



PROPOSAL

UMHLATUZANA EDUCATION FUND NPC

PROVISION OF EXTERNAL AUDIT SERVICES

STRATEGIC AUDIT 
CHARTERED ACCOUNTANTS (S.A) | REGISTERED AUDITORS

02 November 2022

**The Board of Directors
Umhlatuzana Education Fund NPC
6 Kingslea
193 Peter Mokaba Road
Morningside
4001**

Dear Sir/Madam

APPOINTMENT OF EXTERNAL AUDITOR

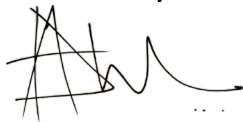
Strategic Audit Techniques Incorporated wishes to thank you for this opportunity to show our enthusiasm and commitment to work side-by-side with you and build on a mutually beneficial relationship in providing auditing services to Umhlatuzana Education Fund NPC.

We believe that we are uniquely positioned to provide the services and expertise that you will require.

We trust that this document demonstrates the levels of quality and capability we bring and meets your requirements. This is matched by our enthusiasm to be involved with you and to take this journey with you.

Should you wish to discuss any matters further or should you require any additional information, please do not hesitate to contact Ashvir Dhuki on 084 9018909 or 031 765 2668 or email info@strategicaudit.co.za

Yours faithfully



Mr A Dhuki
Director
Strategic Audit Techniques Inc.
Chartered Accountants (S.A)
Registered Auditors

INTRODUCTION

Your firm has requested proposals from reputable, independent, suitably qualified and experienced registered auditors to provide an external audit of the annual financial statements. The submission of this proposal is in response to this request. We are confident that we can provide you with the service you require and intend to demonstrate our ability to do so in this document.

Our Services will be planned and performed with the sole objective of adding value to the client through :

- Enhanced Audit services.
- Value added auditing services and technical support.
- Enhanced governance related support services and in particular, ensuring that these services are sufficiently extended to the entity when needed.

WHY SELECT US

Strategic Audit Techniques Inc. is a firm of Chartered Accountants, which was established in 2012, with its head office based in Hillcrest (Ethekwini), KwaZulu-Natal. We have subsequently established offices in Gauteng. This has been the result of exceptional service to our clients, and their loyalty, combined with our dedicated staff and their knowledge, and skills, which enabled our vision to be realised.

SAT Incorporated is a black empowerment company, which complies with the Preferential Procurement Policies of government, and is 100% HDI.

Our staff are highly professional and suitably skilled individuals with the expertise and experience necessary to bring you the best professional service. The expertise, enthusiasm, and commitment of our resource pool will ensure a responsive, innovative, and proactive service.

Strategic Audit Techniques Incorporated holds accreditation with the following recognised institutions:

- South African Institute of Chartered Accountants. (SAICA Reg No : 09012287)
- Independent Regulatory Board for Auditors (IRBA Practice No : 963285)
- Association of Black Accountants in South Africa

UNDERSTANDING YOUR REQUIREMENTS

We understand that your company is requiring proposals from reputable services provider to carry out statutory audit services for the organization.

The services provider should carry out an assurance engagement in terms of The International Auditing Standards and issue an opinion on the fair presentation of the annual financial statements.

The service provider should also submit a management letter to The Board of Directors stating any weaknesses in controls of findings of the audit that has been picked up during the course of the engagement.

ATTENDING TO YOUR REQUIREMENTS

Our audits will be conducted in accordance with International Auditing Standards. These standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audit resources will be devoted mainly to financial and compliance audits, performance and management audits.

The following requirements of the International Standards of Auditing will be implemented by us during all phases of the audit:

- (a) **Ethical Requirements Relating to an Audit of Financial Statements**
We will comply with relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements.
- (b) **Professional Scepticism**
We will plan and perform the audit with professional scepticism recognizing that circumstances may exist that could cause the financial statements to be materially misstated.
- (c) **Professional Judgment**
We will exercise professional judgment in planning and performing the audit of the financial statements.
- (d) **Sufficient Appropriate Audit Evidence and Audit Risk**
We will obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level, which will enable us to draw reasonable conclusions on which to base our audit opinion.

NATURE

Our approach to the audit will follow the phases in the diagram below. A detailed explanation of our approach to each phase follows:



1.1 PROJECT MOBILISATION

During this phase, key members of the team will participate in the mobilisation of the project in order to gather information that will be required for the planning of the audit. The project mobilisation meeting is intended to address the following:

- Introductory meeting with relevant staff from the organisation.
- Agree on a planning meeting wherein certain aspects of the audit plan (Timing, reporting and deadlines) will be tabled for approval.
 - Agree on communication and reporting lines.
 - Obtaining contact details of all relevant officials.
 - Signing of an engagement letter.

1.2 PLANNING OF THE AUDIT

During this phase, we will establish the overall audit strategy for the engagement and develop an audit plan. This will enable the auditors to achieve the following during the detailed audit procedures:

- Devote appropriate attention to important areas of the audit.
- Identify and resolve potential problems on a timely basis.
- Properly organize and manage the audit engagement so that it is performed in an effective and efficient manner.
- Selection of engagement team members with appropriate levels of capabilities and competence to respond to anticipated risks, and the proper assignment of work to them.
- Facilitating the direction and supervision of engagement team members and the review of their work.

1.2.1 THE PLANNING PHASE WILL INCLUDE THE FOLLOWING KEY ACTIVITIES:

- Identifying the characteristics of the engagement that define its scope.
- Determining the reporting objectives of the engagement to plan the timing of the audit and the nature of the communications required.
- Considering the factors that, in our professional judgment, are significant in directing the engagement team's efforts.
- Considering the results of preliminary engagement activities and, where applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant.
- Determining the nature, timing and extent of resources necessary to perform the engagement.

1.2.2 UPON COMPLETION OF THE ABOVE ACTIVITIES, WE WILL DEVELOP AN AUDIT PLAN THAT WILL INCLUDE A DETAILED DESCRIPTION OF THE FOLLOWING:

- The nature, timing and extent of planned risk assessment procedures.
- The nature, timing and extent of planned further audit procedures at the assertion level.
- Other planned audit procedures that are required to be carried out so that the engagement complies with the International Standards on Auditing.

- We will update and change the overall audit strategy and the audit plan as necessary during the course of the audit and plan the nature, timing and extent of direction and supervision of engagement team members and the review of their work.

1.2.3 QUALITY REVIEW OF AUDIT PLAN

The audit plan will be reviewed by our independent quality assurance partner prior to the commencement of any detailed audit work in order to ensure that our company and personnel comply with professional standards and applicable legal and regulatory requirements. In addition, this will ensure that reports issued by our company are appropriate in the circumstances.

The planning process will be conducted in accordance with the following International Standards on Auditing:

Standard	Description
ISA 300	Planning an Audit of Financial Statements
ISA 310	Knowledge of the Business
ISA 315	Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement
ISA 320	Audit Materiality
ISA 330	The Auditor's Procedures in Response to Assessed Risks.

1.3 REVIEW OF ANNUAL FINANCIAL STATEMENTS

Strategic Audit Techniques Inc. will comply with relevant ethical requirements, including those pertaining to independence with regards to financial statement audit engagements as required by the International Standards on Auditing. Consequently, we will not prepare the annual financial statements of the College as this will compromise our independence.

International Auditing Standards (ISA200) states that Management is responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

However, as part of our audit procedures, we will conduct a detailed review of the annual financial statements presented to us and report on deviations from the applicable reporting framework and other relevant legislation for management to consider.

1.4 EXAMINING AND EVALUATING INFORMATION

During this phase, we will design and perform audit procedures to obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base our audit opinion.

The following key processes will be undertaken during this phase:

INSPECTION

This will involve examining records or documents, whether internal or external, in paper form, electronic form, or other media, or a physical examination of an asset. Inspection of records and documents will provide audit evidence of varying degrees of reliability, depending on their nature and source and, in the case of internal records and documents, on the effectiveness of the controls over their production.

OBSERVATION

This will involve looking at processes and procedures being performed by staff at the entity. Observation will provide audit evidence about the performance of a process or procedure, but is limited to the point in time at which the observation takes place, and by the fact that the act being observed may affect how the process or procedure is performed.

EXTERNAL CONFIRMATION

External confirmations will be requested from third parties and will represent audit evidence as a direct written response to us from a third party (the confirming party), in paper form, or by electronic or other medium.

RECALCULATION

We will check the mathematical accuracy of documents and records. Recalculation will be performed manually and/or electronically.

REPERFORMANCE

This will involve our independent execution of procedures and controls that were originally performed as part of the entity's internal control.

ANALYTICAL PROCEDURES

Our analytical procedures will consist of evaluations of financial information through analysis of plausible relationships among both financial and non-financial data. The analytical procedures will also encompass such investigation as is necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount.

AUDIT SAMPLING

When designing an audit sample, we will consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. We will determine a sample size sufficient to reduce sampling risk to an acceptably low level. We will select items for the sample in such a way that each sampling unit in the population has a chance of selection.

CONSIDERATION OF FRAUD

Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional. The primary responsibility for the prevention and detection of fraud rests with management. Due to the fact that we will be conducting the audit in accordance with International Standards on Auditing, we will be responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

ENQUIRY

Our enquiries will consist of seeking information of knowledgeable persons, both financial and non financial, within the entity or outside the entity. Enquiry will be used extensively throughout the audit in addition to other audit procedures. Enquiries will range from formal written enquiries to informal oral enquiries. Evaluating responses to enquiries will be an integral part of the enquiry process.

CONSIDERATION OF LAWS AND REGULATIONS

We will identify any material misstatement of the financial statements due to non-compliance with laws and regulations. However, we are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations, as this is the responsibility of management.

The examining and evaluating process will be conducted in accordance with the following International Standards on Auditing:

Standard	Description
ISA 500	Audit evidence
ISA 501	Audit Evidence - Additional Considerations for Specific Items
ISA 505	External confirmations
ISA 510	Initial engagements - Opening balances
ISA 520	Analytical procedures
ISA 530	Audit sampling and other means of testing
ISA 540	Audit of accounting estimates
ISA 545	Auditing fair value measurements and disclosures
ISA 550	Related parties
ISA 560	Subsequent events

Standard	Description
ISA 570	Going concern
ISA 580	Management representations

1.5 QUALITY CONTROL REVIEW

Strategic Audit Techniques Inc. has and maintains a system of quality control whereby all audit aspects are quality reviewed by an independent partner of the firm who was not involved on the audit. This enables the company to ensure that its personnel comply with professional standards and applicable legal and regulatory requirements. In addition, this ensures that reports issued by the company are appropriate in all respects.

PREVIOUS EXPERIENCE

Some of our non profit audit clients that we service at discounted rates are as follows:

Project	Organisation
External Audit	SANCO Development Institute – Moses Mabidha Regon (Non Profit Organisation)
Financial Advisors	JHPIEGO Corporation (Non Profit Organisation), a member of John Hopkins University
External Audit	Training and Resources in Early Education (Non Profit Organisation)
External Audit	Rotary Club of Clairwood Park (Non Profit Organization)
External Audit	Ramakrishna Centre of South Africa (Non Profit Organisation)
External Audit	Ekhuleni Childrens Home (Non Profit Organisation)
External Audit	1000 Hills Baptist Church (Non Profit Organisation)
Financial Advisors	Umgungundlovu Academy of Sport (Non Profit Organization)

TEAM

The members of our firm have extensive experience in the provision of audit, accounting, taxation and preparation of financial statements. In particular, our knowledge of the internal audit function stems from our experience.

Our service that we deliver is only as good as the people that are involved. Therefore, in order to maintain the high standards of service delivery we pride ourselves in giving our clients the best team available. We have assigned a team of experienced and highly capable people for this assignment. Behind the individuals you would be introduced to on this assignment, is an immense pool of talent and knowledge within the organisation.

Our Core Team :

	ROLE	QUALIFICATION	YEARS EXPERIENCE
Ashvir Dhuki	Director	CA(S.A) / B-BBEE Approved Auditor	12
Mahomed Moola	Manager	CA(SA)	14
Aslam Paruk	Supervisor	CA(SA)	10
Adil Latiff	Senior	B- Comm (Acc)	6
Kashin Pillay	Junior	B Comm (Acc)	3

PROJECT COSTING

In respect of the services, we will render invoices comprising fees, disbursements and VAT (where appropriate), together with any other foreign taxes (if applicable) that may be payable thereon ("fees"). Details of our fees and any special payment terms will be set out in the engagement letter.

Our fees are based on time spent on your affairs by us or agents, as the case may be, and on the levels of skill and responsibility involved, the nature and complexity of the services, and on the resources required to complete the engagement. The fees may differ from estimates that may have been supplied, the estimates being provisional only. Stringent reporting requirements or deadlines imposed by you may require work to be carried out at a higher level than usual or outside of normal working hours. This may result in increased costs. Additional fees may also result from material changes in the services or from difficulties in obtaining information, which could not reasonably have been foreseen.

Our estimated fee to complete this engagement is **R 4,000.00 excluding VAT**

We will gladly discuss any hesitations or queries that you may have regarding the quote estimation as we value your business and would be honoured to have you on as a client.

CONCLUSION

Strategic Audit Techniques Incorporated has vast experienced professionals within the Financial Accounting, Taxation and Auditing platform, which allows us to draw on the expertise and knowledge of our resources to ensure that we deliver according to the client's unique requirements and environment every time.

Our clients have come to respect us in various fields, and are proud to be associated with us. The secret to our successes is a service that comes from a comprehensive partnership with our clients and their staff. Through our value added culture and client focuses we constantly delivered a professional approach backed by innovative, technologically advance solutions.

We hope that this proposal does receive your positive response and we look forward to working with your organization in the future.