



## **TERMS OF REFERENCE**

**BID No: BID/IA/2023**

### **PROVISION OF INTERNAL AUDIT SERVICES FOR A THREE (3) YEAR PERIOD**

## **1. BACKGROUND**

- 1.1 The Performing Arts Centre of the Free State (PACOFs) is a schedule 3A Public entity of the Department of Sport, Arts and Culture. It is a playhouse (theatre) based in Bloemfontein in the Free State province, established in terms of the Cultural Institutions Act, Act No 119 of 1998.
- 1.2 The Performing Arts Centre of the Free State (PACOFs) requires the services of a service provider to provide Internal Audit services for a period of three (3) years.
- 1.3 Suitable qualified service providers are hereby invited to submit proposals as part of the bid process.
- 1.4 The key objective of the service would be to review the adequacy and effectiveness of internal controls, risk management and governance processes, and recommend improvements.

## **2. PURPOSE**

To appoint an internal audit service provider for a period of three (3) years to perform an internal audit function and ad hoc services as may be assigned by management from time to time.

## **3. PRE-QUALIFICATION CRITERIA**

The service provider is required to have a local office in Bloemfontein. Proof of address such as lease agreement, municipal bill or utility bill should be submitted with the proposal.

**A bid that fails to meet the above-mentioned pre-qualifying criteria is an unacceptable tender and will lead to disqualification.**

## **4. SCOPE OF SERVICES**

- a) Prepare a rolling three-year strategic internal audit plan based on the service provider's assessment of key risk areas within the organisation, taking into account the current operations and those proposed in the strategic, annual performance and operational plans, the risk profile and the control environment of the organisation;
- b) Prepare, obtain approval from the audit and risk committee (ARC) and implement annual internal audit plans;

- c) Review performance indicators and targets against the SMART principles before approval of the annual performance plan;
- d) Review of the annual financial statements before approval and submission to the external auditors;
- e) Perform information technology audits and business continuity and disaster recovery reviews;
- f) Conduct quarterly performance audits, including review of expenditure occurrence;
- g) Perform comprehensive annual control environment audit and provide detailed value-adding recommendations to strengthen the control environment;
- h) Review the organisation's risk management effort and make value-adding recommendations;
- i) Review the adequacy of individual institutional policies and standard operating procedures including IT policies and Artistic policies;
- j) Review the adequacy of planned actions of the annual audit improvement plans, track and report to the ARC, on quarterly basis, progress in the clearing of audit findings;
- k) Attend ARC meetings and table reports;
- l) Perform consulting or ad hoc services as per management requests.

## **5. JOINT VENTURES, CONSORTIUMS AND TRUSTS**

No Joint Venture agreements will be allowed for the project. A joint venture proposal will be automatically disqualified.

## **6. DURATION**

The term of the contract will be three (3) years.

## **7. PROJECT RESOURCES PROFILE**

The following outlines the minimum qualifications and experience of the positions required for the completion of the project;

<b>Position</b>	<b>Qualification</b>	<b>Experience</b>
Director/Partner	CA(SA)/ ACCA/ CIA	At least 10 years post qualification experience in <b><u>internal auditing</u></b> .
Senior Manager	CA(SA)/ ACCA/ CIA	At least 5 years post qualification experience in <b><u>internal auditing</u></b> .
Manager	CA(SA)/ CIA	At least 5 years post qualification experience in <b><u>internal auditing</u></b> .
Assistant Manager	CA(SA)/CIA/AGA	At least 5 years post qualification experience in <b><u>internal auditing</u></b> .
IT Audit Specialist	IT Audit degree or equivalent in IT internal audit	At least 5 years post qualification experience in <b><u>IT internal audit</u></b>
Internal Auditor	Relevant degree in internal audit	At least 5 years post qualification experience in <b><u>internal auditing</u></b> .
Accountant	Relevant degree in Accounting	At least 5 years post qualification experience in <b><u>Accounting</u></b> .
Junior Team Members	Relevant diploma in internal audit	At least 2 years post qualification experience in <b><u>internal auditing</u></b> .

## 8. PRICING

- The total, all-inclusive bidding price over a 3 year period must be indicated (Year 1; Year 2; Year 3; Total bid price).
- Prices must be fixed and all escalations must be included.
- Prices must be inclusive of all disbursements and value added tax (VAT).

**No reimbursements will be made for travel claims, accommodation, subsistence e.t.c**

Bidders must indicate the average audit fees per hour. The rates per hour of the following levels of staff should be indicated as follows:

<b>Position</b>	<b>Rate per hour</b>	<b>Total Actual hours (Year 1)</b>	<b>Total amount</b>
Director / Partner		40	
Senior Manager		100	
Manager		135	
Assistant Manager		130	
IT Audit Specialist		80	
Internal Auditor		460	
Accountant		80	
Junior Team Members		475	
<b>Total</b>		<b>1500</b>	<b>(A)</b>

<b>Position</b>	<b>Rate per hour</b>	<b>Total Actual hours (Year 2)</b>	<b>Total amount</b>
Director / Partner		40	
Senior Manager		100	
Manager		135	
Assistant Manager		130	
IT Audit Specialist		80	
Internal Auditor		460	
Accountant		80	
Junior Team Members		475	
<b>Total</b>		<b>1500</b>	<b>(B)</b>

Position	Rate per hour	Total Actual hours (Year 3)	Total amount
Director / Partner		40	
Senior Manager		100	
Manager		135	
Assistant Manager		130	
IT Audit Specialist		80	
Internal Auditor		460	
Accountant		80	
Junior Team Members		475	
<b>Total</b>		<b>1500</b>	<b>(C)</b>

### Summary of pricing

The total bid amount should be the total amount for three (3) years. No price variations will be allowed. **The fees should be based on 1 500 hours per annum.**

Year 1 bid price (A)	R
Year 2 bid price (B)	R
Year 3 bid price (C)	R
<b>Total bid price (A+B+C)</b>	<b>R</b>

## 9. EVALUATION CRITERIA

9.1 The bid will be evaluated on 80/20 preference points system according to the following phases.

Item no.	Evaluation criteria	Weight
<b>A</b>	<b>Administrative requirements/compliance - Phase 1</b>	<b>N/A</b>
A1	The following will be ascertained:  1. Recent Central Supplier Database (CSD) form or MAAA number should be supplied.	

Item no.	Evaluation criteria	Weight
	<p><b>NB. The bidder will be disqualified if the tax status on the CSD report shows non-compliant on the closing date and time of the bid.</b></p> <ol style="list-style-type: none"> <li>1. All standard bidding documents have been completed in full and signed off; SBD1 invitation to bid SBD3.3 Pricing schedule SBD4 Bidders Declaration SBD6.1 Preference points claim form</li> <li>2. Valid B-BBEE certificate that is SANAS accredited or Sworn Affidavit for B-BBEE Exempted Micro Enterprises.</li> </ol> <p><b>Failure to submit will result in zero points awarded. Non-submission will therefore not result in a disqualification.</b></p> <ol style="list-style-type: none"> <li>3. Proof of Address of the service provider.</li> <li>4. Detailed company profile.</li> <li>5. Letter of Good Standing from the Department of Employment and Labour.</li> </ol>	
<p><b>Note: Failure to submit the above-mentioned documents will render the bid non-responsive and will result in disqualification.</b></p> <p><b>GCC Government Procurement General Conditions of contract applies.</b></p>		
<b>B</b>	<b>Functionality – Phase 2</b>	<b>100</b>
<b>Relevant Skills and Experience</b>		
<b>B1</b>	<p>Demonstrated experience in rendering internal audit services in the public sector.</p> <p>Provide <b>reference letters</b> from previous clients in the provision of <b>internal audit services in the public sector.</b></p> <p>The reference letter(s) should be on the letterhead of the serviced client and should reflect at least name of the client, full description of the service rendered, contact person, and contact details. The letters must be authorized.</p>	<b>30</b>

Item no.	Evaluation criteria	Weight																														
	<b>* 5 points for each valid reference letter.</b>																															
B2	<p>Qualifications of the members who will form part of the team, if appointed. Please provide certified copies of qualifications.</p> <p><b>Copies of qualifications not certified will not be accepted.</b> The company profile should clearly indicate the names of the different resources as required in number 7.</p> <table border="1"> <thead> <tr> <th>Position</th><th>Qualification</th><th>SCORING</th></tr> </thead> <tbody> <tr> <td>Director/Partner</td><td>CA(SA)/ ACCA/ CIA</td><td>4</td></tr> <tr> <td>Senior Manager</td><td>CA(SA)/ ACCA/ CIA</td><td>4</td></tr> <tr> <td>Manager</td><td>CA(SA)/ CIA</td><td>4</td></tr> <tr> <td>Assistant Manager</td><td>CA(SA)/CIA//AGA</td><td>4</td></tr> <tr> <td>IT Audit Specialist</td><td>IT Audit degree or equivalent in IT internal audit</td><td>3</td></tr> <tr> <td>Internal Auditor</td><td>Relevant degree in internal audit or Accounting</td><td>2</td></tr> <tr> <td>Accountant</td><td>Relevant degree in Accounting</td><td>2</td></tr> <tr> <td>Junior Team Members</td><td>Relevant diploma in internal audit</td><td>2</td></tr> <tr> <td colspan="2">Total</td><td>25</td></tr> </tbody> </table>	Position	Qualification	SCORING	Director/Partner	CA(SA)/ ACCA/ CIA	4	Senior Manager	CA(SA)/ ACCA/ CIA	4	Manager	CA(SA)/ CIA	4	Assistant Manager	CA(SA)/CIA//AGA	4	IT Audit Specialist	IT Audit degree or equivalent in IT internal audit	3	Internal Auditor	Relevant degree in internal audit or Accounting	2	Accountant	Relevant degree in Accounting	2	Junior Team Members	Relevant diploma in internal audit	2	Total		25	25
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Total		25																														
B3	<p>Team experience in providing internal audit services as identified in number 6, above. Please supply the abridged <b>CV's, certified copies of all professional accreditations and certified copies of qualifications</b> of the members who will form part of the team, if appointed.</p> <p><b>Copies of professional accreditations not certified will not be accepted.</b> Number of years of experience will be determined from the date of completion of the relevant qualification. The company profile should clearly indicate the names of the different resources as required in number 7.</p>	25																														



Item no.	Evaluation criteria				Weight
	<b>Position</b>	<b>Qualification</b>	<b>Experience</b>	<b>SCORING</b>	
	Director/Partner	CA(SA)/ACCA/ CIA	At least 10 years post qualification experience	4	
	Senior Manager	CA(SA)/ACCA/ CIA	At least 5 years post qualification experience	4	
	Manager	CA(SA)/ CIA	At least 5 years post qualification experience	4	
	Assistant Manager	CA(SA)/CIA/ AGA	At least 5 years post qualification experience	4	
	IT Audit Specialist	IT Audit degree or equivalent in IT internal audit	At least 5 years post qualification experience	3	
	Internal Auditor	Relevant degree in internal audit	At least 5 years post qualification experience	2	
	Accounting	Relevant degree in Accounting	At least 5 years post qualification experience in Accounting.	2	

Item no.	Evaluation criteria				Weight	
	Junior Team Members	Relevant diploma in internal audit	At least 2 years post qualification experience	2		
	Total			25		
B4	A detailed proposed project plan in executing the project and a comprehensive skills transfer programme.  * <b>Maximum points for the project plan – 10</b>  Excellent - 10  Average - 5  Poor - 0  * <b>Maximum points for the skills transfer programme – 10</b>  Excellent - 10  Average - 5  Poor - 0					20
<b>Note: Bidders scoring less than 70 out of 100 on functionality will be disqualified</b>						
C	<b>B-BBEE and Price – Phase 3</b>					<b>100</b>
C1	Specific goals: B-BBEE status level of contribution					20
C2	Price					80

The 20 points for B-BBEE status level of contribution points are allocated in accordance with the table below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (80/20 system)</b>
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

## **10. TAX COMPLIANCE**

No bid shall be awarded to the bidder who is non tax compliant. PACOFS reserves the right to withdraw an award made, or cancel the contract concluded with a successful bidder in the event that it is established that such was in fact non tax compliant at the time of the award, or has submitted a fraudulent tax clearance certificate or whose verification against the Central Supplier Database (CSD) proves non tax compliant. PACOFS further reserves the right cancel a contract with a successful bidder in the event that such bidder does not remain tax compliant for the full term of the contract.

## **11. TENDER DEFAULTERS AND RESTRICTED SUPPLIERS**

No bidder shall be awarded to a bidder whose name ( or any of its members, directors, partners or trustees) appear on the register of Tender Defaulters kept by the National Treasury or who have been placed on National Treasury's list of Restricted Suppliers. The entity reserves the right to withdraw an award, or cancel a contract concluded with a bidder should it be established, at any time, that the bidder has been blacklisted with National Treasury or another government institution.

## **12. OUT CLAUSE**

PACOFS reserves the right not to appoint any service provider.

### 13. VALIDITY PERIOD

Bids must be valid for a 90day period. PACOFS reserves the right to extend the validity period should a need arise.

### 14. SUBMISSION AND CLOSING DATE

#### 14.1 Proposals should be submitted in a sealed envelope marked: **BID/IA/2023: PROVISION OF INTERNAL AUDIT SERVICES.**

Proposals must be deposited in the bid box located at the main entrance of PACOFS, 12 First Avenue, Westdene, Bloemfontein 9301.

Service providers are required to sign and date the bid register available with security on submission of the proposal. No emailed proposals will be accepted.

#### 14.2 The closing date is **31 May 2023 at 11:00.**

**Please note:** No late submissions will be considered.

### 15. ENQUIRIES

For more information, please contact Ms Nomza Topo at [nomza@pacofs.co.za](mailto:nomza@pacofs.co.za). 051 447 7771.

**CLOSING DATE FOR BIDS:**

**WEDNESDAY, 31 May 2023**

**11H00**

**Please note: No late submissions will be considered**