



TERMS OF REFERENCE FOR THE PROVISION OF OUTSOURCED EXTERNAL AUDIT SERVICES

Tender Number: SAC202201-003

The South African Council for Natural Scientific Professions (SACNASP) invites proposals for the provision of External Audit Services

1. BACKGROUND

The South African Council for Natural Scientific Professions (SACNASP) is the legislated regulatory body for the Natural Science Professionals in South Africa. SACNASP recognises and registers natural scientific practitioners and fosters ethical practise and training of practitioners.

In terms of the Section 16 (1) of the Natural Scientific Professions Act (Act 27 of 2003), the Council must, within six months from the close of each financial year provide the Minister with an annual report including the annual financial statements regarding its activities during that financial year for tabling in Parliament.

2. OBJECTIVES AND SCOPE OF THE AUDIT FUNCTION

2.1 The objective of the audit is for the auditors to perform audit functions in terms of the Public Audit Act (Act no 25 of 2004) and to report on the annual financial statements of the Council. In doing so, the Auditors will conduct audit reviews as follows:

- a. The auditors shall express an independent professional opinion as to whether the financial statements present fairly, in all material respects, the financial position of SACNASP in accordance with the International Financial Reporting

Standards for Small and Medium Entities (IFRS for SMEs) and requirements of best practices for statutory bodies.

- b. The auditors in their duties shall comply with the duties imposed upon them by the Audits Professions Act.
- c. The Auditors should submit a management letter after the completion of the audit in which auditors will:
 - i. Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
 - ii. Examine on test basis that appropriateness of supporting documents, records and books of accounts relating to all project activities;
 - iii. Include management responses to audit findings and recommendations;
 - iv. Any matters that come to the auditor's attention during the audit that might have a significant impact on the going concern status of the Council.
 - v. Examine, assess and report on compliance with the terms and conditions of the agreement between funding partners and SACNASP and applicable laws and regulations within accounting and taxes;
- d. The audit will also include:
 - i. evaluating the appropriateness of the accounting policies
 - ii. assessing the accounting principles used and significant estimates made by management.

3. RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS

- a) SACNASP's financial year end runs from 1 April to 31 March.
- b) The responsibility for preparation of the annual financial statements in accordance with IFRS for SMEs lies with the Audit & Risk Committee of SACNASP.
- c) Management is responsible for implementation of accounting, administrative and financial procedures documented in the SACNASP manuals.
- d) The Council is responsible for submitting the unaudited financial statements to the External Auditor for auditing and to National Treasury on 31 May each year.
- e) Rotation of auditors will be done at least after 3 years at the discretion of the SACNASP management and Council. SACNASP however reserves the right to terminate the engagement should it deems necessary even before 3 years.

4. DIFFERENT PHASES OF THE ANNUAL AUDIT

The External Auditors will be required to adhere to the following during the different phases of the annual audit:

1. Submit detailed Audit Planning Memorandum
2. Submit detailed budget in line with the Audit Planning Memorandum
3. Draft and issue audit reports upon completion of audit assignments
4. Attend meetings of the Audit & Risk Committee and Council as necessary.
5. Present the final Audit Report to the Audit & Risk Committee and Council.

5. SELECTION CRITERIA FOR THE APPOINTMENT OF EXTERNAL AUDITORS

- a) SACNASP'S Bid Adjudication Committee will do the adjudication after the proposal submission deadline. The selection criteria will include the following:
 - i. Eligibility - authorisation by the State Board of Accountants to conduct audits.
 - ii. Experience of firm in relation to the scope of audits for statutory bodies.
 - iii. A list of similar organisations served by your firm.
 - iv. Your staff assignments and availability to complete the audit on a timely basis.
 - v. Participation of senior audit personnel assigned to the engagement (number of partners, number of managers and number of final year articled auditors)
 - vi. Depth of technical resources (CV of the assigned team leader).
 - vii. Availability of the Audit firm's staff to respond to questions within the scope of the engagement and the hourly charge, if any, for services outside the scope of the audit.
 - viii. Audit firm staff stability history - what assurances can you provide regarding the assignment of your permanent personnel to the engagement.
 - ix. Proposed fee for the engagement including a schedule for additional services that may be necessary beyond the scope of the audit engagement. The proposal should indicate anticipated fees for the second and third years
 - x. Detailed audit plan/methodology including your approach to risk and fraud detection.

- xi. Estimated number of hours to complete the audit by classification of your employees, i.e. partners, senior, junior.
- xii. Detail of expenses expected to be incurred, i.e. mileage, per diem, telephone, etc.
- xiii. Time Requirements.

6. DURATION OF CONTRACT

The contract is expected to run for three years, commencing on the date of signing the Service Level Agreement. It will, however, be renewable annually and this will be subject to a review of the previous year’s performance against the External Audit Plan. The successful bidder should be able to start from April 2022

7. EVALUATION CRITERIA

The 80/20 criteria will be used for the evaluation of the proposals:

Phase 1: Technical Evaluation

The evaluation of the technical part of the proposal will be on the basis of the candidate’s responsiveness to the terms of a reference, as well as the application of the evaluation criteria and points system as indicated below. Each responsive proposal will be given a technical score.

| Scoring range | 0 | 1 | 2 | 3 | 4 |
|---------------|----------------|------|---------|--------------------|----------------------|
| Definition | No information | Poor | Average | Meets requirements | Exceeds requirements |

| Criteria | Points Allocated |
|--|-------------------------|
| Experience of the firm in external audit services, including specialised skills, expertise and value-added services | 15 |
| 1 to 3 year = 1 | |
| 4 to 7 years = 2 | |
| 8 to 10 years = 3 | |
| > 10 years = 4 | |
| Experience in the external audit of entities with Revenue of >R15m | 20 |
| 2 References= 1 | |
| 4 References = 2 | |
| 5 References = 3 | |
| >5 References = 4 | |
| Staff compliment - including office support, IT systems etc. | 15 |
| 0 to 10 staff = 1 | |
| 10 to 30 staff = 2 | |
| 30 to 50 staff = 3 | |
| >50 staff = 4 | |
| Experience in the external audit of public entities | 20 |
| 2 References= 1 | |
| 4 References = 2 | |
| 5 References = 3 | |
| >5 References = 4 | |
| Qualifications and experience of team members | 30 |
| Partner, Manager, Senior auditor and Article clerk = 1 | |
| 2 Partner, Manager, Senior auditor and 2 Article clerk = 3 | |
| >2 Partner, Manager, Senior auditor and >2 Article clerk = 4 | |
| | |
| | |
| TOTAL | 100 |

The proposals will receive further consideration if they score at least 70% minimum points out of the 100 points on technical criteria as listed above.

Phase 2: Pricing and BEE Evaluation

- Pricing 80 points
- B-BBEE Points 20 points

| B-BBEE Status level of Contributor | Number of points (80/20 system). |
|---|---|
| 1 | 20 |
| 2 | 18 |
| 3 | 16 |
| 4 | 12 |
| 5 | 8 |
| 6 | 6 |
| 7 | 4 |
| 8 | 2 |
| Non-compliant contributor | 0 |

8. FINANCIAL PROPOSAL

It is understood that external audits are based on hourly rates and that budgets are compiled once the appointed auditor has assessed the likely extent of the work. Financial proposals will be compared on the basis of average hourly rates. All prices provided must be inclusive of Value-Added Tax (VAT).

9. DOCUMENTS TO BE SUBMITTED

- Vendor Accreditation Form.
- Valid Tax Clearance Certificate
- B-BBEE Certificate of Measured Entity (if no certificate is received, a score of zero will be allocated for evaluation purposes).
- Proof of banking details.
- Copy of your company/entity registration certificate (if applicable).
- Invitation to Bid.
- Pricing Schedule.
- Declaration of Interests Form.
- Preference Points Claim Form.
- Abuse of Supply Chain Management System.
- Certificate of Independent Bid Determination.

10. SUBMISSION DETAILS

Proposals should be emailed or forwarded to the SACNASP offices and the details are as follows:

- Closing Date: 15 February 2022
- Closing Time: 12:00

For further information, contact: Ms Lindi Sibanyoni and Joey Fourie

E-mail: Lindi@sacnasp.org.za or joey@sacnasp.org.za Tel (012) 748-6508/6522

The selection of the qualifying bid will be at the SACNASP's sole discretion. SACNASP does not bind itself to accept any particular bid and reserves the right not to appoint the bidder.