



African Reinsurance Corporation
Société Africaine de Réassurance

REQUEST FOR PROPOSALS

PROVISION OF EXTERNAL AUDIT SERVICES (2024 - 2028)

Deadline for Submissions: 15 March 2024

I. COMPANY PROFILE

The African Reinsurance Corporation (“Africa Re”, “the Corporation”, or “the Group”) was founded in 1976 by the member states of the African Union and African Development Bank (AfDB). It has a diversified set of shareholders, including 42 African states, 113 African insurance and reinsurance companies, the AfDB and 3 leading global insurance and reinsurance groups.

The premier Reinsurer in Africa is dedicated to the African continent and open to selected markets in Asia, Middle East and South America. It conducts business in more than 60 countries and territories. Headquartered in Lagos (Nigeria), Africa Re has a continental network of regional and local offices in Lagos, Casablanca (Morocco), Nairobi (Kenya), Abidjan (Côte d’Ivoire), Ebène (Mauritius), Cairo (Egypt) and Addis Ababa (Ethiopia); as well as four (4) wholly owned subsidiaries: Africa Re (South Africa) Limited. (Johannesburg, South Africa), Africa Retakaful Limited. (Cairo, Egypt) Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited. (Johannesburg, South Africa) and Africa Re Underwriting Agency Limited (Dubai, United Arab Emirates).

Africa Re is regulated by the Agreement Establishing the Corporation and other statutory documents. The Board and Management are responsible for ensuring that the Corporation applies the best practices in corporate governance that match the required minimum in modern international and peer companies.

The Board of Directors comprises fourteen (14) substantive members. The Board currently has five (5) standing committees: Audit Committee; Finance & Investment Committee; Underwriting, Risk

Management & Information Technology Governance Committee; Nomination & Governance Committee; and Human Resources & Remuneration Committee.

II. TENDER OBJECTIVES

The Group seeks to appoint an independent External Audit service provider for the five-year period from 2024 to 2028. The Group's financial statements year-end is 31 December and the financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The key objectives of this appointment are:

- 1) To carry out a financial audit as per International Auditing Standards and express an independent opinion whether the financial statements prepared by the Group's Management give a true and fair view of the state of financial affairs of the Group in accordance with International Financial Reporting Standards (IFRS) for each of the financial years during the period covered by the appointment.
- 2) To evaluate the effectiveness of financial, administrative, management and governance systems, controls and structures of the Group; to review the effectiveness of the Group's risk management systems and processes; and to assist with the identification of material weaknesses in the Group's system of internal controls and in its risk management framework together with suggested measures to address the identified weaknesses.
- 3) To secure the services of a firm that can provide an engagement partner and team that will add value to the Group's business, governance and operating processes.
- 4) To support the Company's implementation of IFRS 17 and IFRS 9 (both of which the Company adopted as required in its 2023 financial year), and other new IFRS statements as and when issued and become due in a manner that does not conflict with the independence and objectivity required of an external auditor
- 5) To help strengthen the Group's governance, ethical and operational standards and controls.
- 6) To enhance the Company's combined assurance framework.

III. DETAILED TERMS OF REFERENCE

A. Purpose

The purpose of this Request for Proposal (RFP) is to identify, evaluate and appoint a suitable independent External Audit Service provider. The procurement process of the Corporation will be followed and the final decision on the appointment rests with the Shareholders and the Board of Directors on the recommendation of the Audit Committee of the Board.

B. Background

The Corporation's Consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

C. Scope of Work

The external auditors will be required to perform the necessary audit work to enable them to express and audit opinion for each year ending 31 December on the Consolidated Financial Statements and performance of the Corporation.

D. Application Criteria

Applicants are expected to meet the following criteria:

- 1) be a corporate entity from a member State of the African Reinsurance Corporation (cf. List of member States in the Guide for the External Auditors).
- 2) be owned by African national interests and should have been incorporated in line with the laws and regulations of the countries in which the entity is established.
- 3) be registered in a member country and licensed to practice financial and accounting audit as its core area of business.
- 4) show proof of relevant technical and professional qualification; proof of qualification should be in respect of all registered partners, managers and other key professionals.
- 5) have technical staff with at least five (5) years' experience in the audit of accounting and financial records of companies comparable to Africa Re.
- 6) demonstrate previous experience in the insurance/reinsurance industry.
- 7) show proof of professional experience by indicating audited companies including international or financial institutions or reinsurance companies of the size of Africa Re.

- 8) be of good reputation and standing.
- 9) specify the audit duration, estimated cost and procedure.
- 10) have branch offices/affiliates in the host countries of Africa Re office locations.

IV. PROPOSAL

1. Audit Methodology and Approach

Tenderers must, at least:

- a) Describe in detail the firm's Audit Methodology/Approach and technology used.
- b) Describe in detail the firm's approach to auditing areas of significant regulatory/IFRS compliance exposure for re/insurance and public interest companies.
- c) Describe the firm's approach to relying on the work of internal auditors or other auditors in joint audit engagement.

2. Capacity and Experience

- a) Total number of audit staff and staff that provide audit-related services in the following categories: partners, managers and others.
- b) Provide up-to-date CVs of all partners and managers that will form part of the audit team. The CVs should indicate at a minimum the level (supervisor, manager, ...) and experience.
- c) Provide details of the technical departments (or equivalent departments) specializing in the audit of insurance and reinsurance entities as well as the information systems/technology used. Details should be provided of the key partners and managers in these fields who can be regarded as specialists.
- d) Provide details of names of the firm's audit engagement during the preceding 5 years in the insurance sector.

3. Others

3.1. Quality Control

Describe the firm's quality control system and demonstrate that the firm has established adequate quality control policies and procedures that comply with the provisions in the International Standards on Auditing (ISA).

3.2. Independence and Objectivity

- a) In terms of the Corporation's policy, the external auditors and their consulting arms or related entities may not be engaged for non-audit related work except by the specific approval of the Board of Directors on the recommendation of its Audit Committee.
- b) Provide details of all consulting work (description, fee amount and period) performed, being performed or to be performed by the audit firm for the Corporation during the past 3 years 2020 to 2023. This also includes work performed or to be performed as subcontractors.
- c) Provide details of any possible conflict of interest as well as other information where independence and objectivity may be compromised or at risk. Indicate how this would be managed by the firm should it be appointed as the auditor. (Please note that should the firm be appointed auditor, the Corporation will review the firm's continued involvement in such consulting services).

3.3. Insurance

Provide details of local as well as international professional indemnity insurance (where applicable).

3.4. Draft Engagement Letter

Provide a draft engagement letter together with the firm's standard terms and conditions for providing audit services to the Corporation.

V. DELIVERABLES

This assignment is expected to generate deliverables including:

- 1) An audited set of consolidated financial statements on an annual basis together with the auditor's opinion thereon. The first audit under this engagement will be for the year ending 31 December 2024.
- 2) A Management Letter on an annual basis containing material weaknesses observed on the Corporation's governance, risk management, compliance and the totality of the system of internal controls together with the auditor's recommendations to address these weaknesses.
- 3) Access to the auditing firm's publicly available through leadership publications, articles, reports, training programs and events on an ongoing basis.

- 4) Regular updates and notifications on developments in accounting, tax, regulations and legislation that affect, or are of interest, to the Corporation's business; together with assistance to the Corporation on their implementation and compliance, on an ongoing basis and on mutually agreed terms.
- 5) Technical support, advice, guidance and training programs on an ongoing basis, at terms mutually agreed with the Corporation but without compromising the auditor's independence and objectivity.

VI. CONTRACT PERIOD

The firm will be appointed for a period of five (5) years subject to the following condition: "Confirmation on an annual basis by the Audit Committee of the Board of Directors, based on an evaluation of the effectiveness as well as the independence and objectivity of the External Auditors."

VII. CONDUCT OF WORK AND TIMETABLE

The work will be performed at the Corporation headquarters premises (Africa Re Building, Plot 1679 Karimu Kotun Street, Victoria Island, Lagos, Nigeria) and, where mutually planned and agreed, in the dependent regional offices.

The audit timetable is as follows:

- 1) Interim Audit starts mid-October each year.
- 2) Final Audit starts from early February with completion set for End of March.
- 3) Final audit starting at Headquarters from early February for completion in early March.
- 4) Audit completion/submission of 1st draft Annual Report to Management no later than 31 March; and
- 5) Final Draft Audited Annual Report dispatched to Directors no later than 16 April.

VIII. EVALUATION OF BIDS RECEIVED

All proposals received will be examined to determine compliance with the RFP requirements and conditions. Proposals with obvious deviations from the requirements/conditions will be disqualified. Any minor ambiguities may however be subject to requests for clarification by the Tender Evaluation Committee. The key assessment criteria would comprise the:

- 1) Corporation's requirements as detailed herein.
- 2) Qualification, capability and experience of the bidder's Managing Partner especially in audit of insurance and reinsurance companies of comparable organizations.
- 3) Approach, methodology, work and project plan in relation to the envisaged scope of work.
- 4) Fees proposed for the services.
- 5) Financial standing of the bidder; and
- 6) Quality and clarity of proposal presentations.

IX. TENDER OUTLINE

For ease of tender analysis, bidders are advised to prepare their proposals in simple and concise manner using the following outline:

- 1) Executive Summary
- 2) Company Profile and Capability Statement, *especially in the Audit of Financial Statements of Reinsurance Companies who recently transitioned from IFRS 4 to IFRS 17 & 9 Accounting Standards*
- 3) Approach and Work Plan
- 4) Client References, *especially in External Auditing of Comparable Reinsurance Companies*
- 5) Fee Estimate and its Details

- 6) Company Financial Information
- 7) Résumés of Audit Engagement Team Members, *especially the Managing Partner's Full CV*
- 8) Supporting Documentation

X. SPECIAL PROVISIONS OF TENDER AND SUBSEQUENT CONTRACT

- 1) The proposed total cost of the external audit service must be clearly indicated including pricing for each year and the total cost of the bid.
- 2) An overview of the audit methodology used by the bidder is required.
- 3) The successful bidder shall provide and sign a Service Level Agreement with the Corporation.
- 4) The Corporation shall verify the names and identity of directors, trustees, shareholders, enterprises, closed corporations and trusts against the proposed audit engagement staff.
- 5) A due diligence process shall be conducted to determine the capability of the successful bidder to execute the contract.
- 6) Each tender shall be supported with copies of tax clearance certificate.
- 7) The service provider is required to confirm that it will hold its proposal valid for 90 days from the closing date of the submission of proposals during which time it will maintain without change the personnel proposed for the services together with their proposed rates.
- 8) Quality Assurance – The successful service provider shall ensure that all work conforms to the signed contract and agreed deliverables.
- 9) Nothing as stipulated in these terms of reference may be amended without written confirmation of the Corporation's authorized delegates.

XI. REQUEST FOR CLARIFICATION

Bidders may request for clarification, which must be sent in writing by surface mail or email to:

Mr. Moussa Bakayoko
The Director of Finance & Accounts
African Reinsurance Corporation (Africa Re)
Plot 1679, Karimu Kotun Street
Victoria Island,
P.M.B. 12765
Lagos, NIGERIA
E-mail: tender@africa-re.com

XII. DISCLAIMER

- 1) The decisions of the Corporation in the tender process are final, with no appeal and no recourse to damages
- 2) The Corporation reserves the right not to appoint any service provider among the bidders.
- 3) The Corporation reserves the right to:
 - a) Award the contract or any part thereof to one or more service providers
 - b) Reject all bids
 - c) Decline to consider any proposal that is adjudged not to conform to any aspect of the bidding process
 - d) Request further information from any service provider after the closing date for clarity purpose
 - e) Cancel this RFP or any part thereof at any time

XIII. TENDER SUBMISSION DATE, TIME AND ADDRESS

Interested firms are to submit their proposals by email or, if by post or hand delivery, two copies of their proposals detailing their full profiles, qualifications, work plan, fee estimates and other requested information and documentation to reach the following address by no later than below deadline

Date: Monday, 15 March 2024

Time: 23h00 (or 11h00 p.m.) GMT+1

Address: Chairman, Tender Committee
African Reinsurance Corporation (Africa Re)
Plot 1679, Karimu Kotun Street
Victoria Island
P.M.B. 12765
Lagos, NIGERIA
E-mail: tender@africa-re.com
Website : www.africa-re.com

Any proposal received by Africa Re after the deadline for submission shall be rejected.

Good Luck!

Dr. Corneille KAREKEZI
Group Managing Director / Chief Executive Officer
African Reinsurance Corporation