

Invitation to Tender: External Audit and Accountancy Services August 2019

Background

In accordance with best practice, the Tax Justice Network is undertaking a tender process to appoint external auditors to provide the services scoped below for the current financial year onwards (the year ending 31 December 2019).

About the Tax Justice Network

Activities

The [Tax Justice Network](#) (TJN) is dedicated to high-level research, analysis and advocacy in the area of international tax and financial regulation, including the role of tax havens. Our objectives are:

- To eliminate cross-border tax evasion and limit the scope for tax avoidance
- To increase citizens' influence in the democratic control of taxation
- To restore similar tax treatment of different forms of income
- To remove the tax and secrecy incentives that encourage the flow of investment capital from poorer countries
- To promote the role of tax in supporting economic development, poverty relief and more equal societies

Our [2018-21 strategy](#) focuses on four workstreams: financial secrecy, the scale of tax injustice, tax justice and human rights, and the race to the bottom. Our activities are summarised in a [two-page overview document](#).

Structure

The Tax Justice Network is a private limited company by guarantee without share capital, with use of 'Limited' exemption. It is not registered with the Charity Commission.

The Board is made up of five Non-Executive Directors and five Executive Directors, the latter also being the Senior Management Team (including the current Chair of the Board). There is currently no Finance and Operations sub-committee.

There are currently 17 Members of the organisation, with membership being open to an employee or certain contractors who have worked for the organisation for more than 12 months and is mandatory for any Directors in company law.

Day to day management of the organisation is delegated to the Senior Management Team, comprising the Chief Executive, three Directors with Programme lead responsibilities and the Director of Operations. Please see the organogram provided for reporting structures within.

Financial model and systems

The majority of income comes from grants, supplemented by a small amount of contracted income and donations. The income comprises a mix of restricted and unrestricted funding. Due to the non-profit nature of the organisation (as per the Articles of Association), the Tax Justice Network intends to voluntarily adopt charity SORP presentation for the 2019 financial accounts. We would ask that the audit be carried out to the same standards.

Our accounting year runs from January to December. The annual accounts are expected to be ready for audit by the end of March, with a view to the audit report being signed off ahead of the summer Board meeting usually held in the first week of July.

Management accounts are produced internally by the Finance Manager and shared with the Board quarterly.

The accounting package currently used is Xero.

Additional documents provided:

- [Articles of Association](#)
- [2018 Annual Report and Accounts](#)
- [Organogram](#)
- [Sample COFFERS project audit ToR](#)

Scope of services

Accounts

Commencing with the financial year ending 31 December 2019, the Accountants will compile the Annual Financial Statements of the Tax Justice Network using closing management accounts provided by the client. Access to the accounting package will also be provided.

They will provide handover notes and ledger entries for any adjustments made during the compilation, and be available to provide additional information in relation to audit queries if required.

They will provide submission of tax returns and filing of accounts with Companies House.

In addition to the above recurring annual requirements, the Accountants shall from time to time provide ad hoc advice in relation to matters such as (but not exclusively) VAT and corporation tax treatment.

As mentioned in the Financial Model and Systems section, the Tax Justice Network intends to voluntarily adopt charity SORP presentation of the financial statements as of 2019. In preparation for this the Accountants are expected to carry out a review of current and relevant historical income and associated expenditure to ensure correct treatment under charity SORP.

Audit

Commencing with the financial year ending 31 December 2019, the Auditor shall perform an examination of the financial statements of Tax Justice Network in accordance with International Standards on Auditing.

They will work closely with staff to review the system of internal financial controls, accounting procedures and processes to ensure these are adequate to meet audit standards. The Auditor will have electronic access to the relevant documents.

In addition to the above recurring annual requirements the Auditor shall also perform ad hoc project audits as requested and detailed by the client and at a cost agreed per audit.

The first such project audit is required in February 2020 and will be in relation to a project financed under the EU Horizon 2020 Research and Innovation Framework Programme. Tax Justice Network has individually (as a beneficiary as part of a consortium) been in receipt of a total budget of €711,678 across 3 years. TJN is not the Coordinator and has no sub-grantees. The work will be covered by a specific Terms of Reference (sample copy provided) but an indicative cost should be included with this proposal and any relevant experience highlighted.

Timings and budget

- Closing date for proposals 6 September 2019
- Shortlisting 9-10 September 2019
- Interviews 16-17 September 2019
- Decision making 19 September 2019
- Notification of outcome 20 September 2019

Period of agreement: Audit of 2019 accounts and three further years subject to annual review and approval by the Board. EU project to be audited in February 2020.

Our estimated budget for the annual audit is in the region of £8,000 including VAT.

Our estimated budget for the annual accounts is in the region of £1,800 including VAT. The proposal should include how costs would be charged in respect of ad hoc advice.

The budget for the EU project audit is in the region of £4,500 including VAT. The proposal should include an estimated budget for annual services and EU project audit separately.

Selection criteria and process

The proposals will be scored against the following criteria:

- Cultural fit: given the clear objectives of the Tax Justice Network it is important that audit and accounting partners hold values that align with our own, and at the very least do not actively contradict our purpose.
- Technical competency and experience in the non-profit sector: although not a registered charity, the Tax Justice Network are seeking auditors and accountants that specialise in the charity sector and have a strong portfolio of international charity clients. We expect our auditors and accountants to be aware of and actively leading developments in the sector and advising on best practice.
- Suitability of approach: does the proposed approach suit TJN's working practices, processes and systems?
- Experience of performing project specific audits for EU funded programmes (preferably Horizon 2020).
- Value for money: our expectations go beyond just meeting statutory requirements, but budgets are tight. What are the value adds?

Proposals will be evaluated by a panel made up of Will Snell (Director of Operations), Liz Nelson (Director, Tax and Human Rights) and Madelyn Brown (Finance Manager), who will form a shortlist to be invited to interview. Following the interview stage two proposals will be presented to Board who will make the final decision on appointment.

Both the successful and unsuccessful tenderers will be notified by 19 September 2019.

Instructions for submitting a proposal

Clarification questions about this ITT or process should be addressed to Madelyn Brown (Finance Manager) at madelyn@taxjustice.net.

Completed proposals should be emailed to Will Snell (Director of Operations) at will@taxjustice.net by 17:00 UK time on 6 September 2019.

Proposals should include:

- An outline of your audit strategy, including how you approach auditing against key risks and where you would focus your testing.
- Details of the team who would conduct the external audit, including the location of staff.
- Details of the team who would compile the statutory accounts and how segregation of relationships between audit and accountancy is maintained within the firm.
- An outline of relevant experience within the non-profit sector, internationally operating environments and in conducting EU project audits.
- How your organisation aligns with Tax Justice Network's values.
- The expected fee for compiling the 2019 accounts including any additional preparation required due to moving to charity SORP presentation, the expected fee for the annual audit of the 2019 accounts and a separate fee for the EU project audit. Please also include an estimate of how additional charges would be incurred if required.

TJN reserves the right to change any aspect of, or cease, the tender process at any time.

While TJN has taken all reasonable steps to ensure that the facts contained in this ITT are true and accurate in all material respects, TJN does not make any representation or warranty as to the accuracy or completeness or otherwise of this ITT, or the reasonableness of any assumptions on which this document may be based.

All information supplied by TJN to the tenderers, including that contained in this ITT, is subject to the tenderer's own due diligence. TJN accepts no liability to tenderers whatsoever and however arising and whether resulting from the use of this ITT, or any omissions from or deficiencies in this document.

It is the responsibility of potential suppliers to obtain for themselves at their own expense all additional information necessary for the preparation of their response to this ITT. No claims of insufficient knowledge will be entertained.

Proposals should be made in good faith and with the understanding that the tenderer has not fixed or adjusted the amount of the offer by or in accordance with any agreement or arrangement with any other person.

Proposals should be submitted only when to the best of the tenderer's knowledge there are not any conflicts of interest or any circumstances that could give rise to a conflict of interest in the performance of the proposed Contract. TJN requires that all actual or potential conflicts of interest are resolved to the satisfaction of TJN prior to the submission of proposals. In the event that any actual or potential conflict of interest comes to a tenderer's attention, that tenderer should immediately notify TJN.