



INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

Request For Tender
for
Provision of Internal Audit Services

CLOSING DATE: 4.00 pm AEST, Tuesday 12 April 2022

Lodgement: buy.nsw.gov.au

Contact Officer

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Attachments

Audit and Risk Committee Charter
Internal Audit Charter
Risk Management Policy and Framework
ICAC Statement of Business Ethics
ICAC Annual report 2020-2021

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Non-disclosure statement

This document and all other information provided during the tendering process may contain confidential information that must not be used, copied or disclosed to third parties without the prior written consent of the Chief Information Officer, NSW Independent Commission Against Corruption (ICAC).

1. Introduction

- The NSW Independent Commission Against Corruption (“the Commission”) is seeking, through a competitive tendering process, to appoint a suitably experienced and qualified internal audit service provider capable of delivering a “co-sourced” internal audit function. The service description is outlined at section 5.
- The successful supplier must enter into a contractual arrangement based on the Standard Form of Agreement for Advanced Supplier under the NSW Government Prequalification Scheme SCM0005 – Performance and Management Services.
- The supply of internal audit services is sought for a period of four years, with a four-year extension option.

1.1 About the NSW Independent Commission Against Corruption

The Commission was established by the NSW Government in 1988 in response to growing community concern about the integrity of public administration in NSW.

The Commission's principal functions are set out in the *Independent Commission Against Corruption Act 1988* (“the ICAC Act”). In summary, they are:

- to investigate and expose corrupt conduct in the NSW public sector
- to actively prevent corruption through advice and assistance, and
- to educate the NSW community and public sector about corruption and its effects.

The jurisdiction of the Commission extends to all NSW public sector agencies (with some exceptions noted below), their employees and contract staff in government departments and state-owned corporations, local councils, members of Parliament, ministers, the judiciary and the governor. The Commission's jurisdiction also extends to those performing public official functions.

The Commission's jurisdiction does not extend to officers of the NSW Police Force or the NSW Crime Commission, or the administrative employees of those agencies. The Commission may, however, investigate corrupt conduct involving members of the NSW Police Force and the NSW Crime Commission provided the matter involves other NSW public officials.

The Commission is led by the Chief Commissioner, who oversees the Commission's work and ensures that it meets the objectives of, and complies with the requirements set out in, the ICAC Act and all other relevant legislation. The Commission also has two part-time Commissioners. The Chief Commissioner and the part-time Commissioners' roles include participating in determining if a matter will proceed to a public inquiry. The Chief Commissioner and the part-time Commissioners can also preside at compulsory examinations and public inquiries.

The Chief Executive Officer (CEO) leads and directs the day-to-day management of the affairs of the Commission and is responsible for the implementation of the decisions of the Commissioners (and Assistant Commissioners). The CEO provides advice to assist the Commissioners in their decision-making, resource allocation and strategic planning, and provides leadership and guidance to the executive management team.

The Commission has an Audit and Risk Committee (ARC), with three independent members, one of whom is the Chair. The main aim of the ARC is to provide independent assurance to the Accountable Authority of the Commission, being the CEO, by overseeing and monitoring the Commission's governance, risk and control framework, and its external accountability requirements. The committee also monitors progress on agreed management actions arising out of recommendations made by the Commission's independent internal auditor (see part 1.2 for more information about the ARC).

The NSW ICAC financial year is 1 July to 30 June.

There is an Internal Audit Charter in place that reflects the model Charter in TPP 20-08.

The designated Chief Audit Executive for NSW ICAC is Andrew Koureas, Executive Director, Corporate Services.

1.2 ICAC Governance, Risk Management and Compliance Framework

The Commission's compliance framework consists of internal and external accountability systems. **Internal accountability systems** include:

- strict procedural requirements for the exercise of all statutory powers
- the Investigation Management Group (IMG), to oversee investigations
- the Prevention Management Group (PMG), to oversee Commission corruption prevention activities
- the Executive Management Group (EMG), to oversee corporate governance and budgeting, and provide overall strategic direction
- the ARC, to provide independent assistance to the Commission by overseeing and monitoring the Commission's governance, risk and control frameworks
- the Work Health and Safety Committee, to monitor and review the Commission's policies and regulatory requirements relating to health and safety in the workplace and oversee equal employment opportunity issues, plans, policies and procedures.

In some cases, the Commission's actions are reviewable by the NSW Supreme Court to ensure proper exercise of its functions and powers. All applications for the exercise of statutory powers for investigation purposes are reviewed by a Commission lawyer to ensure they meet relevant regulatory and Commission requirements. Applications are then reviewed by the Executive Director, Legal. If approved by the Executive Director, Legal, applications for the exercise of powers under the ICAC Act and some other statutes are submitted to a Commissioner for final approval. Applications for surveillance device warrants are considered by judges of the NSW Supreme Court.

Section 20(5) of the ICAC Act requires the Commission to provide reasons to complainants and those who report possible corrupt conduct under s 11 of the ICAC Act for its decisions to discontinue or not commence an investigation and to inform each such person of the reasons for its decisions.

Pursuant to s 31B of the ICAC Act, the Commission has also issued procedural guidelines relating to the conduct of public inquiries to members of staff of the Commission and counsel appointed to assist the Commission. These guidelines are published on the Commission's website and made available to witnesses and their legal representatives appearing in public inquiries.

Other ways in which the Commission demonstrates accountability to the community include conducting public inquiries, posting public inquiry transcripts and relevant exhibits on the Commission's website, live streaming public inquiries from the Commission website where appropriate, and publishing investigation reports and other material prepared by the Commission.

The Commission's Operations Manual sets out procedures for the exercise of relevant statutory powers. The procedures must be followed by Commission officers both in applying to exercise a particular power and in exercising that power. The procedures ensure that all relevant legislative requirements are identified and addressed. The Operations Manual is updated to reflect changes to legislation. Any changes to the Operations Manual must be approved by the EMG

The Commission has an Investigation Policy Framework document that establishes the framework and the minimum standards for how the Commission performs its investigation function. The Commission also has a Corruption Prevention Policy Framework document that establishes the standards for how the Commission performs its corruption prevention function.

The Executive Management Group (EMG) comprises the three Commissioners, the Chief Executive Officer and all four executive directors. It is responsible for:

- I. reviewing and recommending:
 - strategic and business plans
 - risk management
 - policies, procedures and delegations
 - codes of conduct
 - the overall management framework
- II. considering and determining corporate-wide management commitment to:
 - corporate governance
 - management of information systems
 - human resources
 - finance and general administration
 - communication and marketing
- III. overseeing major corporate projects by:
 - approving and overseeing projects
 - determining the appropriate level of progress reporting required for each project
 - ensuring effective administration and management of organisational resources
 - making decisions on a suitable course of action when a project is delayed or new information is revealed
 - endorsing strategic directions and broad operational priorities
 - ensuring that Commission staff comply with the policies relating to project planning and management.

The Commission has a range of internal management and staff committees in place to facilitate good governance. These committees meet on a regular basis, in line with each committee's terms of reference.

The Commission Consultative Group (CCG) is the formal mechanism for consultation and communication between staff and management on matters of policy and procedure. The CCG was established consistent with the terms of the ICAC Award and meets every two months.

The Work Health and Safety Committee is a mechanism for consultation on health, safety and relevant risk matters between senior management and employees. The committee is also responsible for advising on access and equity issues within the Commission. The committee reviews policies, practices and plans associated with health and safety, wellbeing, access and equal employment opportunity. It also conducts regular workplace inspections and facilitates the resolution of safety issues.

The Audit and Risk Committee (ARC). The main aim of the ARC is to provide independent assurance to the Accountable Authority of the Commission, being the Chief Executive Officer, by overseeing and monitoring the Commission's governance, risk and control framework, and its external accountability requirements. The committee also monitors progress on agreed management actions arising out of recommendations made by the Commission's independent internal auditor.

Risk management at the Commission is the responsibility of every individual and is part of the culture of the organisation. The Commission has a number of resources, activities, policies and procedures in place to identify risks and their likelihood and to conduct analysis, measurement and evaluation, together with a framework to report on actions and outcomes.

The NSW ICAC Risk Register includes the identification and likelihood, as well as the effective mitigation of key risks. The Risk Register is updated regularly by management. It is reviewed annually by the ARC and Commission management as part of the strategic planning cycle. This process includes workshops, interviews and research in order to identify causes and sources of new and current risks, positive and negative consequences, and likelihood of those consequences.

Supporting the Risk Register, the Commission has implemented a Risk Management Policy highlighting the responsibilities within the organisation for the identification, analysis, evaluation, and treatment of risk.

The Commission is highly focused on its site security as part of its risk management strategy. This includes an integrated electronic access control and electronic surveillance security system, and physical security being overseen by special constables from the NSW Police Force.

Prior to being employed or engaged by the Commission, all staff and contractors undergo a rigorous security clearance process. The Commission adopts a vetting process involving a regime of background checks and analysis to make suitability assessments. The vetting process is an important element of the risk management strategy to support the integrity and confidentiality of Commission operations and activities.

The Commission is committed to good governance and complying with the ICAC Award and legislative requirements. To enhance the Commission's governance and performance, there is ongoing review and update of Commission-wide policies aligned to the Commission's Compliance and Policy Monitoring Register. ARC periodically monitors this register.

The Commission's Crisis Management Plan provides guidance for the management of Commission business following a critical incident.

The NSW Treasury Managed Fund (TMF) provides insurance cover for all of the Commission's activities. This includes workers compensation, motor vehicle, public liability, property and miscellaneous claims

The Commission is strongly committed to information security and has approved funding for 2021–22 to enhance its systems. To this end, the Commission has developed a program of

work to meet compliance with the NSW Government Cyber Security Policy. The Commission's program in response to this policy, including implementation of the Essential 8 controls, is based on continuous improvement of the Commission's security position and, subject to further funding beyond 2021–22, is expected to continue for two years.

The two main **external accountability** bodies for the Commission are the Parliamentary Committee on the ICAC and the Inspector of the ICAC.

The Parliamentary Committee on the ICAC ("the Parliamentary Committee") is the means by which the Commission is accountable to the NSW Parliament.

Reports of the Parliamentary Committee, evidence given to the Parliamentary Committee and submissions made for the purposes of particular inquiries can be accessed from the Parliamentary website at www.parliament.nsw.gov.au.

The functions of the committee are set out in s 64 of the ICAC Act. They are to:

- monitor and review the exercise by the Commission and the Inspector of the ICAC ("the Inspector") of the Commission's and Inspector's functions
- report to both Houses of Parliament, with such comments as it thinks fit, on any matter appertaining to the Commission or the Inspector connected with the exercise of its functions to which, in the opinion of the committee, the attention of Parliament should be directed
- examine each annual and other report of the Commission and of the Inspector and report to both Houses of Parliament on any matter appearing in, or arising out of, any such report
- examine trends and changes in corrupt conduct, and practices and methods relating to corrupt conduct, and report to both Houses of Parliament any change that the committee thinks desirable to the functions, structures and procedures of the Commission and the Inspector
- enquire into any question in connection with its functions referred to it by both Houses of Parliament, and report to both Houses of Parliament on that question.

Bruce McClintock SC was appointed the Inspector of the ICAC effective from 1 July 2017. A memorandum of understanding, entered into on 2 November 2017, sets out arrangements for liaison between the Commission and the Inspector concerning referral of matters, access to information and points of contact between the Commission and the Inspector's office

The principal functions of the Inspector are set out in s 57B of the ICAC Act. Those functions are to:

- audit the operations of the Commission for the purpose of monitoring compliance with the law of NSW
- deal with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission
- deal with (by reports and recommendations) conduct amounting to maladministration (including delay in the conduct of investigations and unreasonable invasions of privacy) by the Commission or officers of the Commission
- assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

All reports can be accessed from the Inspector's website at www.oicac.nsw.gov.au

The Commission is also externally accountable for its work through:

- accounting to the NSW Treasury and the Auditor-General for the proper expenditure of funds

- inspection by the Inspector of the Law Enforcement Conduct Commission (LECC) of records of telecommunications interceptions, controlled operations and the use of surveillance devices
- inspection by the Commonwealth Ombudsman of records relating to stored communications warrants, preservation notices and access to telecommunications data
- reporting to the NSW Attorney General and the judge who issued the warrant for each surveillance device warrant
- compliance with access to information and privacy laws, with exemption for certain operational matters
- requirements for annual reporting, including those in the ICAC Act.

2. Submission process

2.1 Legal entity of respondent

2.1.1 Responses must be submitted by a legal entity or, if a joint response, by legal entities, with the capacity to enter into a binding agreement. The Commission will only enter into an agreement with such legal entity or entities.

2.1.2 The Commission may ask a respondent to provide evidence of its legal status or capacity to enter into a binding agreement. If responses are received from entities who propose to contract in their capacity as trustees, such evidence may include copies of the relevant trust deeds. Any evidence requested is to be provided within five (5) working days of the request.

2.2 Financial capability of the respondent

2.2.1 The Commission reserves the right to reject any response if it judges the respondent does not have the appropriate financial or management capability or capacity to provide such internal audit services.

2.3 ABN requirements

2.3.1 The Commission will not enter into an agreement with a company that does not have an Australian Business Number and is not registered for GST. Normally, respondents must be registered for GST and state their ABN in their response.

2.3.2 Respondents that do not have an ABN and/or are not registered for GST, such as respondents that are commencing business in Australia, may be considered at the Commission's discretion if the respondent demonstrates that it will obtain an ABN and GST registration before entering into an agreement with the Commission. Such respondents must state how and when they intend to obtain an ABN and register for GST in their response.

2.4 Prequalification scheme

2.4.1 The successful supplier must enter into a contractual arrangement based on the Standard Form of Agreement for Advanced Supplier under the NSW Government Prequalification Scheme SCM0005 – Performance and Management Services (“the Scheme”).

2.4.2 To be eligible respondents must be prequalified under the Scheme as follows:

Prequalification Status - Fully Compliant
Category of Service - 6a Internal Audit

2.5 Instructions for submission of responses

2.5.1 The prescribed format for responses to this Request for Tender (RFT) is provided below.

- (a) An **executive summary** of your proposal.
- (b) Responses to the Evaluation Criteria, as detailed in Section 7 in the same sequence as shown in this RFT – no more than one page per criterion.
- (c) Case studies to support capability and experience.
- (d) Respondents to this RFT must specify the personnel who will provide the internal audit services and provide CVs of key personnel detailing qualifications and experience.
- (e) A fixed price quotation with a cost break down for the four-year contract term.
- (f) Three referees who are current or recent clients in the public sector with a similar breath of content and solution proposed for the Commission.
- (g) Confirmation of agreement to undertake the Commission’s security vetting and confidentiality procedures.
- (h) List any assumptions and risks either with your proposal or the Commission’s requirements.
- (i) Indication of any current litigation/current professional indemnity claims.
- (j) Service providers may respond in any format they feel appropriate but **MUST** complete the table in Appendix A.

2.5.2 Responses must be received no later than 4 pm AEST on 12 April 2022. Late responses will not be accepted.

2.5.3 Proposals must be submitted via online tender portal and any questions emailed to eperez@icac.nsw.gov.au with the subject line set as “ICAC Internal Audit RFT”.

2.5.4 Questions can be submitted via the above contact email address, marked attention Elizabeth Perez. Any questions, and their associated responses, will be provided to all vendors as they are answered.

2.6 Proposed project timeframes

Projected timeframes are as follows:

14 March 2022	RFT issued
25 March 2022	Final questions from vendors
12 April 2022	Submissions close at 4 pm AEST
21 April 2022	Commission RFT assessment results completed and offer of appointment made subject to security vetting clearance
26 April 22	Security vetting process commences
27 May 2022	Security vetting process completed and final offer of appointment is made

These timeframes may be changed at any time by the Commission. Vendors will be notified of any changes.

2.7 Corruption or unethical conduct

2.7.1 Respondents must comply with the requirements of the ICAC Statement of Business Ethics, and must disclose any conflicts of interests.

2.7.2 If a respondent, or any of its officers, employees, agents or sub-contractors is found to have:

- a) offered any inducement or reward to any public servant or employee, agent or subcontractor of the Commission or the NSW Government in connection with this RFT or the submitted response;
- b) committed corrupt conduct in the meaning of the ICAC Act; or
- c) a record or alleged record of unethical behaviour; or
- d) has not complied with the requirements of the ICAC Statement of Business Ethics

it may result in the response not receiving further consideration.

2.7.3 The Commission may, at its discretion, invite a respondent to provide written comments within a specified time before the Commission excludes the respondent on this basis (2.7.2).

2.7.4 If the Commission becomes aware of improper conflict of interest by a successful respondent after the agreement has been executed, then the Commission reserves the right to terminate the agreement.

2.8 Addenda to RFT

2.8.1 If, for any reason the Commission, at its sole discretion, requires the RFT to be amended before the closing date and closing time, an addendum will be issued.

2.8.2 In each case, an addendum becomes part of the RFT.

2.8.3 During the response period, the Commission may issue addenda altering the RFT. In such cases, it is the obligation of the respondent to verify if any addenda were issued prior to the closing date, even if a response has already been submitted.

2.9 Respondent costs

2.9.1 The respondent acknowledges that the Commission will not be liable to it for any expenses or costs incurred by it as a result of its participation in this RFT, including where the RFT has been discontinued.

2.10 Ownership of responses

2.10.1 All responses become the property of the Commission on submission.

2.10.2 The Commission may make copies of the responses for any purpose related to this RFT.

2.11 Discontinuance of response process

2.11.1 Where the Commission determines that proceeding with the RFT would not be in the public interest, the Commission reserves the right to discontinue the RFT process at any point, without making a determination regarding acceptance or rejection of responses.

2.12 Variations to responses

2.12.1 At any time after the closing date for responses, and before any response received in response to this RFT is accepted, a respondent may vary its response:

- a) by providing the Commission with further information by way of explanation or clarification;
- b) by correcting a mistake or anomaly; or
- c) by documenting agreed changes to the response negotiated.

2.12.2 Such a variation may be made either:

- a) at the request of the Commission, or
- b) with the consent of the Commission at the request of the respondent.

A variation of a response under clause 2.12.1 will not be permitted if in the Commission's view:

- a) it would substantially alter the original response; or
- b) in the case of variation, it would result in the revising or expanding of a response in a way that would give a respondent an unfair advantage over other respondents.

3 Description of services

- 3.1 The scope of internal audit services embraces the wider concepts of corporate governance and risk, recognising that controls exist in an organisation to manage risks and promote effective and efficient governance and performance. The types of internal audit services sought by the Commission are:
- (a) Assurance services – objective examination of evidence for the purpose of providing an independent assessment of risk management, control and governance processes.
 - (b) Consulting services – advisory and related client activities, the nature and scope of which are agreed upon with the client and which are intended to add value and improve business operations.
 - (c) Value-adding services – focus on efficiency, effectiveness and improvement of processes and practices.
- 3.2 It is not envisaged the value of the internal audit services will increase over the life of the contract unless additional internal audit engagements are nominated by the Commission and approved by the ARC.
- 3.3 **The Commission undertakes on average 2-3 internal audits/reviews per annum.** A terms of reference will be developed for each internal audit.
- 3.3 The internal audit service provider will develop a Strategic Internal Audit Plan and Annual Internal Audit Plan using innovative approaches to maximise the amount of internal audit coverage to obtain value-add and strategic gains from the available contract amount.
- 3.4 The contract encompasses internal audit planning, conducting internal audit engagements, attendance at ARC meetings, and other associated duties.
- 3.5 To assist respondents to prepare their response, the following table shows “who does what” and who is responsible for the various internal audit-related tasks at the Commission.

Internal Audit Tasks		
Task	In-house	Service provider
Audit Committee		
Input to preparation of Audit and Risk Committee agendas and papers.	✓	
Prepare the Internal Audit summary report for each Audit and Risk Committee meeting.	✓	
Submission of final internal audit reports to the Audit and Risk Committee.		✓
Attendance at each Audit and Risk Committee meeting.	✓	✓
Internal Audit Manual		
Maintain an up-to-date Internal Audit Manual of procedures.	✓	

Internal Audit Tasks		
Task	In-house	Service provider
Internal audit planning		
Provide input to the annual Internal Audit Plan including ongoing monitoring of risks and their application to the Internal Audit Plan.	✓	✓
Prepare the 3-year Internal Audit Plan.		✓
Development of an Assurance Map.		✓
Co-ordination of audits across the Commission to de-conflict schedules and reduce duplication – includes internal audit, external audit, etc.	✓	
Internal audit engagements		
Plan internal audit engagements, prepare terms of reference, and arrange meetings for internal audit engagements.		✓
Conduct internal audit engagements.		✓
Prepare draft internal audit reports.		✓
Review draft internal audit reports.	✓	✓
Obtain management responses to go into internal audit reports.		✓
Prepare final internal audit reports.		✓
Review final internal audit reports.	✓	✓
Issue final internal audit reports.		✓
Distribute audit sponsor feedback surveys after each internal audit engagement and collate feedback.	✓	
Induct new service provider internal auditors as required.	✓	
If difficulties arise, provide liaison between service providers and those being audited.	✓	
Monitor service providers to make sure the internal audit engagements are commenced and completed according to the schedule and timeline requirements.	✓	
Assess service provider performance after each internal audit engagement.	✓	
Conduct service provider contract management and monitoring service provider performance measures.	✓	
Monitoring and follow-up		
Maintain audit recommendation database.	✓	
Monitor and follow-up audit recommendations, including reports to the Audit and Risk Committee on progress.	✓	✓

Internal Audit Tasks		
Task	In-house	Service provider
Quality Assurance and Improvement Program		
Maintain a Quality Assurance and Improvement Program.		✓
Maintain quality over internal audit engagements.		✓
Report on the Quality Assurance and Improvement Program results.		✓
Annual reporting		
Complete annual service provider performance assessment.	✓	
Prepare Internal Audit Annual Report for the Audit and Risk Committee.		✓

4 Approach and methodology

- 4.1 The internal audit service provider must comply with all laws, regulations, privacy principles, codes of practice, Australian and/or ISO standards and any NSW Government policies, guidelines and code of conduct communicated by the Commission to the service provider during the continuance of the agreement.

The internal audit services will be delivered in accordance with:

- a) the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.
 - b) relevant professional standards of conduct
 - c) the ICAC Internal Audit Charter.
- 4.2 Where consulting services or additional work may be allocated to the internal audit service provider, an **independence declaration** will be required from the internal audit service provider for each instance. The final arbiter of whether a conflict of interest exists will be the CEO with advice from the Chair of the ARC.
- 4.3 Status updates on the internal audit program are required to be provided by the internal audit provider at each ARC meeting (minimum quarterly) or at the request of the Chief Audit Executive.
- 4.4 The internal audit service provider will provide the Commission with the advice and materials, including reports, documents, advice, emails, notes or other deliverables (“work”) described below:

Terms of reference covering the:

- a) nature and scope of the services to be provided on each individual project
- b) professional standards to be followed
- c) timing of the project
- d) estimated fee for the specific project
- e) (any) restrictions on the use of the reports or deliverables.

- 4.5 Upon completion of each individual internal audit project, the internal audit service provider will provide a written report to the ARC. The report will generally contain:
- project objectives
 - departures, if any, from the original internal audit plan
 - findings from the performance of the procedures
 - an action plan agreed by relevant management representatives to address the findings.

- 4.6 The resource mix set as guidance in conducting the internal audit services:

Job Grouping	Experience	Percentage of Input from each Job Grouping
Partner/Director	Minimum 12 years of experience	Minimum 10%
Senior Manager/Manager	Minimum 6 years of experience	Approx 15- 25%
Senior consultant	Minimum 4 years of experience	Approx 15-25%
Consultant	Minimum 2 years of experience	Approx. 25-30%
Analyst	Minimum 1 years	Approx. 1-20

- 4.7 The internal audit service provider and its specified personnel must have a full range of skills to provide the internal audit services:

Skill area	Partner	Senior manager/manager	Senior auditor
Internal audit	✓	✓	✓
ICT audit		✓	
Experience working with government	✓	✓	✓
Project management	✓	✓	
Internal audit quality assurance	✓	✓	✓
IPPF and internal audit standards	✓	✓	✓
Risk management, control and compliance	✓	✓	✓
Governance	✓	✓	✓
Operational auditing and performance improvement	✓	✓	✓
CIA and CISA certifications will be well-regarded			

- 4.8 The **continuity of key audit team members is very important**. No changes to specified personnel will be permitted unless prior written approval has been issued by the Commission to the internal audit service provider. Where it may become necessary for the internal audit service provider to replace specified personnel, the

internal audit service provider will be required to notify the Commission in writing, provide biographies, and give the reasons why this will occur. The Commission may accept or refuse nominated replacement personnel. The internal audit service provider will be responsible for handover and knowledge transfer to the new specified personnel to minimise disruption to Commission staff.

- 4.9 The Commission will require each of the specified personnel of the internal audit service provider to undertake detailed security vetting and other checks prior to commencing any work at the Commission. The Commission will be responsible for the cost of such checks.
- 4.10 The Commission will provide an induction for the specified personnel of the internal audit service provider at commencement of the contract.
- 4.11 The internal audit service provider will provide an opinion on control effectiveness for each internal audit engagement performed.
- 4.12 Work papers from internal audit engagements will be the property of the Commission.
- 4.13 Work papers will be delivered to the Commission at the same time each draft internal audit report is delivered. It is understood the work papers will not be complete at that time and will be returned to the internal audit service provider for finalisation. After finalisation, the work papers will be delivered to the Commission for its retention.
- 4.14 Where the internal audit service provider utilises electronic work papers, electronic copies or hard copies will be made and provided to the Commission.
- 4.15 Where a respondent to this RFT is located outside Sydney, pricing for the internal audit services will need to incorporate any expected expenses such as transport, air tickets, accommodation and per diem.
- 4.16 The internal audit service provider will cooperate fully with independent quality assessments of the performance of internal audit scheduled every five years by the Commission.**

5 Performance measures and account management

- 5.1 Some key performance measures for the internal audit service provider will be the following:

KPI	Measurement	Performance Benchmark
Preparation of Internal Audit Program	Internal Audit Program completed on-time and to the satisfaction of the Commission	Complete
On-time delivery of Internal Audit Program	% of internal audit program activities completed on-time and to the satisfaction of the Commission	90%

Attendance at Audit and Risk Committee meetings	% of Audit and Risk Committee meetings attended by the supplier	100%
Reporting	% of agreed reports delivered on-time and to the satisfaction of the Commission	90%

- 5.2 The Commission's Chief Audit Executive will be responsible for managing the supplier and internal audit services performed by the supplier.
- 5.3 The supplier shall be required to nominate an account manager who will be the main point of contact for the Commission and will be responsible for the following:
- representing the supplier and making appropriate decisions on day-to-day issues
 - complaint handling
 - coordinating the technical aspects of the contract
 - monitoring supplier compliance with its obligations and actioning any issues that arise.
 - providing agreed reporting to the Commission.
- 5.4 Contract review meetings will take place on a periodic basis to ensure quality and timeliness of delivery.

6 Pricing/fees

- 6.1 Goods and Services Tax (GST) shall be applicable to all fees and charges.
- 6.2 Fees and charges for resources will be based on a rate card which shall contain the daily rate for all potential resources required by the Commission.
- 6.3 Fees and charges for resources contained within the rate card shall be capped in accordance with the Standard Commercial Framework under SCM0005 – Performance and Management Services.
- 6.4 Given the long nature of the engagement a discount is sought. The minimum discount offered should be in accordance with the Standard Commercial Framework under SCM0005 – Performance and Management Services.
- 6.5 Blended rates are not preferred and will not be accepted by the Commission unless it can be demonstrated how they comply with the Standard Commercial Framework under SCM0005 – Performance and Management Services.
- 6.6 The daily rate payable by the Commission is based on an eight-hour day. In the event a resource of the supplier does not work a full eight hours, the Commission will be charged for the portion of the eight hours that was worked. Excess hours are not paid overtime rates and are to be managed by the supplier.
- 6.7 Fees and charges for internal audit services are required to be specified for the four-year contract on the basis that two-to-three internal audits are conducted per year.
- 6.8 The Commission shall not pay any travel and other incidental expenses incurred by a supplier unless:

- a) the expense has been approved in advance
- b) the expense is charged at cost, supported by a receipt.

7 Evaluation criteria

7.1 Responses will be first assessed on pass/fail criteria against the following:

- a) Prequalification scheme status
- b) Current legal proceedings
- d) Conflict of interest
- e) Compliance with proposed agreement
- f) Insurances.

7.2 A short list will be prepared based on remaining proposals. Each proposal will be evaluated on the basis of how well it meets the requirements specified in this statement, and the abilities of the vendor to deliver a successful outcome for the requested services. The following criteria will be used when considering each proposal:

Scoring of vendor proposals		
	Specified requirements	Rating
a.	meeting the Requirements of the Request for Proposal (RFT)	30
b.	demonstrated expertise of the organisation/key personnel and relevant experience with a similar services for the public sector	30
c.	estimated cost of the proposal and value for money to the Commission	30
d.	comments and opinions of the referees provided	10

7.3 **Disclosure information:** Following the Commission's decision, all respondents will be notified in writing of the outcome of their RFT responses.

8 Professional referees

8.1 Respondents to the RFT will be required to provide contact details for two professional referees where they have effectively provided internal audit services for recent public sector clients.

9 Confidentiality and conflict of interest

9.1 The internal audit service provider will be required to maintain the confidentiality of all Commission information provided to perform the internal audit services.

9.2 All specified personnel will sign a deed of confidentiality and conflict of interest statement in the Commission format prior to commencing work on any internal audit services at the Commission, and then a conflict of interest statement annually.

9.3 Where consulting services or additional work may be allocated to the internal audit service provider, an independence declaration will be required from the internal audit service provider for each instance.

- *Conflict of interest* – A situation in which financial or other professional or personal considerations have the potential to compromise or bias professional judgment and objectivity.
- *Apparent/perceived conflict of interest* – A situation in which a reasonable person would think that professional judgment is likely to be compromised.
- *Potential conflict of interest* – A situation that may develop into an actual conflict of interest.

10 Probity and security vetting requirements

The response must include statements to cover the following requirements:

- As part of probity requirements vendors are required to state whether they are aware of any potential or perceived conflict of interest in undertaking this work/supply.
- Confirmation of agreement to undertake the Commission's security vetting and confidentiality procedures. This will occur prior to confirmation of acceptance of any proposal.
- Prior to the Commission engaging a vendor to undertake the work as detailed in this RFT, it will be necessary for the selected vendor to undertake a probity assessment. This may require the provision of personal and/or financial information and related interviews. Vendors should indicate their agreement to undertake this process.

11 Insurance and indemnity

11.1 The internal audit service provider shall, and shall ensure that any sub-contractors will, arrange and maintain with a reputable insurance company for the term of the contract:

- public liability policy of insurance to the value of at least \$20 million in respect of each claim;
- workers' compensation insurance as required by all relevant laws of Australia relating to workers' compensation; and
- a professional indemnity insurance policy:
- if the service provider is a member of an approved scheme under the Professional Standards Act, insurance to the value of the amount prescribed under that scheme; or
- if the service provider is not a member of an approved scheme under the Professional Standards Act, insurance to the value of at least \$20 million in respect of each claim

11.2 Prior to commencement and each year thereafter, the internal audit service provider will be required to provide insurance certificates of currency to the Commission.

11.3 The internal audit service provider indemnifies Commission, its employees and agents against liability in respect of all claims, costs and expenses and for all loss,

damage, injury or death to persons or property caused by the internal audit service provider in connection with the provision of the internal audit services, except to the extent the Commission caused the relevant loss, damage or injury.

The internal audit service provider must, at its expense, make good the amount of all claims, loss, damage, costs and expenses the subject of the indemnity, and the Commission may deduct the amount, or any part of it, from any moneys due or becoming due to the internal audit service provider.

12 Complaints

Consistent with the NSW Public Sector objective to ensure that industry is given every opportunity to win contracts, should any entity feel that it has been unfairly excluded from responding or unfairly disadvantaged by the conditions in the RFT, they are invited to write to:

Executive Director, Corporate Services
Independent Commission Against Corruption
Via Email: akoureas@icac.nsw.gov.au



INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES

**Request For Tender
for
Provision of Internal Audit Services**

Appendix A -Response document

Closing Date: 4.00 pm AEST, Tuesday 12 April 2022

Lodgement: tenders.nsw.gov.au

1. Organisation Details

1.1 Entity Legal name	
1.2 Entity Trading Name	
1.3 Australian Business Number (ABN)	ABN: ACN:
1.4 Registered address / place of business	
1.5 Contact Details	Name: Phone: Email:
1.6 Prequalification Scheme Status Do you have the following Prequalification Scheme status? Scheme Name: SCM005 – Performance and Management Services Scheme Status: Advanced / Compliant Subcategory: 6a. Internal / External Audit	<input type="checkbox"/> Yes <input type="checkbox"/> No
1.7 Offer Period How long is your offer open for acceptance by the ICAC? (Note: the minimum must be six months)	
1.8 Current Legal Proceedings Are you or any of your directors or close associates currently, or have you, or have your directors or close associates been at any time within the last five years, the subject of any or any pending:	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please provide details below.

<p>(a) legal proceedings, including winding up or bankruptcy proceedings,</p> <p>(b) insolvency administrations or investigations; and/or</p> <p>(c) investigations by ICAC or any other public body, including findings of dishonest, unfair, and unconscionable conduct?</p>	
<p>1.09 Compliance with Proposed Agreement</p> <p>Do you agree to be bound by all the conditions contained within the Proposed Agreement?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If no, a full statement of deviations must be given, specifying the relevant clause/s and the extent of non-compliance to each.</p>
<p>1.10 Financial Capacity and Capability</p> <p>It may be required that you submit a copy of your last three annual financial reports to the Agency if so directed, in order to conduct financial analysis on behalf of the Agency. Indicate below whether you will provide these reports if required.</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
<p>1.11 Conflicts of interest</p> <p>Are you aware of any real or perceived conflict of interests (including any relevant relationships) existing, which require your disclosure?</p>	<p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If yes, please provide details in an attached document.</p>

2. Insurance details

2.1 Product and Public Liability Insurance	Minimum Level Required - \$20m per occurrence <input type="checkbox"/> Yes <input type="checkbox"/> No
	Policy Number:
	Policy Expiry:
	Policy Amount:
2.2 Professional indemnity Insurance	Minimum Level Required - \$2m per occurrence <input type="checkbox"/> Yes <input type="checkbox"/> No
	Policy Number:
	Policy Expiry:
	Policy Amount:
2.3 Workers Compensation	Minimum Level Required – As per law <input type="checkbox"/> Yes <input type="checkbox"/> No
	Policy Number:
	Policy Expiry:

3. Key Personnel

Please provide an attachment which outlines your proposed key personnel. As a minimum your attachment should address the below.

3.1 Qualifications and Experience	Details of qualifications and experience of proposed key personnel.
3.2 Location and Availability	Details of the location and availability of proposed key personnel
3.3 Role	Details of the role performed by proposed key personnel.

4. Previous Experience

Please provide an attachment which outlines your proposed key personnel. As a minimum your attachment should address the below.

4.1 Previous Experience	Provide details of up to three similar internal audit engagements you have undertaken in the Public Sector
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5. Methodology

Please provide an attachment which demonstrates your quality assurance approach. As a minimum your attachment should address the below.

5.1 General Approach	While each internal audit is different, please outline your general approach to an internal audit requested by the ICAC.
5.2 Resource Mix	Details of the mix of resources required to perform the services.
5.3 Quality Maintenance	Details of how your methodology will ensure work undertaken for the ICAC is of a high quality.
5.4 Confidentiality	Details of how your methodology will ensure work undertaken for the ICAC remains confidential.

5.5 Independence	Details of how you will monitor threats to independence
5.6 Assumptions and risks	Details of any assumptions, constraints, or risks with your proposed approach and deliverables.
5.7 Innovation	Details of any innovative strategies, methodologies or recommendations that you have proposed for current or past clients which greatly benefited the organisation.
5.8 KPIs	Details of your proposed Key Performance Indicators.

6. Contract management

Please provide an attachment which outlines your proposed contract management. As a minimum your attachment should address the below.

6.1 Supplier representative	Details of your proposed representative and their role.
6.2 Contract Review Meetings	Details of your proposed timing (month, biannual, quarterly, annual) and content of contract review meetings.
6.3 Data and Reporting	Details of your proposed data and reporting, including examples.
6.4 Issues Management	Details of how you propose to manage issues that are identified.

8. Confirmation

I/we undertake to:

- a) Provide the Services as described in the RFT document
- b) In accordance with the response provided in this RESPONSE DOCUMENT, and
- c) Under the PROPOSED AGREEMENT subject to any deviations requested.
- d) Undertake the required security vetting requirements

I/we confirm that:

- a) There are no threats to our independence in providing the services as described in the RFT
- b) There are no actual, perceived or potential conflicts of interest in providing the services as described in the RFT

AUTHORISED REPRESENTATIVE	
Name	
Title	
Date	