

## **CALL FOR PROPOSALS FROM AUDIT FIRM TO AUDIT THE SACN'S FINANCIAL STATEMENTS FOR THE YEAR 2016/2017 AND 2017/2018 ACCOUNTING PERIODS.**

### **1. Background**

The SA Cities Network (SACN) was established in 2002 by the South African Minister for Provincial and Local Government in collaboration with the mayors of South Africa's largest cities and the South African Local Government Association (SALGA), as an independent Section 21 Company, with the mandate to:

- ✿ Promote good governance and management in South African cities;
- ✿ Analyse strategic challenges facing South African cities, particularly in the context of global economic integration and national development challenges;
- ✿ Collect, collate, analyse, assess, disseminate and apply the experience of large city government in a South African context; and
- ✿ Promote shared-learning partnerships between different spheres of Government to support the management of South African cities.

### **2. PURPOSE**

Against this background the SACN seeking the services of an audit firm to audit the SACN's annual financial statements for the 2016/2017 & 2017/2018 accounting period.

The basic responsibilities of the auditors are;

- ✿ Providing reasonable assurance that the financial statements audited by them give a true and fair view, have been prepared in accordance with the relevant accounting standards and other requirements and are in accordance with the authorities that govern them;
- ✿ Providing constructive advice that will help the Network to improve governance, including financial management, control and reporting.

### **3.0 OBJECTIVES**

3.1 To collect and review financial policies, procedures, plans, and forms and standards used within the SACN;

3.2 To provide a final audit report and management letter.

## 4. AUDIT GUIDELINES

### 4.1 Start Date

The Audit is expected to commence by Mid-August annually. Prior to the start of the audit process, auditors will be required to attend a Pre-Audit Meeting to be conducted by the CEO and the Executive Manager: Finance and Corporate Services with a view to obtaining an understanding of the scope of work and agreement on an audit schedule. Further, upon completion of the draft audit report and management letter, the auditor will be required to meet with the CEO and the Audit Committee to debrief them on the major findings from the audit and the recommendations for future improvements as well as to seek the Network's feedback thereon.

### 4.2 Audit Scope

#### 4.2.1. Scope of Work

The Auditors will be expected to:

1. Audit the accounting records of the SACN for the accounting period 2016/2017 & 2017/2018.
2. Conduct the audit in accordance with International Financial Reporting Standards (IFRS) and will have authority to audit all financial resources of the SACN and objectively determine the following:
  - ❖ Programmes, projects and activities are being conducted as approved by the Board of Directors to accomplish the intended objectives.
  - ❖ Programmes, projects and activities are efficiently and effectively implemented.
  - ❖ Funds expended are in compliance with established procedures.
  - ❖ Revenues are being properly collected, deposited and accounted for.
  - ❖ There are adequate operating and administrative procedures and practices, internal control system and internal management controls.
  - ❖ There are no indications of fraud or abuse which may require further investigation.
3. Verify the mathematical accuracy of the accounts by ensuring that the expenditures described in the supporting documentation are reconciled to the expenditures, by disbursing source, in the accounts.
4. Audit the Financial Statements.
5. Prepare & submit annual tax return.

6. State in the audit report if the audit was not in conformity with any of the above and indicate the alternative standards or procedures followed.

#### **4.2.2 The Audited Report**

The audited report will be presented to the CEO. The auditor's opinion should include the following:

- ✿ The nature of the report and its intended use.
- ✿ The audit standards that were applied.
- ✿ The period covered by the opinion.
- ✿ Whether the financials present fairly the expenditures for the Network and that the funds were utilized for the purposes described in the Network's work plan.

The due date for submission of a first draft of the audit report is thirty (30) days after the commencement of the audit and the due date for the submission of the signed audited report is sixty (60 days) after the submission of the first draft. The Management Letter will accompany the final draft report.

#### **4.2.3 Management Letter**

The auditors are required to submit a management letter on the completion of the audit. The topics/issues to be covered in the management letter include inter alia:

- ✿ An assessment of the Network's internal control system with equal emphasis on (a) the effectiveness of the system in providing the Management with useful and timely information for the proper management of the Network and (b) the general effectiveness of the internal control system in protecting the assets and resources of the Network.
- ✿ A description of any specific internal control weaknesses noted in the financial management of the Network and the audit procedures followed to address or compensate for the weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted should be included.
- ✿ Comments as to whether recommendations made in the management letter for the previous audit were implemented or, if not, the implementation status.

#### **4.2.4 Assessment of internal control**

The auditor is expected to conduct a general assessment of internal controls according to established internal control standards.

In addition to the above general assessment, additional specific steps include the following:

- ✿ Review expenditures made by the Network and assess whether they are in accordance with project documents, work plans and budgets; and are in compliance with the Finance and Administration procedures of the organization.
- ✿ Review the process for procurement/contracting activities and assess whether it was transparent and competitive.
- ✿ Review the process for recruiting project personnel and consultants and assess whether it was transparent and competitive.
- ✿ Review the Network's accounting records and assess their adequacy for maintaining accurate and complete records of receipts and disbursements of cash; and for supporting the preparation of the quarterly financial report.

#### **4.2.5 Recommendations for improvement**

Recommendations should be direct so there is no confusion regarding who is responsible for implementation.

Also, the auditor may wish to comment on "good practices" (if any) that were developed by the Network.

#### **4.2.6 Available Facilities and Right of Access**

All records and documents are located at SACN's office situated at 158 Civic Boulevard, 16th floor, Joburg Metro Building, Braamfontein Building. The auditors would have full and complete access at any agreed time to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the entity. The auditor has a right of access to banks, consultants, contractors and other persons or firms engaged by the Network.

#### **Commencement of Work**

Work under this contract will commence upon signature of a service delivery contract and is expected to run to the end of December 2018.

## Call for proposals

Please provide SACN with an all-inclusive activity-, output- and time-based proposal for undertaking this assignment. Prices should include VAT.

Proposals will be evaluated on the basis of (a) demonstrated expertise; (b) value for money (c) PDI status of the company.

Please e-mail your proposals and quotes to [lebo@sacities.net](mailto:lebo@sacities.net) before the end of business on the 11 August 2017.