

# The South African Institute of Chartered Accountants

## REQUEST FOR PROPOSAL

The provision of External Audit Services

September 2011



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## 1. Background

### **The South African Institute of Chartered Accountants (SAICA)**

The South African Institute of Chartered Accountants (SAICA) is the foremost accountancy body in South Africa and one of the leading Institutes in the world. It plays an influential role in a highly dynamic business sector. SAICA offers a wide range of support services to its members, so that they, too, can play a key role in the developments in our economy.

The mission of SAICA is to serve the interests of the chartered accountancy profession and society, by upholding professional standards and integrity, and the pre-eminence of South African CAs nationally and internationally, by:

- Delivering competent entry – level members
- Providing services to the members to maintain and enhance their professional competence thereby enabling them to create value for their clients and employers
- Enhancing the quality and information used in the private and public sectors for measuring and enhancing organizational performance
- Running and facilitating programmes to transform the profession and to facilitate community upliftment
- Fulfilling a leadership role regarding relevant business-related issues and providing reliable and respected public commentary.

Prior year's annual financial statements, integrated report and additional information are available on the website [www.saica.co.za](http://www.saica.co.za).

SAICA has 3 wholly owned subsidiaries and 1 joint venture namely:

### **Thuthuka Bursary Fund**

Thuthuka Bursary Fund, a trust emanating out of the CAs Eden Trust, also registered with a Section 18(A) tax exemption and its own Board of Trustees

The purpose of the project is to annually place between 300 - 400 fully bursared Black African and Coloured students at selected SAICA-accredited universities in cohorts of a minimum of 50 per university on special undergraduate BCom Accounting education programmes. The accredited universities that are part of the programme are the University of KwaZulu-Natal, University of Johannesburg, Stellenbosch University, University of Pretoria, University of Cape Town, Free State University and the Nelson Mandela Metropolitan University.

### **Thuthuka Education Upliftment Fund.**

The Thuthuka Education Upliftment Fund (TEUF) is a wholly owned organisation, established by SAICA in 2002 in order to consolidate and drive the growth and transformation efforts of the profession. The transformation process can only be achieved through the consolidated efforts of all stakeholders, from firms to higher education institutes, to the students themselves and to SAICA. Large scale skills development initiatives are required to tackle the challenges at each level and between the levels of a candidate's progress. It was for this reason that TEUF was

established to properly manage and account for the external funding needed to initiate such large scale skills development programmes. In 2005, this company was granted Public Benefit Organisation status with a Section 18(A) tax exemption. A separate Board of Directors has been appointed to oversee the governance of the donated funds and the running of this organisation.

### **The Hope Factory**

The Hope Factory was established in 2001 to develop, equip and support previously disadvantaged South Africans to establish and grow their businesses. The Hope Factory takes the "bottom rung of the ladder" grassroots entrepreneur and potential entrepreneur through a series of phases. The Hope Factory is acting as an Enterprise Development enabler and hence is just a conduit to the ultimate enterprise development beneficiaries. In 2009, this company was granted Public Benefit Organisation status with a Section 18(A) tax exemption. A separate Board of Directors has been appointed to oversee the governance of the funds and the running of this organisation

### **Association of Accounting Technicians (SA) – AAT(SA)**

AAT South Africa(AAT(SA)), was established in late 2007 as a joint venture between SAICA and AAT(UK). AAT(SA) is a professional body dedicated to the education, development, regulation and support of accounting technicians in South Africa. . In 2008, this company was granted Public Benefit Organisation status with a Section 18(A) tax exemption. A separate Board of Directors has been appointed to oversee the governance and the running of this organisation.

## **2. Request for Proposals**

The objective of this tender is to appoint a service provider for the provision of the external audit function to SAICA and the SAICA Group.

## **3. Scope of services required**

SAICA requires the services of an External Auditor to carry out the annual audit of SAICA, its subsidiaries and its joint venture company. Interested firms are invited to submit a written proposal and provide information indicating their professional capabilities and experience in providing these services:

3.1. The objectives of the service requirement includes:

3.1.1. Auditing SAICA's Group annual financial statements for the year ended 31 December 2012. The Group includes the following entities :

3.1.1.1. The South African Institute of Chartered Accountants

3.1.1.2. Thuthuka Education Upliftment Fund

3.1.1.3. Thuthuka Bursary Fund

3.1.1.4. The Hope Factory

3.1.1.5. Association of Accounting Technicians (SA) – A joint venture with AAT UK

- 3.1.2. Reporting to the audit committee and board an opinion on whether or not the financial statement fairly present SAICA's financial position and results of operations in accordance with generally recognised accounting principles
- 3.1.3. Providing as part of the annual audit, advice and recommendations on SAICA's management and internal control procedures
- 3.1.4. Any other audit related services that SAICA may request from time to time

The duration of the contract is expected to run for a three year period commencing for the yearend audit of the financial year ending 31 December 2012. The contract will, however, be reviewed and assessed annually. The contract will be deemed to renewed annually if it is conducted to the satisfaction of the management team, the audit committee and the SAICA Board.

## 4. Proposal Preparation and submission requirements

### 4.1 General requirements

- RFP Response

In order to be considered for selection, respondents must submit a complete response to this RFP. Original, so marked, and 3 copies, of your proposal must be submitted to SAICA, in a sealed envelope. Respondents are responsible for having their proposal delivered and proof of receipt issued before the deadline for receipt of proposals. Failure to comply with this and or other requirements of the RFP shall be grounds for SAICA to reject such proposals

Please submit by **3<sup>rd</sup> October 2011** the intention to respond to [kerry@saica.co.za](mailto:kerry@saica.co.za).

- Proposal Preparation
  - All information requested must be submitted. Failure to submit information may result in a lower evaluation of the proposal. Proposals that are substantially incomplete or lack key information may be rejected by SAICA.
  - Proposals should be prepared simply and economically providing straightforward, concise descriptions of capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content
  - Each copy of the proposal should be bound in a single volume where practical. All documentation submitted should be bound in that single volume. The proposal package should be clearly marked as:

**“Proposal – External Audit Services”**

- Oral Presentation

A short list of the proposals submitted will be prepared by SAICA. Identified respondents will be required to give an oral presentation to SAICA. This will provide an opportunity

for the offeror to clarify or elaborate on the proposal but will in no way change the original proposal. SAICA will schedule the time and location of these presentations

## 4.2 Additional requirements

- All respondents will be required to submit a BEE certificate
- All respondents will be required to submit a valid tax clearance certificate

## 4.3 Submission of tenders

An original plus three copies of the tender must be handed in / delivered to

The Procurement Co-ordinator  
SAICA  
7 Zulberg Close  
Bruma Lake  
Johannesburg  
2198

Tenderers are required to indicate on the cover of each document whether it is an original or a copy

Late submissions will not be accepted. A submission will be considered late if it arrived after **12pm on 17<sup>th</sup> October 2011**

Under no circumstances will late submissions be considered.

## 4.4 Clarification and briefing sessions

A briefing session will not be held.

Any clarification required by the tenderer regarding the clarification or interpretation of the Terms of Reference, or any other aspect concerning the tender, is to be requested in writing (e-mail) from Kerry Pursey ([kerry@saica.co.za](mailto:kerry@saica.co.za))

## 4.5 Format of tenders

- 1) Declaration of interest (Appendix 1)
- 2) Copies of required documentation:
  - a) Tax Clearance certificate
  - b) BEE certificate
- 3) Technical approach (Methodology and approach):

- a) Describe briefly the firms audit methodology / approach and the technology used
- b) Discuss the firms approach to relying on work of internal auditors
- 4) Capacity and experience
  - a) Total number of audit staff that provide audit related services in the relevant categories (partners, managers and other)
  - b) Provide up to date CV's of all partners and managers that will form part of the audit team, the CV's should indicate at a minimum the level and experience of the individual concerned
  - c) Provide details of technical departments
  - d) Provide two references from previous audit clients
- 5) Other
  - a) Quality Control - Describe the firms quality control system and demonstrate briefly that the firm has established adequate quality control policies and procedures that comply with ISA 220 and international standard on Quality control (ISQC1)
  - b) Independence and Objectivity
  - c) Insurance – Provide details of professional indemnity insurance
  - d) Draft engagement letters – together with standard terms and conditions for providing audit services
- 6) Pricing schedule
  - a) This should be a realistic cost estimate without limiting your freedom to conduct an Independent audit, indicating which portion of the audit the quote relates to. The estimate should indicate the levels of staff and related cost. The firm must indicate the proposed fee structure for partners, managers and professional staff for both audit and specialised audit related services
  - b) A pricing schedule with one of the specified elements (fess and reimbursable costs) omitted from costing, may be considered non-responsive

### 4.6 Presentations

SAICA reserves the right to invite respondents for presentations before the award of the tender.

## 5. Terms of reference for the provision of External Audit Services

### Background

Refer to section 1 - Background

### Overall Objective

The objective of this RFP is to identify, evaluate and appoint an Audit Firm capable of performing the audit of SAICA and SAICA Group. (This includes the integrated report of SAICA performed annually)

SAICA's procurement process will be followed and this process is dependent on the decisions made by SAICA's adjudicating committees.

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## **Contract Period**

The firm will be appointed for a period of 3 years, subject to the following condition:

- Confirmation on an annual basis by the Audit committee of SAICA based on an evaluation of the effectiveness as well as the independence and objectivity of the external auditors

## **Conduct of the work**

The conduct of the work will be performed at SAICA's premises in Bruma, Johannesburg.

## **Scope of the Project**

The external auditors will be required to perform the necessary audit work to enable them to express an audit opinion for the year ending 31 December 2012 on the financial statements of SAICA Group.

## **6. Evaluation Criteria and process**

- 6.1. All bids duly lodged will be examined to determine compliance with bidding requirements and conditions. Bids with obvious deviations from the requirements / conditions, will be eliminated from further adjudication
- 6.2. All remaining bids will be evaluated as per SAICA's procurement criteria.

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## Appendix 1



Declaration of  
Interest