



**South African Post Office (SoC) Limited**  
**Specifications**  
**Preparation of Annual Financial Statements**

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## 1. Background

The South African Post Office (SAPO) is a schedule 2 public entity in terms of the Public Finance Management Act (1999). SAPO is a government business enterprise established to provide postal and related services to the public, and derives its mandate from the Postal Services Act 124 of 1998 and the South African Post Office SOC Ltd Act (2011).

The Group and Company consolidated financial statements are prepared in accordance with International Financial Reporting Standards, and the requirements of the Public Finance Management Act and the Companies Act of South Africa.

SAPO year end is 31 March and is required to submit signed un-audited annual financial statement by 31 May to the Department of Communications and Digital Technologies, National Treasury and Auditor General of South Africa (AGSA).

The AGSA has two months to complete the audit of the annual financial statements and thereafter the annual financial statements are submitted to the SAPO EXCO, SAPO Audit & Risk Committee and SAPO Board for final approval.

In terms of the Public Finance Management Act of 1999, the Accounting Authority of a public entity must submit the audited Annual Financial Statements to Treasury, the Executive Authority responsible for that entity and the Auditor-General within five months of the end of the financial year.

The annual financial statements are presented at the Annual General Meeting and is thereafter required to be presented in Parliament.

## 2. Objective of bid

The appointment of a service provider to provide the resources with the required technical capabilities for the preparation of annual financial statements that comply with IFRS and to also assist to improve the audit outcome. Annual financial statements are required to be prepared for:

- SAPO Group and company,
- Docex (subsidiary) – will be prepared by the Docex Finance Manager
- Courier Freight Group (subsidiary)
- Property Companies (five) (subsidiaries – small companies).

### **3. Period of the contract**

The contract period will be for a two-year period for the 2021/2022 FY and 2022/2023 FY annual financial statements.

- The contract period is anticipated to commence in 01 February and to be completed in 31 August.
  - However, a monthly fee to be provided if the AGSA for whatever reasons is unable to complete their audit and the finalisation of the annual financial statements is extended beyond 31 August; resulting in extension to complete the audit and finalisation of the annual statements.
  - Also if assistance is required thereafter from September to attend and resolve audit findings after receipt of the Final Management Report.

### **4. Scope of work and key deliverables**

#### **4.1 Resource requirements**

The requirements of a Team of minimum of eight (8) that must be registered chartered accountants with minimum of three years' experience in preparation of IFRS annual financial statements.

The team must be led by a Senior manager who will be the project team leader and must be a registered chartered accountant with a minimum of five years' experience in preparing, reviewing annual financial statements to ensure compliance to IFRS, liaising with external auditors and management of the team.

Due to the nature of the work and constant engagements with the SAPO staff and the AGSA for the preparation of the annual financial statements, the team will be required to be on site at SAPO head office in Pretoria.

#### **4.2 Preparation of the annual financial statements and National Treasury database**

Preparation of the annual financial statements that comply to IFRS and provide quality assurance to confirm that the that the annual financial statements are free from material errors for:

- SAPO Group and company.
- Docex (subsidiary) – will be prepared by the Docex Finance Manager.
  - Reviewing the Docex annual financial statements.
- Courier Freight Group (subsidiary).
- Property Companies (five) (subsidiaries – small companies).
- Completion and reviewing of the National Treasury database.

- The annual financials must be reviewed and quality assurance provided that the financial are free from any material errors prior to submission to the Chief Financial Officer.
- The unaudited annual financial statements are required to be finalised seven workings before the submission timeline to AGSA to allow sufficient time to obtain the required approvals from Exco, Audit Committee and the SAPO Board.
- SAPO uses SAP as its financial system and the annual financial statements are prepared on CaseWare software.

#### **4.3 Update the annual financial statements and National Treasury database**

Update the annual financial statements with agreed upon adjustments by the AGSA for the Final Audited Annual financial statements for submission to Exco, Audit Committee and Board for:

- SAPO Group and company.
- Docex (subsidiary) – will be prepared by the Docex Finance Manager.
  - Reviewing the Docex annual financial statements.
- Courier Freight Group (subsidiary).
- Property Companies (five) (subsidiaries – small companies).
- Update the National Treasury database template.

#### **4.4 Audit support and engagements with AGSA**

- Audit support in the engagements with the External Auditors (Auditor General of South Africa),
- Manage the RFIs request from the AGSA to ensure that the SAPO teams responds to all RFIs within three days' timelines of the AGSA.
- Maintain a register for RFIs that must be updated daily.
- Maintain a suitable electronic filing system for all RFIs.
- Manage the Communication of Audit Findings (COAFs) request from the AGSA to ensure that the SAPO teams responds within three days' timelines of the AGSA.
- Review the management responses of all COAFs prior to submission to AGSA.
- Maintain a suitable electronic filing system for all COAFs.
- Attend to all COAFs to prevent significant audit findings (category A audit findings)
- Maintain a register for COAFs that must be updated daily.
- Assist to manage the weekly Steering Committee meetings between the SAPO team and the AGSA.
- Co-ordinate and facilitate the year end audit meetings with the SAPO team and AGSA; also to prepare the weekly agenda for the meetings.

- Record the meetings by taking the minutes and follow ups to be made on all matters arising,
- Maintain a suitable electronic filing system for all audit findings.
- Liaise with Auditor General regarding all possible significant audit findings and resolving these findings proactively. Develop an early warning system.
- Prepare a weekly report for submission and discussion with the Chief Financial Officer.

Improve and make the audit process efficient with the goal of reducing the AGSA audit hours.

#### **4.5 Year end audit project plan and reporting**

- Prepare a year end project plan of all critical activities with clearly identified responsible persons, timelines and milestones to ensure that the SAPO Board of Directors approved unaudited annual financial statements for SAPO Group & Company and subsidiaries are submitted to the AGSA as per the required timelines.
- The project plan must be completed within one (1) week of appointment.
- Project plan to be updated daily and to be discussed weekly with the Chief Financial Officer,
- Prepare a weekly report on the milestones achieved and to be achieved in the forthcoming weeks.
- Identify any risk areas and how these risk areas will be mitigated.
- Prepare weekly reports for submission to SAPO Exco and SAPO Audit and Risk Committee.

#### **4.5 Schedules supporting the annual financial statements**

- Prepare a schedule of all the supporting documentation that will be required and used by the AGSA to conduct their regularity audit on the Annual Financial Statements.
- Agree / confirm with AGSA the schedule of all the supporting documentation that will be required to conduct their regularity audit on the Annual Financial Statements.
- Assignment of responsibilities to the SAPO Finance team and the appointed service provider for these schedules and supporting documentation and timelines for submission.
- Assist in preparing these schedules and supporting documentation if there are no SAPO finance staff to prepare these schedules and supporting documents.
- Review the supporting schedules and supporting documentation for accuracy and completeness prior to submission to the AGSA.
- Prepare an audit file with all necessary supporting schedules and supporting documentation in an electronic format for:
  - Financial reporting section,
  - Internal Audit section,

- Chief Financial Officer and,
- AGSA
- The above should facilitate and make the audit process efficient.
- The above schedules are required to be submitted together with the unaudited annual financial statements by 31 May.

#### 4.6 Non-Current assets

- Property, plant and equipment,
- Investment property,
- Heritage assets and
- Intangible assets.
  
- Coordinate the asset verification process that will be performed by the SAPO team.
- Coordinate the process to ensure that the asset register is updated.
  
- Perform the fair value calculations.
  
- Develop the required action plans to resolve all previous year audit findings and discuss the progress report regularly with the SAPO Finance team and the Chief Financial Officer.
  
- Prepare the required schedules to support the annual financial statements.
  
- ***Review policies and procedures to effectively manage SAPO assets and to address all previous year audit findings. Provide feedback to enhance the policies and procedures.***

#### 4.7 Investment in Postbank

Prepare the required fair value calculation in terms of IFRS and all the supporting documentation that will be required by the AGSA for the investment in Postbank.

#### 4.8 Site Restoration

Assist to perform the site restoration calculations and also assist to resolve prior year audit findings.

#### **4.9 IFRS 16**

- Right of use assets.
- Finance lease liabilities.
- Provisions – site restoration.
- Prepare the required calculations and all the supporting documentation that will be required by the AGSA.
- SAPO has approximately 1500 property leases and 1100 vehicles leases.
- Prepare the methodology and procedure document IFRS 16.
- Develop the required corrective actions to resolve all prior year audit findings.
- **Develop a proposal to automate the process of IFRS 16.**

#### **4.10 Government grants and financial liabilities**

Prepare the required IFRS calculation of all the supporting documentation that will be required by the AGSA.

#### **4.11 Contingent liabilities, related parties and director's / key personnel fees**

Prepare the required schedules and supporting documentation for contingent liabilities, related parties and director's / key personnel fees.

#### **4.11 Going concern assessment**

Prepare the required schedules and supporting documentation for the going concern assessments.

#### **4.12 Intercompany accounts**

- Assist with the reconciliations and prepare the required schedules and supporting documentation for intercompany accounts for SAPO Group, SAPO, CFG, Docex and property companies.
- Assist with the reconciliations and prepare the required schedules and supporting documentation for the SAPO and Postbank intercompany accounts.

#### **4.13 Any other services**

**Any other services relevant for the preparation of the annual financial statements.**



#### **4.14 Transfer of skills and transfer of all documents**

- The bidder is required to transfer skills during the appointed period to SAPO staff.
- All required documentation (electronic and printed) to be transferred to SAPO at the end of the project.

#### **4.15 Bid requirements**

- Service provider to be registered for period longer than five years
- Staff complement of nine staff that are all registered chartered accountants.
- The bidder should not outsource any of the functions.
- The South African Post Office (SOC) Limited considers this Request for Proposal (RFP) and all related information, whether in written or verbal that is provided to the bidders to be proprietary to the South African Post Office and should be kept confidential.
- Due to the nature of the work and constant engagements with SAPO staff for the preparation of the annual financial statements, the team will be required to be on site at SAPO head office in Pretoria.
- If any of the project team member is not available due to COVID or any other reason during the contract period, the bidder should be able to provide SAPO with a suitable resource within 48 hours.