



**African Reinsurance Corporation
South Africa (ARCSA)**

18 October 2021

**INVITATION TO TENDER
for the
INTERNAL AUDIT OF AFRICA RE SOUTH AFRICA (ARCSA)**

1. BACKGROUND ON COMPANY STRUCTURE

As a wholly-owned subsidiary of the African Reinsurance Corporation Group, African Reinsurance Corporation (South Africa) Limited ("Africa Re South Africa" or "ARCSA") is responsible for writing both treaty and facultative business in South Africa, Lesotho, Botswana, Swaziland and Namibia. ARCSA opened as a representative office in 1995 and delivers reinsurance solutions for all classes of business. It was incorporated in late 2003 and commenced business in 2004 as a separately capitalised subsidiary.

ARCSA is regulated under the joint regulatory regime of the South African Reserve Bank Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA). The Company currently transacts non-life reinsurance business as duly licensed under the Insurance Act, 2017 and is due to commence life reinsurance business following the variation granted on its licence in June 2021.

Africa Re Group provides a parental guarantee to ARCSA.

2. CURRENT ORGANISATION OF THE INTERNAL AUDIT FUNCTION

Internal Audit Function is currently outsourced to the Africa Re Group's Internal Audit Department located at Africa Re's Head Office.

The Group Internal Audit, for this function, proposes a risk-based audit plan, conducts reviews of ARCSA, monitors the implementation of previous audit recommendations, and reports to the Audit Committee of the Board. The Group Director of Internal Audit serves as head of ARCSA's Internal Audit Control function for statutory purposes.

3. OBJECTIVES OF THE INTERNAL AUDIT

The Consultant or Consulting Firm, herewith both called the "Consultant", who shall perform the Internal Audit function is expected to provide independent assurance to the Audit Committee of the Board of ARCSA, ARCSA Executive Management and other stakeholders on the adequacy and effectiveness of risk management, controls and governance processes in

African Reinsurance Corporation South Africa (ARCSA). As such, the Consultant will:

- evaluate and contribute to the improvement of risk management, control, and governance processes using a systematic and disciplined approach,
- assist the Company in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement,
- monitor the Company's progress in implementing the audit recommendations, and
- work on an adoc basis on specific audit mission which may be requested by ARCSA Management, Group Management, the Audit Committee or the PA.

The Consultant will be required to adhere to the terms of reference stated below and where necessary expand the scope.

4. SCOPE OF THE WORK

The Internal Audit Activities to be conducted by the Consultant will include, but not be limited to, the following:

Risk-Based Internal Audit Plan

- 1) Update the risk-based internal audit plan to determine the priorities of the internal audit activities consistent with the Corporation's goals. The audit plan should define the scope, coverage, depth and frequency of the audit engagements.
- 2) Communicate the internal audit plan to:
 - ✓ Group Internal Audit and ARCSA's Managing Director for review, and
 - ✓ Audit Committee of the Board of Directors of ARCSA for review and approval.

Engagement Planning and Performance

- 1) Assess business risks considering the internal and external environment, study trends of control failures within the Company, and identify the areas of risks.
- 2) Apply audit standards as well as appropriate enterprise risk management techniques to conduct the reviews.
- 3) Identify control gaps in processes and policies including errors or frauds.
- 4) Report to Management on the findings, recommend and seek corrective action plans and track implementation of the action plans.
- 5) Internal Audit Missions Protocol
 - ✓ Audit Announcement
Audit Announcement memo for all planned audits shared with the auditees 30 days before the start of the Audit along with the Initial Documents & Information Request (IDIR).

- ✓ Initial Data Request (IDR)
Auditees to share IDIR within 15 days from the date of receipt of IDR.
- ✓ Opening Meeting
Opening Meeting to be held with the Managing Director (MD) and the Functional Directors to discuss the scope, methodology, protocol, etc.
- ✓ Fieldwork - Additional Documents & Information Requests

Additional documents & information requests will be issued to the auditees during the fieldwork on an ongoing basis.
- ✓ Audit issues
Audit issues should be discussed with the auditees to cover the following structure at the minimum: work area, finding, criteria, cause (root cause), consequence, recommendation.
- ✓ Draft Report
Auditees to provide management response to issues captured in the draft report. The same shall be discussed during the exit meeting.
- ✓ Exit Meeting
Discuss and finalize the audit issues and Management Responses.
- ✓ Final Report

Final report covering management response and action plan for remediation of audit observations to be released within 7 days from exit meeting.

Communication and Reporting

- 1) Draft internal audit reports to be reviewed and discussed with ARCSA Executive Management and the Group Internal Audit Team.
- 2) To share the final audit reports with ARCSA's Executive Management, Group Internal Audit Team and ARCSA Audit Committee. Depending on the nature of the audit, the distribution list may be extended or reduced.
- 3) Regular meetings with the Group Internal Audit Team with focus on the following:
 - ✓ Update on the execution of approved internal audit plan and request for support to drive controls where challenges are experienced.
 - ✓ Update on key audit findings, key control gaps, and recommendations noted in the month.
 - ✓ Status of Closure of the previous recommendations.
- 4) Unless required by law or by the regulatory authorities, sharing of the Company's information with external parties shall be subject to ARCSA's Executive Management's written approval.
- 5) Prepare and submit reports periodically to the Audit Committee of the Board of Directors on the internal audit activity's authority, independence and performance of its plan. Reporting should also include significant risk exposures and control issues, corporate governance issues and other matters needed or requested by the Board through the Audit Committee and Executive management.

Progress Monitoring

Conduct regular follow-up reviews of control issues arising from internal and external audit exercises.

Policies and Procedures

- 1) Establish policies and procedures to guide the internal audit activity.
- 2) Keep abreast of internal audit policies and procedures, current developments in accounting and auditing professions.

Other Activities

- 1) Attend to the requests of the Prudential Authority and other relevant Authorities (as may be directed to the Internal Audit Function).
- 2) Any other activities reasonably incidental to the work of the internal audit function.

5. DELIVERABLES

The audit assignment is anticipated to commence in 2022 with a biennial retainership and providing at least a quarterly independent review.

The structure of the internal audit reports must be part of the Consultant's proposal. One week after the confirmation of selection, the Consultant must submit a [Service Level Agreement \(SLA\)](#) to the Company for discussions and possible amendments before the beginning of the contractual period.

6. EVALUATION PROCESS AND SELECTION CRITERIA

Responses to this request for proposal (RFP) will be evaluated and scored based on the following criteria:

- a. In-depth knowledge of the Reinsurance/Insurance industry gained through the provision of internal audits and relevant consulting services.
- b. In-depth knowledge of the International Professional Practices Framework (IPPF) of Internal Audit.
- c. In-depth knowledge of the control and risk management frameworks like COSO Internal Control, COSO ERM, ISO 31000 or other relevant frameworks.
- d. In-depth knowledge of the Insurance Act 2017 and the Prudential Standards issued thereunder. [Meeting the Transformation objectives of the Insurance Act 2017](#).
- e. Experience & Expertise in internal audit, concerning similar projects delivered previously.

- f. Organization and staffing of the proposed project team.
- f. Proposed cost.
- g. Quality, clarity, and presentation of the proposal.

7. PRESENTATION OF TENDER

To facilitate the analysis of responses, the responding firms are required to prepare their proposals following the instructions outlined in this section. Proposals that deviate from these instructions may be disqualified at the discretion of Africa Re South Africa.

Proposals should be clear, accurate, comprehensive, and should provide a straightforward, concise description of the consulting firm’s capabilities to meet the requirements of this RFP.

All parts, pages, figures, and tables should be properly numbered and labeled. The proposals should be organized into the following major sections:

Section	Title
1.0	Executive Summary
2.0	Experience & Expertise
3.0	Technical Approach & Methodology
4.0	Organization & Staffing
5.0	Proposed Fees
6.0	Financial Information
7.0	Resumes of Key Staff to be deployed
8.0	Internal Audit Report Template

Executive Summary

This part of the proposal should be limited to a brief narrative highlighting the firm’s proposal.

Experience & Expertise

The firm must provide the following information about their experience in Internal Audit, especially Internal Audits of insurance and reinsurance companies in South Africa, following the template below:

Name of Clients & Country: Start date (month/year): Completion date (month/year):	Approximate value of the contract (ZAR):
Total No of staff on the assignment:	
Name of main team members and functions performed:	
Description of the engagement objectives:	
Description of actual services provided by your staff within the assignment:	

Approach and Methodology

In this chapter, the Consultant should explain their understanding of the objectives of the assignment, approach to the services, a methodology for carrying out the activities and for obtaining the expected output as well as the degree of detail of such output.

The Consultant should highlight the problems being addressed and their importance, the approach that would be adopted to address them.

Organization and Staffing

The Consultant is expected to propose the structure and composition of the team, the key experts and the detailed organization to complete the work, the activity (work) schedule.

Proposed Fees

This must be itemized to reflect the objectives and expected outcomes.

Financial Information

The consulting firm should include in this section their audited financial information for the past three years.

Resumes

The Consultant must select staff for the assignment based on the Africa Re SA's needs; at least, resumes should highlight the professional qualifications, certifications, number of years working for the firm and other organizations, nature and degree of responsibility held in various assignments, experience on similar engagements, etc.

Internal Audit Report Template

In this section, the Consultant is expected to provide the template of the audit reports to be issued, after completion of the review.

8. COMPANY AND OTHER GENERAL REQUIREMENTS

No.	Requirement	Consultant Response
a)	How long has the firm been in business?	
b)	How long has the firm been in business providing the proposed review/audit and equivalent services?	
c)	State number of employees in the firm.	
d)	State the total number of employees dedicated to this assignment.	
e)	Company's identification number.	

9. CLARIFICATION AND AMENDMENT

The Consulting firm may request clarifications up to 5 business days before the proposal submission deadline. Any request for clarification must be sent by email to Africa Re SA's email address indicated below.

Africa Re SA will respond by email to such requests. In the interest of fair play, all responses to such queries will be shared with all firms that have signified their intention to submit a proposal. The responses will include details of the query but without identifying the source.

Contact for clarification: arcsa@africa-re.com

10. PROPOSAL SUBMISSION

The proposal can be submitted by email or in hard copies or both. Proposals submitted as hard copies must be in a sealed envelope and marked as "Proposal for Internal Audit of ARCSA"; submission addresses are indicated below.

Proposals should be received by Africa Re South Africa not later than **15 November 2021**. Any proposal received by Africa Re SA after the submission deadline will not be considered. [ARCSA welcomes joint bids involving local and international firms in order to promote Transformation but such bids shall clearly specify the role and respective stakes of the joint bidders.](#)

Hard copies submission address:

The Managing Director

African Reinsurance Corporation (South Africa) Limited

Africa Re Place

10 Sherborne Road

Parktown 2193

Johannesburg.

Email submission address: arcsa@africa-re.com

Telephone: +27 11 484 3764

Africa Re Reserved Rights

Africa Re South Africa reserves the right, in its sole discretion, to take actions deemed in its best interest that may include any one or more of the following without incurring any liability to the affected bidder(s) or any obligation to inform the affected bidder:

- ✓ Accept or reject any, or all proposals in whole or in part at any time before engagement.
- ✓ Waive any minor irregularities or informalities in the proposal.
- ✓ Vary any timetable or schedule.
- ✓ Suspend or modify the engagement process.
- ✓ Negotiate the details of a proposal before engagement.

Ownership and Return of Proposal

All materials submitted in response to the request for proposals shall become the property of African Reinsurance Corporation South Africa and shall not be returned to the respondent.

Yours sincerely

Andy TENNICK
Managing Director
18 October 2021