



Invitation to Tender External Audit Services April 2020



Scottish Charity No: SC033962
SHR Registration No. HAL 86
Registered under the Industrial & Provident Societies Act No. 2191R(S)
Property Factor Registered No. PF000231
VAT Reg. No. 680 6641 22

**Tenders must be received at the Association's offices no later than
12 noon on Wednesday 27th May 2020**

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Links to key documents

Audited Financial Statements to 31.03.19 (for both Clydebank Housing Association and CHA Power Limited)	https://www.clydebank-ha.org.uk/cha-downloads/cha-annual-accounts/
Annual Report to 31.03.19	https://www.clydebank-ha.org.uk/cha-downloads/cha-annual-reports/
Assurance Statement October 2019	https://www.clydebank-ha.org.uk/cha-downloads/assurance-statements/
Staff Structure	https://clydebank-ha.org.uk/about-us/who-we-are-what-we-do/staff/

SECTION A

Background (Extract from 2019/20 Business Plan)

Clydebank Housing Association (formerly Central & East Clydebank Housing Association, up to June 1989) was established by local residents in 1984 and working in partnership with the Housing Corporation (latterly Communities Scotland then Scottish Homes) and with the Local Authority, set out to improve housing and regenerate the central and east areas of the town. The Association was registered with the Housing Corporation in January 1985 and reached 35 years of achievements in 2020.

We are a community based “not for profit” organisation and a registered Scottish Charity (Charity no SC033962). We are committed to community control. Our policy is to encourage tenants and other customers to become members of the Management Committee and to take an active part in the running of the Association.

CHA is registered with the Financial Services Authority, a Registered Society registered under the Co-operative and Community Benefit Societies Act 2014 (registered number 2191 RS) and the Housing (Scotland) Act 2010. This means that it cannot distribute any profits and all surpluses are set aside for future major repairs. It is also registered with the Scottish Housing Regulator No. HAL86 and as a result, CHA is subject to supervision and inspection by this agency. The Association is a registered property factor under the provisions of the Property Factors (Scotland) Act 2011, Registration No PF00023.

In the earlier years, our development work concentrated on the modernisation of the Tenements in the town centre. When this work was finished, we embarked on a programme of new building to provide more new houses and flats for rent and for shared ownership. We aim to be able to provide a mix of homes in a variety of sizes and types, both to cope with current housing need and to allow for transfers from one type of housing to another as needs change, as children are born, grow up and leave home, or as older residents find they need adaptations to allow them to remain in their homes for longer.

In 1999, we acquired over 750 houses in Clydebank from the previous landlord, Scottish Homes, increasing our stock to over 1100 houses and flats, catering for all types of people including the elderly, disabled people and those with special needs.

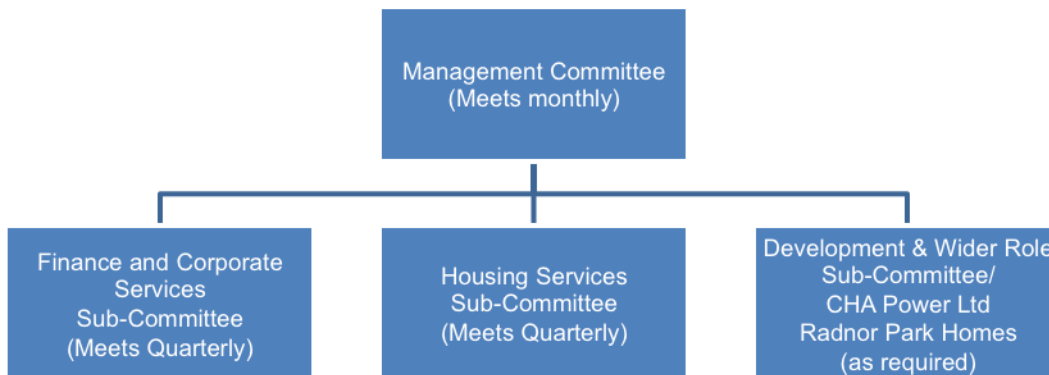
As at 31 March 2020, our housing stock totalled 1,168 units including 40 Shared Ownership units. In terms of size, we are currently the largest of eight, community based Housing Associations in West Dunbartonshire and we employ 36 members of staff (FTE 32) including 33 permanent (FTE 30) and 3 temporary members of staff (FTE 2), 3 caretakers who service our multi-story flats at Radnor Park, 4 members of staff who service our wider role project at Centre81 and 1 office cleaner.

As we grow, diversify and offer an increasing number of wider role activities, our role as an employer becomes more significant. We are committed to equal opportunities, are a “disability confident committed employer” and our track record in staff training and development earned us “Investor in People Gold” again in 2018 and “Investor in Young People Gold” status for the first time in April 2015. Clydebank Housing Association was first accredited by Investors in People in October 1996 and has now maintained commitment to the standard longer than any other Scottish Housing Association. Our re-assessment to IYP accreditation is due in 2020.

Since the beginning of the recession up to and including the end of 2015, our focus had shifted away from new-build development and closer to the maintenance and improvement of our existing stock, ensuring that all properties were SHQS compliant in advance of the 2015 deadline. During the same period, we continued to expand the range of our 'wider role' activities. Our wider role is where we aim to improve the social, economic and environmental circumstances of the community in which we operate. This strategy allowed us to ensure that our tenants continue to enjoy good quality homes and services and are protected from large rent increases during years of austerity.

However, since early 2016, our development function has once again come to the fore with our 44 unit affordable housing project completed at Graham Avenue in 2018, a further 37 units at Queens Quay and a potential development at the former St. Cuthbert's site in Linnvale to build 24 units in the pipeline. The Management Committee remains committed to growing our stock base and therefore we continue to liaise with our West Dunbartonshire and Scottish Government colleagues to secure grant funding for other development proposals. Additionally, as well as continuing to ensure ongoing SHQS compliance, we are now working towards the 2020 deadline for the new Energy Efficiency Standard for Scottish Housing (ESSH2) compliance.

The Management Committee usually meets on a monthly basis (except July) on the last Tuesday evening of the month. The Association's activities can be broadly categorised into four main functions and these are reflected in the following three sub-committees constituted at present: -



CHA Power is a fully owned subsidiary of Clydebank Housing Association, the Directors of which are made up of three members of CHA's Management Committee. Radnor Park Homes is a dormant subsidiary.

Aims and Core Values



Clydebank Housing Association aims to strive for excellence and provide the highest possible quality housing, environment and services to all our customers. We will aim to maximise our contribution to the overall regeneration of our area, addressing wherever possible, the needs of those in the community who are disadvantaged. In order to achieve this, the following core values have been formulated: -



“Offering our community more than a home”

We will achieve this by being ...

- **Respectful** - we will treat all our customers with courtesy and respect
- **Accountable** – we will be open, honest and approachable and act with the highest integrity at all times
- **Responsive and Informative** – we will listen, respond and inform through effective and timely communication
- **Professional** – we will ensure we have the appropriate skills and strive for excellence in all aspects of our service

SECTION B: Management Committee office bearers for 2019/20 are: -

	Name	Position	Served on Management Committee since	Sub- Committee membership 2019-20	Why involved	Photo
1	Kimberley Tennant	Chairperson	2016	<ul style="list-style-type: none"> • Housing Services Sub-committee • Finance & Corporate Services Sub-committee 	<p>Kimberley has 17 years administration experience and a demonstrated history of working in social housing, facilities management and property management. She is committed to ensuring that tenants and service users receive the highest possible standards of service from Clydebank Housing Association.</p> <p>She has recently completed qualifications with The Chartered Institute of Housing, and is a current member of the Institute of Leaders and Managers (ILM).</p> <p>Kimberley is interested in all aspects of social housing particularly Governance, housing management, health and safety, value for money and social inclusion.</p>	
2	Catherine McGarrity	Vice Chairperson	2014	<ul style="list-style-type: none"> • Finance & Corporate Services Sub-committee (Vice-Chair of Sub) • Development Sub-committee • Director of CHA Power Limited (subsidiary company) • Director of Radnor Park Homes Limited (subsidiary company) 	<p>Catherine has served on the committee for over 5 years. She graduated from Strathclyde University with a BA (Hons) in Planning in 1993 and has worked with Scottish Homes and a variety of registered social landlords over the years.</p> <p>Catherine lives locally and is particularly interested in development and what's being built in the area in</p>	

					<p>terms of quality and design.</p> <p>Catherine has successfully completed and been awarded the Governance of Scottish Housing Association qualification, assess and accredited by the SQA.</p>	
3	Paul Shiach	Secretary	2009 (also founder member in 1984-1988)	<ul style="list-style-type: none"> • Finance & Corporate Services Sub-committee • Development Sub-committee (Vice-Chair of Sub) • Director of CHA Power Limited (subsidiary company) • Director and Company Secretary of Radnor Park Homes Limited (subsidiary company) 	<p>Paul is a founder member of the Association over 30 years ago and re-joined the Management Committee in August 2008.</p> <p>Paul works as a Committee Services Officer and is committed to improving housing provision and provision of support services to our tenants.</p>	
4	John Hillhouse	Treasurer	1989	<ul style="list-style-type: none"> • Finance & Corporate Services Sub-committee (Chair of Sub) • Development Sub-committee (Chair of Sub) • Director and Company Secretary of CHA Power Limited (subsidiary company) • Director of Radnor Park Homes Limited (subsidiary company) 	<p>John has served on the Management Committee for almost 30 years, and has served as Chairperson between the years of 2002-2006 and for a second term between the years of 2008-2011.</p> <p>Since serving his apprenticeship in Upper Clyde Shipbuilders, he has worked both offshore and in the shipyards and is now retired.</p> <p>John was one of the Association's first tenants.</p>	

SECTION B (Continued)

Our Management Team

Clydebank Housing Association has been in existence for over 35 years and has a track record of attracting and retaining strong leadership at both Management Committee and Executive levels. We believe strong leadership stems from genuine care and commitment to the organisation, its people and especially its tenants, other customers and anyone who interacts with us

Day to day management of the organisation is devolved to the Senior Management Team:



Sharon Keenan, Chief Executive Officer

Sharon Keenan, Chief Executive Officer, joined the staff in 1985 and was previously Finance Manager and Depute Director before her appointment as Chief Executive in January 2015. She holds a BA in Business and Management with distinction from Glasgow Caledonian University. She oversees all aspects of the organisation and has extensive experience in finance, HR, corporate governance and wider role and was also significantly involved in the successful transfer of c. 700 former Scottish Homes' properties in 1999.

Lynette Lees, Head of Finances & Corporate Services

Lynette Lees FCCA, Head of Finance and Corporate Services, graduated from Glasgow Caledonian University with a BA (Hons) in June 2001. She completed her professional accountancy exams and became fully qualified in June 2005 to become a member of the Association of Chartered Certified Accountants and became a fellow member in 2011. Before joining the CHA senior staff team in August 2007, she was responsible for auditing a wide range of Housing Associations and Local Housing Organisations in the Glasgow area. As well as heading up the finance and administration team responsible for production of short, medium and long term projections and regular monitoring and reporting thereof,

Lynette oversees and monitors all aspects of procurement and asset management and aims to ensure high performance and value for money is achieved in the delivery of CHA services, contracts and capital purchases. Lynette takes the lead in administrating our CHA Power and Radnor Park Homes subsidiaries and ensures compliance with appropriate statutory, regulatory and accounting requirements alongside high levels of governance.

Joe Farrell, Head of Housing Services

Joe Farrell, Head of Housing Services, joined the staff as Housing Officer in 2002, having previously accrued several years' experience in social housing as a Housing Officer with North Ayrshire Council and latterly with Cunninghame Housing Association. Joe graduated with a BSc in Geography from Glasgow University in 1994 and in 1997 gained the postgraduate Diploma in Housing Studies. Joe is responsible for the delivery of the Housing Management service and has consistently outperformed key performance indicators as well as achieving favourable comparison with other local housing providers and peer groups members in relation to rent arrears, void loss and re-let times.

Alison Macfarlane, Housing Services Manager

Alison Macfarlane, Housing Services Manager, joined the staff in 1995, having previously worked with the Stakis Group for fifteen years. Previously Maintenance Officer, she successfully secured the Maintenance Manager/Health & Safety Administrator position in 2006 and has been charged with ensuring that the Association's short, medium and long-term maintenance obligations are undertaken and completed. Alison possesses the Association of Project Managers Introductory Certificate. Alison was also involved in the successful stock transfer process in 1999 and has managed the maintenance of the transfer stock ever since.

Fiona White, Finance & Corporate Services Manager

Fiona White, Finance and Corporate Services Manager, joined the Association in 1993 and was previously Finance Officer before being recently promoted to her current temporary 18-month role. Fiona oversees all our funded wider role projects including delivery of services at Centre81 as well as an array of financial responsibilities within the Finance and Corporate Services Section. Fiona is an associate member of the Institute of Residential Property Management and is currently undertaking study towards an AAT Professional Diploma in Accounting.

SECTION C

Statement of External Audit Requirements

This document invites suitably qualified and experienced providers to tender to Clydebank Housing Association (CHA) for the provision of External Audit services in accordance with all relevant professional standards and regulatory requirements.

It is expected that service provision will commence in July 2020 (following the AGM in the last week in June 2020) with an external audit plan for the audit of the annual financial statements for the year ended 2021 being presented to the Management Committee by the successful provider in 2020. The contract will last for 3 years to the audit of the 2022/23 financial statements, with the possibility of a further 3 years extension to the audit contract. The extension of the contract will be entirely at the discretion of CHA and the contract is subject to re-appointment annually at the AGM.

The Scottish Housing Regulator states that “good governance means taking informed, transparent decisions and managing risk”. The Management Committee is therefore required to maintain effective arrangements for External Audit which accord with its policies, objectives, standards, and codes of practice. To meet these obligations, CHA is seeking to appoint a suitably qualified firm to provide an External Audit service which will support CHA in improving their internal control systems.

The scope of the external audit service includes the audit of the financial statements of the Association and its subsidiary, CHA Power Limited. We are presently exempt from preparing Group consolidated financial statements.

The audit service is to be performed to a high standard, timeously and within agreed costs.

The basis of the appointment will be a formal letter of engagement.

Minimum Requirements:

At a minimum we would expect the service to incorporate for both the Association and its Subsidiary:

- The complete process of audit up to and including the point of issue of the Financial Statements (individual fees for each organisation).
- Completion and submission of Corporation tax returns for subsidiary company, CHA Power Limited and to ensure full compliance with tax legislation.
- Submission of Financial Statements to Companies House for subsidiary company, CHA Power Limited.
- Attendance at the Management Committee Accounts Approval meeting and presentation of reports and findings to the Management Committee/Board of CHA Power Limited.
- Attendance at the Annual General Meeting (if required)
- Providing annual Planning Letters and Audit findings report/Management Letter to those charges with Governance.
- Liaison with the Association’s internal auditor(s) where applicable to maximise audit coverage and avoid duplication of effort.

Additional Requirements:

In addition, we may require the external auditor to provide expert professional advice and guidance on:

- VAT issues.
- Other relevant taxation issues (PAYE/NI etc.)
- Compliance with accounting standards (in particular component accounting and international financial reporting standard)

The external audit firm may also be invited to provide certain management consultancy services as agreed. Applicable daily rates for specialist consultancy staff should be provided.

To avoid potential conflicts of interest, the Association may wish to specifically exclude the successful external audit firm from undertaking certain consultancy assignments on their behalf, for example internal audit.

Timetable of Events (Approximate):

In order to meet our statutory and reporting deadlines we would expect the successful firm to agree an audit timetable, which would allow completion of the audit and agreement and sign off of the final accounts by mid June each year.

In outlining this timetable, it is acknowledged that CHA staff must supply all information and assistance necessary to allow completion by the auditors. A detailed timetable, including all information to be supplied, will be agreed before commencement of each year's audit.

Financial Year End	31 March
Management Committee (planning letters)	Mid-April
Audit fieldwork (on-site)	Mid May
Draft Accounts ready	Mid-June
Management Committee Accounts Approval meeting and signing of accounts	3 rd week in June
AGM	Last Thursday in June

SECTION D

Documentation/Information to be submitted

To ensure consistency and ease of evaluation, all proposals submitted must follow the following format. Failure to supply any or all of the requested information in the required format may result in the proposal being excluded from the evaluation process.

Sections: -

- 1) Background information on your firm including your corporate structure and professional registration.
- 2) Details of your firm's Professional Indemnity Insurance.
- 3) Details of number of staff designated to work on external audit assignments and the name(s)/designation(s) of all personnel who will be involved in the audits. Please highlight any particular knowledge they have of the environment in which RSL's operate.
- 4) Details of previous experience of providing external audit services to RSL's/ Housing Association sector and awareness of OSCR and SHR requirements. CHA is seeking a firm that is fully familiar with the operating environment and regulatory issues faced by Housing Associations.
- 5) The methodology for planning/assessment of audit needs, carrying out the fieldwork and finalising and reporting on the audit findings. This should include carrying out a risk assessment during the planning stages using discussion and a range of documents that the Association will provide as required.
- 6) A sample of key documents that will include the Audit Planning letters and the Management letters/audit findings reports.
- 7) Fee Proposal – Pricing should be based on the basis that a set of draft statutory accounts with accompanying working papers, finalised management accounts and other information will be provided by CHA.

An all-inclusive cost per annum for 3 years. The proposals should clearly state whether the fees are fixed over the term of the appointment or if not the basis of increase for inflation and whether the fees are inclusive or exclusive of VAT. We are unlikely to accept a proposal that increases annual fees by more than the Consumer Price Index.

It is acknowledged that significant growth through a development programme or legislation changes may impact on the fee level. Any proposed variation in fees over and above an inflationary increase (e.g. as a result of changes in scale, external requirements or external audit work content) will require to be fully justified and mutually agreed. Expenses should be separately detailed.

“All-Inclusive” means all costs and expenses associated with:

- Assessment of Audit needs
- Preparing for and carrying out the fieldwork (currently being carried out in 4/5 days per annum)
- Attending Management Committee meeting to present and discuss the findings of each audit report for CHA and CHA Power Limited (once per annum)

CHA Audit Services as outlined above	£
Ad hoc services	£
TOTAL	£

CHA Power Audit Services as outlined above	£
Corporation Tax services	£
TOTAL	£
GRAND TOTAL	£

- 8) Completed Declaration of Interest Statement (see Appendix 1)
- 9) Confirmation that your firm has an Equal Opportunities Policy. Please provide details of any rulings against your firm in respect of equality legislation (please submit copies with your tender documentation)
- 10) Confirmation that your firm has a Health & Safety Policy Statement (please submit copies with your tender documentation)
- 11) Details of 2 referees we have your permission to contact – preferably current clients and from the RSL sector
- 12) Any other information that you believe may assist in assessing your proposal

SECTION E

Selection and Timescales

Your tender should be received by **Wednesday 27th May at 12.00 p.m.** The tender documentation will be considered by the Management Committee at its meeting to be held on Tuesday 16 June 2020 and appointment will be based on the information provided and references received.

Whilst cost shall be a consideration, it shall not be the exclusive factor in the appointment. CHA wishes to maximise the value obtained from the external audit service and does not bind itself or is obliged to accept the lowest tender.

The appointment will be for a three-year period, with the possibility of an extension for a further 3 years, subject to satisfactory performance.

Proposals will be assessed as follows: -

Price	40%
Quality of Proposal including experience and expertise	60%

The selection criteria will take into account:

Price

- How the fee is calculated now and in the future;
- What is included in the audit fee;
- How fees for additional services would be calculated; and
- The reasonableness and competitiveness of the fee.

Quality

There will be performance indicators set down for the measurement of the quality and efficiency of service delivery:

- The firm's external audit methodology, particularly in the areas of risk assessment and quality assurance;
- Timely issue of audited accounts on completion of fieldwork;
- Performance against agreed plan;
- Proportion of manager and suitably qualified and experienced staff input on individual audit assignments;
- Quality of added-value advice;
- A detailed understanding of the Housing Association sector and of auditing complex not-for-profit organisations;
- The cost/value for money of the external audit service in line with CHA's Value for Money Policy;
- The references obtained from the firm's other clients;
- Involvement in the sector.

Points	Evaluation Criteria
5	Excellent understanding and interpretation; innovative and proactive with sound solution in response
4	Good understanding and interpretation of requirements in response
3	Reflects adequate understanding of all issues and aspects in response
2	Reflects limited understanding/misses some aspects in response
1	Material failure to grasp/reflect the core issue
0	No response

An electronic copy of the proposal should be emailed to tenders@clydebank-ha.org.uk.

All applications will be acknowledged. All tenderers will be provided with feedback if your bid is unsuccessful.

Clydebank HA will not be liable for any bid costs, expenditure, work or effort incurred by a tenderer in proceeding with or participating in this procurement, including if the procurement process is terminated or amended.

Candidates will be notified no later than 19th June 2020 of our decision following Management Committee consideration. Management Committee will thereafter propose the successful appointment at its next AGM, scheduled for 25 June 2020.

Further Information

Please refer any questions you may have to Lynette Lees, Head of Finance and Corporate Services, Lynette@clydebank-ha.org.uk or call 0141-941 1044.

APPENDIX 1 - DECLARATION OF INTEREST STATEMENT

ENTITLEMENTS, BENEFITS & PAYMENTS

- 1. Firms should identify any work they are currently carrying out or competing for which could cause a conflict of interest, and indicate how such a conflict would be avoided.

YES/NO (please delete as applicable *and provide details below*)

- 2. A declaration of interest must be given where any Director or Manager of a contracting firm/company is a close relative of any staff or Board member of Clydebank Housing Association where any staff or Board member has an interest in the contracting firm/company. This applies to individuals who have been a staff or Board member within the preceding 12 months.

Does any Director or Manager from your firm have such connections with Clydebank Housing Association?

YES/NO (please delete as applicable *and provide details below*)

NAME:

POSITION:

FOR AND ON BEHALF OF:

SIGNATURE:

DATE: