

SOUL CITY INSTITUTE NPC

EXTERNAL AUDIT: INVITATION TO TENDER

TENDER SUBMISSION DEADLINE: 06 FEBRUARY 2019 AT 15h00

Introduction:

Soul City Institute NPC (“Soul City”) is a social justice organisation for young women and girls and the communities they live in. The Institute’s vision is to create a just society in which young women and girls are safe, and have the opportunities to enable them to reach their full potential. Soul City is registered as a nonprofit company under the Companies Act 71 of 2008 and has been approved as a Public Benefit Organisation under the Income tax Act. For further information about the organisation and its work visit www.soulcity.org.za

The annual statutory audit covers the audit of the Institute as well as that of the consolidated financial statements of the Institute and its wholly-owned subsidiary, the Soul City Broad-Based Empowerment Company (“SCBBEC”). The subsidiary has its own external auditors and its statutory audit is not included in the scope of this tender.

The financial year-end for Soul City and SCBBEC are both 28 February. Soul City’s revenue for the year ending 28 February 2019 is projected at R137 million (2018: R123 million).

The annual financial statements are prepared in accordance with the basis of accounting as described in IFRS and the Companies Act No. 71 of 2008 and are presented on the historical cost basis. Two sets of accounts are published for Soul City annually – the first being financial statements for the Institute only and the other for the group consisting of Soul City and SCBBEC. Copies of the latest audited accounts are available upon request.

About This Tender:

Soul City has decided to invite tenders for the provision of external audit services for its annual statutory audit and that of its group accounts. The assignment will be for a period of at least 5 years, with effect from the year ending 28 February 2019. There will also from time to time be a need for grant-specific audits but these could not be guaranteed as Grantors may decide to appoint an auditor of their choice or call for a competitive process to select an auditor for the grant audit. Although the tender will therefore not cover the provision of audit services for grant audits, expertise and prior experience with grant audits will be an important consideration in selecting the successful assurance provider.

Soul City’s objectives for this tender process are to:

- Secure a high quality provider of external audit services
- Ensure the appointed firm is in place in readiness for the audit of the financial year ending 28 February 2019
- Appoint a supplier who will provide high standards of professional service
- Appoint a supplier who will provide excellent value for money

Objectives and Scope of the Audit

- The auditors shall express an independent professional opinion as to whether the financial statements present fairly, in all material respects, the financial position at year-end and the financial performance and cash flows for the year under review.
- The audit shall be carried out in accordance with the International Standards on Auditing (ISAs) as issued by the International Federation of Accountants (IFAC). The auditors in their duties shall comply with the duties imposed upon them by the Audits Professions Act and the Companies Act of South Africa.

Proposal costs

Applicants will bear responsibility for any costs and expenses incurred by them in relation to this tender.

Eligibility criteria:

Interested parties have to comply with the following criteria in order to be considered for this appointment. Failure to do so will lead to automatic disqualification:

- IRBA registered
- Certified BBBEE Level 1 or 2
- Part of an international network of audit firms
- Experience with auditing nonprofit organisations funded by international grants.
- Independence

Selection Criteria

Soul City will do the adjudication after the proposal submission deadline. The selection criteria will include the following:

- Compliance with eligibility criteria set out above
- Demonstrable capacity, accounting and audit skills
- Experience of applicant in relation to the scope of audits for non-Profit organisations. (Kindly submit a list of recent audits conducted for non-profit organisations - particularly those funded by USAID, CDC, EU and/or Global Fund – Annexure A3).
- Estimated number of weeks required from planning stage to the issue of the audited financial statements and availability of the required staff to complete the audit process by early June annually.
- Participation of senior audit personnel assigned to the engagement.
- Audit firm staff stability history - what assurances can you provide regarding the continuity of personnel allocated to the engagement.
- Audit approach and methodology.

- Estimated number of hours to complete the audit by classification of employees, i.e. partner, manager, senior, junior with indicative rates for different levels of staff.
- Proposed fee & estimated expenses (e.g. travel) expected to be incurred.

Tender Instructions

To confirm your participation in the tender process please email the procurement manager Balise Rawana Nkosi at procurement@soulcity.org.za by close of business on **02 February 2019, 16H00** for questions and clarifications.

Tender Response Format

The following information should be covered in the proposal:

The Firm

1. A description of the Firm
2. Industry experience and client base
3. Details of International Network

Resourcing

4. Partners and Managers
5. Structure & location of team/team members

Overall Approach to Audit

6. Strategy and planning
7. Scope and materiality
8. Control and co-ordination
9. Reporting
10. Transition
11. Timetable

Specific technical issues

12. Your views on any specific technical issues relative to Soul City

Quality Assurance

13. Overall approach to quality assurance
14. Approach to dealing with emerging accounting issues
15. Processes that your firm will employ to address matters related to client satisfaction, performance measurement and continuous improvement

Independence and conflicts

16. Policies on independence, rotation and compliance with regulatory and professional bodies.
17. Approach to potential conflicts
18. Disclosure of actions recorded against the Firm and any actions pending

Fees

19. Fee proposal broken down by days for staff at each level (Partner, manager, field staff)
20. Detail of expenses expected to be incurred (travel, etc.)

21. Basis for agreeing fees for other audit related services
22. Basis for agreeing fees in future years.

Please ensure you respond using this format. If you need to provide additional documents please reference these in your submission and add them as appendices. The following appendices are required as a minimum:

- A1: CV's for proposed engagement partner and audit manager
- A2: Draft letter of engagement that will be signed annually
- A3: List of recent audits conducted for non-profit organisations - particularly those funded by USAID, CDC, EU and/or Global Fund
- A4: Contact details of 3 Referees

Bids will be considered in a two-part process:

- The first part will involve the submission of a written proposal addressing the selection criteria set out above. The evaluation panel will screen all proposals according to the eligibility criteria and evaluate the quality of the written proposals and suitability of the applicant in terms of the selection criteria.
- Based on the results from the first process, a shortlist of prospective applicants will be selected and invited to make a presentation to the evaluation committee, followed by a question and answer session. These presentations will be made at Soul City's office on the 3rd floor, 1 Newtown Avenue, Killarney, 2193.

Proposals should be delivered to **Soul City's office on 3rd floor, 1 Newtown Avenue, Killarney, 2193** (4 copies of all documents are required) or by email to procurement@soulcity.org.za. Kindly use the reference "**SCI Audit Tender**" when submitting the proposal.

NB: Proposals should reach Soul City by 15h00 on 06 February 2019. Proposals received after the deadline will not be considered.

Applicants who have received no response within 14 days of the closing date should kindly assume that their bid was unsuccessful.

Soul City reserves the right not to appoint an auditor if the applicants do not meet the necessary requirements.

Soul City expectations

1. Technical Expertise: The supplier should ensure that audits are staffed with suitably qualified and experienced personnel, and that work is properly controlled and reviewed. Tenderers are asked to provide CVs for both the Audit Partner and Audit Manager (Annexure A1).
2. Time schedule: The planning meeting for the audit should take place in February annually, followed by the audit fieldwork in April/May. An audit closing / review meeting will be held at the end of May and the financial statements should be

forwarded to the Audit Committee by 7 June for their meeting held in mid-June.

The Audit Partner is expected to attend the Audit Committee meeting held in February when the audit plan is considered as well as the meeting held in June each year to review the draft financial statements.

3. Report to Management: The supplier will be required to submit a report to management after each audit, which highlights any significant accounting and control issues arising from the audit. The management letter should be drafted in time for the audit closing meeting and the final report should be forwarded to the Audit Committee by 7 June for their review at the meeting to be held in mid-June.
4. Added Value Services: The supplier should state if there are any free-of-charge services they would wish to provide to support Soul City including training on new financial reporting statements.
5. Letter of Engagement: Soul City's Audit Committee will need to agree the letter of engagement with the selected audit firm on an annual basis. A draft letter should be provided as an example (Annexure A2).
6. Contract Duration: The initial contract will be for five years, renewable annually by the Audit Committee. Renewal would be dependent on satisfactory performance during the previous year's audit.
7. Account Management: The supplier should nominate a senior partner to be responsible for Soul City's audit services. This representative will be the main point of contact for Soul City Management and the Audit Committee for any matters that require escalation where there has been a breach of protocol or a reportable incident.
8. Performance Monitoring: The Audit Committee will assess the supplier's work each year to ensure that it is of a sufficiently high standard to meet the requirements as specified in the Audit Code of Practice, and has been charged at a reasonable price. The Audit Committee will then make a recommendation to the Board regarding reappointment of the auditors.
9. Referees: The contact details for 3 referees should be provided (submit in Annexure A4)