

## **REQUEST FOR PROPOSAL (RFP)**

**Date of issue: 11 May 2021**  
**Submission deadline: 31 May 2021**  
**Ref no: ZA2021/04**

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### **TERMS OF REFERENCE**

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#### **Independent Audit Assurance Services(External)**

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#### **THE EXTERNAL INDEPENDENT AUDIT ASSURANCE OF .ZA DOMAIN NAME AUTHORITY FOR THE THREE FINANCIAL YEARS PERIODS; 1 April 2021 TO 31 March 2024.**

#### **1. INTRODUCTION**

The purpose of this document is to invite the submission of proposals to provide independent external audit assurance services to the ZA Domain Name Authority (ZADNA/the Authority) from qualified auditors, registered with a recognised and accredited auditors body to the authorities board. The work to be undertaken by the services provider will focus on expressing an opinion on the financial reporting and advice accordingly on the same.

#### **2. BACKGROUND AND OBJECTIVES OF EXTERNAL AUDIT**

The .ZA Domain Name Authority (ZADNA) Board is expected to establish an effective external audit function to express an opinion on the financial reporting and Management of the ZADNA in line with the prescripts of the Electronic Communication and Transactions Act of 2002 and good corporate governance practices. Furthermore, to determine whether the financial statements present fairly, in all material respects, the financial position of ZADNA

following the International Financial Reporting Standards (IFRS) and the requirements of Company Act 71 of 2008 of South Africa and any relevant legislation. More so, ZADNA's finances are managed ethically and transparently.

### **3. ORGANISATIONAL STATUS OF EXTERNAL AUDIT**

The External Audit (EA) reports, functionally, to the Audit and Risk Committee (ARC) and administratively to the Chief Executive Officer of ZADNA.

### **4. SCOPE OF WORK**

The EA should be carried out as per the International Standards on Auditing and include such tests and controls as the auditor considers necessary. The auditors, in their duties, shall comply with the obligations imposed upon them by the Auditing Profession Act 26 of 2005 of South Africa.

In conducting the audit, special attention should be paid to the following:

- All funds provided by funders have been used by the conditions specified in the legal agreements, with due attention to economy and efficiency, and only for the purposes for which the funding is provided.
- All necessary supporting documents, records, and accounts have been kept in respect of the financial transactions.
- The procurement of works, goods and services has been carried out as per the ZADNA's internal policies and applicable regulations.

Comprehensive assessment of the accounting and overall internal control system's adequacy and effectiveness to monitor expenditures and other financial transactions.

#### **4.1. Annual Financial Statements**

4.1.1. The responsibility of preparing the financial statements rests with the ZADNA.

4.1.2. The auditors will express a professional opinion on the financial statements' reasonableness in all material respects for the financial periods ending 31 March.

## **4.2. Management Letter:**

In addition to the audit report, the auditor will also provide a management letter summarising the observations on the accountability and internal controls of the ZADNA after the conclusion of the audit. These would include the following:

4.2.1. Comments and observations on the accounting records, procedures, systems, and controls examined during the audit.

4.2.2. Specific deficiencies and areas of weakness in systems and controls and recommendation for improvement.

4.2.3. Report on the implementation status of recommendations about the previous period audit report

4.2.4. Matters that have come to attention during the audit, which might have a significant impact on ZADNA.

4.2.5. The observations in the management letter must reflect:

4.2.5.1. the root cause;

4.2.5.2. the implications;

4.2.5.3. the auditor's suggested recommendations;

4.2.5.4. management comments on the observations/ recommendations; and

4.2.5.5. the auditor's response to Management's comments

## **4.3. Audit Duration**

4.3.1. The contract's duration is anticipated to run for three (3) fiscal years, commencing for the 2021/2022 financial period and ending after the audit for the 2024/25 financial period. The 2nd and 3rd year will be subject to an evaluation of the 1st year's achieved targets.

4.3.2. The audit work shall be completed within three (3) months from submitting the unaudited Annual Financial Statements.

## **4.4. Deliverables**

4.4.1. The auditors will provide Management with the audit report after completion of the audit, which includes the following:

4.4.2. The executive summary;

4.4.3. The audit approach;

4.4.4. The audit opinion;

4.4.5. The management letter, reflecting the executive summary as well as the detailed audit findings and observations; and

4.4.6. Any other material matters or sections deemed to be reported on by the auditors.

## 5. SKILLS REQUIRED ON THE PROFESSIONAL

- 5.1. Strong analytical skills and interpersonal skills.
- 5.2. Sound judgement and commercial awareness.
- 5.3. Assertiveness, Independence and objectivity.
- 5.4. Performing effective audit and assurance engagement.
- 5.5. Ability to report accurately with the highest level of precision and meet deadlines.
- 5.6. Guiding efficient and effective operations.

## 6. REQUESTED DOCUMENTS

- 6.1. CIPC registration documents.
- 6.2. Tax Compliance certificate/PIN.
- 6.3. BEE Certificate / Affidavit.
- 6.4. Detailed Company profile.
- 6.5. Professional body affiliation confirmation.
- 6.6. Three contactable references in the same scope of work.
- 6.7. Pricing Schedule
- 6.8. Declaration of Interest for key Management in the organisation.

## 7. EVALUATION

- 7.1. The RFP will be evaluated with the preference point 80/20 evaluation as per the ZADNA'S procurement policy.

Total Point for price and Functionality awarded 80	Total HDI awarded points 20
<ul style="list-style-type: none"><li>• Price 50 Points</li><li>• Functionality 30 Points</li></ul>	<ul style="list-style-type: none"><li>• Upliftment of communities (BBBEE)</li><li>• Promotion for SMME'S</li><li>• Promotion of Female owned</li></ul>
Total = 100	

## **8. CONFLICTS OF INTEREST**

Professional service providers must comment on any potential conflicts of interest arising out of other assignments or a conflicting involvement in other assignments that may impair their independence.

## **9. CONFIDENTIALITY**

- 9.1. The Consultant agrees to keep confidential all information that they receive, directly or indirectly, from the Authority, or any other stakeholder, as well as all copies or analysis that they make, or have been made by third parties, based on such information (collectively, the Material);
- 9.2. The Consultant shall use the Material exclusively to prepare deliverables relevant to this assignment. The confidentiality obligations shall not apply to information in the public domain. The Consultant shall only permit access to the Material to persons within their organisations
- 9.3. on a need-to-know basis.
- 9.4. The Consultant shall explicitly inform such persons of the confidential nature of the Material and, before providing them with the Material, subject them to the confidentiality obligations contained in this Terms of Reference.
- 9.5. The Consultant agrees that the Material will remain property of ZADNA and cannot be used anywhere outside of the scope of this project.

Submissions should be emailed to [zadnafinance@zadna.org.za](mailto:zadnafinance@zadna.org.za) and [info@zadna.org.za](mailto:info@zadna.org.za) no later than Monday the 31<sup>st</sup> of MAY 2021. Enquiries should be directed to Mr. German Moutlaneng (Finance Manager) at telephone number 010 020 3910 or at the aforementioned email addresses.