

**BAR
STANDARDS
BOARD**

REGULATING BARRISTERS

INTERNAL AUDIT

Invitation to tender for the provision of Internal Audit services.

BAR STANDARDS BOARD 289-293 High Holborn, London, WC1V 7HZ (DX: 240 LDE)

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1. Introduction

- 1.1. The Bar Standards Board (“BSB”) was established in 2006 as a result of the separation of regulatory functions from the General Council of the Bar (the Bar Council). The BSB is the independent regulatory body responsible for regulating barristers and specialised legal services businesses in England and Wales in the public interest.
- 1.2. The BSB operates within an atypical governance structure. The BSB has no separate legal personality from the Bar Council, who are the Approved Regulator according to the Legal Services Act 2007¹. In order to respect the principal of regulatory independence the BSB was established in 2006 in order to separate representative and regulatory functions. This is governed by our [Constitution](#)², [Standing Orders](#)³ and the Legal Services Board (“LSB”) [Internal Governance Rules](#)⁴. In practice this means that some governance structures (The Finance, and Audit Committees for example) are shared with the Bar Council.
- 1.3. The BSB’s objectives are set out primarily in the Legal Services Act 2007 (“LSA”) and are:
- Protecting and promoting the public interest;
 - Supporting the constitutional principle of the rule of law;
 - Improving access to justice;
 - Protecting and promoting the interests of consumers;
 - Promoting competition in the provision of services;
 - Encouraging an independent, strong, diverse and effective legal profession;
 - Increasing public understanding of citizens' legal rights and duties; and
 - Promoting and maintaining adherence to the professional principles⁵.
- 1.4. The BSB has recently undergone a period of internal governance reform, moving towards executive-led decision making. More information on our governance, can be found on the [governance section of our website](#)⁶, and in the [Governance Manual](#)⁷.
- 1.5. As part of the governance reform programme, the BSB has reviewed its processes for assurance and has decided to adopt the four lines of defence model of assurance.
- 1.6. The BSB does not currently have an in-house audit capability, and our aim is to appoint a provider to provide an internal audit service commencing during the 2017/18 financial year. We are looking for a provider who can work in partnership with the BSB staff to both deliver internal audit services, to a high standard and help define the scope of future internal audit services adding value and assurance to the Board and it’s standing committees.

¹<http://www.legislation.gov.uk/ukpga/2007/29/contents>

²https://www.barstandardsboard.org.uk/media/19111/bsb_constitution_v2.doc

³https://www.barstandardsboard.org.uk/media/1818467/bsb_standing_orders_2017_approved_january_2017_amended_may_2017.pdf

⁴http://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/Internal_Governance_Rules_Version%203_Final.pdf

⁵The Professional Principles are:

1. That authorised persons should act with independence and integrity;
2. That authorised persons should maintain proper standards of work;
3. That authorised persons should act in the best interests of their clients;
4. That persons who exercise before any court a right of audience, or conduct litigation in relation to proceedings in any court, by virtue of being authorised persons should comply with their duty to the court to act with independence in the interests of justice; and
5. That the affairs of clients should be kept confidential.

⁶<https://www.barstandardsboard.org.uk/about-bar-standards-board/how-we-do-it/our-governance/more-about-our-governance/>

⁷https://www.barstandardsboard.org.uk/media/1818312/governance_manual_march_2017.pdf

1.7. As such the BSB invites tenders from providers with the knowledge, experience and capability to provide internal audit services.

2. Overview of the Bar Standards Board

2.1. The BSB regulates barristers and their professional practice and specialised legal services business in England and Wales in the public interest. We are responsible for:

- Setting the education and training requirements for becoming a barrister;
- Setting continuing professional development requirements to ensure that barristers' skills are maintained throughout their careers;
- Authorising organisations that focus on advocacy, litigation, and specialist legal advice;
- Monitoring the service provided by barristers and the organisations we authorise to assure quality;
- Handling complaints against barristers and the organisations we authorise and taking disciplinary or other action where appropriate.

2.2. Our [Strategic Plan 2016-19](#)⁸ sets out 3 strategic aims:

- **Regulating in the public interest;**
- **Supporting barristers and those we regulate to face the future;** and
- **Ensuring a strong and sustainable regulator.**

2.3. The BSB has 6 departments:

2.3.1. **Chair and Director General's Office**, responsible for the BSBs workforce and all its operations, including accountability for its regulatory functions. The Chair and DG lead the Board and Executive respectively.

2.3.2. **Professional Conduct Department** ("PCD"), takes decisions under the authority of the Professional Conduct Committee on whether or not enforcement action should be taken against barristers who have failed to meet their professional obligations as set out in the BSB Handbook⁹. The PCD investigates complaints and, where appropriate, assists the Committee in taking disciplinary action in cases of professional misconduct.

2.3.3. **Regulatory Assurance Department** ("RAD"), works to assure, maintain and enhance standards across the regulated profession through the development of measures for assessing adherence to the standards set out in the handbook.. This includes a risk based approach to the supervision of chambers, the authorisation of new entities including alternative business structures and the regulation of continuing professional development (CPD). The department is also responsible for access to the profession, overseeing the academic, vocational and pupillage stages of training that must be completed in order to qualify as a barrister.

2.3.4. **Strategy and Policy**, responsible for gathering evidence about the market that we regulate by conducting research and engaging with those who have an interest in our work. Where necessary, we use this knowledge to set or revise standards, rules and guidance for barristers and other regulated entities. These are collated in the BSB Handbook. Strategy and Policy are also responsible for the BSB's risk based approach to regulation and the organisation's approach to equality and diversity (see our [Equality Strategy](#)¹⁰ for more information).

2.3.5. **Communications and Public Engagement** is a small team handling all the BSB's media relations and stakeholder engagement strategy. They issue Press Releases and handle Press inquiries, write and publish the monthly email to all barristers known as "Regulatory Update" maintain the BSB's presence on the internet and intranet and on social media deal and advise

⁸https://www.barstandardsboard.org.uk/media/1746768/bsb_strategic_plan_2016-19.pdf

⁹https://www.barstandardsboard.org.uk/media/1826458/bsb_handbook_31_march_2017.pdf (3rd Edition, April 2017)

¹⁰https://www.barstandardsboard.org.uk/media/1819877/bsb_equality_and_diversity_strategy_2017_in_12pt_for_website.pdf

on, or lead in drafting, all corporate publications. They maintain our stakeholder database and work to ensure that the BSB's stakeholders have a good understanding of our work and can contribute their views to our policy making.

2.3.6. **Corporate Services**, supports the rest of the organisation in strategic and business planning, financial and performance reporting, and management of corporate risk. This department includes governance, providing support to the Board and its committees.

3. Requirement

3.1. Previously assurance was derived from internal governance structures of the BSB. A traditional structure of subject matter committees providing direct oversight of policy, with responsibility for regulatory decisions and assuring the Board of both the robustness of and compliance with processes. Governance reform has delegated significant decision making to the executive. The Board, through its Governance, Risk and Audit Committee (GRA), has reconsidered the options for adequate assurance in the future.

3.2. The Board has decided to adopt the four lines of defence model¹¹ and agreed to establish an internal audit function to provide the third line of defence.

3.3. In March 2017 the organisation commissioned an assurance mapping report. External consultants were engaged to assess the current assurance processes, identify any gaps or areas for improvement in the following business areas;

- Examinations
- Communications and Public Engagement
- Corporate Risk and Risk Monitoring
- Enforcement and Professional Conduct
- Waivers and Accreditations

These areas were chosen as they represent some of the highest risk 'core' activities undertaken by the BSB. All the areas reviewed by the consultants were judged to have high or medium level of assurance. Broadly the assurance gaps were most apparent in the 2nd and especially the 3rd lines of defence with a lack of KPIs and independent assurance in certain areas being specifically highlighted.

3.4. The provider will receive a copy of the consultant's report and supporting documents upon appointment.

3.5. The provider will act as an internal audit service to the BSB to give an independent and objective opinion on the adequacy, effectiveness and proportionality of our systems of risk management, control and governance across the entirety of our operations.

3.6. The BSB may require independent assurance of:

- 3.6.1. organisational governance;
- 3.6.2. general risk management including corporate and regulatory risks;
- 3.6.3. organisational performance and delivery;
- 3.6.4. key functions and programmes of both regulatory and strategic delivery;
- 3.6.5. key financial and operational controls; and
- 3.6.6. programme and project management.

3.7. The provider will assist the BSB's Governance, Risk and Audit Committee ("GRA") with the drafting of its Internal Audit Strategy, and will prepare annual audit plans for the agreement of the committee. Upon completion of the agree audit plan the provider will prepare a written report and present it to the committee.

¹¹<https://www.icaew.com/en/technical/audit-and-assurance/assurance/process/assurance-glossary/four-lines-of-defence>

3.8. The provider may be required to attend and present their reports in addition to the annual report specified in 3.5 as required by the Committee or Board. A schedule of planned Committee meetings have been provided in annex 1.

3.9. The audit partner / director will be expected to attend.

4. Term

4.1. We expect to appoint for a three and a half year period, covering financial years 2017/18 – 2018/19 – 2019/20 and 2020/21. The contract will be reviewed and re-tendered at the end of this period. The appointed provider will not be precluded from retendering.

4.2. An extension to the contract may be awarded by the BSB, subject to satisfactory performance and mutual agreement.

5. Price

5.1. Provider's bids must quote an estimated price (in pound sterling) for the delivery of internal audit services in the 2017/18 and 2018/19 financial years.

5.2. The providers bid must provide estimate of costs (in pound sterling) that can be calculated via any of the following methods:

- A fixed fee for services cost.
- A daily rate cost model, including the daily rates for each member of the proposed personnel to be deployed and the estimate number of days to be worked.
- Any other fee model they deem appropriate.

5.3. Potential providers should also include a proposal for when they might expect to carry out the contract services if appointed.

5.4. The bid should also include an estimate of total expenses if applicable. The chosen provider will be required to accept and abide by the BSB's expenses policy.

5.5. At present it is difficult to stipulate a precise number of days of audit time. Potential providers should be aware that it is unlikely to amount to more than 30 days per year.

5.6. Bids should be scaled appropriately to the size of the BSB's operations. The BSB undertakes a limited number of regulatory functions and associated services. The appointment of an Internal Audit function is intended to provide strong assurance and good value for money. The [annual report 2015/16](#)¹² should give general context to the size and scale of the organisation.

5.7. We expect to explore size and scale as part of our selection process. To assess bidders' understanding of the organisation and its current assurance arrangements.

6. Instructions to Tenderers

6.1. The instructions outlined in this Invitation to Tender ("ITT") are designed to ensure that all potential providers are given equal and fair consideration. It is important therefore that providers return all the information asked for in the format and order specified. Providers must contact the BSB if they have any doubt as to what is required, or will have difficulty in providing the information requested.

¹² https://www.barstandardsboard.org.uk/media/1777691/bsb_annual_report_2015-16_final_version.pdf

6.2. Providers must read the instructions on the tendering procedures carefully. Failure to comply or to return any of the required documents or information may invalidate their tender.

6.3. Submission

6.3.1. Providers must submit completed tenders via email to:

CorporateSupport@BarStandardsBoard.org.uk

or post to:

Corporate Support Team
Bar Standards Board
289-293 High Holborn
London, WC1V 7HZ
DX: 240 LDE

6.3.2. Tenders must be returned by the date and time specified. Late submissions will not be considered by the selection panel.

6.4. Questions about this Tender

6.4.1. Providers may submit queries by email to: DBurraway@BarStandardBoard.org.uk

or post to:

Dan Burraway
Bar Standards Board
289-293 High Holborn
London, WC1V 7HZ
DX: 240 LDE

or telephone: 020 7611 7381

6.4.2. Any specific queries should clearly reference the appropriate paragraph in the ITT and, where possible, should be aggregated rather than sent individually. As far as is reasonably possible, the BSB will respond to all reasonable requests for clarification of any aspect of this ITT in accordance with the following paragraph, provided they are received before the submission deadline.

6.5. Summary of Procurement Timetable

6.5.1. The following is a summary of the procurement timetable. The BSB reserves the right to alter this timetable with appropriate notice to providers.

Stage	Date
ITT Issued	22/06
Deadline for receipt of tenders	21/07
Presentations & Questioning	17/08
Notification of successful / unsuccessful tenders	23/08

6.5.2. Shortlisted providers will be invited to attend the BSB offices to present their proposed approach in the week commencing 14/08. It is required that those presenting include the audit director / partner and the audit manager who will be the primary contact for the BSB during the period of provision of services.

7. Tender Response

7.1. Completed tenders should be sent to as per the instructions in paragraph 6.3.

7.2. The tender response must include information in four areas:

- The Services
- Commercial Details
- Contractual Details

- Financial Details

7.3. **The Services**, the tender response must include an explanation of:

- 7.3.1. The proposed methodology for carrying out the internal audit work identified through the audit planning process;
- 7.3.2. Details of the staff proposed, including summarised CVs including any experience for other regulated agencies, details of their audit qualifications and date (including ICAEW practicing certificate information) and confirmation of proposed role; and
- 7.3.3. An explanation of how they will be able to add value to help the BSB in the delivery of its strategic and regulatory objectives. (For clarity “added value” in this context encompasses the quality of assurance provided by internal audit reviews across the whole range of functional areas).

7.4. **Commercial Details**

- 7.4.1. The tender response must supply details of the person(s) at their organisation who can be contacted by the BSB with any queries arising in relation to their response or otherwise in connection with this ITT.
- 7.4.2. The tender response must give details of the organisation with which it is proposed that the BSB enters a contractual relationship, including full registered address, company registration number (if applicable).
- 7.4.3. Providers must include with their response at least two references (contact name, title, e-mail address and telephone number) from existing customers who were provided with services similar to those being contemplated by the ITT and who would be suitable to act as referees should this be required
- 7.4.4. Providers must confirm that they consent to the BSB contacting referees during the evaluation process to seek written or other references.

7.5. **Contractual Details**

7.5.1. **Current Arrangements**

- 7.5.1.1. Providers must declare any connection between their organisation and the BSB or the General Council of the Bar.
- 7.5.1.2. Providers must supply details of any existing contacts between their organisation and the BSB or the General Council of the Bar and any arrangements which have been in place over the last 24 months including details of any contractual arrangements.
- 7.5.1.3. Current contractual agreement to provide Audit services to the Bar Council will preclude a firm for bidding for this work.

7.5.2. **Subcontracting**

- 7.5.2.1. Tender responses must specify any areas or elements for which they wish to use subcontractors. Providers must provide reasons they have for such subcontracting and if particular third parties would be chosen. Providers must give details of any existing relationship with such subcontractor and how they would ensure that appropriate management controls are or would be put in place.

7.5.3. **BSB Responsibilities**

- 7.5.3.1. Providers must specify those elements for which their organisation will be responsible and those elements for which the BSB will be responsible.

7.6. **Financial Details**

7.6.1. **Cost Breakdown**

- 7.6.1.1. Providers must provide a detailed breakdown of their cost model as set out in section 5.
- 7.6.1.2. All prices proposed by providers must make it clear whether any additional amounts will be sought from the BSB. Any additional amounts not specified will be assumed to be included. In addition providers must be able to justify in full their pricing proposals as they relate to set-up and implementation costs, or ongoing charges.
- 7.6.1.3. Providers must explain any assumptions made in their pricing proposals and the rationale behind them.
- 7.6.1.4. Providers must state whether there is anything else they seek to charge for separately, for example, documentation and manuals and on what basis.

7.6.1.5. Providers must specify how many hours are included in their normal day and when their day starts and ends.

7.6.1.6. Providers must state how their rates would change for hours worked outside of their normal day if at all.

7.6.2. **Invoicing**

7.6.2.1. Providers must confirm any specific invoicing requirements, other than payment within 30 days of receipt of invoice.

7.6.2.2. Providers must specify the procedure they would propose if an invoiced amount was disputed for any reason.

8. Evaluation Criteria

8.1. The BSB will use a number of criteria to evaluate the responses. Amongst other things, the successful tenderer(s) will:

8.1.1. Demonstrate a clear understanding of the assignment, the organisation and the BSB's role, regulatory functions and an understanding of the wider legal regulatory environment.

8.1.2. Evidence a robust approach and methodology for undertaking internal audit assignments at the BSB.

8.1.3. Provide evidence that sufficient resource with the right depth and breadth of experience will be employed to add value to BSB operations (in particular evidence that specialist skills and experience can be brought to bear in respect of the BSBs regulatory activities)

8.1.4. Have a proven track record and evidence of success in similar assignments.

8.1.5. Offer a competitive price, under a clearly defined price structure.

8.2. Providers must demonstrate their willingness and ability to work according to the BSB values, which are:

- **Integrity**

- We operate to the highest ethical standards.
- We are honest, open and inspire trust.
- We consider the social and environmental impact of our action.

- **Excellence**

- We are committed to quality.
- We are creative, innovative and lead change.
- We are responsive, accessible and accountable for our actions.

- **Fairness**

- We act responsibly, proportionately, and in the public interest.
- We promote equality of opportunity and equal access to justice for all.
- We value inclusion and diversity.

- **Respect**

- We respect and support others.
- We value expertise, learning and knowledge-sharing.
- We foster a collaborative and developmental working environment.

- **Value for money**

- We are cost-effective and accountable for our use of resources.
- We work efficiently with an entrepreneurial and commercial mind-set.
- We strive for clarity, simplicity and straightforwardness.

8.3. Those potential providers who are unsuccessful will be informed of the BSB's decision and will be provided with feedback on their submission if requested.

9. Confidentiality

9.1. The contents of, and discussions on, this ITT together with all other information, materials, specifications or other documents provided by the BSB or prepared by providers specifically for the BSB, shall be treated at all times as confidential.

9.2. Providers shall not disclose any such information, materials, specifications or other documents to any third parties or to any other part of the providers' group or use them for any purpose other than for the preparation and submission of a response to this ITT nor shall providers publicise the BSB's name or the tender without the prior written consent of the BSB.

9.3. The BSB in turn confirms that it shall treat all information provided to it by the tenderer as confidential and further confirms that such information will not be disclosed by the BSB to any third parties, other than to members of the BSB committees and advisers and consultants to the BSB.

10. Disclaimer

10.1. Nothing contained in this ITT or any other communication made between the BSB or its representatives and any party or part thereof shall constitute an agreement, contract or representation between the BSB and any other party. Receipt by the tenderer of this ITT does not imply the existence of a contract or commitment by or with the BSB for any purpose and providers should note that this ITT may not result in the award of any business.

10.2. The BSB reserves the right to change any aspect of, or cease, the tender process at any time. The information contained in this ITT is subject to constant updating and amendment in the future and is necessarily selective. It does not purport to contain all of the information which a tenderer may require. While the BSB has taken all reasonable steps to ensure, as at the date of this document, that the facts which are contained in this ITT are true and accurate in all material respects, the BSB 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 the BSB to the providers, including that contained in this ITT, is subject to the tenderer's own due diligence.

10.3. The BSB accepts no liability to providers whatsoever and however arising and whether resulting from the use of this ITT or any omissions from or deficiencies in this document.

10.4. The BSB may exclude any provider/s from the tender process who have been found to be in breach of confidentiality or intellectual property rights and may pursue any remedy or take any other action for breach as it considers appropriate.

10.5. It is the responsibility of providers to obtain 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.

10.6. Any tenderer who directly or indirectly canvasses any employee of the BSB or Bar Council, or any member of its Board, committees, working parties or task completion groups concerning the award of the contract will be disqualified.

10.7. Costs incurred by companies responding to the ITT remain the responsibility of those submitting. This includes any costs or expenses incurred by the provider in connection with the preparation, delivery and evaluation of the response.

10.8. Once the contract has been awarded, any additional costs incurred which are not included in the tender response will not be accepted for payment without prior written approval from the BSB.

11. Annex 1 – Schedule of Meetings

11.1. The scheduled dates for the Board in the 2017/18 financial year are as follows:

Thursday 27 July 2017

Thursday 28 September 2017

Thursday 26 October 2017

Thursday 23 November 2017

Thursday 7 December 2017 (Board Away Day)

Thursday 25 January 2018

Thursday 22 February 2018

Thursday 22 March 2018

11.2. The scheduled dates for the Governance Risk and Audit Committee in the 2017/18 financial year are as follows:

Tuesday 18 July 2017

Tuesday 12 September 2017

Tuesday 17 October 2017

Tuesday 28 November 2017

Tuesday 23 January 2018

Tuesday 6 March 2018