Timeframe
1	Submission of annual external audit plan	February
2	Interim audit	February
3	Presentation of annual external audit plan to Audit Committee	March
4	Financial year end	31 <sup>st</sup> of March
5	Final audit of limited company's accounts	Late April
6	Submission of annual audit report for limited company accounts	Late May
7	Final audit of committee accounts and employers' association return	Mid July to early August
8	Submission of draft annual audit report	Early September
9	Presentation of draft annual audit report to Audit Committee	Late September
10	Approval of accounts by Audit Committee	Late September

## Authority's Responsibilities

London Councils is responsible for preparing the annual financial statements and employers' association return in sufficient time to allow the Potential Provider to comply with the milestones detailed in Section 6 above.

When preparing the financial statements, London Councils will be responsible for selecting suitable accounting policies that are applied consistently, making judgements that are reasonable and prudent and comply with the relevant financial reporting framework.

London Councils will also be responsible for keeping proper accounting records, maintaining a robust system of internal controls and taking reasonable steps to prevent and detect fraud and other irregularities.

## Continuous Improvement

The Potential Provider will be expected to continually improve the way in which the external audit service is to be delivered throughout the contract duration.

The Potential Provider should present new ways of working to London Councils during the annual audit planning meetings.

Changes to the way in which the service is to be delivered must be brought to London Councils' attention and agreed prior to any changes being implemented.

## Accreditation

The Potential Provider must be eligible for appointment as a statutory auditor under the Companies Act 2006.

## Staff and Customer Service

With the exception of trainees and apprentices, the Potential Provider's staff assigned to the contract shall have a relevant accountancy qualification and sufficient experience to deliver the contract.

## Service levels and performance

The Potential Provider will be expected to deliver the annual audit service in accordance with the key milestones set out in above. London Councils will measure the quality of the delivery of service against the achievement of these milestones.

## Security requirements

Where access to London Councils' premises is necessary in connection with the delivery of the service, the Potential Provider will ensure that its employees and representatives are made fully aware of and comply at all times with London Councils' security procedures.

## Payment

Payment can only be made following the satisfactory delivery of the service.

## BASE Location

The base location of where the services will be carried out at is 59½ Southwark Street, London, SE1 0AL.

## Management

The procuring officer is Richard Merrington, Chief Accountant. Day to day contact during the tender process will be via Richard at [richard.merrington@londoncouncils.gov.uk](mailto:richard.merrington@londoncouncils.gov.uk).

## Timetable

Action	Target date
Issue of Invitation To Tender (ITT)	15 June 2022
Deadline for questions relating to the ITT	8 July 2022
Deadline for receipt of Tenders	Friday 15 July 2022
Evaluation of Tenders	From 18 July 2022
Agree preferred bidder	w/c 18 July 2022
Internal governance/approval	w/c 18 July 2022
Successful bidder notified	25 July 2022
Contract cooling off period ends	4 August 2022
Audit Committee recommendation to the Leaders' Committee to confirm auditor appointment	September 2022
Leaders' Committee confirm auditor appointment	December 2022

Action	Target date
Contract start date and inception meeting	<b>December 2022</b>

All rates provided should be inclusive of all disbursements and any other costs or expenses necessary for the proper delivery of the contract. They can be exclusive of VAT

### **Requirements of Contractors**

Interested parties should complete **Appendix B: Tender Submission Document**.

### **Equal Opportunities**

The successful contractor will be required to comply with London Councils' Equal Opportunity Policy and bidders should complete and submit the Equal Opportunities Questionnaire with their tender submission. This can be found in **Appendix B**.

### **Format of Tender Response**

If you wish to apply, your tender response should be e-mailed to [Tenders@londoncouncils.gov.uk](mailto:Tenders@londoncouncils.gov.uk) to arrive by **12 noon 15 July**. It must include in the email subject line LC/2022/05/20

If necessary, you may seek clarification on the tender process or the specification by contacting [Richard.Merrington@londoncouncils.gov.uk](mailto:Richard.Merrington@londoncouncils.gov.uk). However, it is not possible to seek any additional information on the specification. Enquiries will not be answered if received within 6 days of the date for submissions of Tenders. Tenderers should note that responses to each enquiry will be copied to all organisations tendering (though will not identify the originator of the enquiry). On no account before the tender opening date is the Tenderer to contact or communicate with any other person involved in work concerning this Invitation To Tender unless London Councils redirects the enquiry.

### 3. EVALUATION OF TENDERS

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#### PROCEDURE

##### The Tendering Process

Tenders should be completed in full and must be strictly in accordance with the tender submission document.

All documents must be submitted in English. All prices and rates should be quoted in pounds sterling.

If you are aware that the submission of tender may give rise to a potential conflict of interest, please inform the London Councils officer **Richard Merrington**. A conflict of interest may arise where you are related to a member or staff officer of London Councils or you have privileged information about the organisation that places you at an unfair advantage over other competitors in the bidding process.

#### EVALUATION OF TENDERS

In order to be transparent, and in order that tenderers fully understand how their tender submission will be evaluated, full details of the evaluation process are described below. Should any tenderer not understand any element, they should in first instance make contact with the Client as per the contact details on **Page 10**.

The following price and non-price weightings will be used to determine the most economically advantageous tender:

- **Method Statements** << 60% points >>
- **Pricing Schedule** << 40% points >>

Please note that throughout the evaluation process, the right is reserved to seek from tenderers additional information or clarification at any stage.

##### Method Statements (60% points)

Tenderers are asked to provide a number of method statements in the Tender Submission Form, which are intended to explain how they will meet the requirements of the service. There are 5 method statements in total.

Each method statement will be scored on a scale of 0 to 5 points, in accordance with the following scheme:

Grade	Interpretation	Quality of Response
0 points =	Not Answered	The proposal fails to address the criterion or cannot be assessed due to missing or incomplete information.
1 point =	Poor	The criterion is inadequately addressed, or there are serious inherent weaknesses.
2 points =	Fair	The proposal broadly addresses the criterion, but there are significant weaknesses.

Grade	Interpretation	Quality of Response
3 points =	Good	The proposal addresses the criterion well, but a number of shortcomings are present.
4 points =	Very Good	The proposal addresses the criterion very well, but a small number of shortcomings are present.
5 points =	Excellent	The proposal successfully addresses all relevant aspects of the criterion. Any shortcomings are minor.

If a tender scores '0' against any one or more method statements, this will give grounds for excluding that tender from any further consideration. It should be noted that each method statement has also been assigned a relative importance weighting to reflect its significance in the evaluation. See **Appendix B** for more details.

### **Pricing Schedule (40% points)**

Tenderers' price scores will be calculated based upon the lowest price submitted by tenderers. The tenderer with the lowest price will be awarded the full score of 100, with the remaining tenderers gaining pro-rated scores in relation to how much higher their prices are when compared to the lowest price.

### **AWARD OF CONTRACT**

Upon conclusion of the evaluation, the scores for 'pricing Schedule' and 'method statements' will be combined to give a total score out of 100 points, and the Tenderer with the highest number of points will be awarded the Contract.

The Tenderer to be offered the Contract will be advised accordingly via e-mail and letter. Such award, offered pursuant to this Invitation to Tender, will be on the basis of the most economically advantageous tenders, based on the evaluation criteria described above.

Tenderers whom it is proposed will not be offered the Contract will be advised of this via an emailed letter and will be entitled to receive feedback on the relative merits and characteristics of their tender submission compared with that of the accepted tender.

### **ACCEPTANCE OF TENDER**

The Client does not bind itself to accept the lowest or any tender, and unless a tenderer expressly states that a partial award will not be acceptable, then the right is reserved to accept a tender in part.

Upon conclusion of all the above stages, a formal Contract will be entered into between the Client and the successful tenderer. A copy of the terms and conditions can be found in **Appendix A**. **London Councils does not accept suppliers' terms and conditions.**

## **4. RULES OF TENDER**

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### **GENERAL**

1. In submitting a proposal in response to this Invitation to Tender, tenderers do so on the conditions specified or referred to herein and on the following express conditions.
2. Tenderers should consider only the information contained within this Invitation to Tender, the briefing event or otherwise communicated in writing to tenderers, when making their offer.
3. Information supplied by the Client (whether in this document or otherwise) is supplied for general guidance in the preparation of tenders. Tenderers must satisfy themselves by their own investigations with regard to the accuracy of such information. The Client cannot accept responsibility for any inaccurate information obtained by tenderers.
4. Tenderers shall not, before the date and time specified for return of the tender, communicate to any person the amount or approximate amount of the tender or proposed tender, except where the disclosure in confidence of the approximate amount of tender is necessary to obtain insurance cover required for the purpose of the tender.
5. The tender shall be a bona-fide tender and shall not be fixed or adjusted by or under or in accordance with any agreement or arrangement with any other person.
6. Tenderers shall not enter into any agreement or arrangement with any other person with the intent that the other person shall refrain from tendering or between you agree as to the amount of any other tender to be submitted.
7. The Client shall not be liable for, or pay any direct or indirect costs howsoever incurred by any tenderer in the preparation of their tender, or for the costs of any post-tender clarification meetings, presentations, demonstrations or by any tenderer who fails to respond by the deadline set.
8. Any genuine mathematical error discovered in the pricing of tenders shall be dealt with via the clarification of tenders process.

### **TERMS AND CONDITIONS**

**See Appendix A**

### **BRIBERY**

9. Tenderers must comply at all times with the provisions of the Bribery Act 2010, in particular Section 7 thereof in relation to the conduct of its employees, or persons associated with it. They must not
  - a) Offer any inducement, fee or reward to any member or officer of London Councils, or any of the member authorities of the Client.
  - b) Do anything which would constitute a breach of the Bribery Act 2010; or
  - c) Canvass any of the persons referred to in a) in connection with the Contract; or

- d) Contact any member or officer, except as authorised by this Invitation for the purpose of asking genuine questions about the process or the tender
- e) London Councils' Policy to Combat Fraud, Bribery and Corruption can be found on [London Councils' website](#)

## VARIATION AND QUALIFICATION

10. Whilst the Client is prepared to give consideration to any changes of a minor nature, it is not prepared to accept any material changes to the Terms and Conditions. Tenderers who wish to propose any minor changes to the Terms and Conditions should detail such variation or qualification in Appendix B (Qualification of Offer Section). Tenderers should bear in mind, however, that the acceptability or otherwise of any such variation will be at the sole and final discretion of the Client.

## INTELLECTUAL PROPERTY RIGHTS (IPR)

- k) London Councils terms and conditions include provision for IPR at clause 5 and considers that clause 5.1 (b) applies.

## DATA PROTECTION

- l) London Councils has considered the data protection requirements of this procurement specifically as they apply to personal data. This has now been carried out under the requirements of the General Data Protection Regulation legislation; the General Data Protection Regulation and the Data Protection Act 2018.

## FREEDOM OF INFORMATION ACT

11. Information in relation to this tender may be made available on demand in accordance with the requirements of the Freedom of Information Act 2000.
12. Tenderers should state in **Appendix B** (FOI Section) if any of the information supplied by them is confidential or commercially sensitive or should not be disclosed in response to a request for information under the act. Tenderers should state why they consider the information to be confidential or commercially sensitive.
13. This will not guarantee that the information will not be disclosed but will be examined in the light of the exemptions provided in the act.
14. It is important to note that information may be commercially sensitive for a time, for example, during a tender process, but afterwards it may not be. The timing of any request for information may be extremely important in determining whether or not information is exempt. However, Tenderers should note that no information is likely to be regarded as exempt forever.

## **GOVERNMENT TRANSPARENCY INITIATIVE – PUBLICATION OF TENDER DOCUMENTS AND CONTRACTS**

15. The Government has set out the need for greater transparency across public sector organisations to enable the public to hold public bodies and politicians to account. As part of this initiative Government requires local authorities to publish on line all tender documents for new contracts valued over £500 and the resulting contracts. Bidders tendering for this contract should be aware that if their tender is successful information about the resulting contract will be published and the documents made available to those requesting them. In some cases, limited redactions will be made.

### **TENDERERS' RESPONSIBILITY TO SUBMIT COMPLETE TENDER**

16. It is the tenderer's responsibility to ensure that their submitted tender documentation is complete, prepared and submitted in accordance with the instructions contained herein, and signed and dated where required. The Client is not obliged to consider any tender which is incomplete or not prepared or submitted in accordance with the said instructions, but at its sole discretion the Client may offer a tenderer who submits such a tender an opportunity to remedy the omission before evaluation of the tender takes place, provided that in the judgement of the Client this does not adversely affect the integrity and fairness of the tender exercise.

## 5. PREPARATION AND SUBMISSION OF TENDERS

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### TENDER DOCUMENTS

Organisations wishing to tender should complete all of the documentation provided in the Tender Submission Form (**Appendix B**). The documentation comprises the following items:

- Contact Details.
- Form of Tender.
- Suitability Assessment Questionnaire.
- Response to Specification (Method Statements).
- Pricing Schedule.
- Qualification of Offer.
- Freedom of Information Schedule.
- Equal Opportunities Questionnaire.

### SUBMISSION OF TENDERS

In preparing a tender please use an electronic copy, please do not make any changes to the text of the documentation supplied to you. Your tender will be evaluated on the basis that no changes have been made.

Tenders must be submitted to the email address and by the closing date given below.

### RETURN ADDRESS AND CLOSING DATE FOR TENDERS

Tenders should be returned by e-mail to: [Tenders@londoncouncils.gov.uk](mailto:Tenders@londoncouncils.gov.uk) to arrive by **12 noon 15 July**. It should be addressed to the Chief Accountant **and must include in the email subject line London Councils Invitation to Tender, External Audit Services LC/2022/05/20**

### MISCELLANEOUS

Tenders submitted after the time and date shown will be rejected and returned to the tenderer, unless clear evidence of is available.

Unless specifically withdrawn in writing, tenders shall remain open for acceptance for a period of 90 days from the return date.

