

Dear valued Bidder;

Below are Questions and Answers raised by potential bidders and responses from Denel.

The last round of question(s) is open until Monday 11 February 2019 at 09:00, Denel will respond by close of business on the 12 February 2019

Closing date of tender: **15 February 2019 at 12:00**

| QUESTION(S) | DENEL RESPONSE |
|---|---|
| <ul style="list-style-type: none">Staff: Does staff mean only permanently employed staff on our payroll, or is contracted staff (e.g. fixed-term contractors) also acceptable? Most EME's have limited permanent staff capacity as well as contractors and semi-permanent employees. | Fixed term contract is acceptable |
| <ul style="list-style-type: none">30% EME allocation – PPPFA Regulation indicates not more than 25% of the value of a contract. Is this not a contradiction of the Regulations as well as Gate 2 evaluation criteria indicated on page 24 paragraph 2 c ? Denel is asking for 30% allocation of total contract value. | The paragraph referred to further states... “Unless the intended sub-contractor is an EME that has capacity and ability to execute the sub-contract”. It is also a requirement to sub-contract 30% of the value of the contract if the value is expected to exceed R30mil. |
| <ul style="list-style-type: none">EME: Are you requiring us to partner with a singular (1) EME or multiple making up the total 30% allocation ? | The idea is to have one EME sub-contractor given 30% of the value of the contract. |
| <ul style="list-style-type: none">References: Does all of our references we will provide have to have annual Revenue of over R8 bn or would reference letters from other clients be acceptable? | We expect R8bn revenue reference or similar. |

| | |
|--|--|
| <ul style="list-style-type: none"> • Pre-qualification requirement (cover page): Audit services provided above should have been for at least a total period of 5 years. List references indicating services and value – can you please clarify what this means: <ul style="list-style-type: none"> ○ References for client appointment of only 5 years plus is acceptable ? or ○ Should the bidder have been in business and providing audit services for more than 5 years? Or ○ Will only references be accepted for clients references over R8bn revenue clients, where we have a standing audit relationship of 5 years plus ?? | Service provider who have been with the client for five (5) years or more |
| <ul style="list-style-type: none"> • References: Annexure N page 51 – does all reference be in this particular format (only format accepted) OR would previous reference letters on client letterheads but not specifically addressed to Denel, be acceptable (still addressing the same content) ? | Any format which will indicate The reference should indicate the revenue size of the client and the period of the work done. |
| <ul style="list-style-type: none"> • Schedule of rates/price page 32 of RFP: To what level of detail do you require the fee calculation? <ul style="list-style-type: none"> ○ Rates only per level (Director to Junior Consultants), or ○ An average hourly rate (assurance) with an average hourly rate (SME) ? , or ○ Full costing of the suggested internal audit coverage plan we are required to submit? ○ 3 years costing or 5 years as this is for 60 months ? | Kindly provide five years costing including the sub-contractor costs |
| Page 17 – Note 1 and 2 at the top of the page. Scope of work includes 5 streams of work (Financial/Compliance , IT Audits , Legal and Compliance, HR management, IP Management, Risk management/Fraud prevention). Note 2 p 17 indicates that the Finance and IT audits are between 10 000 – 12 000 per annum (marked in blue text). Does this mean that the other 4 streams, would need to be costed separately on an ad-hoc basis (as per note 1) ??? | It should cover six (6) streams namely; <ul style="list-style-type: none"> - Financial/ compliance - IT Audits - Legal and Compliance - HR Management - IP Management - Risk Management & Fraud prevention |
| We would like to confirm whether the 80/20 preference point system application is correct with respect to the minimum of 10 000 hours over a 5 year period | The tender will be evaluated on 80/20 preferential point system |
| 1. The appointment is for 5 years and the estimated fee does not exceed R50 million as the RFP is based on 80/20? | The appointment is for five years and it is estimated to not exceed R50mil. |

25%

5. Are the hours limited to between 10000 and 12000 only for the Financial and Compliance audits and IT audits? Therefor the hours for the other reviews e.g. Risk management, Legal and Compliance are not included in 10000 – 12000 hrs?. Can you please clarify

Can you kindly clarify what type of audit is required? Financial, OHS, ?

Financial Audit.

In terms of the DEN414/01/16/2019 tender we would like to meet with your Audit Committee Chair, would that be possible to engage with him/ her?

Only the shortlisted will meet the Audit Committee.