



Accounting Professional & Ethical Standards Board Limited

ACN 118 227 259

**External Audit
Invitation to Tender
March 2018**

1.0 BACKGROUND

1.1 Accounting Professional & Ethical Standards Board Limited

Accounting Professional & Ethical Standards Board Limited (APESB) is governed by an independent board of directors whose primary objective is to develop and issue, in the public interest, high-quality professional and ethical pronouncements. These pronouncements apply to the membership of the three major Australian professional accounting bodies (Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants).

In Australia, APESB issues APES 110 *Code of Ethics for Professional Accountants* which includes the Australian auditor independence requirements, as well as a range of professional & ethical standards that deal with non-assurance services.

APESB is a company limited by guarantee and is registered with the Australian Charities and Not-for-Profits Commission.

The Board of the APESB has determined to review its external audit arrangements for the year ending 30 June 2018. The purpose of this document is to invite external audit firms to prepare tenders and to advise of the process by which the Board will select the audit firm for the 2018 year. The Board will oversee the selection process and it is anticipated that each firm will bear the costs associated with the tender submission.

The APESB secretariat office is located at Level 11, 99 William Street in the Melbourne CBD. For further information on APESB please refer to its website at www.apesb.org.au.

APESB's key management contact for this tender is APESB's CEO Channa Wijesinghe, who can be contacted on 03-96424372 or channa.wijesinghe@apesb.org.au.

1.2 About This Tender

APESB has determined to invite tenders for the provision of external audit services for the year ending 30 June 2018 and the successful tenderer will undertake the external audit of the 2017/18 financial statements.

APESB's objectives for this tender process are to:

- Secure a high-quality provider of external audit services;
- Ensure the appointed auditor is in place in readiness for the audit of the financial statements for the **30 June 2018** Financial Year; and
- Appoint an auditor who will provide high standards of professional service and value for money.

1.3. Instructions to Tenderers

As part of this tender process APESB will provide tenderers with a range of information as indicated below and other relevant information upon request to enable prospective tenderers to provide a clear and accurate proposal.

Document	Link
APESB Constitution	http://www.apesb.org.au/uploads/about_apesb/governance/12092014025159constitution-approved-7-august-2007.pdf
APESB Board Charter	http://www.apesb.org.au/uploads/about_apesb/governance/12092014025159apesb-board-charter-v-2-0-final_.pdf
APESB Mission and Vision	http://www.apesb.org.au/page.php?id=8
APESB at a Glance	http://www.apesb.org.au/page.php?id=7
APESB's Due process and working procedures	http://www.apesb.org.au/uploads/about_apesb/governance/12092014025159revised-due-process-dec-2013-final.pdf
APESB 2016-20 Strategic Plan	http://www.apesb.org.au/uploads/about_apesb/governance/04102016102947 APESB Strategy 2016 2020.pdf
APESB Board of Directors	http://www.apesb.org.au/page.php?id=38
APESB Annual Reports	http://www.apesb.org.au/page.php?id=10
APESB 10 Year Anniversary publication	http://www.apesb.org.au/page.php?act=v199

APESB will require each tendering firm to submit a written proposal addressing each of the areas described in Paragraph 1.5 below.

Tenders will be considered as follows:

1. Tenderers will submit a written proposal addressing each area listed in paragraph 1.5.
2. The Board will evaluate the quality of these written proposals and will identify a shortlist of tenderers; and
3. Selected tenderers may be invited to conduct a presentation to the Board.

1.4 Timeline

APESB will conduct the tender process in accordance with the following timeline:

Date	Process
1 March 2018	APESB issues invitation to tender
2 March 2018 – 16 March 2018	Access to management to raise any clarification questions or request for further information
16 March 2018 (6.00 PM)	Deadline for receipt of tender submissions
19 - 31 March 2018	Tender evaluation by the Board
3 - 14 April 2018	Potential follow up information requests from the Board
16 April 2018	All tenderers notified of outcome

1.5 Tender Response Format

The proposal document must be addressed to **the Chairman of the Board**. To ensure a comprehensive process, it is requested that tenders include the following information:

1. **External Audit Firm Details**

- A description of the external audit firm including organisation structure as it relates to this engagement.
- Summary of the potential benefits to APESB of selecting your firm.
- Information regarding relevant industry and experience of comparable clients to the APESB in organisational status and size.

2. **Resourcing**

- Details of the core service team, location and relevant experience.
- The firm's policy on the rotation of audit partners.

3. **Approach and Transition**

- The process by which the external audit firm will obtain an understanding of APESB's organisational needs and risks.
- Explanation of the external audit approach and how this would be aligned to APESB's specific needs.
- The use of technology to deliver audit-related services.
- How findings will be reported to management and the Board.
- Transition and implementation plan (if applicable).
- Ability to meet the timetable specified in paragraph 2.3.

4. **Quality Assurance**

- Describe the internal processes used for quality assurance.
- Describe your firm's approach to resolving accounting and financial reporting issues.

5. *Independence and Governance*

- Details of your firm's policies and practices to ensure compliance with independence requirements and the processes to deal with conflicts of interest.
- Confirmation from your firm that it will take all necessary steps to ensure its ongoing independence.

6. *Fees*

- Audit fee quote to complete the 2018 year-end audit of the financial statements.
- The basis on which fees will be determined for future years including charge out rates.
- General overview of the schedule and timing of billings.

7. *Insurance and terms & conditions*

- Evidence of adequate professional indemnity insurance.
- The external audit firm's terms and conditions to provide the audit service.

8. *Additional Services and Value Add Services*

- A brief summary of additional services that the external audit firm can provide.
- Free of charge services to complement the overall engagement relationship.

1.6 Submission of Tender

An electronic copy of your proposal (in word and PDF) should be sent to APESB no later than **6.00 PM on 16 March 2018**. Return to the following:

Email: channa.wijesinghe@apesb.org.au

By accepting this invitation to take part in this tender process, you agree to keep in confidence all information provided to you, whether written or oral, in relation to the tender process and/or in relation to APESB's business generally which is not already in the public domain, to use it only for the purposes of this tender and for no other reason and not to disclose any of the said information to any third party.

2.0 SPECIFICATIONS

Guidance for and information required in the tender

The successful tenderer will be a Registered Company Auditor that satisfies Independence requirements specified by applicable legislation and APES 110 *Code of Ethics for Professional Accountants* and be able to demonstrate experience in conducting audits of charities and not-for-profit companies limited by guarantee.

The external audit services will include, but will not be limited to:

- Planning, management and execution of annual external audit of the APESB financial statements in accordance with Australian Auditing Standards;
- Providing an audit opinion on the financial statements;
- Reporting on external audit progress to management and the Board; and
- If required, attending the Annual General Meeting to answer questions raised by shareholders.

2.1 Audit Personnel

The external audit firm is expected to appoint an audit partner to oversee the audit and meet with the Board as required. An Audit Manager should also be appointed to manage the audit process and the on-site field team.

2.2 Technical Expertise

The external audit firm should ensure that the audit team is staffed with suitably qualified and experienced personnel, and that work is properly controlled and reviewed in accordance with Australian Auditing Standards. Tenderers are asked to provide details of experience and capabilities for both the Audit Partner and Audit Manager.

2.3 Audit Visits

The planning meeting for the audit should take place in April/May 2018 to discuss relevant issues and agree the audit timetable. To ensure a timely process, the following timetable is proposed.

Date	Action
April/May 2018	Audit planning meeting
June 2018	Planning processes and interim fieldwork
August 2018	Year-end fieldwork
September 2018	Audit report and draft financial statements to the Board
October 2018	Board meeting to approve the financial statements
December 2018	Annual General Meeting

The Audit Partner will be required to attend the Board meeting at which the Board will consider for approval the annual financial statements. The Audit Partner may need to attend the Annual General Meeting to respond to any queries raised by APESB's shareholders.

2.4 Transition and Implementation Plan (if applicable)

It is requested that tenderers indicate their expected program from April/May 2018 if selected to provide external audit services for APESB. Details should include any expected preparation and support or information required from APESB.

2.5 Additional Services

The external audit firm should provide a brief summary of other services it can provide. On an ad-hoc basis APESB may request these services from the firm. Such services will be subject to a fee quotation and associated contractual agreements.

2.6 Value Added Services

The external audit firm should indicate if there are any free-of-charge services available to support APESB such as training on new financial reporting requirements.

2.7 Terms & Conditions

Tenderers are required to submit a copy of their standard terms and conditions of contract for review by APESB. These will be reviewed, and discussion or clarification of these conditions will be completed with the preferred supplier prior to the signing of the audit engagement letter.

2.8 Quotes for Services

As well as an overall quote for the provision of audit services, each tenderer shall also provide:

- Daily or hourly rate of key staff;
- Expected level of travel charges and expenses; and
- Any additional costs.

2.9 Price Changes

APESB will not accept an annual price increase without a clear justification showing costs to perform the engagement has increased. Tenderers should explain the processes they have in place for reviewing charges for future years.

Guidance for and information required from the successful tenderer- post tender

2.10 Letter of Engagement

In accordance with Australian Auditing Standards, the Board will request an engagement letter with the selected audit firm on an annual basis.

2.11 Contract Duration

Subject to paragraph 2.14, the initial contract period is expected to be for three years.

2.12 Audit Findings

The Board requests that the external audit firm report to APESB in the form of an audit completion report any significant findings from the external audit process. A draft of this document should be completed by the end of September 2018. This will facilitate its final consideration by the Board at its October 2018 meeting.

2.13 Account Management

The external audit firm will nominate a partner to be responsible for the provision of APESB audit-related services. It is expected that this representative will be APESB's main contact for audit-related issues and any matters that require escalation.

2.14 Performance Monitoring

The Board will review and assess the appointed external audit firm's work each year to ensure that it is of a high standard and take into consideration the firm's performance in determining its reappointment for future years.