

Note: All tenders and quotations are done via our eProcurement system.

The information given below is an extract of the scope of work. **To access/open the full set of tender documentation, you must be registered on CSD.**

If you have a MAAA CSD registration number and receiving email notifications from PetroSA Procurement you are already registered, please login as indicated below:

Username: MAAA...
User Code: MAAA...
Password: newuser

Contact the call center on **012 663 8815** or email: **support@intenda.net** if you are having problems with your login.

If **you do not have a MAAA** CSD registration number, please click on “**Not Registered Yet**” and register. Click on the link below to download a “how to” guide to assist you.

<http://www.procurement.petrosa.com/Downloads/Documents/SupplierSelfRegistration.pdf>

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SCOPE OF WORK

DUE DILIGENCE AUDIT SERVICES

1. INTRODUCTION

The Petroleum Oil and Gas Corporation of South Africa SOC Limited (PetroSA), is South Africa's National Oil Company. It owns, operates and manages the South African government's commercial assets in the petroleum industry. The PetroSA group comprises a number of subsidiaries, joint ventures and associated entities operating globally.

2. SCOPE OF SERVICES

The Group Supply Chain Department is responsible for procuring goods and services within the PetroSA Group. Part of the procurement process entails that Due Diligence Audits be conducted on potential Suppliers. As a result, PetroSA requires Consultants to conduct Due Diligence Audits on suppliers as and when required. The Consultants conducting the Due Diligence Audits must be a qualified Senior Auditor and/or Auditor – CV's to be provided.

3. SERVICES

PetroSA's Procurement Policy is based on an “open tender” philosophy for the procurement of goods and services. As this method of tendering opens the field to all companies in South Africa via advertising on National Treasury's e-Tenders Portal and other electronic media. PetroSA requires a due diligence audit to be performed on Tenderers in the following fields:

- a) Security clearance;
- b) Legal status and B-BBEE Compliance Verification;
- c) Financial ability / Creditworthiness; and
- d) Company's ability to deliver material/product//perform in terms of the Scope of Work.

In addition, PetroSA is intent on:-

- Finding reliable and cost effective Suppliers;
- Using goods and services that have a South African content (locality) and encouraging international supplier organisations to establish local representation in South Africa in one form or another;
- Promoting its role as a responsible corporate citizen in the context of Black Economic Empowerment, Commercial Equity and Corporate Social Investment;
- Ensuring that the procurement process is fair, equitable and comprehensive but logical, transparent, competitive and cost effective;
- Ensuring regional disparities are remedied;
- Promoting Broad Based Black Economic Empowerment (BBBEE) companies and other local South African companies by facilitating their entry into Africa and the rest of the World, through procurement;
- Corroborating with other entities such a State Owned Companies (SOCs), State Owned Enterprises Procurement Forum (SOEPF), the Oil Industry, etc., to ensure maximum value, both for PetroSA and the State in general;
- Verifying the company incorporation documents.

a) Security Clearance

The following legislation (list not exhaustive) is applicable to PetroSA:

- Act No. 102 of 1980 (National Key Points Act - hereinafter referred to as the NKP Act)
- Petroleum Products Act
- Disclosure of Information Act
- Promotion of Access to Information Act (PAIA)
- Promotion of Access to Justice Act (PAJA)
- Minerals and Petroleum Resources Development Act No 28 of 2002, and Regulations
- Preferential Procurement Policy Framework Act, 2000 (PPPFA), (Act No. 5 of 2000) including its Regulations
- Public Finance Management Act (No.1 of 1999 as amended by Act 29 of 1999)
- Broad-Based Black Economic Empowerment Act (No. 53 of 2003)

PetroSA's security requirements are made known to Tenderers in the tender documentation and are binding on all its Suppliers and its employees for the duration of the contract.

The due diligence exercise has the purpose of clearing a Supplier on behalf of PetroSA even before an award is made to such a company.

The Consultant shall inspect National Treasury's database to identify if the company is included on the Register for Tender Defaulters and Database of Restricted Suppliers.

Conflict of Interest: The Consultant shall ensure that conflict of interest/potential conflict of interest as defined in the PetroSA's Procurement Policy and the SBD 4-Annexure B available from National Treasury's website is highlighted / disclosed.

The Consultant shall ensure that politically exposed person/s, defined as someone who has been entrusted with a prominent public function, is highlighted / disclosed.

b) Legal Status and BBBEE Compliance Verification

PetroSA endorses Broad Based-Black Economic Empowerment (BBBEE) and has embarked on a process of commercial equity that is targeting greater involvement of small, medium and emerging enterprises. To ensure that BBBEE is integrated in PetroSA's business activities, policies and principles have been put in place which form part of the criteria for tender evaluation.

1) Verification

There are seven key elements that are the pillars to BBBEE. These elements provide a common base for measuring the impact of policy objectives of BBBEE across different entities and sectors within the economy, inter alia -

- i. Ownership
- ii. Management Control
- iii. Skills Development
- iv. Enterprise and Supplier Development
- v. Socio-Economic Development

Refer to Codes of Good Practise for Broad-Based Black Economic Empowerment.

2) Proof That a Supplier Is Black Owned or Controlled

The following information is intended to assist PetroSA to identify fronts.

PetroSA prefers doing business with enterprises that are registered in terms of South African Law.

PetroSA will take the following into consideration in proving Black ownership and control:

A person has sufficient control over a firm if that person, whether a legal or natural person,

- a) beneficially owns at least 25.1% of the issued voting share capital of the enterprise;
- b) is in a position to vote, or control directly or through any controlled entity the voting of at least one half of the maximum number of votes that may be cast at a general meeting of the firm;
- c) is able to appoint or to veto the appointment of half of the directors of the firm;
- d) is a holding company where the firm is a subsidiary of that person as contemplated in section 1(3)(a) of the Companies Act 1973, (Act No 61 of 1973);
- e) in the case of a firm that is a trust, has the ability to control at least half of the votes of the trustees, or to appoint half of the trustees, or to appoint or change the beneficiaries of the trust;
- f) in the case of a close corporation, owns at least half of the members' interest, or controls directly, or has the right to control at least half of the members' votes in the close corporation, or
- g) has the ability to materially influence the policy of the firm.

3) Organization and Good Standing

- The Company's organizational chart
- The Company's list of shareholders (***up to the level of individuals***) and number of shares held by each
- Company's assumed names and copies of registrations and re-registrations thereof
- COID, ISO, ANSI, SABS API, etc. where applicable

4) Tax Compliance

- Sales tax returns for the last three years
- Tax Pin documents and Tax Registrations

5) Documentary proof required

PetroSA requires proof -

- of all legal documents lodged with the Registrar of Companies which will confirm who has an interest in the close corporation or company.
- of payments by the Black member for his/her interest/shares.
- that the Black partner has contributed equally to the required working

capital.

- that Blacks' membership is not conditional. An example is where a Black's interest is attached to his employment, and once she/he resigns or is dismissed for whatever reason the interest is forfeited.
- of the Memorandum of Agreement and Articles of Association / Memorandum of Incorporation in the case of a private company.
- that a "white" partner does not have any preference shares over and above ordinary voting shares.
- that the company's shareholders' agreement does not in any way favour "white" partners, or is one-sided.

6) The following documentation is applicable:

- PetroSA's Procurement Policy Ref No. PWT/PO/PRC/001
- Preferential Procurement Policy Framework Act, 2000 (PPPFA), (Act No. 5 of 2000) including its Regulations
- The National Industrial Participation Programme of the Republic of South Africa
- Promotion of Access to Information Act (PAIA)
- Promotion of Access to Justice Act (PAJA)
- BEE codes of good practice
- National Codes of Ethics and other relevant policies and procedures

Legal Status & BBBEE Compliance: The due diligence exercise must confirm the Tenderer's legal status, which includes determination of the Tenderer's past supply chain practices (available from the National Treasury's website) and BBBEE compliance in terms of the above.

NB: The Consultant shall ensure that a SANAS approved B-BBEE certificate or affidavit, whichever is applicable, as per the sector / industry that the respective company operate in (sector and/or industry in which the business generates more than 50% of its revenue) is provided.

c) Financial Ability/Creditworthiness

A due diligence exercise is required to evaluate the financial status/systems of a company to ensure that the required services tendered for can be performed and will evaluate, inter alia, the following issues:

- Credit worthiness – is the company solvent and not listed with any credit bureau
- Ability to obtain credit/finance for the contract
- Compliance with Tax legislation – Income Tax, VAT, etc.
- Proper accounting – in accordance with GAAP
- Verification and assessment of any terms and conditions of any Joint Venture or Shareholders Agreements relating to financial matters
- Audited financial statements for three years, together with Auditor's Reports

d) Company's ability to deliver material/product//perform in terms of the Scope of Work

Included in all tender documentation is the Scope of Work and/or material specifications and the corresponding Technical Questionnaire/Evaluation Criteria listing required information from all Tenderers.

The due diligence exercise must evaluate the information submitted relating to the company's ability/potential ability to perform the services or supply materials as per specifications, taking into account its organisational structure, management, personnel, infrastructure, workshop facilities, equipment, procedures, etc.

A physical verification of the facilities will be required. This should include pictures of the personnel, facilities and equipment (if applicable).

In the case of materials, it is important to know if the supplier keeps stock, have a warehouse, is an official appointed product agency or original manufacturer in South Africa, are geared for reconditioning and if the supplier is certified to supply the required components / materials to meet our insurers.

4. TRAINING

The Consultant will be required from time to time to perform due diligence audits with PetroSA's personnel for skills transfer.

PetroSA has in its personnel, suitably qualified employees who would want to be registered as professionals in their field of expertise (e.g. certified as Chartered Accountants; professional Accountant, etc.). The Consultant is required to submit proposals on how these employees can be seconded and assisted to achieve this goal.

5. DELIVERABLES

The Consultant shall submit a Report to PetroSA within 5 (five) days after having received the instruction to evaluate a company. The Consultant shall notify PetroSA timeously, but not later than 2 days (two) after receiving the assignment with valid reasons, of any delays in delivering the report for the assignment.

As a guideline, the report should adhere to the format as included in Annexure "E" of the draft Consultancy Agreement.

The Report will clearly state the findings regarding all four areas as above or individual areas only if so requested.

This exercise may also be required from time to time on new companies that PetroSA may wish to place on its database where tenders have not yet been requested for such services or partial due diligence is required.

6. OTHER (REVIEW ON TENDERS)

The Consultant may be required from time to time to perform reviews on tenders that are being evaluated. This will include but not limited to;

- ensuring that the evaluation criteria in the tender documentation is applied consistently in the evaluation of tenders, and
- points awarded to the tenderers are reflective of the submissions made by the tenderers, etc.

7. GENERAL

The Consultant will meet with PetroSA on a quarterly basis (or as may be agreed) to discuss service delivery issues.

8. REPORTING

The Consultant shall report to the Sourcing and Contracts Manager or his/her representative.

9. ENQUIRIES

Any enquiries regarding this tender should be addressed to **Caroline Widmer** in the Tender Office at telephone no. **(021) 929-3006**, or e-mail address caroline.widmer@petrosa.co.za.