Public Service Sector Education & Training Authority

Woodpecker Building
177 Dyer Road
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# TERMS OF REFERENCE FOR SOURCING AN AUDIT MANAGEMENT SOLUTION (IMPLEMENTATION, LICENSING, TRAINING AS WELL AS MAINTENANCE AND SUPPORT) FOR PUBLIC SERVICE SECTOR EDUCATION AND TRAINING AUTHORITY (PSETA)

**Board members:** Mr Thulani Tshefuta (Chairperson) | Ms Christelene Brink | Mr Lewis Nzimande | Ms Gaolape Anastacia Seokolo
Mr Nkojane Nelson Maesela | Mr Patrick Babsy Makhafane | Ms Nolukhanyo Amanda Kelengeshe | Ms Violet Matshidza
Ms Tampane Molefe-Sefanyetso | Mr Patrick Boitumelo Moopelwa | Ms Linda Dludla
**CEO:** Ms Bontle Lerumo

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## 1. PURPOSE

To provide service providers with the necessary background and information to submit a detailed proposal for the implementation of the audit management solution and provide licensing, training as well as maintenance and support. PSETA wants to obtain a comprehensive response (clear and unambiguous) from bidders in terms of their ability to support the delivery of the relevant services.

## 2. BACKGROUND

The PSETA is a schedule 3A entity established in terms of the Public Finance Management Act, no.1 of 1999.In terms of section 51(1) An accounting authority for a public entity-

(a) Must ensure that that public entity has and maintains –

i) Effective, efficient, and transparent systems of financial and risk management and internal control.

ii) a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with the regulations and instructions prescribed in terms of sections 76 and 77.

## 3. RATIONALE FOR AUDIT MANAGEMENT SOLUTION.

The PSETA internal audit unit was established in 2013 to provide internal auditing services to the entity as required by section 51 of the Public Finance Management act. The Internal Auditing team is currently using the Microsoft dynamics 365 system, Word, and Excel to document their work for planning, execution, reporting, follow up and quality assurance. This has resulted in lack of standardisation of documentation, efficiency, and effectiveness in performing Internal Audit work.

The current system is not equipped with sufficient features of an audit management tool, and this will have a negative impact on the quality, efficiency, and effectiveness of the Internal Audit work in the long run. As a result, it was recommended that internal audit should acquire a proper Internal Auditing management Solution that will assist in automating the internal audit process, improve on efficiency, quality and effectiveness of the audit process and increase audit coverage.

## 4. OBJECTIVES OF THE AUDIT MANAGEMENT SOLUTION

PSETA internal audit is seeking a service provider to provide an Audit Management Solution. The service provider will be required to implement the audit management solution and provide licensing, training as well as maintenance and support. The proposal should encompass all requirements to automate the audit process including work papers, reporting, follow ups, issue tracking (Follow up), project scheduling, timekeeping, risk assessment and documentation library.

The Internal Audit Unit is looking to derive the following benefits from the Internal Auditing Tool:

- Standardisation
- Efficiency and effectiveness
- Improved quality
- Increased audit coverage

## 5. SCOPE OF WORK

PSETA Internal Audit requires the service provider's software to provide all but not limited to the functions described below:

### 5.1. Audit management solution:

a. System Configuration

- Must support the entire audit lifecycle.
- Utilize an enterprise database such as Azure, CaseWare, payspace etc.
- It should be a cloud-based solution.
- Compatibility with Microsoft Office products: Office 365
- Support Microsoft Windows operating systems.
- Provide multiple security levels in the application that allow for a separation of duties.
- Provide setup for the database including backup/maintenance scripts.
- Number of users: 6 (licenses)

## 5.2. Audit management software.

a. Audit Planning

- Ability to create an Audit Universe and develop an annual operational plan based on risk assessments or other criteria.
- Provide budgeting support for audit plans that will report on deviations from projected to actual project time.
- Create a draft and final plan of the yearly audit schedule.

b. Electronic Workpapers

- Ability to record the following information associated with each audit project:
  - System / Process description
  - Audit programme (Objectives, Risks, Controls and Audit procedures/test)
  - Evidence obtained in performing the tests.
  - Results from tests (i.e., finding information)
  - Recommendations
  - Management responses and agreed action plans for issues reported.
  - Review notes and other correspondence
  - Audit sign-off
- Ability to assign specific audit step to individual auditor.
- Must provide two-way cross referencing between documents, and support point- to-point hyperlinks for Word, Excel, PowerPoint, and PDF files.
- Ability to print completed workpapers, review notes, audit programs, and other electronic documentation created within the system.
- Provide flexibility to add/delete/modify audit steps in standard audit programs.
- Allow for search capabilities within audit findings, projects, and the document library.
- Ability to create severity ratings and assign them to findings.
- Ability to write review notes with links to targeted work papers.
- Must be able to attach scanned documents and annotate documents (Word, Excel, PowerPoint, and PDF) with standard tick marks/comments from within the application (without additional software license requirements).

c. Audit Reporting

- Provide standard reports for common inquires such as audit planning, project tracking, outstanding issues, and timesheet reports.
- Ability to easily customize the standard audit report and other ad-hoc reports.
- Allow for customised reports to be saved in Word, Excel, or PDF formats.
- Allow for distribution of reports via email.

d. Audit Response & Tracking

- Must provide on-line portal or reporting option that allows management responses to be automatically populated in the system.
- Allow for client satisfaction surveys to be generated, completed, and feedback to be recorded.
- Ability to track and report on issues in a variety of ways including audit project, audit manager, or departmental area.

e. Time Reporting

- Ability to track time for audit projects, training, other chargeable (e.g., committee meetings) and non-chargeable activities (e.g., annual leave). Allow for comments to be included with the non-chargeable activities.
- Capture time by project with the ability to report on actual versus budgeted time.
- Track planned and unplanned hours for an audit assignment.
- Ability to generate administrative reports by an auditor, completed projects and projects in-progress.

f. Document Library

- Must provide indexed and searchable repository for:
  - Standard audit programs and notifications.
  - Policies and procedures.
  - Tests, controls, and associated risks.

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- Common findings.
- Include standard audit programs from COBIT, COSO, IIA, and AuditNet or allow them to be imported.
- File PSETA internal audit governance documents such as the internal audit methodology, charter etc.

g. Follow up audits.

- Assign action plans to responsible person for implementation and implementation date.
- Notify the relevant audit clients on action plans that are due for implementation.
- Allow internal audit to generate a report of the status for implementation of the action plans (Implemented and in-progress)
- Track and automatically follow up all pending findings based on action/implementation dates as agreed with management on the audit report, on a web-based mode and through sending out e-mails.
- Provide on-line portal or reporting option that allows management responses to be automatically populated in the system.
- Allow management to upload evidence for implemented action plans.
- Generate reports of open items (findings not resolved, partially resolved, resolved), repeat findings, statistical summaries, etc.
- Allow the capture and monitor audit findings not raised only by the internal audit team but external parties e.g., Auditor General
- Generate reports of open findings raised by external parties.
- Allow the person or management responsible for the finding a complimentary access to provide progress updates.
- Facilitates issue follow-up, trend analysis, prior audit review and committee reporting.

h. Audit Committee reporting.

- The tool should generate internal audit quarterly progress reports to be presented at the Audit Committee meeting. The report should cover the following:

- Results of audits performed to date with capabilities of depicting the results in graphs and charts.
- Status of audits completion against the annual audit plan with capabilities of depicting the results in graphs and charts
- Scope limitation
- Client satisfaction survey results
- Matters identified related to fraud.
- Other matters that may require the attention of Management and the Audit Committee.
- Changes to the annual audit plan

## 6. TIME FRAME

The service providers will implement the audit management solution and provide licensing, training as well as maintenance and support for the period of three (03) years.

## 7. KEY DELIVERABLES

The key deliverables are as follows:

### 7.1. PROJECT DELIVERABLES

| Deliverable | Explanation | Sign Off |
|---|---|---|
| Project Kickoff | ▪ Project Initiation | PSETA Internal Audit and IT Unit |
| Project Supporting Documents/ Artifacts | Provide project planning and support documentation with accountable resources:<br>▪ Project Management Plan<br>▪ Project Schedule | PSETA Internal Audit Unit and IT Unit |
| Testing | ▪ Provide a Test Plan documenting detailed objectives, and processes for testing the proposed solution. | PSETA Internal Audit and IT Unit |

| | | |
|---|---|---|
| | ▪ Develop Go Live Acceptance Criteria and coordinating Go Live Acceptance Testing | |
| Knowledge Transfer | Knowledge Transfer is achieved but not limited to the following:<br>▪ Transition Plan documentation and System Administrative training.<br>▪ Test knowledge transfer for transition planning. | PSETA Internal Audit Unit and IT Unit |
| Support | ▪ Operational Manual or "Run Book" to include Application Configuration Information, Network/System design Document, how to support the application, common start of day tasks, schedule tasks, report definition, unique characteristics of the application.<br>▪ System Administration Documentation – design specification detailing system functionality, as well as the design of the central database, to include entity relationship diagrams and table definitions.<br>▪ Service Level Agreement (SLA) | IT Unit |
| Project Closeout | ▪ Project Closure (to include all final sign-off/acceptance) | PSETA Internal Audit and IT Unit |

## 7.2. PRODUCT DELIVERABLES

| Deliverable | Explanation | Sign Off |
|---|---|---|

| | | |
|---|---|---|
| Audit Management Solution | Implementation, configuration and/or customization of proposed audit management solution based on requirements stated in section 5. Specifications and per the recommendation of the chosen solution provider. | PSETA Internal Audit and IT Unit |
| End-User Training | Provide a training Plan which must include one or more of the following training options:<br>▪ Custom training materials.<br>▪ Training class type (i.e., Admins, Power & Standard End-Users) /location, if known.<br>▪ Provide Administrative and end-user training for select personnel identified by PSETA.<br>▪ Provide customized user documentation that describes core functions and user interactions of the proposed solution product.<br>▪ End-user training should consist of computer-based training or software that provides interactive, self-paced training at the desktop, workstation, or laptop computer level.<br>▪ End-user training should consist of web-based training that provides on-demand classes that are accessible via the Internet. | PSETA Internal Audit and IT Unit |

| | | |
|---|---|---|
| Ongoing Support | Providing ongoing technical support as per Support requirements. | PSETA Internal Audit and IT Unit |

## 8. COMPETENCIES OF PROSPECTIVE SERVICE PROVIDER

8.1. Service provider must possess at least five years' experience and knowledge in providing an audit management software solution and support services.

8.2. Project manager and technical team must collectively possess at least 10 years of experience in the provision of the audit management software.

## 9. ADMINISTRATION

The service provider must be a registered entity or consortium of companies, with traceable credential and should be able to assume duties immediately on appointment.

## 10. REPORTING REQUIREMENTS

10.1. The appointed service provider shall be required to report to the Chief Audit Executive of the PSETA

10.2. All reports must be prepared in line with the frameworks, policies, and procedure manuals of the PSETA.

10.3. Payment will only take place after the requirements for specific deliverables have been met.

## 11. SUBMISSION OF THE PROPOSAL

The service provider should prepare an offer/proposal on how the assignment will be undertaken, a clear work plan, and curriculum vitae of the expert(s) as well as reference letters to support experience. The proposal must be concise and straight to the point.

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## 12. RETENTION OF RECORDS

All the information derived and produced during the implementation, licensing, training as well as maintenance and support of the Audit Management Solution will remain the property of the PSETA.

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## 13. FUNCTIONALITY EVALUATION

Bids must meet the minimum eligibility criteria in respect of functionality of 75 points out of 100 points to be recommended on the panel. Any bid that does not meet the minimum eligibility threshold will be automatically disqualified. The functionality criteria together with the maximum points to be awarded are set out below.

## 14. EVALUATION PROCESS AND CRITERIA

### 14.1. PHASE 1

| Domain | Evaluation Method | Criteria | Weight | Score |
|---|---|---|---|---|
| **1. Experience and Capacity:** Company profile and experience in providing audit management solutions. | ▪ At least five years' experience and knowledge in provisioning audit management software solution and support services.<br>▪ Where companies are in a joint venture: | ▪ 1= Company profile with no experience of offering the services.<br>▪ 2 = Company profile with 1 to 3 years of experience<br>▪ 3= Company profile with 4 to 7 years of experience | **5** | |

| Domain | Evaluation Method | Criteria | Weight | Score |
|---|---|---|---|---|
| | ▪ Provide agreement signed by representatives of both companies.<br>▪ Provide the joint venture's organogram with years of experience of each auditor.<br>▪ The company profile must clearly state the experience it possesses for provision of audit management solution. | ▪ 4= Company profile, with 8 to 10 years of experience<br>▪ 5 = Company profile, with experience above 10 years | | |
| **2. Knowledge and Qualification**<br>Staff to be fully qualified in their specialist field and have adequate experience of the field. | ▪ Profile of the project leader indicating appropriate academic qualifications and experience of the project team.<br>▪ Attach CV and certified copies of qualifications.<br>▪ Proof of SAQA evaluation must be provided in the case of foreign qualifications. | **Experience:**<br>▪ 1= No submission of CV<br>▪ 2= CV with 0 years<br>▪ 3= CV with less than 5 years<br>▪ 4= CV with more than 5 years but less than 10 years.<br>▪ 5= CV with minimum experience of 10 years. | **10** | |

| Domain | Evaluation Method | Criteria | Weight | Score |
|---|---|---|---|---|
| | | | | |
| | NB: Uncertified copies of qualifications will be disqualified. | **Qualifications:**<br>▪ 1= No qualification<br>▪ 2= Certified qualification (Certificate)<br>▪ 3= Certified qualification (Diploma)<br>▪ 4= Certified qualification (Bachelor's Degree or BTech)<br>▪ 5= Certified qualification (Post graduate degree). | **10** | |
| | ▪ Profiles of at least 3 project team members (Technical team members), indicating appropriate academic | **Experience:**<br>▪ 1= No submission of CV<br>▪ 2= CV submitted but no experience | **5** | |

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| Domain | Evaluation Method | Criteria | Weight | Score |
|---|---|---|---|---|
| | qualifications and experience of the project team.<br>▪ Attach CV and certified copies of qualifications.<br>▪ Proof of SAQA evaluation must be provided in the case of foreign qualifications.<br><br>NB: Uncertified copies of qualifications will be disqualified. | ▪ 3= CV with less than 5 years collectively<br>▪ 4= CV with more than 5 years but less than 10 years collectively<br>▪ 5= CV with minimum experience of 10 years collectively | | |
| | | **Qualifications.**<br>▪ 1= No qualification<br>▪ 2= Certified qualification (Certificate)<br>▪ 3= Certified qualification (Diploma)<br>▪ 4= Certified qualification (Bachelor's Degree or BTech) | **5** | |

| Domain | Evaluation Method | Criteria | Weight | Score |
|---|---|---|---|---|
| | | ▪ 5= Certified qualification (Post graduate degree) | | |
| 3. **Methodology and approach** | ▪ Methodology and approach detailing how the Audit Management Software Solution will be deployed. | ▪ 1= None provided<br>▪ 2= Methodology provided, however incomplete or not relevant to services required to be delivered.<br>▪ 3= Clear and concise Methodology provided in line with Project deliverables. | **10** | |
| 4. **Portfolio**<br>Including evidence such as opening of the projects, report for actual work conducted and close out reports. | ▪ Portfolio of past work | ▪ 1=None provided.<br>▪ 2=Portfolio with 1 - 4 similar projects provided.<br>▪ 3=Portfolio with more than five similar projects provided | **20** | |

| Domain | Evaluation Method | Criteria | Weight | Score |
|---|---|---|---|---|
| **5. References**<br>Traceable references of clients where projects of similar nature were conducted. | ▪ References: submission of at least 5 or more reference letters of similar work conducted containing the following information:<br>▪ Name of the project and entity<br>▪ A brief description of the nature of work conducted.<br>▪ Date of when project was undertaken.<br>▪ Duration of the project<br>Reference letters must be on company letter head, signed and dated | ▪ 1= No reference letter provided of work previously done.<br>▪ 2 = 1 to 2 reference letters of work previously done<br>▪ 3 = 3 reference letters of work previously done<br>▪ 4 = 4 reference letters of work previously done.<br>▪ 5 = 5 or more reference letters of work previously done. | **20** | |

## 14.2. PHASE 2

| Domain | Evaluation Method | Criteria | Weight | Score |
|---|---|---|---|---|
| **1. Demonstration of the system** | ▪ Bidders are to perform a demonstration of similar solutions that they developed before to ensure that they understand the requirements of the business.<br>▪ The demonstration will be conducted for the Bid Evaluation Committee. | Scoring will be at the discretion of the evaluator. | **15** | |

Bidders must obtain a minimum threshold of twenty (20) points as part of Phase 2 and combined score of 75 points in order to proceed to phase three (03) of the evaluation.

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### 14.3. PHASE 3

Bidders meeting the minimum functionality criteria, will then be scored on the 80/20 principle, based on their price and specific goals. the bidders with the highest points on price and specific goals will be awarded the contract.

| **Phase 3: Preferential Point System** | | **Points** |
|---|---|---|
| **Price** | | **80** |
| **Special goals** | | **20** |
| Black owned company | 8 | |
| Women | 4 | |
| Youth | 5 | |
| Disability | 3 | |
| **Total** | | **100** |

## 15. FORMAT OF THE BID SUBMISSION

15.1. Company profile indicating all the requirements as per the evaluation criteria.

15.2. Team member names and roles

15.3. Track record and experience

15.4. References letters from past clients.

15.5. CV and **certified copies** of qualifications:

15.6. Submission of all applicable documents as indicated below:

- Certified copy of doctor's certification with medical practice number.
- Certified copies of the director's ID's document.
- Valid Tax compliance status (TCS) PIN or proof of exemption from SARS.
- Copy of the registration document of the organisation (CIPC).
- Copy of the Central Supplier Database registration.

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Ms Tampane Molefe-Sefanyetso | Mr Patrick Boitumelo Moopelwa | Ms Linda Dludla | Ms Nelisiwe Nzimande
Ms Nomabandla Silinyana | Mr Marcus Ramakgale

**CEO:** Ms Bontle Lerumo

## 16. PRICING

16.1. A cost analysis must be given to cover the full project amount. The proposed project pricing must be all-inclusive (i.e., including professional fees, venue hire, travel expenses, disbursements, and VAT). The PSETA may require a breakdown of rates on any of the items priced and service providers are required to provide same. Incidental costs shall be in line with the National Treasury Instruction Note 1 of 2023/24. Expenditure incurred without the prior approval of the organisation will not be reimbursed. PSETA reserves the right to negotiate the selection/prioritisation of deliverables in line with the contract price.

## 17. IMPORTANT MANDATORY INFORMATION FOR BIDDERS

17.1. Proposals must be submitted in four (4) hard copies including one (1) original.

17.2. All Standard Bidding documents (SBD) documents must be completed and signed.

- SBD 1
- SBD 6.1
- SBD 4
- General Conditions of Contract (all pages must be initialled)

17.3. All copies of qualification must be certified.

17.4. Consortium/Joint Ventures must submit their consolidated tax clearance certificates, B-BBEE certificates and other relevant documents to qualify.

**NB: FAILURE TO SUBMIT DOCUMENTS UNDER SECTION 17 WILL DISQUALIFY THE BID**

**Proposals must be submitted to:**

**Ms. Ursula Mathonsi**

Manager: Supply Chain Management

Public Service Sector Education and Training Authority (PSETA)

Woodpecker Building, 177 Dyer Road

Hillcrest Office Park, Hillcrest, Pretoria, 0083

No electronic bid applications will be accepted.

**The Validity periods of the bids is 120 days from the closing date. Please direct all queries to Ms. Ursula Mathonsi via email on ursulam@pseta.org.za or telephonically on 012-4235700**