

# Invitation to tender

**Internal Audit support – No Interest Loan Scheme**

**13 December 2021**

# Table of Contents

Invitation to tender (ITT): Internal audit support.....	3
Rationale for this work.....	3
Internal audit support .....	4
Funding arrangements.....	4
Requirements.....	4
Tender requirements.....	6
Timings .....	6
Total budget envelope .....	6
Your response .....	6
Clarification questions.....	6
Budget and pricing.....	7
Proposal submission and scoring criteria.....	7
Notes .....	8
Appendices.....	10
Appendix 1: Market engagement pack (attachment).....	10
Appendix 2: Draft contract for services .....	10
Appendix 3: HMT Grant Agreement (subject to NDA).....	10

# Invitation to tender (ITT): Internal audit support

Fair4All Finance is seeking a provider to deliver internal audit support to ensure that our delivery of the No Interest Loans Scheme (NILS) is compliant with the various funding agreements we enter into to finance the scheme.

## About Fair4All Finance

Fair4All Finance is a not-for-profit organisation founded in early 2019 to increase the financial wellbeing of people in vulnerable circumstances by increasing access to fair, affordable, and appropriate financial products and services. We have three main priority areas:

- 1 Expanding provision of affordable credit through a scaled community finance sector
- 2 Partnering with banks and financial service providers to support the delivery of products and services for customers in vulnerable circumstances
- 3 Developing and scaling products and services to address market gaps

You can find our full strategy [here](#).

## Rationale for this work

Fair4All Finance is procuring internal audit support to enable us to appoint a partner who can work with us to implement appropriate mechanisms to manage the funds we receive to deliver the NILS pilot in compliance with the various agreements.

Our requirement for this work arises out of the multi-party funding arrangements for NILS, the principal contributor to which is Treasury (HMT) and where contributions are also expected from the Devolved Administrations, and, potentially, from other co-funders.

We have commenced a market engagement on our plans for ahead of formally procuring this scheme from November 2021 with lending commencing in approximately September 2022 across six locations in England (three); Wales, Northern Ireland and Scotland.

NILS product development is already underway and we have a small scale proof of concept (POC) also commencing delivery in December 2021/January 2022.

Please see the detailed market engagement pack (Appendix 1) for information about the pilot on which we are seeking input from lenders as potential bidders in parallel to procuring this work to support the lender(s) we eventually appoint. The procurement is live on our website at <https://fair4allfinance.org.uk/invitations-to-tender/>

# Internal audit support

## Funding arrangements

- 1 We have entered into a grant agreement with HMT to receive £1.98m of administration funding and up to £1.8m as a bad debt guarantee for the NILS scheme. This agreement, with some notable exemptions, obliges us to comply with Managing Public Money and also brings us in scope of HMT audit/NAO audits
- 2 The HMT administration funding and bad debt guarantee are to cover the costs of the delivering the scheme in all four nations (across up to six sites)
- 3 Fair4All Finance will be providing lending capital to lenders in England (consistent with our remit) and may also contribute on other cost headings as a contingency
- 4 The Devolved Administrations have agreed to provide up to £1m lending capital each for their respective territories (which cannot be funded by Fair4All Finance)
- 5 Through the procurement of lenders to deliver the six pilot locations we are also seeking those lenders to come forward with local referral partners and co-funders lined up, in effect, in consortium bids
- 6 The lenders will be contracted through a contract for services and, where they require lending capital, through a loan agreement as a schedule to that contract for services
- 7 The procurement approach and evaluation criteria including pass/fail assessments are included in the market engagement pack which is included as Appendix 1. The procurement documents are also available on our website: <https://fair4allfinance.org.uk/invitations-to-tender/>

## Requirements

- 1 Provide guidance to help us set up proportionate and effective mechanisms to track cost on NILS and maintain compliance with our obligations under various agreements including:
  - setting up means of tracking internally incurred costs in terms of the NILS team time
  - setting up effective means and processes to capture and aggregate financial reporting data from up to six lenders to enable us to report to HMT on grant expenditure and forecast future draw down requirements
- 2 Provide guidance to us on the monitoring approach we should adopt internally to assess lenders compliance with their obligations, including a suitable sampling approach to check that NILS loans as issued to borrowers are compliant with the product definition and documented processes set out in the lender's contract for services and varied from time to time as the pilot iterates and evolves including their compliance with the terms of the HMT backed guarantee for bad debt
- 3 Ad hoc project and investment support may be required to explore any issues arising during the pilot or to examine the practices of some or all lenders in terms of compliance with the agreements into which they've entered. We are also seeking ad hoc rate card pricing so that we have an arrangement in place with a provider on whom we can call as needed. This ad hoc support may also be used on other non NILS projects or investments
- 4 Ad hoc support on internal audit where needed in preparation for external audit or in connection with our funding, which may include the following:
  - Review of governance structures and whether they are operating effectively
  - Review of operating costs, for value for money and proportionality in comparison to other similar organisations
  - Review of controls and procedures around deployment of funds

- Identifying areas of business risk and review the management of risk framework
- Evaluate and identify improvements to the effectiveness of risk management controls to ensure they are suitable for the needs of the business and meet governance requirements
- Monitoring compliance with the effectiveness of internal controls
- Liaise with the external auditors
- In planning, executing and reporting its work, the internal audit function should ensure that proper account is taken of value-for-money and transparency requirements

# Tender requirements

## Timings

Stage	Dates
Invitation to Tender published	13 December 2021
Clarification questions due	12 January 2022
Proposals due	21 January 2022
Assessment period	24 January – 4 February 2022
Interview for shortlisted bidders (if needed)	w/c 4 February 2022
Decisions made	11 February 2022
Target agreement in place	18 February 2022

## Total budget envelope

Element	Estimated budget	Duration/Term
Internal audit advice on setting up NILS management (requirements 1 and 2)	£33,000 excluding VAT	Initial deliverable due March/April 2022
Ad hoc internal project and investment audit support (requirement 3)	up to £20,000 excluding VAT per annum	5 years
Ad hoc internal audit work (requirement 4)	up to £20,000 excluding VAT	Completed during 2022

## Your response

To respond to this tender, please use the ITT Response Document (Supplier Questionnaire) provided to detail how you would deliver the required specification for services as outlined above. The proposal assessment criteria and requirements are set out below and a response document is provided with this tender.

Please email your completed ITT Response Document (Supplier Questionnaire) to [georgia@fair4allfinance.org.uk](mailto:georgia@fair4allfinance.org.uk) by **6pm on 21 January 2022**.

## Clarification questions

Clarification questions on this tender may be addressed to [georgia@fair4allfinance.org.uk](mailto:georgia@fair4allfinance.org.uk) by **close of play 12 January 2022**.

Any question responses which are relevant to all will be shared with all applying parties. If you intend to submit a response, please advise us at your earliest convenience so that question responses can be shared. Questions will be anonymised before responses are shared on our website.

## Budget and pricing

To support the product design refinement stage please provide us with your costs as follows:

### Internal Audit support on NILS setup

Role	Day rate	No of proposed days	Costs

### Ad hoc support – internal audit support

Role	Day rate	Typical regulatory accreditations/relevant qualifications

Note: Please outline any VAT and or expenses which may be payable clearly and separately

## Proposal submission and scoring criteria

Proposals submitted will be assessed by Fair4All Finance against the following questions:

### Pricing – 15%

<p><b>Value for money</b></p> <p>Please provide us with your costs as outlined above</p> <p><b>To what extent does the proposal demonstrate value for money?</b></p>	100%
--	------

### Quality – 85%

<p><b>Understanding of requirements</b></p> <p>Please explain what you understand Fair4All Finance is aiming to achieve in commissioning this work.</p> <p><b>To what extent does the proposal demonstrate an understanding of the issues related to this brief?</b></p> <p><b>Max 1 page; A4; 12pt font</b></p>	15%
<p><b>Please set out your proposed methodology</b></p> <p>Please explain your relevant methodology or approach to this work.</p>	25%

<p><b>Internal audit advice on setup and management of agreements</b></p> <p>We want to understand how you plan to go about guiding us on how best to manage NILS in compliance with our obligations.</p> <p><b>To what extent are the methodology and methods appropriate to the requirements set out in this brief?</b></p> <p><b>Max 2 pages; A4; 12pt font</b></p>	
<p><b>Relevant experience</b></p> <p>Please set out your experience relevant to this request including a case study setting out your comparable recent work.</p> <p><b>Case studies</b></p> <p>Recognising the skill sets required to support the delivery NILS and the wider grant and fund management compliance required please share a case study and contact details for that case study who is willing to talk to us which demonstrates your relevant experience.</p> <p><b>Relevant experience introduction max 1 page</b></p> <p><b>Case study maximum length 2 pages each; A4; 12pt font</b></p> <p><b>What degree of experience does the bidder demonstrate in order to successfully complete the work?</b></p>	30%
<p><b>Appropriate resourcing and delivery timelines</b></p> <p>Please set out your resourcing plan and assumptions about the time commitments you plan to make to deliver the NILS initial work.</p> <p>Please set out the wider team within your organisation who would be available for the ad hoc work.</p> <p>Please make it explicitly clear who will be accountable for the work and who our day to day contact will be.</p> <p><b>How well has the bidder structured a team in order to successfully manage the contract and deliver the required work to the budget and timetable required?</b></p> <p><b>Maximum length 2 pages; A4; 12pt font</b></p>	30%

## Notes

- Tender responses not received by the deadline will not be considered
- Quotations shall be valid for 90 days
- All bidders are solely responsible for all their costs and expenses incurred in connection with this procurement process at all stages
- Fair4All Finance reserves the right to amend or cancel the procurement exercise at any point. Fair4All Finance will accept no liability for any losses caused by any change or cancellation of this procurement exercise nor any decision not to award a Contract

- Any information submitted to Fair4All Finance may need to be disclosed and/or published by Fair4All Finance. Fair4All Finance may disclose information in compliance with the Freedom of Information Act 2000, any other law, or, as a consequence of judicial order, or order by any court or tribunal with Fair4All Finance to order disclosure
- Data Protection Act 2018 - Any awarded Contract will be subject to the Data Protection Act (DPA) 2018. Fair4All Finance reserve the right to request additional evidence to undertake sufficient due diligence of any Tenderer to ensure they have implemented the appropriate technical and organisational measures to comply with the act
- Fair4All Finance is committed to greater transparency and may publish its tender documents, contracts and data from invoices received and may at its discretion redact all or part of such information prior to publication
- Bidders shall not (and shall procure that their subcontractors and representatives do not) do any of the following without obtaining the prior written consent of Fair4All Finance:
  - Make a public statement or communicate in any form with the media in connection with this procurement
  - Use any trademarks, logos or other intellectual property rights associated with Fair4All Finance and/or its stakeholders
  - Represent that the Bidder is directly or indirectly associated in any way with Fair4All Finance and/or its stakeholders or that its or their respective products and/or services are in any way endorsed by Fair4All Finance and/or its stakeholders
  - Do anything or refrain from doing anything which would have an adverse effect on or embarrass Fair4All Finance and/or its stakeholders
- Bidders with abnormally low prices may be rejected by Fair4All Finance. Prices that are suspiciously low in the opinion of the organisation will be considered further before a decision is taken as to whether the price is abnormally low. This will include clarification with the relevant bidder
- Fair4All Finance will award the Contract to the bidder submitting the offer that best meets scoring criteria from the point of view of Fair4All Finance
- Contracts will be issued in accordance with Fair4All Finance terms and conditions and attached to this document. If you have any variations to the terms, please state what these are in your response
- Payment terms will be monthly on the submission of an itemised invoice
- Fair4All Finance will notify all bidders of its contract award decision

# Appendices

## **Appendix 1: NILS market engagement pack**

## **Appendix 2: Draft contract for services**

## **Appendix 3: HMT Grant Agreement (subject to NDA)**

Appendices 1 and 2 are available as attachments to this document on our website at <https://fair4allfinance.org.uk/invitations-to-tender/>

The NILS HMT Grant Agreement (Appendix 3) can be provided subject to signing our NDA that has been provided with this tender. Please send through signed NDA's to [georgia@fair4allfinance.org.uk](mailto:georgia@fair4allfinance.org.uk) with a request for access.