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Request For Proposal

Internal Audit Co-source Partner

October 2023

1. Organisational context

The IFRS Foundation is a not-for-profit public interest organisation established to produce high-quality, understandable, enforceable, and globally accepted accounting standards and sustainability disclosure standards for general purpose financial reporting—IFRS Standards—and to promote and facilitate adoption of the standards and their consistent application.

The Foundation's mission is to develop IFRS Standards that bring transparency, accountability, and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth, and long-term financial stability in the global economy. The IFRS Foundation has offices in the United Kingdom, United States, Germany, Canada, Japan, and China.

The Foundation operates two standard-setting boards: The International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The ISSB was formed following an announcement by the IFRS Foundation Trustees at COP26.

Detailed information in relation to all elements of the Foundation's work, priorities, governance and the role of our Trustees, structures and funding arrangements, can be found in our [annual report](#) and on our [website](#).

2. Internal Audit Background

The creation of the ISSB led to the consolidation of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) into the Foundation and was completed on 1 August 2022. The addition of the new board has taken the Foundation from a 'one board/two locations' organisation to a 'two boards/multi-location' organisation, with offices across multiple time zones.

The IFRS Foundation Audit, Finance and Risk Committee (AFRC) has determined that the organisation's risk profile combined with its transition to a multi-location organisation and a two-board model, warrants the need for an internal audit provision, in line with good practice.

As a result, the Foundation recently introduced an internal audit provision through the recruitment of a full-time in-house Director of Internal Audit (DoIA). Following the appointment of the DoIA in April 2023, the internal audit mandate was set out and the associated risk-based 3-year internal audit plan approved by the AFRC. The Foundation is seeking a co-source internal audit partner (the partner) to work under the sole direction of the Director of Internal Audit, on behalf of the AFRC.

The role of the partner will be to support the Director of Internal Audit deliver the internal audit mandate (see Appendix A for Internal Audit Charter) enabling the enhancement of the Foundation's internal control, risk management and governance processes in line with good practice.

3. Scope of services sought.

The Foundation is seeking a co-source Internal Audit Partner for an initial period of three years commencing January 2024, to provide support to the DoIA in delivery of Internal Audit services across the Foundation.

The IFRS Foundation is a not-for-profit corporation under the General Corporation Law of the State of Delaware, United States of America
Registered Office: 1209 Orange Street | Wilmington | New Castle County | Delaware 19801 | United States of America | England & Wales Company No.: FC023235.

The key services being sought include, but are not limited to, the following:

- Provision of a co-source internal audit partnership supported by a core delivery team, with the ability to draw upon subject matter expertise, including local jurisdictional knowledge, where required.
- Audit plan execution of the pre-agreed programme of work set by the DoIA and approved by the AFRC (see Appendix B for Internal Audit Plan 2024)
- Delivery of strategic, operational, financial and compliance audits across the Foundation's global locations, in line with relevant internal audit standards underpinned by a robust audit methodology.
- Provision of high-quality, accurate and timely internal audit reports, in a format specified by the DoIA, which set out value-add opportunities for improvement.
- Effective quality assurance to ensure all outputs are of a high standard prior to review by the DoIA.
- Close-out and agreement of internal audit reports with audit sponsors together with the DoIA
- Provision of advice, updates, and guidance in relation to developments and good practice on governance, risk management and controls, including jurisdictional knowledge on compliance requirements
- Provision of ad-hoc consultancy services (subject to maintaining independence), where required.
- Provision of investigation services, where required by the DoIA/AFRC

4. Proposal requirements

The partner is asked to pay due regard to the information contained in this RFP, the background information, and the information available in our annual report and on our website when formulating their proposals.

The Foundation is not prescribing a standard response template for completion; however tender responses must address each of the individual elements (1–4) outlined below to have a compliant proposal. There is a fifth element, which is optional to respond to as outlined.

Element 1: Corporate profile

The Partner is required to provide a comprehensive organisational profile that must include:

- Confirmation of Company details, including registered address, company number, VAT/Tax registration numbers and key executive contact details for due diligence checks.
- If your proposal uses a third party or affiliate to support implementation of the tool and services sought, please pay due regard to Element 4 requirements on use of affiliates or sub-contractors.
- Detailed outline of experience in providing the required scope of services outlined above working with similar comparable organisations, including an overview of relevant current internal audit co-source client base.
- Size and capability of dedicated internal audit specialist teams operating across the Foundation's key locations.
- Two case studies that highlight how the bidder has worked with relevant and comparable clients to successfully provide co-source internal audit services. The bidder should include references alongside the case studies. References may be sought in the final stages of bidder selection.

Element 2 Operational effectiveness and governance

The Partner is requested to provide a comprehensive overview of the arrangements in place for its operational effectiveness and governance that must include:

- Details of the partners proposed core delivery team, inclusive of key roles and team resources to deliver the proposal. For the avoidance of doubt this should also include how the teams are structured:
 - Roles and responsibilities of proposed core delivery team individuals, including specifying a contract manager role, responsible for day-to-day operation of the engagement and liaising with the Director of Internal Audit.
 - Roles and responsibilities of relevant key subject matter expertise that the bidder envisages utilising.
 - Approach to delivering integrated reviews involving combined teams of internal audit professionals and subject matter experts, including how delivery of overseas reviews would be managed and delivered effectively.
 - Relevant professional designations of key roles identified.
 - Clear identification of key person risk(s), where relevant.
- The Partner is also required to provide a detailed overview of its corporate governance and control processes particularly regarding:
 - Conflicts of interest – this should include outlining any potential conflicts bidders may have, that could impact their independence in delivering internal audit co-source services for the Foundation.
 - Complaints handling.
 - Compliance breaches.

Element 3: Proposed approach, methodology and resourcing

The Partner is required to provide a comprehensive proposed approach and methodology that must include:

- A roadmap detailing the activities to be undertaken from award of contract, focusing on the bidders' approach to onboarding and understanding the organisation including how it envisages engaging with key roles.
- The plan should contain clear identification of any collaborative activities and Foundation resource dependency as required.
- An overview of the bidder's proposed methodologies and tools to be used in the engagement, including approach to quality assurance.
- An explanation of any tailoring of the methodologies and approach to meet the Foundation's needs, where relevant.
- A clear explanation of how the bidder envisages communication activity (engagement, involvement, and coordination of logistics) being executed and managed, including engagement with the DoIA.
- The Partner's approach to project governance and progress reporting.
- Summary CVs or profiles of core delivery team members including key subject matter experts, where relevant.
- Clear identification of any training or upskilling required for Foundation resources that will be provided in the process, as necessary.

Element 4: Environment, Social and Governance considerations

The Partner is required to provide a clear overview of the partner organisation's Environmental, Social and Governance (ESG) considerations, including:

- How sustainability issues are considered as part of your corporate strategy.
- Whether you have a sustainability policy.
- Whether you have a board member or executive committee primarily accountable for sustainability-related issues.
- The ability to measure and disclose the carbon footprint of the services to be supplied; and
- The ESG factors taken into consideration when planning delivery.

Please confirm whether your organisation is aware of any business activities, practices or outcomes that have produced a substantial negative environmental impact, and whether you are facing any litigation alleging you have created such an impact.

Element 5: Commercial proposal

The Partner is required to provide a detailed commercial proposal, which clearly identifies and must include:

- Proposed financial model and fee structure with overview of high-level assumptions used to derive the commercial proposal.
- A rate card outlining the chargeable fee rates for the different resources specified in the bid.
- A total fee for the delivery of the Internal Audit Plan 2024 outlined in Annex B. This should include a breakdown of fees per review, including an estimated split of time allocated across different resource grades. This should also set out whether the bidder proposes to operate a 'fixed' or 'time and materials'-based fee arrangement. Note the bidder should assume all reviews have been pre-scoped and a term of reference developed i.e., this should be excluded from the quote. In addition, for the purposes of the total fee quote the bidder should note that overseas audits are required to be performed in our San Francisco and Frankfurt office locations in 2024, with the remainder of reviews to be performed from London next.
- Any perceived risks, issues, and mitigating actions to be taken in the formation of the proposals.
- Any assumptions taken in formulating the fee proposal should be clearly identified.
- Any additional charges e.g., travel to overseas offices. Alternatively, where local resources are to be used, this should be clearly set out.
- Sample contract or proposed terms and conditions underpinning the proposal.
- Information about any proposed use of affiliates, third parties or sub-contractors (if appropriate) around the globe.
- If affiliates, third party arrangements or sub-contractors form part of the service partner's proposed delivery model it is essential that full company details for each organisation involved are provided to enable the Foundation to undertake any necessary due diligence activities as required:
 - Company name.
 - Registered office.
 - Company number.
 - VAT number or equivalent.
 - Clear description of services organisation will supply; and

- Name of chief executive and key senior executives.

Element 6 (optional): Added-value services beyond the scope of the RFP.

The Foundation recognises that the partner will have experience, capabilities and insight or additional capabilities that could add value and help the Foundation’s internal audit provision. As such the Foundation is also interested in hearing from the service provider on additional recommended elements, activities, or deliverables that the service provider feels would add value or derive further benefits to the Foundation through this engagement.

A Partner will not be de-scoped from consideration should they choose to address these areas in only visionary terms or not at all.

The Partner should pay due regard to the submission requirements and instructions as outlined in section 6 of the document.

5. Timescales

The high-level timeline is shown below for service provider reference. The timeline may be subject to refinement at the discretion of the Foundation.

Activity	Start	Finish
Request for proposal (RFP) released	25 October 2023	25 October 2023
Partner written clarifications period	30 October 2023	6 November 2023
Final Clarifications provided by Foundation to Partners (as required)	10 November 2023	10 November 2023
Deadline for Submission of Partner Proposals	22 November 2023 by 12 noon GMT	22 November 2023 by 12 noon GMT
Evaluation phase	Start	Finish
Partner Presentations of selected proposals (following initial evaluation)	5 th December 2023	6 th December 2023
Final Evaluation of proposals and presentations	w/c 11 th December	w/c 11 th December
Additional commercial clarification if required	w/c 11 th December	w/c 11 th December
Selection of preferred partner	w/c 11 th December	w/c 11 th December
Internal approval and sign off	Start	Finish
Contract award (subject to Audit Committee endorsement)	January 2024	January 2024
Expected commencement	January 2024	January 2024

6. Clarifications, submission, and evaluation

Clarifications

- The Partner should submit any clarification questions and/or request additional information in writing between **30 October 2023 and 6 November 2023** via email to nashworth@ifrs.org

The Partner is requested to bundle as many clarifications as possible (should they arise) together to minimise the number of separate requests from the organisation and to make the process as efficient and effective as possible.

- When making requests partners are requested to provide an outline of the topics for clarification and outline the estimated duration required for the clarification session to ensure again the process is efficient and effective as possible.
- Should there remain any unresolved clarification issues arising, for example if additional information is required which is not immediately available, then the Foundation will follow on with a response to the partner.
- The Foundation reserves the right to determine whether any clarification responses are required to be shared with all participating potential partner organisations, particularly if it feels that the clarification is beneficial to the clarity of the process and final proposals.

Submission of proposals

- Potential Partners are required to submit their proposal by **1200 GMT on 22 November 2023**.
- Proposals should be submitted via e mail to nashworth@ifrs.org.
- **When submitting proposals service providers are required to submit their response to Element 5 – Commercial Proposal as a separate annex to the responses to other Elements.**
- If for any reason a service provider decides not to submit a proposal, the Potential Partner is kindly asked to formally withdraw from the process in writing via e mail to nashworth@ifrs.org.

Evaluation of proposals

- Partners should pay due regard to instructions in sections regarding the Services Sought and Proposal requirements.
- Shortlisted Partners will be invited to present an overview of their proposal to the Foundation between the **5 and 6 December 2023**.
- Proposals will be evaluated by the Foundation against quality and commercial criteria.
- For Partner reference, the Foundation's evaluation will include, but will not be limited to:
 - Quality and completeness of the proposal.
 - Partner capability, areas of expertise, relevant experience, and resources.
 - Clarity of partner's proposed implementation approach and strategies.
 - Ability to meet the Foundation's requirements and timeframes.
 - Clarity of proposed fee structure and level of fees / expenses that the Partner expects.
 - Expected benefits to the Foundation.
 - Commercial viability/acceptability of proposed approach.

Declarations

- On receipt of the RFP, the Partner is required to confirm that there is no known conflict of interests that could prohibit your organisation from participating in this RFP process via E-mail to nashworth@ifrs.org
- Where any conflicts, perceived or otherwise are identified, the service provider must set out their approach to managing these in their proposal.

- The Partner will bear any costs and expenses incurred by you in relation to their proposal and the said information shall be kept confidential unless it lawfully becomes public knowledge.

Confidentiality

- By accepting this invitation to submit a proposal the partner agrees to keep in confidence all information provided to you, whether written or oral, in relation to this process and/or in relation to the Foundation's business generally which is not already in the public domain, to use it only for the purposes of this proposal and for no other reason and not to disclose any of the said information to any third party.

APPENDIX A

Internal Audit Charter (Approved June 2023)

A1. Mission and Purpose

- (a) Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.
- (b) Internal audit's purpose is to provide independent, objective assurance and consulting services¹ over the effectiveness of management's system of governance, risk management and internal controls to the Audit, Finance and Risk Committee (AFRC) as delegated and on behalf of the Board of Trustees as a whole.

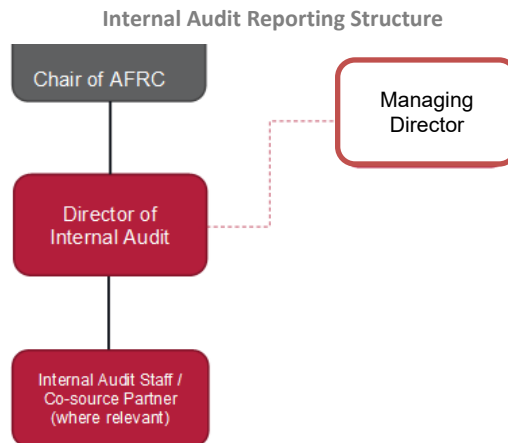
Note: Internal audit activity will govern itself by adherence to the mandatory elements of the IIA's International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors, including its Standards, Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Code of Ethics. In conjunction with the existing IPPF, internal audit will adopt the Chartered Institute of Internal Audit's Code of Practice (January 2020).

A2. Authority

- (a) Internal audit is established by the by the Audit Finance and Risk Committee (AFRC) under this charter. The charter is reviewed annually by the AFRC.
- (b) Internal audit is authorised, under authority granted by the AFRC in carrying out its responsibilities to have full and unrestricted access to all the IFRS Foundation's functions, offices, activities, records, systems, personnel, and assets, including the authority to obtain such information as it considers necessary to fulfil its role, subject to maintaining confidentiality, where relevant.
- (c) To enable internal audit to act independently, the *primary* (i.e., functional) reporting line for the Director of Internal Audit will be to the Chair of the AFRC. The AFRC will have ultimate authority for setting the direction of internal audit.
- (d) The *secondary* reporting line for the Director of Internal Audit will be to the Managing Director.
- (e) The key responsibilities of each reporting line have been set out below, together with a high-level structure chart:

¹ *Subject to not impairing internal audit team's independence or objectivity.*

Primary (Functional) Reporting Line	Secondary (Administrative) Reporting Line
Agrees the objectives of internal audit including the performance appraisal of the Director of Internal Audit	Discusses non-audit (e.g. leadership) objectives with the Director of Internal Audit.
Approves the internal audit charter and internal audit plan including budget and resources (in conjunction with members of the AFRC)	Approves purchase orders outside delegated authority of Director of Internal Audit
Approves the appointment and removal of the Director of Internal Audit	Approves travel and subsistence claims
Approves the remuneration of the Director of Internal	Approves requests for annual leave



A3. Independence and Objectivity

- (a) Internal audit will at all times remain independent and objective. The Director of Internal Audit will ensure that it remains free of conditions that threaten its ability to carry out its activities in an unbiased matter. If independence is impaired in fact or appearance, the Director of Internal Audit will disclose this to the Chair of the AFRC.
- (b) Internal audit will be completely free to determine all matters relating to audit scope, procedures, frequency, timing, and report content to ensure its independence and objectivity.
- (c) To further support internal audit’s independence, any internal audit staff including the co-source partner (where relevant) will report to the Director of Internal Audit, only.
- (d) Internal audit will confirm to the AFRC at least annually, the ongoing independence of its activity, without management present.

- (e) Where the tenure of the Director of Internal Audit exceeds seven years, the audit committee, the AFRC will explicitly discuss annually the Chair of the AFRC's assessment of the Director of Internal Audit's independence and objective.
- (f) Internal audit will not:
 - (i) Have direct operational responsibility or authority over any management processes, other than internal audit. Accordingly, internal audit will not implement internal controls, develop management procedures, install systems, or engage in any other activity that may impair independence.
 - (ii) Initiate or approve accounting transactions, external to the management of the internal audit function.
 - (iii) Have responsibility for risk management including the identification, ownership and management of risk including delivery of mitigating actions and setting of risk appetite.

A4. Scope and Responsibilities

- (a) The IFRS Foundation Trustees are responsible for ensuring the organisation has in place an appropriate system of internal controls, which management are responsible for implementing, operating, and monitoring. The AFRC has delegated responsibility for the review of the system of internal controls supported by independent assurance from internal audit.
- (b) In discharging their duties, the Director of Internal Audit is responsible to the AFRC, in relation to the following:
 - (i) Development of a risk-based internal audit plan, resource plan and budget for review and approval by the AFRC, at least annually. This will include communicating the impact of any resource constraints on its plan.
 - (ii) Providing reports to the AFRC summarising the status of the internal audit plan, the results of internal audit's activity including details of significant findings and conclusions.
 - (iii) Monitoring management progress in remediation of agreed upon corrective actions recommended by internal audit, and report status to the AFRC.
 - (iv) Maintaining appropriate skills and resources to fulfil the internal audit mandate. Where appropriate, this may include the competitive tender of a co-source partner, in line with procurement guidelines, the outcome of which will be presented to the AFRC for review and approval.
 - (v) The provision of an annual report to the AFRC outlining the Director of Internal Audit's annual opinion on the overall adequacy and effectiveness of the IFRS Foundation's system of internal control.
 - (vi) Liaison with the external auditors and other providers of assurance, where appropriate, sharing information and coordinating activities to ensure appropriate coverage and minimisation of duplication of effort.
 - (vii) Where directed by the Chair of the AFRC, conduct independent investigations into whistleblowing e.g., in relation to fraud, bribery, or other matters deemed appropriate for internal audit to investigate. *Note*,

management retain primary responsibility for the prevention and detection of fraud.

A5. Quality Assurance & Improvement Programme

- (a) Internal audit will maintain appropriate quality assurance processes and seek to ensure good practice improvements are embedded into its work, where relevant.
- (b) An external assessment of the effectiveness of internal audit will be performed once every five years, reporting to the AFRC.

APPENDIX B

Internal Audit Plan 2024

The internal audit plan for 2024 has been outlined below together with the provisional audit days, timing and high-level scope.

	Audits 2024	Days	Qtr.	Scope	Audit Sponsor*
Tier 1 Priority / High Risk Reviews	Entity Level Controls	30 (Tier 1)	Q1 24	Key baseline review. Assessment of entity level control framework that drives overall control environment including, 'tone from the top' accountability, control culture/posture, decision making, and monitoring/reporting.	Managing Director
	Cyber Security NIST Assessment Follow-up	15 (Tier 1)	Q3 24	Following the recent Aristi 'NIST' benchmark exercise, which identified the need for improvements to cyber security maturity a follow-up exercise will be performed to assess the status of remediation actions. by Aristi (reporting to the Dir IA).	Chief Technology Officer
	Risk Mgt Effectiveness	27.5 (Tier 1)	Q2 24	The review will assess the robustness of the risk management framework in its effectiveness of identifying, escalating and managing key risks relevant to the foundation. This will include a review of processes supporting risk appetite, ERC, reporting/monitoring of risks and mitigating controls.	Chief of Legal, Compliance & Commercial Operations
	Contributed Revenue (incl. due diligence / ethics)	27.5 (Tier 1)	Q3 24	Given that contributed revenue (c. £43m) is fundamental to the functioning of the Foundation, the audit will review the supporting processes and controls in relation to processes for forecasting, stakeholder management, compliance with funder/grant obligations, and due diligence/ethics.	Chief Financial Officer
Tier 2 Change Reviews	One Foundation (incl office set up/lessons)	27.5 (Tier 2)	Q2 24	Review of delivery of the One Foundation programme to date, including lessons learned from the transition to a multi-location model. This will also assess the design of future phases, where relevant.	Programme Director
	Sustainability / ESG Reporting	22.5 (Tier 2)	Q1 24	'Pre-readiness' review of processes and controls supporting gathering and reporting of non-financial sustainability metrics (e.g., GHG emissions). This will be performed ahead of 3rd party ISO verification.	Chief Financial Officer / Chief of Strategic Affairs & Capacity Building
Tier 3 Core Assurance (including compliance)	Accounts Payable (incl Expenses)	27.5 (Tier 2/3)	Q1 24	Review of the design and operating effectiveness of the AP/purchase to pay process to ensure in line with good practice in relation to workflows, approvals, SoD, supplier masterfile management, timeliness etc. This will also include processes underlying travel and subsistence expense management. The review may include use of data analytics.	Chief Financial Officer
	Global Payroll	27.5 (Tier 2/3)	Q2 24	Review of the design and operating effectiveness of payroll process and controls. This will review processes for starters and leavers including set-up, review, and approval of the monthly payroll.	Chief Financial Officer
	Core HR Processes (incl Headcount Mgt)	27.5 (Tier 2/3)	Q4 24	Assessment of the design and operational effectiveness of key processes in the employee lifecycle including recruitment, onboarding, performance management, learning & development, succession/talent planning and headcount mgt.	Chief People Officer
	Office Compliance Audit – San Francisco	30 (Tier 2/3)	Q3 24	Office visits will cover processes to support compliance with policies, procedures, local laws/regulations, financial management, procurement, people processes and IT where relevant to the local office.	Executive Operations Director
Office Compliance Audit – Frankfurt	30 (Tier 2)	Q2 24			
Total Days		292.5			

*Joint audit sponsors will be considered where reviews are cross-cutting