

## **Invitation to Tender**

### **Freeport East Limited**

### **Appointment of an External Auditor**

#### **Introduction**

Freeport East Ltd is seeking an independent external auditor to review the financial information of our company and report back on findings.

Freeport East Ltd is a company limited by guarantee (without shares) and incorporated on 6 December 2022.

Freeport East Ltd is a not-for-profit SME and currently employs 6 FTE with the potential to grow to up to 10 FTE over the next 12 months.

East Suffolk Council acts as the company's accountable body and retains and administers all of the company's income on its behalf. The Company currently uses the accounting system for East Suffolk Council, including a separate bank account which has been set up by the Council on behalf of Freeport East Ltd.

The Company is required to file its first set of audited Accounts (made up from 6 December 2022 to 31 March 2023; and April 2023 to 31 March 2024) with Companies House by 6 September 2024.

Our first Annual General Meeting is due to be held on 26 September 2024, and we would like to present a full set of audited accounts and the Auditors Report to our members at this meeting.

The audit process will be overseen by the company's Finance and Audit Committee, which is a sub-group of the Supervisory Board. The Finance and Audit Committee is led by the Accountable Body's Section 151 officer and whose membership includes the company's chair of the Board and another Board director. Meetings are held virtually every two months.

The Supervisory Board sets the strategic direction of Freeport East and approves the company's strategic decisions, including annual budget, business plan and longer-term strategy.

For further information on our governance structure and processes, please see our [website](#).

#### **Background**

We are one of 12 freeports in the UK with an ambition to be a hub for global trade and national regeneration as well as creating a hotbed for innovation that will have impact across the UK.

Freeport East covers a geographic area on the east coast of England including Harwich, Felixstowe, Colchester, Ipswich and Stowmarket and is a partnership between local

stakeholders across the public and private sectors charged with delivering the Government's freeport policy. Our members and wider partners include Hutchison Ports, Gateway 14, Essex County Council, Suffolk County Council, East Suffolk Council, Tendring District Council, Babergh and Mid Suffolk Councils and the University of Essex.

With our unique global links and existing innovative sectoral clusters, the aim of our freeport is to attract inward international investment and drive domestic growth, propelling the country's economy forward.

Our freeport is anchored around three main development sites (and two smaller sites) that offer a suite of investment incentives.

The main sites are located at the Port of Felixstowe, Harwich International Port and Gateway 14 near Stowmarket.

As a freeport, we can offer tax site incentives and a bespoke customs operations model that can be applied to any site, anywhere across our geography, designed to support increased trade and investment.

Through the UK Government, freeports have enhanced opportunities to access innovation and regulatory support, including financial resources.

All 12 UK freeports work closely with the UK Government to deliver the support and investment our regions require.

Freeports are a fundamental part of the UK Government's Levelling Up agenda and were established to increase opportunities across the country. They are crucial for the UK's recovery after Covid, aiding the levelling up process by boosting jobs, investment, and prosperity through focused support.

### **Scope of Work**

We are looking for an external auditor to examine the financial statements of the company and provide feedback. The responsibilities of external auditors include planning effective auditing processes, performing audits, and reporting back on findings.

Our estimated funding is estimated to be just over £25 million over the next financial year. This includes seed capital funding and pooled future business rates (further detail below), which is held by the Accountable Body and is not funding that flows through the company. Freeport East' role is initiating the funding and its release.

Funding received since incorporation includes £1 million in capacity funding and £12 million seed capital funding from the Department for Levelling Up, Housing and Communities (part of the £25m, with the remaining seed capital funding expected to be drawn down in the financial year 2024/25).

In addition, our five local authorities have also pooled £800,000 from future retained business rates to enable the freeport to launch two grant schemes to support businesses in our region through our Clean Growth fund and our Innovation and Skills fund.

In the meantime, we may also receive some further capacity funding from Government.

Our operational costs are estimated at £1.25 million per annum.

Our future source of income will be 100% retention of business rates generated across our five tax sites over the next 25 years.

To be successful as an external auditor, you should have excellent knowledge of auditing principles, be analytical, and have good communication skills. Ultimately, we are looking for an external auditor who can make informed and rational decisions, be objective, and is detail orientated.

#### External Auditor Responsibilities:

- Evaluating financial statements and assessing accounts for accuracy and compliance.
- Investigating internal systems and operations.
- Assessing risk management approaches.
- Reporting on errors and fraud.
- Providing feedback reports on findings.

#### External Auditor Requirements:

- CCAB qualified accountant
- Degree in accounting or finance.
- Previous experience as an external auditor.
- Experience in data analysis and reporting on finances.
- Strong knowledge of accounting principles.
- Proficiency in ERP software.
- Good decision-making abilities.
- Problem-solving skills.
- Professional and trustworthy.

### Assessment Criteria

Applications will be assessed against the following criteria:

Selection criteria	Weighting %
Cost / Value for Money	10%
Effectiveness of the audit process	30%
Access to additional services / added value	15%
Demonstrate an understanding of our business	10%
Communication / company auditor relationship	15%
Links with geographical area	20%

### Applications

Tenders are invited by way of a written Invitation to Tender and published the on the Contracts Finder website ([www.gov.uk/contracts-finder](http://www.gov.uk/contracts-finder)).

This opportunity is also advertised on our [website](#).

The closing date for tender submissions is **12:00 pm on Friday, 15<sup>th</sup> March 2024**.

Tender submissions received after the deadline will not be considered.

Tender responses should be no more than 7 pages in total. Appendices may be additional.

In setting out your response to this ITT, please ensure that the following is included:

1. Explain the audit approach that you will adopt and how you believe this best meets the needs of Freeport East Ltd.
2. Specify the proposed team who will undertake the work, along with their skills set and ability to deliver the audit service in a timely manner.
3. Demonstrate an understanding of our business and provide examples of working with similar companies.
4. Outline the training programmes you have in place to ensure your staff meet continuing professional development requirements.
5. Explain how you will develop your understanding of the major risks for our company and how to respond.
6. Outline your approach to communication and reporting back to our Finance and Audit Committee and the planned frequency of written and verbal communications.
7. Briefly outline your approach to innovation and the extent to which technology will be integrated into the audit approach (including, where relevant, use of data analytics)
8. To enable us to assess compliance with independence requirements as well as your approach to ensuring an appropriate ethical culture exists within your company, please outline your firm's audit quality control arrangements and provide copies of your firm's latest external and internal quality reviews and the actions put into place to address any issues that arose from these reviews.
9. Provide an overview of any additional services that your company provides, which could be of value to Freeport East Ltd and your connections with our geography.
10. Provide a brief explanation on your company's values and your approach to business ethics.

Tenders should be returned to the Freeport East Programme Manager electronically via email: [marie.finbow@freeportheast.co.uk](mailto:marie.finbow@freeportheast.co.uk).

### **Costs**

Freeport East Ltd has a budget allowance of up to £10,000 plus VAT per annum for these services.

### **Contract Length**

The company is looking to appoint an external auditor for a period of 12 months, with the opportunity to extend the contract for a further 24 months, based on acceptable performance in the first 12 months and upon approval by the Supervisory Board.

## Timeline

The timeline for the tender process is set out below:

Date	Activity
5 <sup>th</sup> February 2024	Tender published
15 <sup>th</sup> March 2024 12:00 pm	Tender closing date
18 <sup>th</sup> March – 22 <sup>nd</sup> March 2024	Shortlisting
w/c 25 <sup>th</sup> March 2024	Notification of shortlist to candidates
w/c 15 <sup>th</sup> April 2024	Interviews with shortlisted candidates
w/c 22 <sup>nd</sup> April 2024	Conclusion / recommendation to Board
1 May 2024	Contract start date

## Social Value and Sustainable Development

Freeport East supports the Journey to Net Zero as a core objective of the freeport policy and encourages its supply chain to take reasonable action around their own sustainable development.

We will adopt and use the Social Value Frameworks developed by Suffolk and Essex County Council as the basis for how we approach this with potential suppliers, as well as how we ourselves manage our own business activities. We will incorporate the considerations and approaches set out by these two Local Authorities as the means for delivering this with suppliers.

Our approach to Social Value is to encourage suppliers to consider, communicate and commit to developing local benefits in areas including economic development, reducing carbon emissions and supporting local communities.

We also look to encourage / support local service delivery.

## Contact

Any queries, please contact:

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