

Tender Number: T29/07/22

Tender description: Appointment of External Auditors

Question and Answers Version 1

No.	Question	Type	Answer
1	The RFP does not offer any interaction or discussions with key executives ahead of the submission. Is there perhaps any opportunity for us to interact with any key stakeholders to better understand your expectations and business? In our experience this will help us respond with a richer value proposition.	Admin	There will not be any interaction with executives ahead of the submissions as this is a formal procurement process and not allowed at this stage.
2	The RFP specifies a notice period of 5 working days, would it be possible to give more lead time on this and please can you advise the expectation of the presentation, for example duration of presentation, duration of Q&A, maximum number of attendees etc.	Admin	This will be communicated with the shortlisted bidders and cannot be confirmed at this stage.
3	The RFP says some of the major subsidiaries may change due to changes in the corporation, are you able to provide any detail on this or whether these changes could have an impact for the 2022/2023 year?	Technical	Bidders must provide proposals as per the issued tender document as changes cannot be confirmed at this stage.
4	What is the possibility that the appointment might not extend to more than one year?	Technical	As indicated in the bid document IDC can only commit for a one year appointment as additional years are subject to approvals.
5	What is management's audit delivery method preference, i.e. on site, hybrid working arrangement or remote working?	Technical	Hybrid works, the 2020 and 2021 audit were mostly remote working and in 2022 we've done a hybrid model.
6	Does the group make use of subcontractors that have an impact on financial reporting, laws and regulations and compliance for the group?	Technical	No, sometimes the external confirmations (Legal, banks) take some time, but will not delay the audit.

7	What is meant by this sentence "...however, the intention of this tender is to appoint one audit firm to conduct the audit jointly with the existing audit firm."? Does this mean the work is going to be split 50/50 between the two firms (i.e. abandoning the previous practice of splitting the work 60/40 in favour of Top Tier firm?	Technical	This will be determined on the outcome of the bid process and by the audit committee.
8	Please clarify if the joint auditors of the Group will be appointed as the auditors of the major subsidiaries or is there a possibility that different auditors could be appointed on the major subsidiaries. If the joint auditors are appointed, would it also be for the March 2023 year end?	Technical	We generally like to appoint the same auditors, however, changes were made previously due to certain circumstances.
9	Should we be successful in the bid process, we would want to begin the transition and opening balances process earlier than Novemebr 2022, would there be room to change these dates?	Technical	This can be discussed once the process is complete.
10	Please may you provide the annual financial statements of administered subsidiaries.	Technical	These are confidential - reference can be made to the segmental reporting in the IDC AFS.
11	Please may you provide the annual financial statements of Grinding Media (Pty) Ltd, their website is under construction.	Technical	Refer to answer 10 above
12	Please may you provide the annual financial statements of Cast Products (Pty) Ltd, the annual financial statements are not available on the website.	Technical	Refer to answer 10 above
13	For the list of administrative subsidiaries provided, under which legal entity do these roll up into?	Technical	The administrative subsidiaries all roll up into the Group. Two have more than one layer but the underlying subsidiaries are mostly dormant.
14	Per inspection of the Foskor annual financial statements this was a joint audit of the Group Joint auditors, please confirm that that this would continue to be a joint audit sign off?	Technical	We don't foresee any changes at this stage.
15	What is the arrangement on Grinding Media and Cast Products? Are these both joint audits as well? And would they continue as such?	Technical	No, they are not joint audits at this stage.
16	For your listed portfolio, is this management via asset managers? And do you receive ISAE 3402 reports for their control environments?	Technical	Yes, that is correct.

17	For your Level 3 unlisted financial instruments, are the valuations done in-house or is the valuation of these outsourced?	Technical	The evaluations are done in-house.
18	For the Group Fee, please may you provide breakdown of the fees for the major subsidiaries. The audit fee is only disclosed in the Foskor annual financial statements. Group - R19m Foskor - R4.7m SEFA - ? Media Grinding - ? Cast Products - ?	Technical	The audit fees for R3,3m, Grinding Media is R660K and Cast Products R1,2m
19	Currently, what percentage of the fees covers the audit of performance information, legal and other matters as required by the AG (Auditor-General)?	Technical	Unable to determine at this stage.
20	For disbursements pricing purposes, please confirm the offices as well as key sites where would be required to audit or where we would need to factor in site visits, i.e. asset verifications, etc.	Technical	Disbursements are limited - most assets situated at IDC Head Office.
21	May you please provide us with the group structure.	Technical	Information can be found on IDC website under 2020 AFS tab 'Other info'
22	May you please provide us with your internal audit plan.	Technical	No, this is confidential.
23	May you please provide us detail around your Technology (IT) landscape for the group (including subsidiaries).	Technical	There is no intergroup IT engagement. IDC uses SAP for most of its processes (operational, functional and finance)
24	In the Internal Audit annual plan, how much of the activities are focused on financial reporting, financial discipline reviews and Information Technology (IT) reviews across the IDC Group?	Technical	No, this is confidential.
25	May you please provide us with the Final Audit Report to the Audit Committee for the past two financial years.	Technical	No, this is confidential.
26	May you please provide us with the Final Report to Management (Management Letter) for the past two financial years.	Technical	No, this is confidential.
27	With reference to the creteria 7.2.1, please can you clarify how the various line items will be weighted to score the 30 percentage points allocated?	Admin	The weighted score of 30 will be distributed amongst each creteria.

28	When will Grinding Media's website be available as it is currently "under construction"? •If not available soon, can you please make the AFS, organisational structure and any relevant reports available to us?	Technical	Grinding Media is one of the major subsidiaries. The audit fee has been highlighted above.
29	To confirm, this appointment is for a joint audit between only 2 auditors	Technical	Yes, that is correct.
30	When will the work-split between the auditors be confirmed?	Technical	The split will be confirmed with the appointed bidder.