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
 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
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.
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.
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.

 Pre-qualification requirement (cover page): Audit services provided above should have been for at leas a total period of 5 years. List references indicating services and value – can you please clarify what this means: 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
 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.
 Schedule of rates/price page 32 of RFP: To what level of detail do you require the fee calculation? 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; - 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
 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.

2. Are you bale to provide the following information:

- Most recent internal audit plan
- Actual internal audit hours incurred over the last year
- The current internal auditors of Denel
- 17/18 management letter issued by the External Auditors
- Latest annual report issued

3. The table on the top of page 19 indicates 80 points out of 100 are required to proceed to gate 2, while 18.3.1 on page 22 indicates you need 60 pints. Can you please clarify how many points are needed to proceed to gate 2?

4. Can you please provide the percentage allocation for each category in Gate 1 that equates to 100% as per page 20 to page 22 of the RFP. As it stands the percentage equates to 110% from the below items listed on pages 20 to 22 on the RFP

Understanding of the assignment; approach, Plan to address key industry issues,

value adding procedures, risk management and Identification of key internal controls 30%

Company competency and track record. Audit portfolio/credentials, strength & depth

for the firm, company experience in similar assignment, reputation with client/ general

ability to deliver, industry involvement and transitional plan/ learning curve= 30%

Suitability of key Personnel: professional qualification, experience of the team and

commitment to continuity of audit team

= 25%

Developing of Audit Industry i.e. subcontracting of EME firms. Skills development and job creation.=

Refer to the link below to the Denel website, information requested available in the annual report.

http://www.denel.co.za/financials

Service providers have to score 80 minimum points for them to pass the functionality stage of evaluation, refer to addendum No.1 attached on the e-portal and Denel website.

25%	
 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.