



**South African
Pharmacy Council**

REQUEST FOR PROPOSALS (RFP)

RFP NUMBER: 02/2021A

RFP DESCRIPTION: PROVISION OF EXTERNAL
AUDIT SERVICES

CLOSING DATE: 28 JUNE 2021. TIME: 15H00

COMPULSORY BRIEFING: 15 JUNE 2021 AT 09H00,
VIA AUDIO/VISUAL VIRTUAL CONFERENCE

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ADVERT: REQUESTS FOR PROPOSALS: EXTERNAL AND INTERNAL AUDIT SERVICES

The South African Pharmacy Council (SAPC) is a regulatory authority established in terms of the Pharmacy Act, 53 of 1974. The SAPC invites suitably qualified service providers to tender for the provision of external and internal audit services at our Pretoria offices.

External Audit Services

To provide external audit services for three years, annually renewable, for the financial years ending December 2021 to 2023.

Internal Audit Services

To provide outsourced internal audit services for a period of three years, annually renewable, from January 2022 to 31 December 2024.

Submission requirements: a proposal must be submitted together with: a breakdown of fee structure inclusive of total cost per year (pricing schedule format can be obtained as per contact details below), proof of IRBA registration of firm and lead partner, brief CVs of key personnel, details of experience in carrying out projects of this nature (supply evidence where possible), company profile, BBBEE rating scorecard, a valid tax clearance certificate, at least three recent contactable references, latest financial statements, and geographic representation in South Africa.

The SAPC subscribes to the DTI's BBBEE Balanced Scorecard for accreditation of all proposals, in accordance with the latest DTI Codes of Good Practice. The SAPC is not bound to accept any tender and reserves the right to cancel, withdraw or not accept services/tenders in respect of the tenders received, as well as to re-advertise at its sole discretion.

A compulsory briefing session will be held virtually via Microsoft Teams on 15 June 2021 at 09H00 AM. Login details of the briefing session and tender specification documents are on the Bulletin Board found on the home page of our website (www.sapc.za.org).

Proposals should be submitted by 28 June 2021 at 15:00 in soft copy to auditsrfp@sapc.za.org, or on a USB stick in a sealed envelope at the SAPC Building, 591 Belvedere Street, Arcadia, 0083. Proposals not meeting the submission requirements or submitted after the due date will be disqualified.

For any enquiries contact Ms Refilwe Mutlane at: auditsrfp@sapc.za.org

1. INTRODUCTION

This document provides guidelines to service providers/firms wishing to submit proposals in terms of Request for Proposals No. 2/2021A – Provision of External Services for three (3) years, annually renewable, for the financial years ending December 2021 to 2023.

A further extension for a period of two (2) years may be granted, subject to approval, on the expiry of the contract.

2. SAPC BACKGROUND

The SAPC is an independent statutory health council established by the legislature in recognition of the pharmacy profession as an exclusive occupational group, and to regulate such profession. The SAPC is responsible for its own funding.

In terms of Section 3 of the Pharmacy Act, 53 of 1974, the objects of the SAPC shall be-

- 2.1 to assist in the promotion of the health of the population of the Republic;
- 2.2 to advise the Minister, or any other person, on any matter relating to pharmacy;
- 2.3 to promote the provision of pharmaceutical care which complies with universal norms and values, in both the public and private sectors, with the goal of achieving definite therapeutic outcomes for the health and quality of life of a patient;
- 2.4 to uphold and safeguard the rights of the general public to universally acceptable standards of pharmacy practice in both the public and private sectors;
- 2.5 to establish, develop, maintain and control universally acceptable standards-
 - 2.5.1 in pharmaceutical education and training;
 - 2.5.2 for the registration of a person who provides one or more or all of the services which form part of the scope of practice of the category in which such person is registered;
 - 2.5.3 of the practice of the various categories of persons required to be registered in terms of this Act;
 - 2.5.4 of the professional conduct required of persons to be registered in terms of the Act; and

- 2.5.5 of the control over persons registered in terms of this Act by investigating in accordance with this Act complaints or accusations relating to the conduct of registered persons;
- 2.6 to be transparent to the profession and the general public in achieving its objectives, performing its functions, and executing its powers; and
- 2.7 to maintain and enhance the dignity of the pharmacy profession and the integrity of persons practising that profession.

3. PURPOSE OF RFP

The purpose of the RFP is to appoint a firm to-

- 3.1 audit the annual financial statements of the SAPC; and
- 3.2 express an independent professional opinion as to whether the financial statements present fairly, in all material respects, the financial position, financial performance, and cash flows of the SAPC in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), and the requirements of the Pharmacy Act, 53 of 1974.

4. SCOPE OF WORK AND DELIVERABLES

The appointed firm will be required to-

- 4.1. Perform an audit of annual financial statements in accordance with the IFRS for SMEs.
- 4.2. Express an audit opinion on the financial statements.
- 4.3. Perform audits in compliance with International Standards on Auditing (ISAs).
- 4.4. Work in conjunction with internal auditors to provide combined assurance to the SAPC on the effectiveness of the internal control systems.
- 4.5. Communicate audit findings to management and ensure they are fully aware of the implications to the operations of the SAPC.
- 4.6. Review the financial information in the annual report prior to publishing.
- 4.7. Attend and provide input to the Audit and Risk Committee, and Council meetings where necessary.
- 4.8. Provide a final audit report with recommendations to management and Council.

5. COMPETENCY AND MANDATORY REQUIREMENTS

The service providers/ firms should meet the following competency and mandatory requirements-

- 5.1. Attend compulsory briefing session to be held virtually via Microsoft Teams on 15 June 2021 at 09h00. Login details of the briefing session and tender specification documents are available on the SAPC website under the Bulletin Board (www.sapc.za.org).
- 5.2. The Independent External Auditor must be registered and in good standing as an accountant and auditor with:
 - 5.2.1 SAICA - South African Institute of Chartered Accountants.
 - 5.2.2 IRBA - Independent Regulatory Board of Auditors.
- 5.3. The firm must also be registered with the IRBA.
- 5.4. The in-house capacity of at least three (3) Registered Auditors with the audit engagement partner being based in Gauteng.
- 5.5. Experience and a comprehensive understanding of the statutory or regulatory environment will be an advantage.
- 5.6. The audit firm must have sufficient in-house capacity to perform external audits for the SAPC.
- 5.7. The audit firm must not be over-reliant on the SAPC for audit fees. In other words, the independent external auditor firm must be a going concern and must not depend on the SAPC's audit fees for going concern purposes (audit fees from the SAPC must not exceed 15% of the firm's total revenue).
- 5.8. The firm, partner, manager, and team should be free of any conflicts of interest related to the provision of external audit services, and sign the confirmation as per **Annexure A**.
- 5.9. Submit a minimum of three (3) recent (not older than three (3) years) written and contactable references of external audit clients.

6. CONTENT OF THE PROPOSAL

The proposal must include the following:

- 6.1. Company profile and relevant experience.
- 6.2. BBBEE Rating Scorecard.
- 6.3. Details of experience in carrying out projects of this nature (supply evidence where possible).
- 6.4. Valid tax clearance certificate.
- 6.5. Company registration documents.
- 6.6. At least three contactable references.
- 6.7. Geographic representation in South Africa.
- 6.8. Proposed methodology and approach to be used in keeping with the scope of work.
- 6.9. Composition of the project team and a brief CV of each member of the proposed team (qualifications, experience, and expertise).
- 6.10. Evidence of registration with SAICA and IRBA.
- 6.11. Last audited/independently reviewed annual financial statements not older than two (2) years.
- 6.12. The pricing/costing schedule as per **Annexure B**.
- 6.13. Pricing must be inclusive of VAT.

Other important conditions:

- 6.14 The prospective service provider/firm is responsible for all costs incurred in the preparation and submission of the proposal.
- 6.15 The successful service provider will enter into a formal contract with the SAPC and will be required annually to submit an audit planning memorandum for approval by the Audit and Risk Committee.
- 6.16 By accepting to take part in the proposal process, you agree to keep all information shared with you in relation to the proposal process confidential, not to disclose it to third parties, and not to use it for purposes other than the proposal.
- 6.17 The SAPC reserves the right not to award this contract.

- 6.18 The SAPC reserves the right to disregard a firm's proposal should it be found that work was previously undertaken for the SAPC where poor performance was noted during the execution of such contract in the last 5 years.
- 6.19 Should the bidder present information that is intentionally incorrect/fraudulent, their proposal will be disqualified.
- 6.20 It is the responsibility of prospective service providers to ensure that their proposal is submitted before the closing date and time of the RFP and to ensure that the proposal is received by the SAPC.

7. ENQUIRIES AND SUBMISSION

- 7.1 All enquiries must be made in writing and will be responded to during office hours (08:00 to 16:00, Monday to Friday).

| | | |
|-----------------|-----------|--|
| Refilwe Mutlane | Telephone | (012) 319 8542 |
| | E-mail | auditsrfp@sapc.za.org |

- 7.2 Proposals should be submitted by 28 June 2021 at 15:00 in soft copy format to auditsrfp@sapc.za.org or on a USB stick in a sealed envelope at the SAPC Building, 591 Belvedere Street, Arcadia, 0083.
- 7.3 Proposals not meeting the submission requirements or submitted after the due date will be disqualified.
- 7.4 If you do not hear from us within 90 days after the closing date, please accept that your proposal was not successful.

8. EVALUATION OF PROPOSALS

- 8.1. The SAPC will apply the principles of the Preferential Procurement Policy Framework Act, Act No. 5 of 2000,(PPPFA) to this proposal.
- 8.2. The evaluation of the proposals will be based on the 90/10 PPPFA principle and will be done in three (3) phases, namely-
 - 8.2.1 Pre-qualifications
 - 8.2.2 Functionality
 - 8.2.3 Pricing
 - 8.2.4 BBBEE

8.3. Phase 1 – Pre-qualification Evaluation

Proposals will be disqualified or excluded under any of the conditions listed below by the Adjudicating Committee:

8.3.1 Submission after the deadline.

8.3.2 Proposals submitted at an incorrect location.

8.3.3 Proposals submitted in the wrong format; other than via email or in soft copy on a USB stick dropped off at the designated location as per Paragraph 7.2 above.

8.3.4 The service provider's tax matters/statuses are not in good standing with the South African Revenue Service (SARS).

8.3.5 Not including a certification from IRBA and SAICA indicating the certification of the firm as well as that of the lead partner.

8.3.6 Proposal not fully completed.

8.3.7 BBBEE Original Certificate/Sworn Affidavit (not older than three months) not submitted or an expired certificate is submitted.

8.3.8 Statement confirming the independence of the firm/service provider as per **Annexure A** not submitted.

8.3.9 No company registration documents and IDs of registered directors submitted.

8.3.10 No last audited/independently reviewed annual financial statements not older than two (2) years submitted.

8.4. Phase 2 – Functionality Evaluation

8.4.1 A total of 27 points (30% of 90) is allocated for the functionality score. A minimum score of 70% on functionality (18.9 points) will be required to qualify for Phase 3 evaluation.

8.4.2 Members of the Tender Committee will use a form to evaluate proposals, and thereafter proposals will receive an average/aggregate score from the Committee.

8.5. Phase 3 – Pricing and Black Economic Empowerment (BEE)

Pricing

8.5.1 A maximum of 63 points is allocated for price on the following basis/formula.

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where -

P_s = Points scored for the price of a bid under consideration

P_t = Rand value of bid under consideration

P_{\min} = Rand value of the lowest acceptable bid

Black Economic Empowerment

8.5.2. A maximum of 10 points is allocated to BBBEE on the following sliding scale.

| BBBEE Status | BBBEE Scorecard rating | BBBEE Points |
|---------------------------|---------------------------|--------------|
| Level 1 Contributor | 100 points and above | 10 |
| Level 2 Contributor | Between 85 and 100 points | 9 |
| Level 3 Contributor | Between 75 and 85 points | 8 |
| Level 4 Contributor | Between 65 and 75 points | 7 |
| Level 5 Contributor | Between 55 and 65 points | 6 |
| Level 6 Contributor | Between 45 and 55 points | 5 |
| Level 7 Contributor | Between 40 and 45 points | 4 |
| Level 8 Contributor | Between 30 and 40 points | 3 |
| Non-Compliant Contributor | Less than 30 points | 2 |

- 8.6. Firms with the most favourable overall aggregate scores will be recommended for appointment to the Executive Committee of the SAPC.

| Description | Maximum points |
|---------------------|-----------------------|
| Functionality | 27 |
| Pricing | 63 |
| BBBEE | 10 |
| Total Points | 100 |

ANNEXURE A: CONFIRMATION OF INDEPENDENCE

From: (Name of Audit firm and address)

To: The South African Pharmacy Council
591 Belvedere Street
Arcadia
Pretoria

Date: _____

LETTER OF CONFIRMATION OF INDEPENDENCE FROM THE SOUTH AFRICAN PHARMACY COUNCIL (SAPC)

[Insert firm's name] hereby confirms that independence and ethical requirements by all team members proposed for this assignment, will be communicated during the planning, fieldwork, and finalisation phases of the audit, and will be monitored on a continuous basis.

I hereby confirm that our firm is independent of the SAPC in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

I hereby confirm that **[insert firm's name]** currently does not do, nor have we done any work for the SAPC which may result in a direct conflict of interest.

I hereby confirm that there is no conflict of interest between the SAPC and any of the staff members to be involved in the audits. The capabilities and competence of the staff to be on the audit was assessed and found to be sufficient.

I further confirm that none of the directors of our firm sits on any audit or advisory committees of the SAPC.

I hereby confirm that **[insert firm's name]** has not been subject to any issues regarding ethical misconduct and the firm is currently not involved in any scandals which may impact our reputation.

Yours sincerely,

NAME AND SIGNATURE OF AUDIT PARTNER

ANNEXURE B: PRICING/COSTING FOR EXTERNAL AUDIT SERVICES SCHEDULE

| COMPANY DETAILS | | | | |
|---|-----------------|--------------------------|--------------------|-----------------------|
| Name of firm/service provider | | | | |
| Representative/contact person | | | | |
| Contact details | | | | |
| Telephone/Mobile | | | | |
| E-mail address | | | | |
| PERSONS WHO WILL BE INVOLVED IN THE PROJECT AND RATES APPLICABLE | | | | |
| Designation/Description | Quantity | Rate Per Hour (R) | Total Hours | Total Cost (R) |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Sub-Total | | | | |
| Disbursements | | | | |
| Total for Year One (R) | | | | |
| SUMMARY OF AUDIT FEES PER YEAR | | | | TOTAL COST (R) |
| Year One | | | | |
| Year Two | | | | |
| Year Three | | | | |
| TOTAL AUDIT COST INCLUDING VAT(R) | | | | |

Notes:

1. The total cost (year-on-year) summary above should be the same as the costing submitted in the proposal.
2. The costing schedule is to be submitted as part of the proposal.
3. Proposals without full pricing/total costing year-on-year will be regarded as non-compliant.

NAME AND SIGNATURE OF AUDIT PARTNER

ANNEXURE C – EVALUATION SHEET

NAME OF MEMBER.....

SCORECARD FOR EVALUATION OF TENDERS & PROPOSALS/EXTERNAL AUDIT

THE 90/10 PREFERENCE POINT SYSTEM

NAME OF COMPANY:

A maximum of 90 points is allocated for functionality and price on the following basis:
90/10

Price evaluation criteria = 63 points (70% of 90)

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where-

P_s = Points scored for the price of a bid under consideration

P_t = Rand value of bid under consideration

P_{\min} = Rand value of the lowest acceptable bid

Total Points for pricing (70% of 90 = 63 points) _____

Functional Evaluation Criteria = 27 points (30% of 90)

| Criteria | Weighting | Total Points | Score |
|--|--|--------------|-------|
| <p>Methodology and project approach: <i>Proposal on methodology and project approach indicating a practical framework to demonstrate an adequate understanding of External Audit services in line with the scope of work.</i></p> <p><i>The plan should cover short-, medium-, and long-term objectives.</i></p> <ul style="list-style-type: none"> • <i>Methodology and project plan linked to the milestones and timeframes;</i> • <i>Programme structure with clear timelines and outputs;</i> • <i>Quality assurance steps indicated;</i> • <i>Clear reporting mechanisms; and</i> • <i>Indicators and means of verifying progress.</i> | <p><i>The methodology is innovative, timeframes and project plan are suited and tailored to the project needs = 5-8 points</i></p> <p><i>The approach is specifically tailored to suit the requirements and needs of the SAPC. The plan does not fully meet SAPC requirements and lacks innovation = 3-5 points</i></p> <p><i>Methodology approach is generic and will not meet projects requirements. The project plan does not meet all requirements = 1-3 points</i></p> <p><i>No submission = 0 points</i></p> | 8 | |
| <p>Reference letters from different organisations not older than two years as evidence of related external audit work previously conducted</p> <p><i>N.B. The reference letter(s) must entail the letterhead of the previously serviced client and should reflect at least the name of the client, the title of the related work conducted, year(s) conducted and completed, contactable reference name and contact details, and must be signed by the appropriate delegate. The reference letter should indicate the quality of the service rendered.</i></p> | <p><i>5 or more reference letters (including performance information letters) attached = 4 points</i></p> <p><i>4 reference letters (including performance information) attached = 3 points</i></p> <p><i>3 reference letters attached = 2 points</i></p> <p><i>2 reference letters/ incomplete attached = 0 points</i></p> | 4 | |

| | | | |
|---|--|---|--|
| <p>Experience in working with Statutory Bodies (submit relevant reference letters of Statutory Body experience)</p> <p><i>N.B the reference letter(s) must not be older than five years, must entail the letterhead of the previously serviced client, the title of the related work conducted, year(s) conducted and completed, contactable reference name and contact details, and must be signed by the appropriate delegate. The reference letter should indicate the quality of the service rendered.</i></p> | <p>2 Statutory Body letters attached = 3 points</p> <p>1 Statutory Body letter attached = 1 points</p> <p>No/unsatisfactory/incomplete reference letters attached = 0 points</p> | 3 | |
| <p>Experience and Qualifications of the Lead Partner/Director</p> <p>Qualifications:</p> <p><i>Must be accredited with an appropriate professional body (e.g. CA (SA), ACCA). Proof of accreditation must be provided.</i></p> <p><i>N.B. bidders must attach certified copies of the qualifications not older than 3 months.</i></p> <p>Experience</p> <p><i>Must have at least 8 years of experience in related work.</i></p> | <p>Qualifications:</p> <p><i>Proof of relevant professional accreditation is provided = 1 point</i></p> <p><i>No proof of professional accreditation attached/irrelevant professional accreditation = 0 points</i></p> <p>Experience:</p> <p><i>Has at least 8 years' experience in related work = 2 points</i></p> <p><i>Has less than 8 years' experience in related work = 0 points</i></p> | 3 | |
| <p>Curriculum Vitae(s) and qualifications of each of the core team members</p> <p><i>Bidders must attach relevant certified copies of the highest qualifications/professional certificates.</i></p> <p><i>Certification may not be older than 3 months prior to submission and preferably in Accounting/External Auditing.</i></p> | <p><i>External Audit Manager in possession of professional accreditation (CA) and 5 years post-articles experience = 2 points</i></p> | 4 | |

| | | | |
|--|---|---|--|
| <p><i>Uncertified qualification/professional certificates will not be accepted as authentic. Foreign qualifications are required to be accompanied by a SAQA evaluation certificate.</i></p> <p><i>The potential bidder must attach brief CVs and proof of registration of 3 core management team members.</i></p> | <p><i>Majority of trainee accountants have a BCom: Accounting = 2 points</i></p> <p><i>No CV and/or certified copies of qualifications attached for the respective team members = 0 points</i></p> | | |
| <p>Company Profile</p> | <p><i>Company profile should indicate the following elements:</i></p> <p><i>Company's years of experience (at least 5 years) = 1 point</i></p> <p><i>Geographical location = 1 point (awarded to those companies located and/or have operations within Gauteng Province)</i></p> <p><i>No profile attached = 0 points</i></p> | 2 | |
| <p>IRBA Registration</p> | <p><i>IRBA registration = 1 point</i></p> <p><i>Evidence of satisfactory IRBA review = 2 points</i></p> | 3 | |

Total points for functionality (30% of 90 = 27 points)

| | |
|--|--|
| <p>Sub-total points for pricing and functionality</p> | |
|--|--|

Points awarded for Compliance with BBEE Scorecard

A company's score is translated into a level. The higher the level, the more that preferential procurement is worth. The table below represents the levels of compliance:

| BBEE Status Level of Contributor | Number of Points | Scoring |
|---|-------------------------|----------------|
| 1 | 10 | |
| 2 | 9 | |
| 3 | 8 | |
| 4 | 7 | |
| 5 | 6 | |
| 6 | 5 | |
| 7 | 4 | |
| 8 | 3 | |
| Non-Compliant Contributor | 2 | |
| Sub-total points for BBEE points | | |

| | |
|--|--|
| Total Points for pricing, functionality & BBEE | |
|--|--|

| | |
|---|--|
| Name of Tender Committee Member | |
| Signature of Tender Committee Member | |