ANNEXURE A

TERMS OF REFERENCE

RFQ DESCRIPTION: APPOINTMENT OF A SUITABLY QUALIFIED SERVICE PROVIDER FOR THE PROVISION OF EXTERNAL AUDIT SERVICES FOR A PERIOD OF TWELVE (12) MONTHS.

RFQ NUMBER: REQ0004758

1. PURPOSE

The purpose of this RFQ is to appoint a suitable independent External Audit Service Provider.

2. BACKGROUND

The South African National Accreditation System (SANAS) was established in terms of Section 21 of the Companies Act, 61 of 1973, registration number 1996/00354/08. On 1 May 2007 it became a public entity with the promulgation of the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act (Act 19 of 2006).

SANAS operates in accordance with the requirements, criteria, rules, and regulations laid down in the following documents:

- The Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, 2006 (Act 19 of 2006)
- The requirements of the international standard ISO/IEC 17011, General requirements for bodies providing assessments and accreditation of conformity assessment bodies.
- The requirements as stipulated in the various Memorandums of Agreement with the international bodies and the national regulatory bodies.

The Board delegates to the Chief Executive Officer (CEO) of SANAS the responsibility to implement the SANAS policies and objectives. Approval Committees make decisions concerning the granting and continuation of accreditation and GLP compliance.

3. OBJECTIVES

The objective of this tender is to identify, evaluate and appoint an Audit Firm capable of performing the External Audit of SANAS and to serve as its external auditors for a period of twelve (12 months).

4. SCOPE OF WORK

The service provider will be required to serve as the External Auditors of SANAS for a period of twelve (12) months and to express an audit opinion for the financial year ended 2022/2023.

The appointed Service Provider will be required to, at a minimum:

- Perform an audit of the annual financial statements in accordance with Generally Recognised Accounting Practice (GRAP).
- Express an audit opinion on the financial statements of SANAS for the year ended 31 March 2023 and to submit such audit report two months after the submission of the annual financial statements for audit in terms of section 55 of the PFMA.
- Perform audits in compliance with the PFMA and International Standards on Auditing.
- Work in conjunction with the internal auditors to provide combined assurance to SANAS on the effectiveness of the internal control systems.
- Communicate audit findings to management and ensure they are fully aware of the implications to the operations of SANAS.
- Review the annual report prior to publishing.
- Provide input to the Audit and Risk Committee (ARC).
- Provide a final audit report with recommendations to management and the Audit and Risk Committee.
- Provide a management report with recommendations to management and the Audit and Risk Committee.
- Report on findings against key legislation and significant deficiencies of Internal control.
- Audit predetermined objectives.
- Attend all Audit and Risk Committee meetings for the duration of the contract.
- Discuss with management and the ARC all other matters affecting the audit and financial statements especially matters emanating from the previous financial years.
- Attend to any other statutory and regulatory requirements.

Table of timelines

Details	Key activity	Timelines
Planning	Prepare detailed audit plan and strategy	April 2023
Approval of the audit plan and strategy	Approval by the audit and risk committee	20 April 2023
Year end audit commences	Audit commences	From 01 May 2023
Annual Financial statement and annual report submission	Receipt and audit of the annual financial statement and annual report	31 May 2023
Draft management letter	Issue of draft management letter to management	To be confirmed
Final management letter and a draft audit report	Issue the final management letter and draft audit report to the audit and risk committee	To be confirmed
National Treasury AFS template	Audit and sign off of the National Treasury AFS excel template	30 July 2023
Management representation letter	Issue Management representation letter	31 July 2023
Approval of AFS	Sign off audit report and AFS	31 July 2023
Review of annual report	Review of annual report	20 August 2023

(Please note that all audit and risk committee meetings must be attended and all ARC meetings are not listed in the table above)

Note: Subcontracting of this RFQ is prohibited.

5. PROPOSAL

a) Technical approach

Service Providers must, at least:

i. Be registered in terms of the Public Audit Act as an accountant and auditor and engaged in public practice (Registration with IRBA - Independent Regulatory Board for Auditors).
ii. Briefly describe the firms Audit methodology/ approach and the technology used.
iii. Discuss the firm's approach to relying on the work of Internal auditors.

b) Capacity and Experience

- Provide the total number of audit staff and staff that provide audit related services in the following categories**: partners, managers and team leader(s).**

- Provide up to date CV's of all partners and managers that will form part of the audit team. The CV's should indicate the level of position in the organisation, skills, professional membership and experience.

- Provide details of the technical departments (or equivalent departments) specializing in PFMA and Financial Services and Information Systems/ Technology. Details should be provided of the key partners and managers in these fields who can be regarded as specialists.

- Team Capabilities

  - Audit manager: The Audit Manager must be a qualified CA(SA) and a Registered Auditor with a minimum of eight (8) years' experience of managing external Audit Service-related projects. Please include a detailed CV indicating the relevant experience and provide copies of academic qualifications and proof of registration with the relevant professional bodies.

  - Lead Auditor/Supervisor: The Lead Auditor/Supervisor must have a postgraduate diploma in accounting sciences (CTA) with a minimum of five (5) years' experience of supervising external Audit Service-related projects. Please include a detailed CV indicating the relevant experience and provide copies of academic qualifications and proof of registration with the professional bodies, if applicable.

- Provide details of audit engagements during the preceding five (5) years in the Public Sector. Contact details must be provided.

c) Other

i. Quality Control

Describe the firm's quality control system and demonstrate briefly that the firm has established adequate quality control policies and procedures that comply with Auditing pronouncements.

ii. Independence and Objectivity

a. In terms of SANAS policy, the external auditors and their consulting arms or related entities may not be engaged for non-audit related work.

b. Provide details of all consulting work (description, amount and period) performed or to be performed by the audit firm for SANAS during the period 2022 to 2025 and beyond. This also includes work performed or to be performed as subcontractors (if applicable).

c. Provide details of any possible conflict of interests as well as other information where independence and objectivity may be at risk. Indicate how this would be managed by the firm should it be appointed as the auditor. (Please note that should the firm be appointed auditor, SANAS will review the firm's involvement in such consulting services).

iii. Insurance

Provide details of professional indemnity insurance.

6. CONDUCT OF THE WORK

The work will be performed at the SANAS premises in Equestria, Pretoria.

7. DURATION OF THE CONTRACT

The duration of the contract is for a period of twelve (12) months commencing on the date of signing of the appointment letter. The bidder will be expected to sign a Service Level Agreement (SLA).

8. EVALUATION OF QUOTATIONS

The following will be evaluated:

8.1 Stage 1: Administrative Evaluation

All the returnable documents will be checked and assessed. All SBD, reference letters, CSD registration and supporting documents for specific goals will be checked for compliance. Non submission of returnable documents will result in disqualification. Returnable documents are as follows:

a) Quotation

b) SBD 4

c) SBD 6.1

d) Minimum of 3 reference letters on the letterhead of the client providing such reference. Contact details of all references must be provided. Reference letters must be from the public sector engagement and not older than 5 years.

e) Proof of registration on the National Treasury Central Supplier Database (CSD)

f) Tax compliant.

8.2 Stage 2: Mandatory evaluation

Service Providers must submit the following mandatory documents:

Proof of registration with relevant professional/Auditing association or bodies where applicable (certified copies valid for 3 months before closing date of submission of bid proposals).

Service providers must include a copy of their most recent annual review report from IRBA.

Organisational membership
• Proof of registration with the Independent Regulatory Board for Auditors (IRBA) and a copy of the most recent annual review report.

Service providers will be assessed in terms of the information provided in **paragraph 5** above.

Service providers must have a minimum of ten (10) years' experience of performing audits in the public sector. Supporting documents confirming this experience must be submitted. Company registration documents and company profiles must be submitted as evidence.

Failure to submit the above documents will lead to immediate disqualification.

8.3 Evaluation on Specific Goals and Price

The RFQ will be evaluated on the 80/20 principle. 80 points will be allocated for price and 20 points will be allocated to the achievement of specific goals as follows:

Specific Goal	**20**
100% Black Owned	6
51% - 99% Black Owned	4
100% Black Women Owned	6
51% - 99% Black Women Owned	4
5% Black Youth Owned	2
2% Owned by Black Persons with Disabilities	1
Exempt Micro Enterprise (EME)	5
Qualifying Small Enterprise (QSE)	3

Documents required to be submitted to claim points for specific goals:

a) BBBEE Certificate

b) Company registration documents

c) Identity documents of owners of the company or any document proving ownership of the company

(The onus is on the service provider to submit valid, certified documents to claim points for the achievement of SANAS specific goals).

Pricing Schedule

Description	Total Hours	Amount incl Vat
Total Cost for 12 months Vat Incl.	480	R