

# THE NATIONAL CREDIT REGULATOR

SEPTEMBER 2024

**TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT ANNUAL AUDITS OF THE REGISTERED PDAS FOR PERIOD OF THREE (3) YEARS AND TWO (2) MONTHS.**

**RFP NUMBER: NCR931.09.2024**

<p><b>DUE DATE: 27 SEPTEMBER 2024 AT 11H00 SHARP CAT</b> <b>ADDRESS: 127-15TH ROAD RANDJESPARK MIDRAND (NCR OFFICES)</b> <b>EMAIL YOUR RFP QUERIES TO: <a href="mailto:procurement@ncr.org.za">procurement@ncr.org.za</a></b></p>
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## **PART A- GENERAL TERMS OF CONDITIONS (SCM)**

### **1. General Information for Bidders**

The National Credit Regulator (NCR) was established in terms of section 12(1) of the National Credit Act, Act 34 of 2005 and came into being on 1 June 2006.

The NCR will determine which bidding organisation ("bid participant"), if any, is appointed in response to this request for submission of the appointment of a service provider for the acquisition / procurement of qualified / accredited service provider / supplier internet service provider (ISP) for the provision of the internet and related.

#### **General Terms**

This tender is issued in terms of the Public Finance Management Act 1 of 1999 (PFMA), the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA), the Preferential Procurement Regulations, 2001/2022 (PPR), Supply Chain Management Regulations issued by the National Treasury and BBBEE Act.

Parties that wish to submit proposals are required to indicate that they are willing to accept the General Conditions and Procedures of the NCR ( Annexure B and B.1 that can be downloaded from NCR website - <https://www.ncr.org.za/index.php/procument/tender-standard-bidding-documents/general-terms-conditions> ).

**Please read this document carefully and confirm your agreement to the terms prior to submitting your proposal.**

### **2. The Proposal Format**

- **Economy of proposal preparation**

The proposal should be prepared simply and economically, providing a straightforward and concise description of the bid participant's ability to meet the requirements of the proposal request.

Clear factual responses are required. The content of the proposals shall determine the merit of each participant, not brochures or other marketing material. To facilitate the review of proposals, participants are required to organise their responses according to the format presented below. Should a participant wish to provide additional information, that information should be referred to and provided in a file of annexure.

### 3. Validity of proposals

The proposals must include a statement as to the period for which the proposal remains valid. The proposal must be valid for at least ninety (90) days from the due date for the submission of all bids.

### 4. Number of proposals

Each bid participant must provide two (2) hard copies and one(1)memory stick of their entire proposal, including all the documentation referred to in Section 7 below, in the format specified in that section. All submitted proposals will become the property of the NCR and will not be returned. The proposal must be signed and dated in black ink by the bidder or authorized representative of the bidder and initialled on each page.

### 5. Submission of proposals

- 5.1. Proposals must reach the offices of the NCR before 11:00AM on 27 September 2024 and must be enclosed in a sealed envelope which must be clearly labelled/addressed on the outside.

**A) RFQ No: NCR931.09.2024**

**B) TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT ANNUAL AUDITS OF THE REGISTERED PDAS FOR A PERIOD OF THREE (3) YEARS AND TWO (2) MONTHS.**

**C) CLOSING DATE: 27 SEPTEMBER 2024 AT 11H00 AM,**

- 5.2. Proposals are to be submitted in the marked tender box, in the reception area, National Credit Regulator, 127-15th Road, Randjiespark, Halfway House, Midrand. The tender box will only be available for the depositing of proposals between 08h00 and 16h30 on weekdays (excluding public holidays).
- 5.3. Please note that this RFP closes punctually at 11h00 on 27 September 2024. No late submissions will be considered under any circumstances.
- 5.4. **All** the documentation referred to in Section 7 below must be submitted. Failure to submit all the documentation referred to in this section may result in a submission being discarded, and not considered for evaluation.
- 5.5. If responses are not delivered as stipulated in this Section 5.1, such responses will be considered **“late”**, and will not be considered for evaluation.
- 5.6. The NCR shall not disclose any details pertaining to the responses received, to any other participant, as this is regarded as confidential information.

- 5.7. Envelopes must not contain documents relating to any RFP other than the one referred to in this RFP.
- 5.8. The responses to the RFP will be opened as soon as is practical after the expiry of the time advertised for receiving them.
- 5.9. Only the participants that are short-listed after the evaluation process will be informed of the results of the submission adjudication process.
- 5.10. After the evaluation process is completed, the Evaluation Committee may, prior to making a final selection, draw up a shortlist of participants and require them to make a detailed presentation to the Adjudication Committee. A minimum of 2 days' notice will be given to relevant participants in advance of the presentation date.

## 6. Timetable

Date & time	Activity
05/09/2024	Issue RFP document
27/09/2024	Closing date
27/09/2024	Preliminary evaluation
01/10/2024	Evaluations by the Evaluation Committee
22/10/2024	Adjudication Committee meeting
31/10/2024	Appointment

National Credit Regulator reserves the right to determine the structure of the process, the right to determine the number of short-listed participants, the right to withdraw from the proposal process, and the right to change this timetable at any time without notice.

## 7. Documentation to be submitted.

Document that must be Submitted	Guideline		Consequence of Non-submission
Invitation to Bid – SBD 1	Yes	Complete and sign the supplied pro forma document	Disqualification from process

Document that must be Submitted	Guideline		Consequence of Non-submission
Tax status SBD 1	Yes	Written confirmation that SARS may on an ongoing basis during the tenure of the contract disclose the bidder's tax compliance status. Proof of Registration on the Central Supplier Database Vendor number	Disqualification from process
Declaration of Interest – SBD 4	Yes	Complete and sign the supplied pro forma document	Disqualification from process
Preference Point Claim Form – SBD 6.1	Yes	Non-submission will lead to a zero (0) score on Specific goals	Zero points awarded for specific goals
Registration on Central Supplier Database (CSD)	Yes	The Service Provider must be registered as a service provider on the Central Supplier Database (CSD). If not registered, to complete the registration of company prior to submitting the proposal.  Visit <a href="https://secure.csd.gov.za/">https://secure.csd.gov.za/</a> to obtain your vendor number starting with MAAA. Submit proof of registration.	Disqualification from process
Acceptance of the General Terms and Conditions	Yes	<a href="https://www.ncr.org.za/index.php/procurement/tender-standard-bidding-documents/general-terms-conditions">https://www.ncr.org.za/index.php/procurement/tender-standard-bidding-documents/general-terms-conditions</a>	Bidders to confirm that they read

## 8. Evaluation Criteria

Proposals will be evaluated on the 80/20 preference points scoring system: that is, 80% of the points awarded will be based on price, as indicated in the table below; and 20% of the points awarded will be based on specific goals, allocated as indicated in the table below:

B-BBEE status level of contributor	Specific goals	Price
Total maximum points	20	80

The points system is outlined for the 80/20 to address the preferential procurement as followed:

**8.1. SMME's which are owned by Black people.**

SPECIFIC GOAL	ACHIEVEMENT LEVEL	TOTAL NUMBER OF
Persons historically disadvantaged on the basis of race	81%- 100% black ownership	7
	51% - 80% black ownership	5
	31% - 50% black ownership	3
	0 – 30% black ownership	1

**8.2. SMME's which are owned by People with disability**

SPECIFIC GOAL	OWNERSHIP LEVEL	POINTS
Persons historically disadvantaged on the basis of disability	50 %- 100% owned by persons living with disabilities	3
	30% - 49% owned by persons living with disabilities	2
	0 – 29% owned by persons living with disabilities	1

**8.3. SMME's which are owned by Women.**

SPECIFIC GOAL	ACHIEVEMENT LEVEL	POINTS
Persons historically disadvantaged on the basis of gender – Women	81% - 100% owned by women	7
	51% - 80% owned by women	5
	31% - 50% owned by women	3
	0 – 30% owned by women	1

**8.4. SMME's which are Youth owned business.**

SPECIFIC GOAL	OWNERSHIP LEVEL	POINTS
	50%- 100% owned by persons who are youth	3
	30% - 49% owned by persons who are youth	2

Persons historically	0 – 29% owned by persons who are youth	1
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## 9. Evidence for specific goals

PROOF OF EVIDENCE TO SCORE SPECIFIC GOALS POINTS			
EVIDENCE	YES	NO	ATTACH EVIDENCE ( indicate a page)
Share certificate			
ID Copies stamped by the commissioner of oath			
Sworn affidavits			
BBBEE certificates			
Proof of disability			
CIPC Documents			

**NB: Bidders will only score points based on the evidence submitted.**

## 10. Reporting of fraud and corruption

The National Credit Regulator management is commitment to transparency, integrity, and accountability, as described in our Code of Conduct and business principles. Which led to the establishment of the Ethics Line. The Ethics Line seeks to provide an independent and comprehensive service through enhanced anonymity assurance and a wide range of communication channels. Bidders and members of the public are encouraged to use the following toll-free line to report any misconduct relating procurement activities amongst others.

**Fraud / Anti-Corruption Hotline**

**Report any incidents of wrongdoing  
to the KPMG Ethics Line**

**0800 20 53 17 (Toll Free)**

# **TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT ANNUAL AUDITS OF THE NCR REGISTERED PDAS FOR A PERIOD OF 3 YEARS AND 3 MONTHS**

## **1. BACKGROUND**

As a requirement of section 44A of the National Credit Act (NCA), Payment Distribution Agents (PDAs) are registered with the National Credit Regulator (NCR) with the primary function of collecting and distributing funds of consumers who are under debt counselling to credit providers, debt counsellors and to collect their own fees. To date, four (4) PDAs have been registered and the NCR places the payment distribution process at the centre of the debt counselling process as integral part for safeguarding funds of consumers who are under debt counselling and a vehicle contributing towards consumer rehabilitation.

To closely monitor compliance of the PDAs, the NCR conducts quarterly compliance monitoring and annual audits which are conducted through the services of an external and independent service provider. In terms of clause 19 of the PDAs' conditions of registration: PDAs must permit the NCR, or any person authorised by the NCR to enter into any premises from which the PDA provides payment distribution services". Further to this, PDAs must satisfy all requests and enquiries relating to compliance monitoring, investigations and auditing.

## **2. TERMS OF REFERENCE**

In light of the above, the NCR seeks to employ the services of an external and independent services provider to conduct annual audits on these PDAs. The services required are to conduct annual audits of all registered PDAs, three (3) of which are based in the Gauteng province while one (1) is in the Western Cape province. This service is required for a period of three 3 years and 3 months, covering 2024, 2025 and 2026 years.

The audit will be carried out in accordance with International Standards on Related Services and generally accepted auditing standards and will include audit procedures, tests and controls necessary to provide the NCR with reasonable assurance relating to the compliance levels of the PDA.



In conducting the audit, special attention should be provided to the following terms of reference:

Review area	Proposed scope of work
1.Compliance of the PDA with the NCA and conditions of registration	<ul style="list-style-type: none"><li>• Develop a compliance checklist in line with the relevant PDA provisions as espoused in the NCA, conditions of registrations and Standard Operating Procedure (SOP).</li><li>• Test the PDAs' level of compliance with all provisions on the checklist.</li><li>• Identify, note exceptions, and provide recommendations to address exceptions.</li></ul>
2.Monthly statistical reports submitted to the NCR	<ul style="list-style-type: none"><li>• Review the monthly statistical reports submitted to the NCR for the period under review and test the accuracy of the reports.</li><li>• Identity, note exceptions and provide recommendations to address exceptions.</li></ul>
3.PDA response to queries	<ul style="list-style-type: none"><li>• Test whether the PDAs are responding to the queries in line with the Standard Operating Procedure (SOP) and timelines and advise on the common queries logged for the period under review.</li></ul>
4.Compliance monitoring findings	<ul style="list-style-type: none"><li>• Review the PDAs compliance monitoring reports to identify areas of non-compliance and determine whether the PDA has implemented corrective measures.</li></ul>

5.PDA bank accounts	<ul style="list-style-type: none"><li>• Confirm that the PDA has declared all PDA trust accounts in use.</li><li>• Test that all declared bank accounts by the PDA used for the purposes acquired for and identify interest bearing accounts.</li></ul>
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	<ul style="list-style-type: none"> <li>• Compare that the opening and closing balances stated on the bank statements correspond with the opening and closing balances r</li> <li>• ecoreded on the PDA system.</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul>
6.Interest earned by the PDA	<ul style="list-style-type: none"> <li>• Verify the accrued interest on all bank accounts held by the PDAs, compare against what has been transferred to the PDA interest account and to the NCR's PDA account.</li> <li>• Verify and confirm that the PDAs do not offset bank charges against interest earned and that the interest account is only used for the sweeping of interest from related accounts.</li> </ul>
7.Bank reconciliations	<ul style="list-style-type: none"> <li>• Perform bank reconciliations to ensure that the amounts received from consumers and distributed to credit providers reconcile to the closing balance as per the bank statement.</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul>
8.Distributions made to credit providers	<ul style="list-style-type: none"> <li>• Check whether distributions made to credit providers are made in line with the debt-arrangement proposals from the debt counsellor.</li> <li>• Determine the exact period between the receipt of funds and outflow of payments to credit providers.</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul>

9.Income received	<ul style="list-style-type: none"> <li>• Confirm that the monthly income, including amounts received from consumers, refunds from credit providers and other sources is reflected correctly on the PDA's systems with supporting documents.</li> <li>• Verify completeness of all received receipts in comparison to the bank statements.</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul> <p>REQUIREMENT: Testing to be done on all (100%) income received transactions for the period under review making use of an audit tool.</p>
10.Expenditure	<ul style="list-style-type: none"> <li>• Confirm that the monthly expenditure, including disputed debit orders, refunds to consumers and others are reflected correctly on the PDA's systems with supporting documents.</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul> <p>REQUIREMENT: Testing to be performed on all (100%) expenditure related transactions for the period under review making use of an audit tool.</p>
11.Disputed debit orders	<ul style="list-style-type: none"> <li>• Determine the amount of debt orders disputed after distributions have been made to credit providers.</li> <li>• Check the level of recoveries made on the disputed debit orders.</li> <li>• Enquire on how the PDAs funds disputed debit orders and do a sample check.</li> <li>• Advise on the period against which the debit orders are disputed.</li> </ul>

12.Unidentified funds and undistributed funds	<ul style="list-style-type: none"> <li>• Determine and verify the amounts which cannot be identified by the PDA, investigate the reasons and the remedial action taken by the PDA.</li> <li>• Determine and verify the amount of funds which remain undistributed by the PDA.</li> <li>• Ascertain whether the PDA has taken remedial action to resolve this.</li> <li>• Determine the total amount of non-distributable funds held by the PDAs.</li> <li>• Obtain the below report of undistributed funds and test accuracy of such against what has been reported to the NCR: <ul style="list-style-type: none"> <li>➤ Undistributed funds</li> <li>➤ Un-identified funds</li> <li>➤ Returned funds</li> <li>➤ Suspended funds</li> </ul> </li> <li>• Determine whether the reported unidentified and undistributed funds recorded on the PDA system correspond with balances on the bank statements where these funds are kept.</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul>
1. Debt counselling related and PDA fees	<ul style="list-style-type: none"> <li>• Evaluate how and when related fees are charged and paid (i.e. in line with the prescribed fee guidelines and regulations)</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul>
2. Information Backup and Business Continuity	It is imperative that every PDA have sound and effective information backup and Business

	<p>continuity processes in place to ensure that business is not disrupted in an event of a disaster.</p> <p>To this end, the audit service provider should perform the following:</p> <ul style="list-style-type: none"> <li>• Determine if formal information backup policies and procedures exist.</li> <li>• Check and ensure that backups are done daily.</li> <li>• Ensure that offsite backups are kept</li> <li>• Ensure that backups are regularly tested.</li> <li>• Identity, note exceptions and provide recommendations to address exceptions.</li> </ul>
3. Reporting	<ul style="list-style-type: none"> <li>• Prepare a report on the findings with recommendations.</li> <li>• Prepare a draft letter for the PDA on the audit findings.</li> <li>• Present the final audit report/s with audit findings to the NCR and make recommendations to improve the payment distribution process and monitoring of the PDAs.</li> </ul>

### 3. OUTPUT REQUIRED

The appointed service provider will be required to:

- Use the NCR approved audit tool aligned to the payment distribution process in conducting the audit.
- Analyse the findings and provide a detailed audit reports for each PDA with findings and recommendations on how to address areas of concern within the agreed timelines.
- Present the final audit reports for each PDA to the NCR.

#### 4. FUNCTIONALITY EVALUATION

**VALUES:** 1=No submission: 2=did not meet the requirements: 3= partially met the requirement: 4= meet the requirements: 5=Exceed the requirements

DESCRIPTION	WEIGHT	SCORE
<p><b>Understanding of the NCR requirements</b></p> <p>The proposal should display:</p> <ul style="list-style-type: none"> <li>• The bidder's understanding of the NCR requirements to conduct the audits.</li> <li>• Bidders understanding of the PDA operations.</li> <li>• The bidder's experience of conducting audits (Experience with a track record of a minimum of 5 years will be deemed valid)</li> <li>• Evidence of previous work done/clientele in relation to the above (a minimum of 2 clients). The evidence should include the name of the entity, the year the audits were conducted in the past 5 years from the date of this RFQ and confirmation letter of the success of the audit).</li> <li>• A list of companies that the bidder has provided auditing services to within the previous 5 years from the date of the terms of reference.</li> </ul> <p><b>1 point</b> = Non submission of the previous work done and no proven track record.</p> <p><b>2 points</b> = Bidder has 2-years proven track record and has submitted 1 previous work done (clientele)/ Has 2-years proven record and no previous work done/ Has no proven track record and 1 previous work done.</p> <p><b>3 points</b> = Bidder has <i>less</i> than 4 years proven track record and has submitted <i>less</i> than 2 previous works done (clientele) / <i>has</i> 4 years proven track record, but <i>less</i> than 2 previous work done (clientele) has been submitted/ has <i>less</i> than 4 years proven track record but has submitted a <i>minimum</i> of 2 previous work done (clientele).</p>	10	

<p><b>4 points</b> = Bidder has displayed understanding of the PDA operations and a minimum of 5 years proven track record and has submitted a minimum of 2 previous work done (clientele).</p> <p><b>5 points</b> = Bidder has displayed understanding of the PDA operations; has more than 5 years proven track record and has submitted more than 2 previous work done (clientele).</p>		
<p><b>Proposed approach/methodology</b></p> <p>Proposals must contain the details of the proposed approach to be adopted in order to deliver the service in accordance with the TOR. This should include the following measurables:</p> <ol style="list-style-type: none"> <li>1. Detailed description of the project,</li> <li>2. Objectives,</li> <li>3. Timelines,</li> <li>4. Potential risks,</li> <li>5. Proposed mitigation,</li> <li>6. Resources needed to complete the project</li> <li>7. Report template</li> </ol> <p>Bidders must provide:</p> <ul style="list-style-type: none"> <li>• Proposed and detailed methodology/approach and include high-level templates of the reports to be submitted based on the requirements.</li> <li>• Project Execution Plan or Framework <ul style="list-style-type: none"> <li>➤ An indication of ability to meet tight deadlines and work schedules relating to the project; and</li> <li>➤ Detailed overview on how the impact assessment will be conducted.</li> </ul> </li> </ul> <p><b>1 point</b> = Non submission or irrelevant submission.</p> <p><b>2 points</b> = Proposal has insufficient submission of documents required and indicates 3 measurables mentioned above.</p> <p><b>3 points</b> = Submission of a proposed methodology/approach that is not detailed, without templates, a project execution plan or framework with an indication of ability to meet tight deadlines and work schedules relating to the project an overview on how the</p>	25	



<p>impact assessment will be conducted until completion and indicates 4 measurables mentioned above.</p> <p><b>4 points</b> = Submission of a detailed proposed methodology/approach, high-level templates, project execution plan or framework with an indication of ability to meet tight deadlines and work schedules relating to the project and an overview on how the impact assessment will be conducted until completion and indicates all the 7 measurables mentioned above.</p> <p><b>5 points</b> = Submission of a detailed and outstanding proposed methodology/approach, high-level templates, project execution plan or framework with an indication of ability to meet tight deadlines and work schedules relating to the project and overview on how the impact assessment will be conducted until completion inclusive of the value-added features and indicates 8 or more measurables mentioned above.</p>		
<p><b>Qualifications, skills, knowledge, experience, and internal capacity</b></p> <p>Proposals should clearly indicate the bidder's internal capacity, relevant skills, knowledge, and experience to meet the requirements of the ToRs.</p> <p>The following should be included in the proposal:</p> <ul style="list-style-type: none"> <li>• The proposed team to be used for the auditing work. (Should some team members be outsourced this must be disclosed upfront)</li> <li>• This proposed team must have multi skills and experience in conducting audits.</li> <li>• Submit brief CVs of all team members indicating amongst others their qualifications and experience as follows: <ul style="list-style-type: none"> <li>➤ Project/team leader- 7 years' experience in conducting audits in the public or private sector and relevant audit qualification.</li> </ul> </li> </ul>	25	

<p>➤ Project team members to have a combination of a minimum of 10 years relevant experience and qualifications within audit.</p> <p><b>1 point</b> = Non submission of the requested information and documentation or irrelevant submission/ team leader has less than 4 years' experience/ project team has an average experience of less than 5 years.</p> <p><b>2 points</b> = Requested information and documentation displays that the team leader has less than 5 years' experience/ project team has an average experience of less than 7 years.</p> <p><b>3 points</b> = Requested information and documentation relating to the project team/ team leader has less than 6 years' experience/ project team has an average experience of less than 9 years.</p> <p><b>4 points</b> = Submission of requested information and documentation relating to the project team/ team leader has 7 years' experience and project team has a combination of a minimum of 10 years' experience.</p> <p><b>5 points</b> = Submission of requested information and documentation relating to the project team/ team leader has more than 7 years' experience and project team has a combination of more than 10 years' experience.</p>		
<p><b>Accreditation and certification</b></p> <p>Proof of accreditation and/or certification of the bidder(company and engagement director) with the regulatory bodies such as IRBA (Independent Regulatory Board for Auditors) or IIASA (Institute of Internal Auditors South Africa).</p> <p><b>1 point=</b> Non submission or submission of irrelevant proof of accreditation</p> <p><b>3 points=</b> Submission of proof for either the company or engagement director and not both.</p> <p><b>4 points=</b> Submission of proof of accreditation for the company and engagement director.</p>	20	

<b>5 points</b> =Submission of proof of accreditation for the company, engagement director and project team members.		
<b>References</b>  Contact details of at least 4 references from recent clients with whom similar work (i.e. audit) has been conducted in the past 5 years. The bidder must provide reference letters indicating the period of service and contact details. No appointment letters will be accepted as reference letters.  <b>1 point</b> = Non submission or Irrelevant submission of reference letters for the specified period of service. <b>2 points</b> = 2 reference letters for the specified period of service <b>3 points</b> = 3 reference letters for the specified period of service. <b>4 points</b> = 4 reference letters for the specified period of service. <b>5 points</b> = More than 4 reference letters for the specified period of service.	20	
<b>TOTAL SCORE</b>	<b>100%</b>	

Bidders are required to score a minimum of 70% points on functionality. Bidders who do not score the minimum of 70% points on functionality will be disqualified and not be evaluated on price and specific goals.