

REQUEST FOR PROPOSALS

APPOINTMENT OF AN INDEPENDENT EXTERNAL AUDITOR FOR THE PROVISION OF EXTERNAL AUDIT TO AGREMENT SOUTH AFRICA FOR A PERIOD OF 3 YEARS

RFP Number	ASA 07/2023
Date of Issue	24 October 2023
Compulsory Briefing Session	06 November 2023 @10:00am Click here to join the meeting
Closing date	17 November 2023 @11:00am
Submissions	procurement@agrement.co.za

All enquiries may be directed to:

procurement@agrement.co.za

1. Background.

The Agrément South Africa Act was accented to by the Honourable President of the Republic of South Africa as Act No 11 of 2015 from 1 April 2017. Agrément South Africa was established as a Schedule 3A entity on 1 April 2017. The entity operates under a delegation of authority from the Minister of Public Works.

The main objectives are:

- To provide assurance of fitness-for-purpose of non-standard construction-related products and systems to specifiers and users.
- To support and promote the process of integrated socio-economic development in the Republic as it relates to the construction industry.
- To support and promote the introduction and use of certified non-standardized construction-related products or systems in the local or international market.
- To support policymakers in minimizing the risk associated with the use of non-standard construction-related products or systems; and
- To be an impartial and internationally acknowledged South African centre for assessment and confirmation of fitness-for-purpose of non-standard construction-related products or systems.

2. Objective of the assignment

The objective of the assignment is to appoint a reputable independent external audit service provider to provide an independent audit opinion of the accounts, financial statements, annual performance report and annual financial reports of ASA for a period of 3 years.

The external auditor must adhere to and meet all statutory requirements of the Public Audit Act, the International Auditing Standards (ISA) and such requirements as may be set by the Auditor-General (SA) (AGSA).

3. Scope of work and project deliverables

The independent external auditor will be required to:

- 3.1. Perform an audit in accordance with the Public Audit Act of South Africa (Act No. 25 Auditing and the Public Finance Management Act 29 of 1999 and National Treasury Regulations, including required interim work in order to limit the time required after year end.
- 3.2. In accordance with the Public Audit Act of South Africa and the General Notice issued in terms thereof, report on the findings relevant to performance against predetermined objectives, accounts, financial statements, financial management, general controls, information systems audit, compliance with laws and regulations and other reports required by the Public Finance Management Act 29 of 1999 and National Treasury Regulations.
- 3.3. Determine the scope, methodology and approach per AGSA guidelines and legislative requirements (i.e. Public Audit Act) and prepare the audit strategy (Audit Planning Memorandum) with a detailed budget for approval by the Board.
- 3.4. Communicate audit findings to management and ensure they are fully aware of the implications to business operations.
- 3.5. Provide a final report with management responses on corrective actions and the presentation thereof to the Audit & Risk Committee.
- 3.6. Review the financial information in the annual report prior to publishing.
- 3.7. Attend and provide input to the Audit & Risk Committee meetings, per invitation.
- 3.8. Perform a review and express an opinion on the National Treasury financial statements template based on the statutory work performed by 31 July each year.

All bidders must please note that ASA is classified as a small audit in terms of Auditor- General classification.

Note: The latest ASA audited financial statements are available on request in order to help understand the scope of the ASA audit.

4. Expertise and Capacity

The key criteria to be considered for the suitability of the independent external auditor include the following:

- 4.1. Have knowledge and a comprehensive understanding of the public sector; and an understanding of ASA's regulatory universe.
- 4.2. The independent external auditor must demonstrate that they:
 - 4.2.1. Have sufficient in-house capacity to perform statutory audits for ASA.
 - 4.2.2. Will not be over-reliant on ASA audit fees (i.e. audit fees from ASA must not exceed 15% of its total revenue). In other words, the independent external auditor should be a going concern without depending on ASA's audit fees.
- 4.3. Have a minimum of three (3) partners, including the engagement partner
- 4.4. The independent external auditor must be prepared to forsake any non-audit services for the duration of the audit appointment. The independent external auditor is therefore required to declare its interest.
- 4.5. The bidder must provide evidence of satisfactory results (i.e., the latest The Independent Regulatory Board for Auditors (IRBA) firm-level review results) of the partner(s) committed to the assignment.
- 4.6. Independence and Objectivity – No conflict of interest. A firm where any of the Board members, management or staff of ASA are partners or part-owners will not be eligible for appointment.
- 4.7. The independent external auditor will not, and has no right to, assign the audit contract to third parties.
- 4.8. The independent external auditor will be bound to the Code of Conduct and

confidentiality as per the International Auditing Standards in the course of their duties.

4.9. The independent external auditor must have a quality control system in place as required by International Standard on Quality Control (ISQC 1).

5. Professional Membership and Registration.

It is mandatory for the audit engagement partner of the preferred independent external auditor that will oversee ASA's account to be a Registered Auditor (RA) with the Independent Regulatory Board for Auditors (IRBA). Similarly, the preferred independent external auditor (audit firm) must also be registered with the IRBA.

6. Project timeframe.

The term of the appointment is for a period of 3 years, subject to annual re-appointment in line with the Public Finance Management Act 29 of 1999, Public Audit Act 25 of 2004 and the annual performance review by the Audit and Risk Committee.

7. Content of the proposal

7.1.1. Company profile and relevant experience.

7.1.2. Proposed methodology and approach to be used in keeping with the scope of work.

7.1.3. Full and comprehensive description of similar work, including fee per project undertaken in the past 5 years.

7.1.4. Client reference letters where the bidder has successfully concluded similar audit work within the public sector in terms of scope and complexity.

7.1.5. Composition of the project team.

Bidders must note that the proposed engagement partner and engagement manager will be the contracted resources. The project team must at least have the following experience.

Team member	Qualification/Experience
Partner, Quality reviewer	Registered Auditor, with 10 years of experience
Audit Manager	Registered CA(SA), 5 years of experience

Trainee Accountant	BCom: Accounting and SAICA article registration
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Should the proposed team members be replaced during the tenure of the contract, they should have similar qualifications and experience to the previous resource.

- 7.1.6. Abridged CV of each member of the proposed team (qualifications, experience, expertise, nationality).
- 7.1.7. Evidence of registration with IRBA.
- 7.1.8. The latest satisfactory IRBA firm-level review results or the engagement partners' latest satisfactory IRBA review score (attained in respect of the inspection conducted during the period of 1 April 2016 to the tender closing date).
- 7.1.9. Detailed statement on the independence of the bidder and the proposed external audit team as per Annexure B.
- 7.1.10. Company registration documents and ID of registered directors.
- 7.1.11. Latest Annual Financial Statements.

8.2. For the Financial Proposal, the following is required:

8.2.1. The Financial Proposal must indicate the proposed annual cost for the service, which gives an indication of the following:

8.2.2. Overall fixed price for the three - year fixed period must be inclusive of VAT and disbursements.

8.2.2. A breakdown of these anticipated out-of-pocket expenses (disbursements) must be provided.

1. Evaluation Process

After the closing date, an appointed Bid Evaluation Committee will evaluate the proposals received. The following evaluation process shall be followed:

9.1. Submission of procurement documents.

- Latest National Treasury's Central Supplier Database (CSD) report. It must be noted that no contract with a service provider will be entered if such a service provider is not registered on the CSD,
- Completed and signed standard bidding documents, **SBD 1, SBD 3.1, SBD 4 and SBD 6.1 forms.**
- Signed General Conditions of Contract.

9.2. Mandatory Requirements:

- Evidence of registration with IRBA.
- The latest satisfactory IRBA firm-level review results or the engagement partners' latest satisfactory IRBA review score (attained in respect of the inspection conducted during the period of 1 April 2016 to the tender closing date).
- Detailed statement on the independence of the bidder and the proposed external audit team as per Annexure B.
- Company registration documents and ID of registered directors.
- Completed Price Schedule.

NB: FAILURE TO MEET ANY OF THE MANDATORY REQUIREMENTS ON 9.2 ABOVE WILL LEAD THE BIDDER TO BE DISQUALIFIED

9.3. Evaluation

9.3.1. Phase 1: Technical Specification and Functionality Evaluation

The bids shall first be evaluated for functionality. A **minimum score of 80%** must be obtained on functionality before a proposal is considered for further evaluation. Details of the functionality scoring and how the points shall be allocated are as follows:

CRITERIA FOR FUNCTIONALITY	WEIGHT	SCORING GUIDELINE
<p>Experience and methodology relevant to the assignment</p> <p>Bidders must submit a company profile illustrating the following information:</p> <ul style="list-style-type: none"> • Provide a detailed proposal of the methodology/ approach to be used to carry out the scope of work, conforming to AGSA requirements, outlined above and clearly demonstrate how the audit deliverables will be achieved. (20) • Minimum of 5 years of experience in the public sector external auditing (10) 	45	<p>Risk-based audit approach covering:</p> <ol style="list-style-type: none"> 1. Financial audit, 2. Predetermined objectives audit, 3. Supply Chain Management and 4. Information Technology audits including timelines and different resources that will be deployed. 5. Timelines of the audit. <ul style="list-style-type: none"> • No methodology = 0 • Poor methodology (none of the areas covered) = 1 • Methodology and one area covered = 2 • Methodology and two areas covered = 3 • Methodology and three areas covered = 4 • Methodology and all areas covered = 5 <p>Below 5 years = 0</p> <p>5 years = 1</p> <p>6-7 years = 2</p> <p>8-9 years = 3</p> <p>10 years plus = 5</p>

CRITERIA FOR FUNCTIONALITY	WEIGHT	SCORING GUIDELINE																																		
<p>At least three contactable reference letters where similar services were rendered in the past five years. (15)</p> <p>The reference letters must have the following: Company letterhead, contact name, contact details, and duration of contract, value of the external audit expenditure, a brief description of the services that you provided and the level of satisfaction.</p>		<p>0 – 2 contactable references letters relevant to the assignment = 0</p> <p>3 contactable references letters relevant to the assignment = 1</p> <p>4 letters relevant to the assignment =2</p> <p>5 letters relevant to the assignment = 3</p> <p>6 letters relevant to the assignment = 4</p> <p>More than 6 relevant to the assignment = 5</p>																																		
<p>Experience</p> <p>The bidders must submit, as part of its proposal the following: In-house capacity at least 1 Registered Auditor’s (Audit partners). (10)</p> <p>The structure and composition of the proposed team, clearly outlining the main disciplines/ specialities of this audit and the key personnel responsible for each speciality. Please refer to Annexure A of this document for the format in which the required information must be provided.</p> <ul style="list-style-type: none"> • Audit partner (10) • Audit Manager (5) • South African Trainee Accountants (5) 	35	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Number of Registered audit partners</th> <th style="width: 30%;">Score</th> </tr> </thead> <tbody> <tr> <td>None</td> <td>Score = 0</td> </tr> <tr> <td>1</td> <td>Score = 1</td> </tr> <tr> <td>2</td> <td>Score = 2</td> </tr> <tr> <td>3</td> <td>Score = 3</td> </tr> <tr> <td>4</td> <td>Score = 4</td> </tr> <tr> <td>>4</td> <td>Score = 5</td> </tr> </tbody> </table> <p>Engagement Partner</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Years experience</th> <th style="width: 33%;">IRBA registered</th> <th style="width: 34%;">IRBA and any other relevant professional registration</th> </tr> </thead> <tbody> <tr> <td><6</td> <td>Score = 1</td> <td>Score = 2</td> </tr> <tr> <td>6-9</td> <td>Score = 2</td> <td>Score = 3</td> </tr> <tr> <td>10</td> <td>Score = 3</td> <td>Score = 4</td> </tr> <tr> <td>12- 14</td> <td>Score = 4</td> <td>Score = 5</td> </tr> <tr> <td>>14</td> <td>Score = 5</td> <td>Score = 5</td> </tr> </tbody> </table>			Number of Registered audit partners	Score	None	Score = 0	1	Score = 1	2	Score = 2	3	Score = 3	4	Score = 4	>4	Score = 5	Years experience	IRBA registered	IRBA and any other relevant professional registration	<6	Score = 1	Score = 2	6-9	Score = 2	Score = 3	10	Score = 3	Score = 4	12- 14	Score = 4	Score = 5	>14	Score = 5	Score = 5
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CRITERIA FOR FUNCTIONALITY	WEIGHT	SCORING GUIDELINE			
<p>Demonstration of knowledge and understanding of the Public Service Regulatory Framework such as, but not limited to: the Public Finance Management Act (PFMA), Treasury Regulations, South African Constitution etc for the Engagement Partner and Audit Manager. (5)</p> <p>Submit the condensed CV's of the key resources to work on the project.</p>		Audit Manager			
		Years experience	Not SAICA registered	SAICA registered	IRBA and any other professional registration relevant to the assignment
		Below 5	Score = 0	Score = 2	Score = 3
		5	Score = 1	Score = 3	Score = 4
		6	Score = 2	Score = 4	Score = 5
		7 and more	Score = 3	Score = 5	Score = 5
		South African Trainee Accountants			
		No degree = 2			
		BCom: Accounting = 3			
		BCom (Hons): Accounting = 5			
<p>Each trainee's experience will be scored separately and then be averaged to give a final score {score will be rounded off to the nearest two decimal places (where applicable)}.</p> <p>Public sector clients have been audited = 5</p> <p>No public sector clients = 0</p>					

CRITERIA FOR FUNCTIONALITY	WEIGHT	SCORING GUIDELINE
<p>Results from IRBA</p> <p>The independent external auditor must submit evidence of registration with the IRBA; including evidence of each audit partner’s registration with the IRBA. [As per pre- qualification criteria]</p> <p>Furthermore, evidence of a “satisfactory” IRBA firm-level review results or the engagement partners’ latest satisfactory IRBA review score (attained in respect of the inspection conducted during the period of 1 April 2016 to tender closing date).</p>	20	<p>No evidence of IRBA results = 0</p> <p>IRBA review unsatisfactory = 2</p> <p>Satisfactory IRBA review = 5</p>
TOTAL	100	

The following formula will be used to convert the points scored against the weight:

$$Ps = \left(\frac{So}{Ms} \right) \times \text{weighting percentage for section under consideration}$$

Where:

Ps = Percentage scored for functionality by bid under consideration

So = Total score of bid under consideration

Ms = Maximum possible score

Service providers will be expected to achieve a minimum threshold score of 80% in order to proceed to Phase 2.

9.3.2. Phase 2: Calculation of points

Please note for acquisitions below or equal to R50 Million, ASA evaluates these in terms of the 80/20 preference point system where:

80 points are allocated for price and 20 points will be awarded based on the specific goals.

Points for price will be calculated for all shortlisted service providers in accordance with the following formula:

$$Ps = 80 \left(1 - \frac{Pt - P \min}{P \min} \right)$$

Where:

Ps = Points scored for the price of the quotation under consideration

Pt = Price of the quotation under consideration

Pmin = Price of lowest acceptable quotation

Preference points for the specific goals will be allocated as follows:

NO.	SPECIFIC GOALS ALLOCATED POINTS	PREFERENCE POINTS ALLOCATION	SUPPORTING EVIDENCE TO BE SUBMITTED
1.	SMMEs	10 points	<ul style="list-style-type: none"> - A B-BBEE certificate /sworn affidavit as supporting evidence - CSD report.
2.	>50% Black female ownership	5 points	<ul style="list-style-type: none"> - CSD report or, - Company registration certificate, as issued by the CIPC, clearly indicating the percentage shareholding of all owners
3.	>50% Black youth ownership	5 points	<ul style="list-style-type: none"> - CSD report, - Company registration certificate, as issued by the CIPC, clearly indicating the percentage shareholding of all owners, or - Identification Documentation of all owners

The final points will be calculated as follows:

CRITERIA	WEIGHTING POINTS
Price	80
Specific goal	20
TOTAL	100

ASA also reserves the right to conduct an investigation of the bidder's financial position, previous contracts carried out, availability of skills or knowledge, existing workload, etc.

A recommendation for award will then be formulated for approval by the relevant delegated authority.

10. TERMS OF CONTRACT AND SERVICE LEVEL AGREEMENT

Before the bid is awarded, the successful bidder shall be required to enter into a Service Level Agreement (SLA) with Agrément South Africa (ASA). The SLA shall form the contractual basis for the delivery of the service as well as how performance shall be measured. Contract extensions are at the sole discretion of ASA.

11. PRICE SCHEDULE.

Fees must be quoted at an inclusive rate for the different levels of proposed resources to be utilised, as listed below.

Category	No of audit personnel (A)	Hours per resource (B)	Total hours (C = A x B)	Rate per hour (D)	Total (C x D)
Engagement partner					
Second partner review (if applicable)					
Engagement Quality Control reviewer (If applicable)					
Audit Manager					
IT Audit Manager					
Audit Senior					
Audit Assistant/ Trainee accountant					
Other (specify)					
Total excluding VAT					
Disbursements					
Vat @ 15%					
Total audit costs inclusive of VAT - Year 1					
Total audit costs inclusive of VAT - Year 2					
Total audit costs inclusive of VAT - Year 3					
TOTAL					

12. COPYRIGHT AND INTELLECTUAL PROPERTY RIGHTS.

In consideration of the fees paid, the service provider expressly assigns to ASA any copyright arising from the works the consultant produces while executing this contract. The consultant may not use, reproduce or otherwise disseminate or authorise others to use, reproduce or disseminate such works without prior consent from ASA.

13. FINAL APPROVAL

ASA reserves the right not to accept the lowest bid. ASA also reserves the right to reject any or all of the proposals, and/or not to appoint any service provider.

14. PROCEDURE FOR SUBMISSION OF PROPOSALS.

14.1 All proposals must be submitted electronically to procurement@agrement.co.za.

14.2 Respondents must use the RFP number as the subject reference number when submitting their bids.

14.3 All documents submitted electronically via e-mail must be clear and visible.

14.4 All proposals, documents, and late submissions after the due date will not be evaluated.

Proposals and documents not received by ASA by closing date and time will not be considered.

NB: NO HARD COPIES OR PHYSICAL SUBMISSIONS WILL BE ACCEPTED

15. VALIDITY PERIOD OF PROPOSAL

Each proposal shall be valid for a minimum period of **120 days** calculated from the closing date.

16. APPOINTMENT OF SERVICE PROVIDER

16.1 The contract will be awarded to the bidder who scores the highest total number of points during the evaluation process, except where the law permits otherwise.

- 16.2 Appointment as a successful service provider shall be subject to the parties agreeing to mutually acceptable contractual terms and conditions. In the event of the parties failing to reach such agreement, ASA reserves the right to appoint an alternative supplier.
- 16.3. Awarding of contracts will be announced on the National Treasury website, and no regret letters will be sent to unsuccessful bidders.

17. ENQUIRIES AND CONTACT WITH ASA

17.1 Any enquiry regarding this RFP shall be submitted in writing to ASA at procurement@agrement.co.za with **RFP No: ASA 07/2023 “The appointment of an independent of external auditors for the provision of external audit to Agrement South Africa for a period of 3 years”**.

17.2 Any other contact with ASA personnel involved in this Proposal is not permitted during the RFP process other than as required through existing service arrangements or as requested by ASA as part of the RFP process.

18. MEDIUM OF COMMUNICATION

All documentation submitted in response to this RFP must be in English.

19. COST OF PROPOSAL

Tenderers are expected to fully acquaint themselves with the conditions, requirements, and specifications of this RFP before submitting proposals. Each bidder assumes all risks for resource commitment and expenses, direct or indirect, of proposal preparation and participation throughout the RFP process. ASA is not responsible directly or indirectly for any costs incurred by tenderers.

20. CORRECTNESS OF RESPONSES

- 20.1 The bidder must confirm satisfaction regarding the correctness and validity of their proposal and that all prices and rates quoted cover all the work/items specified in the RFP. The prices and rates quoted must cover all obligations under any resulting contract.
- 20.2. The bidder accepts that any mistakes regarding prices and calculations will be at their own risk.

21. VERIFICATION OF DOCUMENTS

- 21.1 Bidders should check the numbers of the pages to satisfy themselves that none are missing or duplicated. ASA will accept no liability concerning anything arising from the fact that pages are missing or duplicated.
- 21.2 Only one electronic copy of the proposal must be submitted via email to procurement@agrement.co.za. If the bidder sends more than one proposal, the first submission shall take precedence should it not have been recalled/withdrawn in writing by the bidder.

22. ADDITIONAL TERMS AND CONDITIONS

- 22.1 A tenderer shall not assume that information and/or documents supplied to ASA, at any time prior to this request, are still available to ASA, and shall consequently not make any reference to such information document in its response to this request.
- 22.2 Copies of any affiliations, memberships and/or accreditations that support your submission must be included in the tender.
- 22.3 An omission to disclose material information, a factual inaccuracy, and/or a misrepresentation of fact may result in the disqualification of a tender, or cancellation of any subsequent contract.
- 22.4 Failure to comply with any of the terms and conditions as set out in this document will invalidate the proposal.

23. ASA RESERVES THE RIGHT TO

- 23.1 Extend the closing date.
- 23.2 Verify any information contained in a proposal.
- 23.3 Request documentary proof regarding any tendering issue.
- 23.4 Appoint one or more service providers, separately or jointly (whether or not they submitted a joint proposal).
- 23.5 Award this RFP as a whole or in part.
- 23.6 Cancel or withdraw this RFP as a whole or in part

24. DISCLAIMER

This document is only an RFP is a request for proposals only and not an offer document. Answers to this RFP must not be construed as acceptance of an offer or imply the existence of a contract between the parties. By submission of this proposal, tenderers shall be deemed to have satisfied themselves with and to have accepted all Terms & Conditions of this RFP. ASA makes no representation, warranty, assurance, guarantee or endorsements to tenderer concerning the RFP, whether with regard to its accuracy, completeness or otherwise and ASA shall have no liability towards the tenderer or any other party in connection therewith.

25. POPIA.

Protection of Personal Information - All bidders agree that personal information of persons related to or linked with bidders or respondents to this request for proposals may be required to fulfil the requirements for submitting a bid. All bidders agree that the ASA may collect, keep and process such information provided that the aforesaid uses shall be for purposes of evaluating the bid submitted. Where the information is sought to be used for other purposes, further and specific consent shall be obtained.