

# ToR – PUR 4201/8 Audit Readiness and AFS preparation

## Mandatory Requirements

<i>Description of Appendix</i>	<i>Requirement</i>
RFP Document	Each page of the RFP document to be initialled by a delegated representative
Specifications and pricing	Complete Fees Schedule
Proof of Bank Account	Signed letter from the Bank
Company registration documents	Company registration documents
Tax clearance certification	An original valid tax clearance certificate or Tax Pin
Financial Statements	Recent Audited Financial statement for the last financial year
B-BBEE certification	A valid B-BBEE certificate
Board Resolution	Signed Board Resolution
Declaration of Interest	Please sign Point 9 of this tender document
Registration on National Treasury	Provide a copy of your unique supplier number ( <b>MAAA....</b> ).
SAICA/ SAIPA/ membership registration, etc	Provide proof of registration with the South African Institute of Chartered Accountants
Case Ware Champion Certificate /or similar accounting software	Provided proof of certification

## Functionality Criteria:

No	Qualifying Criteria	Points
1	<p>Proof of similar projects and references to be provided. A minimum of threecontactable references is required not older than 3 years in similar GRAP environments</p> <ul style="list-style-type: none"> <li>➤ One Reference Letter <b>(10 points)</b></li> <li>➤ Two Reference Letters <b>(20 points)</b></li> <li>➤ Three Reference Letters <b>(30 points)</b></li> <li>➤ None submitted <b>(0 Points)</b></li> </ul>	30
2	<p>The delivery of these services is time sensitive. As such the successful bidder willbe required to have all services delivered within a 6-month period of the awarding of the contract for each of the respective financial periods indicated in the scope (2021 and 2022)</p> <p>The service provider must be able to provide a team that:</p> <ul style="list-style-type: none"> <li>➤ Have been involved in the preparation of GRAP AFS where an unqualified opinion was obtained (similar environment: educational or related institute), <b>(15 points)</b></li> <li>• Previously been involved in the preparation of GRAP annual financial statements and have intimate knowledge of the accounting reporting framework <b>(10 points)</b></li> <li>• Must be fully conversant with GRAP and demonstrate a high level technical understanding and approach and <b>(5 points)</b></li> <li>• Work experience with the external auditors. <b>(10 points)</b></li> <li>• None submitted <b>(0 Points)</b></li> </ul>	40
3	<p>Detailed Work Plan compromising of the following:</p> <ul style="list-style-type: none"> <li>➤ Methodology</li> <li>➤ Stages of Completion (i.e. Timeframes and Due Dates)</li> <li>➤ Planned Hours</li> <li>➤ None submitted <b>(0 Points)</b></li> </ul>	10

4	<p>Detailed Skill Transfer Plan</p> <ul style="list-style-type: none"> <li>➤ Methodology</li> <li>➤ Stages of Completion (i.e. Timeframes and Due Dates)</li> <li>➤ Planned Hours</li> <li>➤ None submitted (<b>0 Points</b>)</li> </ul>	10
5	<p>Proof of capacity to perform the required service(s)</p> <ul style="list-style-type: none"> <li>• Registered Chartered Accountants (CA (SA)) must lead the team (proof to be provided).</li> <li>• The team must be comprised of individuals appropriately qualified with B Com in Accounting/Auditing and must have minimum 2 years' experience in the accounting/audit profession.</li> <li>• At least one member (Besides the Partner) must have 5 years or more experience in the accounting/audit profession.</li> <li>• None submitted (<b>0 Points</b>)</li> </ul>	10
	<b>TOTAL POINTS</b>	<b>100</b>

## BACKGROUND

### 1. OVERVIEW

In accordance with the Strategic Plans for the year 2021,TALETSO TVET College seeks to procure services for Audit Readiness and Annual Financial Statements Preparations for the financial year ended 31 December 2021 External Audit and for the financial year ended 31 December 2022 to be conducted by the Auditor General South Africa.

TALETSO TVET College is required to report its financial information in accordance with Standards of Generally Recognized Accounting Practice (GRAP) as prescribed and as such will prepare GRAP financial statements for the year ended 31 December 2021, for submission to Auditor General South Africa on or before 31 March 2022 and will also prepare GRAP financial statements for the year ended 31 December 2022, for submission to the Auditor General South Africa on or before 31 March 2023

To this end TALETSO TVET College invites suitably qualified, appropriately accredited, and interested bidders who have, and can demonstrate, the necessary capacity, to submit proposals and or quotations for the delivery of services as outlined in these terms of reference.

Please Note: Any provider that submits late will not be allowed to partake in the Request for Proposals (RFP) process.

## **Aim**

The primary objective is to assist the College in obtaining a clean audit for the 2021 and 2022 financial periods

### **1.2 Scope of work**

The RFP for the appointment of a suitable service provider to supply services for the preparation of the College's Annual Financial Statements ("AFS") and guidance and training to management as to the audit readiness through the procedures noted below in line with the requirements of Generally Recognized Accounting Principles ("GRAP"). TALETSO TVET College is audited by the Auditor General of South Africa.

**The Scope of this project is to appoint a service provider to deliver the outlined services to TALETSO TVET College that meet the minimum specifications as outlined below:**

1. Prepare the College for Audit Readiness.
2. Prepare GRAP compliant Annual Financial Statements for the year ending 31 December 2021.
  - Draft AFS to be presented to Management by 11 March 2022 and to provide for a period for oversight and review by the Audit & Risk Committee and Council by 18 March 2022. The provider should consider:
    - Restatement requirements of all transactions and account balances resulting from audit findings of 2020 as per AGSA final management letter.
    - Significant judgements and sources of estimating uncertainty in preparation of AFS have to be disclosed and working papers thereto prepared.
3. Prepare GRAP compliant Annual Financial Statements for the year ending 31 December 2022.

Draft AFS to be presented to Management by 10 March 2023 and to provide for a period for oversight and review by the Audit & Risk Committee and Council by 17 March 2023. The provider should consider:

- Restatement requirements of all transactions and account balances resulting from audit findings of 2020 as per AGSA final management letter.
- Significant judgements and sources of estimating uncertainty in preparation of AFS have to be disclosed and working papers thereto prepared.

4. Prepare inventory stock counts and valuations for above mentioned financial periods as follows:

- ✓ Conduct a stock count and reconcile to inventory listing
- ✓ Ensure that the stock count is audited by the Auditor General
- ✓ Extract a final listing after processing of shortages
- ✓ Calculate shortages and Journalise. Prepare an item for approval to write off shortages
- ✓ Extract a report on slow moving stock and consult with Campuses to determine if stock is still needed
- ✓ Cancel or carry-over outstanding and partially delivered orders outstanding as at 31 December of each financial period.
- ✓ Reconcile stock in transit
- ✓ Identify inventories to be written down to and/or write down to be reversed from net realisable value and determine the necessary adjustments
- ✓ Carry out the Inventory valuation according to the costing method selected and ensure that the calculation is recorded in the WPs and that the values used are supported by appropriate source documents
- ✓ Ensure all journals are done
- ✓ Reconcile inventory management system on BMS with Excel Spread Sheet
- ✓ Prepare stock valuation lists for the year-end 31 December of each financial period.
- ✓ Reconcile inventory to general ledger to determine accuracy, cut off and completeness of inventory quantities and values
- ✓ Prepare the Inventory Disclosure Note in the Annual Financial Statements in accordance with GRAP
- ✓ Prepare an Audit File for Inventory for submission to the Auditor General South Africa
- ✓ Ensure there is proper inventory housekeeping process for ease of count during the AGSA count and going forth for the College. That is the setup for stock count in various Campuses are in such a way that it is acceptable for inventory count.

**The total teaching and learning materials (Inventory) are as follows at December 2020 auditreport:**

<b>SITES</b>	<b>QUANTITY AND TOTAL RAND VALUE</b>
Mahikeng Campus	31 843
Lehurutshe Campus	8 735
Lichtenburg Campus	14 221
<b>Total value</b>	<b>R 10 987 015,43</b>

Assist in ensuring that all required reconciliations are in place with relevant supportingdocumentation,

➤ **Prepare specific reconciliation on:**

Transfer inventory register and adjustments that relate to the BMS Inventory Module;and inventory stock listings to the Annual Financial Statements and ensure that balances agree as per the reconciliation

- ❖ National Students Financial Aid Bursary Scheme (NSFAS) liability calculation to determine amounts owing to individual students and NSFAS.
- ❖ Student Debtors Reconciliation taking into account the adjustments pertaining to the NSFAS liability
- ❖ Calculation of Provision for doubtful debtors on students and other debtors accountsas per college policy. (inclusive of methodology of determining the doubtful debts and write offs thereof)
- ❖ Reconciliations of Income and Expenditure relating to Projects (i.e. Public Private Partnerships) and reconciling the related Debtors or related Income Received in Advance
- ❖ Payroll reconciliations to identify corrective adjustments on expenditure and liabilities.
- ❖ Prepare calculation/amortization schedules for inclusion of finance and operating leases in AFS as per GRAP requirements.
- ❖ Prepare Commitments Listing relating to Operational Expenditure and Capital Expenditure (inclusive of Lease Commitments) and reconcile to the Annual Financial Statements

- ❖ Transfer Fixed Assets Register and adjustment that relate to the BMS Asset Module; and Fixed Asset Register to the Annual Financial Statements and ensure that balance agree as per the reconciliation
- ❖ Reconcile Revenue from Non-Exchange Transactions Accounts
- ❖ Reconcile Revenue from Exchange Transactions Accounts
- ❖ Reconcile Revenue from Residential Fees to supporting admission signed.
- ❖ Reconcile suspense accounts and provide support for adjustments relating to the suspense accounts
- ❖ Reclassify and correct prior year errors and disclosure on AFS.
- ❖ Perform cut off procedures for all classes of transactions to identify incorrect period allocation.
- ❖ Assess declarations and perform what is necessary for disclosure of related party note on AFS.
- ❖ Ensure the Annual Financial Statements are supported with working papers and source documentation that clearly explain where amounts are taken from indicating calculations breakdowns.
- ❖ Review of the college financial records, transactions, to identify required reconciliations that are not in place and assist to complete those.

5. Prepare and recommend adjusting journals with sufficient supporting documentation to ensure accuracy and completeness of the Trial Balance and General Ledger amounts.
6. Provide management file for all supporting working papers in gathering information and calculations made to determine balances on AFS.
7. Compile audit file for the year ending 31 December audit in line with National Treasury guidelines (refer to Annexure A: Audit File Specifications)
8. Prepare weekly progress reports based on work plan to be submitted in quotation and report upfront on any expected increase cost for prior approval by council.
9. Attend weekly audit steering committees during the audit period to assist with audit findings (Audit to commence 1 April 2022 to end 31 May 2022 for the 2021 Audit and 1 April 2023 to 31 May 2023 for the 2022 Audit).
10. Compile a skills transfer plan which requires the identification of skills needs and assist to transfer of such skills to the college employees who will be directly involved in the audit readiness and preparation of the AFS in order to create future self-sustainability for the college in the matters above.



## **SPECIAL TERMS & CONDITION**

- It is expected that the appointed bidder must be able to deliver the services within agreed date from the day of the tender awarded.
- Period of the contract shall be for 24 Months the second year extension will depend on auditor's outcomes.
- The appointed bidder is responsible for due compliance of covid-19 regulations relating to rendering audit readiness services.
- The College reserves the right to terminate the contract by giving one-month notice in writing.
- TALETSO TVET College reserve the right to ask for documentation to prove financial capacity of the bidder.
- Deregistering and blacklisted companies including directors/owners/individuals linked to the company, will not be considered
- Counter offer by service providers shall not be considered and shall therefore nullify the offer to the company.
- Along with each submission, a list of projects involving the compilation of GRAP compliant AFS completed within the past 3 years must be provided. Furthermore, for each of these projects, the audit opinion needs to be clearly stated.
- TALETSO TVET College reserve the right to amend the specification before the closing date of the bid or to award the whole or part of the bid to one or more service provider or to cancel the bid in the whole, as well as to adjust the quantities before the financial award is made.
- No telephone or facsimile will be accepted for submission.
- Any means of attempting to influence adjudication process or outcome of adjudication process will result in immediate disqualification of the entire bid
- Enquires should be made in writing.
- Note: Blacklisted companies appearing on the national treasury database are prohibited from conducting business with public entities and will be disqualified.

Responses to be attached to the Supplier Development Appendixes cover pages.