**Castles and Coasts Housing Association**

**APPENDIX A**

**PRICE & QMS Scoring & Evaluation Criteria**

**for**

**CCHA External Audit Services**

**Specification Requirement**

**Background**

CCHA has a legal obligation to appoint an external auditor to deliver the statutory audit of its annual financial statements and its corporation tax return. CCHA is a mainstream registered provider based in the north of England with a total of 7,000 properties and a turnover of circa £35m. The Association has approximately 200 employees and operates from three main offices, in Carlisle, Newcastle and Workington, with two smaller satellite offices and a direct services depot. The Head Office is located in Carlisle. Further details and our latest annual report can be found on [www.castlesandcoasts.co.uk](http://www.castlesandcoasts.co.uk).

**Scope**

CCHA is looking to appoint an audit firm for a five-year term to perform the following services:

* Annual statutory audit of the accounts of CCHA, a registered housing association (RS007617) and its subsidiary Two Castles Ltd, incorporated in England and Wales (1904347)
* Compilation and submission of the Corporation tax returns of CCHA and TCL
* Audit of Leaseholder service charge accounts for 24 schemes comprising 405 properties.

The audit is to be conducted in accordance with International Standards on Auditing and relevant ethical and professional standards.

**Service Standards**

We expect the successful party to adhere to the following service standards:

* Agree audit timetables prior to 31 December of each year
* Audit planning meeting prior to issuance of the Audit Strategy Memorandum
* Prepare an Annual Audit Strategy Memorandum, outlining the scope, approach and the timelines for the annual audit, received no later than 10 working days prior to the February Audit & Risk Committee meeting
* Provide “Prepared by client” lists at least 30 days prior to the commencement of any fieldwork
* Professionally qualified audit staff with sufficient knowledge, skills and experience
* Regular liaison and progress updates
* Provision of a single point of contact
* Lead auditor to contact CCHA to confirm logistical arrangements – at least 10 working days before any audit fieldwork.
* De-brief meetings held between lead auditor and CCHA – last day of fieldwork or within one week of audit.
* Draft Audit Completion Report to CCHA – within 15 working days of the completion of the onsite audit fieldwork.
* Audit completion by 30 June of each year
* Draft corporation tax computation completed for inclusion in the statutory accounts 15 days after the completion of fieldwork.
* Final tax computation to be completed and submitted to HMRC within 30 days of the accounts being approved by the Board
* Service charge accounts turned around within 15 working days of receipt
* Attendance at quarterly Audit & Risk Committee meetings, including presentation of reports
* Respond to queries and correspondence within 3 working days.

CCHA is committing to

* Complete “prepared by client list items” prior to start of any fieldwork
* Provide draft set of accounts at the start of fieldwork post year end
* Respond to any additional audit queries within 2 working days if not readily available

**Term**

The service agreement will be for a period of five years starting with the financial year ending 31 March 2022.

**Costs**

The 2021 cost for audit and tax corporation services is currently as follows (excluding VAT and expenses):

|  |  |
| --- | --- |
| Area of work | 2021 Fee |
| External audit Castles & Coasts Housing Association | £23,690 |
| External audit Two Castles Limited | nil |
| Tax compliance Castles & Coasts Housing Association | £1,800 |
| Tax compliance Two Castles Limited | £1,500 |
| iXBRL – tagging fee (both companies) | £1,080 |
| Service charge accounts audit fees | £6,500 |
| Total audit and tax services | **£34,570** |

**Tender Award Criteria**

The tender will be evaluated in two sections as follows:

Section 1 – Quality/Scenario Questions

Section 2 – Pricing Schedule: Appendix 1 to be filled in for cost evaluation

The contract will be awarded to the most economically advantageous tender based on price, value for money, and quality elements. The relative weighting of each element in the evaluation will be as follows:

|  |  |  |
| --- | --- | --- |
| **Element** | **Criteria** | **Weighting** |
| Quality | Quality/Scenario Questions | 75% |
| Price | Pricing Schedule: Appendix 1 to be filled in for cost evaluation | 25% |

**QUALITY METHOD STATEMENT (QMS)**

The ‘quality’ element is your responses to the Quality Questions

The quality responses will be scored in accordance with the evaluation criteria

Response is to be completed in a separate concise document called “QMS Response – (name of bidder) –“CCHA External Audit Services invitation to tender”

|  |  |  |  |
| --- | --- | --- | --- |
| **Question Number** | **Scenario** | **Marks Available** | **% Weighting** |
| 1 | Planning | 10 | 10 |
| 2 | Audit Strategy | 10 | 10 |
| 3 | Reporting | 10 | 10 |
| 4 | Resourcing and Management | 10 | 10 |
| 5 | Performance | 15 | 15 |
| 6 | Sector Experience | 5 | 5 |
| 7 | Added Value | 15 | 15 |
| Total |  | 75 | 75 |

|  |  |
| --- | --- |
| **Q.1 – Planning** | **Quality Weighting 10% =** 10 Marks |
| **Outline how you would work with Castles & Coasts Housing Association (CCHA) (Management and Audit & Risk Committee) to deliver an efficient, well planned external audit including the provision of corporation tax services and service charge account audit. This should include how you will get to know the business and its risks, as well as the frequency of ongoing engagement, preparation and attendance at the Audit & Risk Committee.** | |
| Statement:  (statements should not exceed 1000 words, photographs can be included.) | |
| Response | |
| [Answer here] | |

|  |  |
| --- | --- |
| **Q.2 – Audit Strategy** | **Quality Weighting 10% =** 10 Marks |
| **Based upon CCHA’s and the sector’s risks, outline your audit approach and how you would ensure the adequacy and effectiveness of governance, risk management and control arrangements.** | |
| Statement:  (statements should not exceed 1000 words, photographs can be included.) | |
| Response | |
| [Answer here] | |

|  |  |
| --- | --- |
| **Q.3 – Reporting** | **Quality Weighting 10% =** 10 Marks |
| **Outline how you will report audit findings to CCHA’s Audit & Risk Committee and CCHA management, showing examples where relevant.** | |
| Statement:  (statements should not exceed 750 words, photographs can be included.) | |
| Response | |
| [Answer here] | |

|  |  |
| --- | --- |
| **Q.4 – Resourcing and Management** | **Quality Weighting 10% =** 10 Marks |
| **Outline how your audits will be delivered and the qualifications of any relevant fieldwork staff.** | |
| Statement:  (statements should not exceed 750 words, photographs can be included.) | |
| Response | |
| [Answer here] | |

|  |  |
| --- | --- |
| **Q.5 – Performance** | **Quality Weighting 15% =** 15 Marks |
| **Outline your commitment to delivering the required service standards as outlined on page 2 of Appendix A (Specification Requirement), including any commentary where you are unable to meet the requirements or where you will exceed them. Suggest other service standards which best demonstrates your quality.** | |
| Statement:  (statements should not exceed 750 words, photographs can be included.) | |
| Response | |
| [Answer here] | |

|  |  |
| --- | --- |
| **Q.6 – Knowledge of Sector** | **Quality Weighting 5% =** 5 Marks |
| **Outline your experience of the social housing sector and how you ensure your knowledge of developments in the sector are kept up to date.** | |
| Statement:  (statements should not exceed 750 words, photographs can be included.) | |
| Response | |
| [Answer here] | |

|  |  |
| --- | --- |
| **Q.7 – Added Value** | **Quality Weighting 15% =** 15 Marks |
| **Outline how you can best demonstrate how your proposals will provide ‘added value’** | |
| Statement:  (statements should not exceed 750 words, photographs can be included.) | |
| Response | |
| [Answer here] | |

**References for: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

|  |
| --- |
| **Referee 1**  Name:  Position:  Organisation:  Contact details:  (telephone number and email address)  Length of time worked with organisation:  Current client Yes/No |

|  |
| --- |
| **Referee 2**  Name:  Position:  Organisation:  Contact details:  (telephone number and email address)  Length of time worked with organisation:  Current client Yes/No |

**Price & Quality Assessment Criteria**

Tenderers should provide a Quality QMS (QMS) setting out how they will undertake the service. This should incorporate any supporting documentation requested and answer the questions in the order in which they appear.

All pages of the QMS should show clearly the Tenderer’s name and the number of the question to which it relates. The information disclosed in the QMS will be used in determining the quality and technical merit of Tenders.

The QMS should be drafted specifically for the Contract and follow exactly the instructions provided in the QMS questionnaire. Generic method statements, which refer to information within company profiles, brochures or other promotional and/or marketing literature, will not be accepted will score a ***Zero*** mark.

**Timetable**

The following timetable is indicative and maybe subject to change.

|  |  |
| --- | --- |
| **KEY TENDER MILESTONES** | **ANTICIPATED DATE** |
| Publication of ITT | 09/04/21 |
| Deadline for receipt of ITT clarification requests (17:00) | 21/04/21 |
| Deadline for issuing ITT clarifications to bidders (17:00) | 26/04/21 |
| Deadline for submission of completed ITT (17:00) | 05/05/21 |
| ITT evaluation end date | 31/05/21 |
| Confirmed Contract Award Letter Issued (subject to CCHA Board approvals) | 31/07/21 |
| Contract Start Date | 01/10/21 |

**Tender Evaluation Criteria**

The award of contract will be made based on the following criteria (see example Evaluation Model):

**Financial - 25%**

Financial (25% Weighting) - A maximum score of 25% will be awarded to the supplier whose proposal offers the best overall value for money

Lowest bid awarded 25%

Appendix 1 to be filled in for cost evaluation

Remainder of Bids Scored - The formula used to calculate the price score is - =IF (J29=0,0, (MIN($J$29:$M$29)/J29\*100/100\*$O$29))

**Quality 75%**

Quality (75% weighting): Tenderers must submit a QMS fully describing each of the quality criteria listed below in the QMS Questionnaire.

Highest Quality score awarded 75%

Remainder of Quality Scored - (Highest Quality Score/Next Quality Score) =IF(E12=0,0,E12/(MAX($B$12:$M$12))\*$C$15)

**Initial review and clarification ITT, QMS or Tender**

Clarification may be sought from a Tenderer:

 in order to determine if an ITT, QMS or Tender is complete and compliant; or

 to clarify aspects of their ITT, QMS or Tender that are ambiguous or unclear.

ITT, QMS or Tender clarification questions are not intended to allow Tenderers to reopen negotiations on any aspect of their ITT, QMS or Tender. Responses must be confined to the matters on which clarification is sought.

The Standard Selection Questionnaire on the ProContract Portal must be completed and the Contact Details and Declaration form signed and uploaded to the Portal.

**Overview of the approach to evaluation**

The aim of the Tender evaluation process is to award the Contract to the Tenderer that submits the most economically advantageous Tender. The headline award criteria and their weightings are set out in the table below. The detailed award criteria are set out below. Each Tender will be scored out of 75 marks for quality:

|  |  |  |
| --- | --- | --- |
| **Headline award criterion** | **Area being evaluated** | **Marks available** |
| Price | Price | The lowest price will score 25% |
| Quality, technical merit and customer service – evaluated from the QMS. | 1. Planning | 10 |
| 1. Audit Strategy | 10 |
| 1. Reporting | 10 |
| 1. Resourcing and Management | 10 |
| 1. Performance | 15 |
| 1. Knowledge of Sector | 5 |
| 1. Added Value | 15 |
|  | **TOTAL QUALITY SCORE** | **75 points (highest score will achieve 75%)** |

**If the lowest priced tender is more than 15% less than the next priced tender then CCHA reserve the right to consider this to an “Abnormally Low Tender” and may request further information &/or remove the tender from the Price/Quality scoring process.**

**If the any priced tender is more than 15% above the next priced tender then CCHA reserve the right to consider this to an “Abnormally High Tender” and may request further information &/or remove the tender from the Price/Quality scoring process.**

QMS will be evaluated and scored on a scale of 0 to 5 as detailed below:

|  |  |
| --- | --- |
| **Response** | **Marks** |
| **Unacceptable**  Tenderer fails to provide a response, fails to answer the question asked or the response is of a poor standard. Response is unsatisfactory and provides no confidence that the Tenderer can meet the standards required. Evidence is unacceptable or non-existent. Does not meet the minimum requirements. | 0 |
| **Well below expectations**  Poor response, which only partially answers the question and/or partially meets the minimum standards. Major deficiencies or concerns in certain areas where lack of detail or relevant evidence. Little relevant data included. Response does not meet minimum requirements. | 1 |
| **Below expectations**  Tenderer provides a response that partially satisfies requirement with useful evidence provided, but response falls short of minimum expectations and is of a low standard, with minor deficiencies or concerns in the information provided, provides a low level of confidence that the Tenderer can meet the standards required. Does not meet minimum requirements. | 2 |
| **Meets expectations**  Tenderer provides a response that is acceptable and meets minimum criteria, but remains basic and could have been expanded upon the response is of a low to mid standard that provides a low to mid level of confidence that the Tenderer can meet the standards required | 3 |
| **Above expectations**  Tenderer provides a response that is comprehensive, is of a mid to high standard that satisfies requirement and exceeds minimum expectations, including extra levels of detail. Provides a mid-level of confidence that the Tenderer can meet the standards required. | 4 |
| **Exceptional**  Tenderer provides an excellent response, that is a Comprehensive and useful response of a high standard which exceeds expectations including a full description of techniques and measurements employed, where appropriate that provides a high level of confidence that the Tenderer can meet the standards required. | 5 |

Where an assessment indicates that a score falls between two categories, half marks may be awarded.

The weighting shown will be applied to each element and the maximum marks resulting from the weighting are shown in those elements.

Each aspect of the Tender evaluation (Method Statement Review) will generally be undertaken by a panel. Where this is done, the individual scores of the panel members will be averaged to arrive at a combined score for each item. This score will be multiplied by the weighting for that item to give a total score for that aspect of the Tender.

***If tenderer scores 1 point or below in 2 or more questions the tender will be deemed non-compliant and they may be disqualified from the tender process or CCHA may at their discretion request further information from the Tenderer. The final decision as to whether a Tenderer who scores less than 1 point or below in 2 or more questions may be disqualified will be at the sole discretion of CCHA***

**Price & Quality Evaluation Sample**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **TENDER EVALUATION MODEL SUMMARY** |  |  | **All figures are for demonstration purposes only!** | | |  |  |
|  | **Candidate No** | **1** | **2** | **3** | **4** | **5** |  |
| **Financial Evaluation** | **Max Points** | **£150,000.00** | **£165,000.00** | **£160,000.00** | **$180,000.00** | **£162,000.00** |  |
| Financial Amount from Form of Tender | 70% | 70% | 64% | 66% | 58% | 65% |  |
| **Method Statement Evaluation** |  |  |  |  |  |  |  |
| **1. Service Resilience** | 75 | 60 | 30 | 30 | 45 | 75 |  |
| **2. Account contract management** | 50 | 40 | 30 | 20 | 20 | 50 |  |
| **3.** **Customer / client satisfaction** | 25 | 20 | 10 | 15 | 15 | 15 |  |
| **4. Community & Local Benefits** | 25 | 25 | 10 | 20 | 15 | 20 |  |
| Quality Assessment | 30% | 27% | 15% | 16% | 18% | 30% |  |
| Quality transposed into points | 175 | 145 | 80 | 85 | 95 | 160 |  |
|  |  |  |  |  |  |  |  |
| **Total Percentage Scored:-** |  | 97% | 79% | 82% | 76% | 95% |  |
| **Price/Quality/Interview Result** | | **1st Place** | **4th Place** | **3rd Place** | **5th Place** | **2nd Place** |  |
| **Ranking** | | **1** | 4 | **3** | **5** | 2 |  |

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