

## Finance and Procurement Department

### Supply Chain Management

# Request for Bids (RFB)

APPOINTMENT OF SERVICE PROVIDER FOR NON-LIFE INSURANCE ACTUARIAL SERVICES AND IMPLEMENTATION OF IFRS 17 FOR PERIOD OF THREE YEARS.

## Bid Information

<b>Bid Number</b>	<b>74/KCG/2022</b>
<b>Bid Submission Date</b>	<b>04 October 2022 @ 11:00 am</b>
<b>Bid Duration</b>	<b>APPOINTMENT OF SERVICE PROVIDER FOR NON-LIFE INSURANCE ACTUARIAL SERVICES AND IMPLEMENTATION OF IFRS 17 FOR PERIOD OF THREE YEARS.</b>
<b>Bid Validity Period from Date of Publication</b>	<b>120 DAYS</b>
<b>Compulsory Site Inspection</b>	<b>N/A</b>
<b>Address for Bid Submission</b>	<b>sefa</b> Head Office Byls Bridge Office Park, Building 14, Block D, Cnr Jean Avenue and Oliventhoutbosch Highveld, Centurion
<b>Bid Contact Person</b>	Sebotse Mokgabudi on (012) 748-9725 <a href="mailto:sebotsem@sefa.org.za">sebotsem@sefa.org.za</a> / <a href="mailto:procurement@sefa.org.za">procurement@sefa.org.za</a>
<b>Evaluation Method: Points System</b>	80/20
<b>Required Bidder B-BBEE Level</b>	<b>1- 8 EME or QSE</b>
<b>Deadline for Responding to Clarifications for this bid</b>	23 September 2022
<b>28Fraud Hotline to report any wrongful or criminal deception or coercion intended to result in financial or personal gain by any sefa employee or person involved in this bidding process</b>	0800 000 663 (For <b>anonymous</b> reporting)

## SPECIAL CONDITIONS AND REQUIREMENTS OF CONTRACT

### APPOINTMENT OF SERVICE PROVIDER FOR NON-LIFE INSURANCE ACTUARIAL SERVICES AND IMPLEMENTATION OF IFRS 17 FOR PERIOD OF THREE YEARS.

#### 1. BACKGROUND

- 1.1 Following a Cabinet decision and the State of the Nation address of 2011, the Small Enterprise Finance Agency (SOC) Limited (**sefa**), was established on 01 April 2012 in terms of section 3 (d) of the Industrial Development Corporation Act, No. 22 of 1940 (IDC Act). **sefa** is a wholly owned subsidiary of the Industrial Development Corporation (IDC) and brings together the activities of the three previous structures (Khula, samaf and the IDC small business activities).
- 1.2 **sefa** operates as a Development Finance Institution (DFI) to foster the establishment, development and growth of Small, Micro and Medium Enterprises (SMMEs) and contributes towards poverty alleviation, job creation and economic growth. **sefa** provides products and services to qualifying SMMEs as defined in the National Small Business Act of 1996, as amended in 2004, through a hybrid of wholesale and direct lending channels.
- 1.3 As a Schedule 2 public entity **sefa** is required to prepare financial statements in terms of IFRS. Included in the **sefa** group is Khula Credit Guarantee (a wholly owned subsidiary). Khula Credit Guarantee is an insurance entity that is primarily involved in indemnifying financiers for defaults on outstanding loans to SMME's and indemnifying suppliers for default on trade credit facilities.
- 1.4 **sefa** prepares consolidated financial statements that include Khula Credit Guarantee. Separate financial statements for Khula Credit Guarantee (also referred to as "KCG") are also prepared annually.

#### 2. Bid Submission Requirements

- 2.1. Bids must be submitted in a **sealed envelope and marked** as follows:

##### **ATTENTION: sefa SUPPLY CHAIN MANAGEMENT**

Description of the Bid

Bid Number

Name of the Bidder

#### 2.2. General Bid requirements

- a. Bid documents **must** be initialled on every page.
- b. The number of sealed envelopes/files must compose of one (1) **ORIGINAL** and one (1) electronic PDF **copy** of the original bid proposal document on a CD or flash drive.
- c. Submissions of the Bid responses **MUST** be made by depositing the Bid proposal into the Tender Box situated at **sefa** Head Office at the physical address below on or before

the closing date as stated on page 1 of this Request for Bid document under Bid Information.

- d. The bidder will bear all expenses associated with the preparation and submission of this bid.

### 2.3. **sefa Physical Address**

11 Byls Bridge Office Park, Building 14, Block D  
Cnr Jean Avenue and Oliventhoutbosch  
Highveld, **Centurion**  
0157

For more information, please visit the **sefa** website: [www.sefa.org.za](http://www.sefa.org.za)

### 2.4. **Bid Responses**

#### 2.4.1. **Bid Format**

- 2.4.2. Bidders shall submit their bid response in accordance with the requirements as outlined in the Bid Response Template provided in Appendix 1.

- 2.4.3. Each Section must be clearly marked, and the documents must be bound.

- 2.4.4. The RFB comprises a number of sections and the bidder's proposal must include all the required information and documentation as outlined in this RFB.

#### 2.4.5. **General Conditions of Contract**

- 2.4.5.1. Completion of all Standard Bidding Documents (SBD by hand, attached in **Annexures A**, and adhering to all other requirements as outlined on each form. The following SBD and other forms must be duly completed and signed, and returned as part of the Bid Proposal:

- a. **SBD 1:** Invitation to Bid.
- b. **SBD 4:** Declaration of Interest.
- c. **SBD 6.1:** Preference Points Claim Form.
- d. **GCC:** General Conditions of Contract (Initial each page)
- e. **SCC:** Special Conditions of Contract
- f. Original and valid **Tax Clearance Certificate(s)** (TCC) or *PIN* issued by SARS.
- g. In bids where Consortium, Joint Ventures, and Sub-Contractors are involved; it is required that each party must submit separate proof of Tax Clearance Certificate(s) or *PIN* issued by SARS

- h. Submission of a certified copy of a **valid B-BBEE certificate** issued through a SANAS Accredited Agency, except for Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs).

These enterprises need to submit B-BBEE **sworn affidavits** as per the requirements of the Department of Trade and Industry (DTI) for qualifying enterprises except those who fall under the Construction Sector Charter Council (CSCC). Other sworn affidavits will not be accepted. The DTI and CSCC affidavit templates are available under **Annexure B**.

- i. National Treasury **Central Supplier Database (CSD) registration** (attached proof of registration).
- j. Submission of bidder **Companies & Intellectual Property Commission (CIPC) registration documents**, listing all Directors or Shareholders and certified copies of the Identify Documents (ID) of Directors or Shareholders.

2.4.5.2. The successful bidder and its staff shall comply with all the laws of the Republic of South Africa and as it relates to this bid.

2.4.5.3. The bidder staff must be South African citizens and **sefa** reserves the right to validate citizenship.

2.4.5.4. **Pre-Target Requirements**

- a. The Pre-Qualification criteria set is according to the Standard for Implementation of Regulation 8(4) of the Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations 2017 and **sefa**'s developmental impact plan to provide support to targeted groups (black-owned, youth, women, disability, rural priority province; and township).
- b. In line with the above commitment, preference will be given to bidders complying with the following:
  - i. Bidders having a stipulated minimum B-BBEE status level contribution from level **1 to level 8** EME or QSE
  - ii. Targeted groups that are black-owned, women and youth.

Supplier Development

**sefa** supports enterprise development. In this regard, the successful bidder may be required to mentor SMME and or youth owned businesses. The implications of such agreement will be subject to negotiations between **sefa** and the successful bidder.

2.4.6. **Price Proposal**

- a. Bidders are required to complete and sign their pricing proposals.

**NB:** Failure to complete and submit a pricing proposal, will lead to disqualification of the bid.

## 2.5. **Late Bids**

Bids submitted at the stated bid address, after the closing date & time, shall not be considered under any circumstances.

## 2.6. **Counter Conditions**

The bidder's attention is drawn to the fact that amendments to any of the bid conditions or setting of counter conditions by the bidder shall render the bid invalid.

## 2.7. **Bid Distribution**

2.7.1. The distribution of this RFB outside the Republic of South Africa may be restricted or prohibited by the laws of other countries. Recipients of this RFB are advised to familiarise themselves with and comply with all such restrictions or prohibitions applicable in those jurisdictions, and neither **sefa**, nor any of their respective directors, officers, employees, agents, representatives or advisors, accepts liability to any person or company for any damages arising out of or in connection with the breach of any restriction or provision outside the Republic of South Africa. Persons contemplating submitting a Bid are advised to obtain legal advice as to the possible consequences thereof in terms of the law of the jurisdictions in which they are located.

2.7.2. Recipients of this RFB document may only distribute it to other parties whom they wish to involve as part of their bidder consortium in submitting a bid.

## 2.8. **Presentations**

**sefa** reserves the right to require that any bidder provides a formal presentation of its bid proposal, at a date and time to be determined by **sefa**. All instructions and clarification regarding the Purpose and Scope of the presentation/demonstration shall be provided by **sefa**. The bidder shall bear all expenses associated with the preparation of such presentations/demonstrations.

## 2.9. **Evaluation Process**

Bids shall be evaluated in terms of the process outlined below.

### 2.9.1. **Stage 1: Initial Screening Process & Pre-Target Requirements**

During this stage, bid responses will be reviewed for purposes of assessing compliance with the RFB requirements, including the General Conditions of Contract as outlined in this RFB, stated Special Conditions of Contract; and pre-target requirements.

### 2.9.2. **Stage 2: Mandatory Requirements**

Bids will be evaluated on Mandatory as outlined in **Annexure C**.

**NB:** Failure to comply with the requirements in Stage 2 shall lead to disqualification of the bid proposal.

### 2.9.3. Stage 3: Functional Evaluation and Scoring

- a All bids will be evaluated independently by the evaluation panel members in terms of the defined evaluation criteria for functionality out of 100 points.
- b All bids that score less than **70 out of 100 points** on technical functionality shall not be considered further and shall be regarded as having submitted a non-responsive bid; and shall be disqualified.
- d Bids will be evaluated on Functionality as outlined in **Annexure D**.

**NB:** Failure to comply with the requirements in Stage 3 shall lead to disqualification of the bid proposal.

### 2.9.4. Stage 4: Evaluation of Proposal on Applicable Points System

2.9.4.1. In terms of Preferential Procurement Regulations pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and the amended regulations, responsive bids will be adjudicated by the State on the applicable point system.

2.9.4.2. In terms of the **80/20 points system**, points are awarded to bidders based on:

#### **The bid price (maximum 80 points)**

The following formula will be used to calculate the points for price:

$$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

$P_s$  = Points scored for the comparative price of bid under consideration

$P_t$  = Comparative price of bid under consideration

$P_{\min}$  = Comparative price of lowest acceptable bid

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- 2.9.4.3. The points scored by a bidder in respect of the level of B-BBEE contribution will be added to the points scored for price.
- 2.9.4.4. Only bidders who have completed and signed the declaration part of the preference claim form and who have submitted a B-BBEE status level certificate issued by a SANAS accredited verification agency will be considered for preference points.
- 2.9.4.5. **sefa** may before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference.
- 2.9.4.6. The points scored will be rounded off to the nearest 2 decimals.
- 2.9.4.7. In the event that two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of preference points for B-BBEE.
- 2.9.4.8. However, when functionality is part of the evaluation process and two or more bidders have scored equal points including equal preference points for B-BBEE, the contract will be awarded to the bidder scoring the highest for functionality.
- 2.9.4.9. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- 2.9.4.10. A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.
- 2.9.4.11. **sefa** reserves the right to enter into negotiations with the preferred bidder.

### 3. Post Award Conditions

- 3.1. Services will be rendered during working hours from Mondays to Fridays unless otherwise stated in the Scope of Work / Terms of Reference.
- 3.2. Equipment and/or productivity tools brought onto or used on site must comply with the Occupational Health & Safety Act and any regulations promulgated in terms of this Act.
- 3.3. The bidder shall be liable for insuring his/her staff members against any injury or death.
- 3.4. The successful bidder shall submit a monthly statement of all outstanding payments, credit notes issued, and payments made. Such statements shall also contain the order number, the details of the date of the transaction, the invoice number, remittance number, and credit note details.
- 3.5. **sefa** shall not be held responsible in any way for any damages, losses, theft of equipment or any valuables of the successful bidder, or injury of his/her employees whilst on-site or in the execution of their duties.

- 3.6. All procurement related to this service, as outlined in this RFB, shall be conducted by **sefa's** Supply Chain Management department only.

#### **4. Staff Requirements**

- 4.1. The successful bidder must ensure the following:
- a. That the staff working under this contract are in good health.
  - b. That they are adequately trained prior to commencement of the contract.
  - c. That replacement staff is available should the need arise. The bidder is obligated to inform **sefa** of any removal and replacement and the replacement of staff can only be done with the formal approval of **sefa**.
  - d. Staff must be dressed appropriately and where required; staff uniform must be in good condition.
  - e. The bidder's staff must be South African citizens and **sefa** reserves the right to validate citizenship.

#### **5. Resource Requirements**

The successful bidder must provide the following equipment, if required by the bidder's staff, in the execution of their duties:

- Laptop or similar device.
- Internet connectivity.
- Transportation and/or vehicle (if required) to deliver the service outlined in this bid.
- Cellphone and/or landline.

#### **6. Service Level Agreement**

- 6.1. The successful bidder will be required to enter into a Service Level Agreement with **sefa**.
- 6.2. A performance measurement process will form an integral part of the Service Level Agreement to be signed after the successful bidder has been appointed.

#### **7. Supplier Due Diligence**

- 7.1. **sefa** reserves the right to conduct bidder due diligence to short-listed bidders prior to final award or at any time during the contract period. This may include site visits if applicable.

#### **8. Bid Cancellation**

In the case of the cancellation of this RFB, **sefa** shall endeavour to inform all bidders, through the same medium used for the communication of the RFB.



## 9. Material Changes

- 9.1. Any material changes in the control and/or composition of any bidder or any core member of a bidder after submission of a Bid shall require the prior written approval of **sefa**, and any failure to seek such approval from **sefa** shall result in **sefa** being entitled, in its sole discretion, to exclude the relevant bidder from any further participation in the bid process or to cancel the engagement. This shall be interpreted to include post-appointment and subcontracting of work arising out of this bid to complete certain work.
- 9.2. **sefa** shall be the sole arbiter as to what constitutes a "material change in the control and/or composition of any bidder", and as to what constitutes a "core member of a bidder" for purposes of such approval. Any request for such approval shall be made to **sefa's** Supply Chain Management in writing and shall provide sufficient reasons and information to allow **sefa** to make such a decision. **sefa** reserves the right to accept or reject any such request for approval.

## 10. Communication

- 10.1. **sefa** may communicate with bidders where clarity is sought after the closing date of the bid and prior to the award of the contract, or to extend the validity period of the bid, if necessary. Such communications will be done via the Supply Chain officials listed as the contact persons for this bid process.
- 10.2. All communication (enquiries/clarifications) relating to this bid shall take place between the bidder and the Supply Chain Management officials listed as the contact persons for this bid process. Such communication shall be done in writing only.
- 10.3. Communication between the closing date and the award of the bid, between the bidder and other **sefa** officials or persons acting in an advisory capacity for the State, in respect of this bid, is prohibited.

## 11. Contact Details

### 11.1. Main Contact

**Name :** Sebotse Mokgabudi

**Tel :** (012) 748-9725

**Email :** [sebotsem@sefa.org.za/procurement@sefa.org.za](mailto:sebotsem@sefa.org.za/procurement@sefa.org.za)

### 11.2. Alternative Contact

**Name :** Livhuwani Mabugana

**Tel** : (012) 748- 9725

**Email:** [livhuwanim@sefa.org.za/procurement@sefa.org.za](mailto:livhuwanim@sefa.org.za/procurement@sefa.org.za)

**NB:** Communication outside this platform is **strictly prohibited** and should bidders be found to be in contact with any of **sefa's** staff members on matters relating to this bid, such bidders shall automatically be disqualified from this bid process.





## **12. SCOPE OF WORK / TERMS OF REFERENCE**

The Scope of Work / Term of Reference is attached as Annexure E.

## **13 ANNEXURES**

Annexure A	:	Standard Bidding Documents: SBD1 to SBD9 Forms
Annexure B	:	Sworn Affidavit Templates for EMEs and QSEs
Annexure C	:	Mandatory Requirements
Annexure D	:	Functionality Evaluation Criteria
Annexure E	:	Scope of Work / Terms of Reference
Annexure F	:	Pricing Proposal
Appendix 1	:	Bid Proposal Template

**ANNEXURE A****Standard Bidding Documents: SBD1 to SBD 6.1 Forms**

Document Name	Template
<b>SBD 1</b>	 SBD 1.pdf
<b>SBD 6.1</b>	 SBD 6 1 2017.pdf
<b>SBD 4</b>	 SCM-Bid documents SBD 4.pc
<b>GCC</b>	 GCC

**Sworn Affidavits for EMEs and QSEs**

**Department of Trade and Industry (DTI) Templates**



DTI Sworn Affidavit  
EME Gen.pdf



New Affidavit-EME-  
Amended ICT.pdf



DTI Sworn Affidavit  
QSE.pdf

Also available from the DTI:

[https://www.thedti.gov.za/economic\\_empowerment/docs/Affidavit-QSE-Gen.pdf](https://www.thedti.gov.za/economic_empowerment/docs/Affidavit-QSE-Gen.pdf)

[https://www.thedti.gov.za/economic\\_empowerment/docs/Affidavit-EME-Gen.pdf](https://www.thedti.gov.za/economic_empowerment/docs/Affidavit-EME-Gen.pdf)

**MANDATORY REQUIREMENTS:**

NO	MANDATORY REQUIREMENT	COMPLY/NOT COMPLY
3.2.1	<b>EXPERIENCE</b> The bidder's company profile must demonstrate: <ul style="list-style-type: none"> <li>• The bidder/Key individuals must provide evidence of membership to the Actuarial Society of South Africa or equivalent membership body as well as FSCA accreditations and/or letter of good standing in Actuarial service. <b>(Please attach valid original certified copy of the certificate) on the closing date and time of the RFB. Failure to attach will invalidate the bid.</b></li> <li>• Experience in implementation of IFRS 17; and</li> <li>• Experience in the insurance industry for financial institutions in the last three (03) years.</li> </ul>	
3.2.2	<b>A detailed comprehensive company profile with the following:</b> <ul style="list-style-type: none"> <li>• Management Structure/Company Organogram;</li> <li>• Ownership &amp; years of service of the company; and</li> <li>• Services offered by the company.</li> <li>• CVs of personnel to be assigned.</li> </ul>	

**NB:** The bidder must comply with all mandatory requirements to qualify for stage three i.e., Price and BEE. Failure to comply with the requirements in Stage 2 (Mandatory Requirements) will lead to disqualification of the proposal.

## FUNCTIONAL EVALUATION CRITERIA

## FUNCTIONAL REQUIREMENTS:

The below scoring scale shall be used to evaluate technical proposals:

Score	Definition
0	Non-responsive
1	Does not meet the requirements
2	Partially meet the requirements
3	Fully meets the requirements
4	Exceeds the requirements
5	Significantly exceeds the requirements

DESCRIPTION	WEIGHT												
<p><b>1. CORPORATE EXPERIENCE ON SIMILAR PROJECTS PREVIOUS COMPLETED</b></p> <p>The service provider must have experience of having implemented or currently working on implementing IFRS 17 in the short-term insurance industry as well as the actuarial services industry.</p> <p>Points will be awarded on the comprehensiveness of the scope of the referenced projects.</p> <p>Note: The bidder must provide a list of projects where they are currently in the process of or completed elements of the implementation of IFRS 17. Please include, for each referenced project, the details of your level of involvement, which may include but not limited to training, operational gap analysis, financial impact analysis, and systems impact analysis etc.</p> <p>The bidder must provide at least three (03) relevant contactable reference of similar implementation projects in the last three years on the closing time and date of the bid. Reference letters from previous and current clients on the client's letterhead, and the letter should contain the following</p> <ul style="list-style-type: none"> <li>• Name of department/organisation;</li> <li>• Nature of work;</li> <li>• Duration of the contract;</li> <li>• Contact person, contact details and email address; and</li> </ul> <table border="1"> <tr> <td>No reference letters provided.</td><td>0 point</td></tr> <tr> <td>One reference letter provided.</td><td>1 point</td></tr> <tr> <td>Two reference letters provided.</td><td>2 points</td></tr> <tr> <td>Three reference letters provided.</td><td>3 points</td></tr> <tr> <td>Four reference letters provided.</td><td>4 points</td></tr> <tr> <td>Five and more reference letters provided.</td><td>5 points</td></tr> </table>	No reference letters provided.	0 point	One reference letter provided.	1 point	Two reference letters provided.	2 points	Three reference letters provided.	3 points	Four reference letters provided.	4 points	Five and more reference letters provided.	5 points	35
No reference letters provided.	0 point												
One reference letter provided.	1 point												
Two reference letters provided.	2 points												
Three reference letters provided.	3 points												
Four reference letters provided.	4 points												
Five and more reference letters provided.	5 points												

2.	<b>APPROACH &amp; METHODOLOGY</b>  The bidder must provide a detailed approach/ methodology to the execution of the project, taking into consider the full scope of work as outlined on Annexure E  Projected timeline/schedule.  The requested services are to be rendered for period of 3 years.  The proposed approach must be milestone based including a detailed implementation plan with deliverable, activities, resources, annual / quarterly work streams and timelines for the duration of the implementation period <table><tr><td>No projected timeline/schedule provided.</td><td>0 point</td></tr><tr><td>Proposed implementation project plan submitted and do not correlate with the required scope of works.</td><td>1 point</td></tr><tr><td>Proposed implementation project plan submitted correlate with the required scope of works.</td><td>2 points</td></tr><tr><td>The proposed implementation project plan correlate with the scope of work. Projected timelines/schedule includes deliverables, activities, resources, annual / quarterly.</td><td>3 points</td></tr></table>	No projected timeline/schedule provided.	0 point	Proposed implementation project plan submitted and do not correlate with the required scope of works.	1 point	Proposed implementation project plan submitted correlate with the required scope of works.	2 points	The proposed implementation project plan correlate with the scope of work. Projected timelines/schedule includes deliverables, activities, resources, annual / quarterly.	3 points	20
No projected timeline/schedule provided.	0 point									
Proposed implementation project plan submitted and do not correlate with the required scope of works.	1 point									
Proposed implementation project plan submitted correlate with the required scope of works.	2 points									
The proposed implementation project plan correlate with the scope of work. Projected timelines/schedule includes deliverables, activities, resources, annual / quarterly.	3 points									
3.	<b>KNOWLEDGE TRANSFER PLAN</b>  The bidder must provide a detailed approach on how the skills will be transferred to the core operations, finance and IT teams  Points will be awarded on the comprehensiveness and quality of the approach provided.	15								
4.	<b>TEAM PROFILE</b>  The implementation project will require resources from various fields, including but not limited to the below:  <b>ACTUARIAL SERVICES</b> Preferred: 4-5 years’ experience in actuarial services in short term insurance industry and experience in the implementation of IFRS 17 relating to the team to be on the project.  <b>Note:</b> The bidder must submit detailed CVs of the proposed actuarial team, and the CVs must clearly indicate the team member’s years of experience in consulting engagements within the actuarial services industry.  <b>FINANCIAL SERVICES</b>  Preferred: 4-5 years’ experience in either of the following: Technical Accounting, Financial Accounting and Auditing in short term insurance industry and the implementation of IFRS 17 relating to the team to be on the project.	30								

	<b>Note:</b> The bidder must submit detailed CVs of the proposed technical accounting, financial accounting and actuarial teams, and the CVs must clearly indicate the team member's years of experience for similar projects.		
	Less than 1-2 year experience in Actuarial services/ Financial services	1 point	
	2-3 years' experience in Actuarial services/ Financial services	2 points	
	4-5 years' experience in Actuarial services/ Financial services	3 points	
	Above 5 to 6 years' experience in Actuarial services/ Financial services	4 points	
	Above 6 years' experience in Actuarial services/ Financial services	5 points	
	<b>TOTAL</b>		<b>100</b>



## SCOPE OF WORK / TERMS OF REFERENCE

## APPOINTMENT OF SERVICE PROVIDER FOR NON-LIFE INSURANCE ACTUARIAL SERVICES AND IMPLEMENTATION OF IFRS 17 FOR PERIOD OF THREE YEARS.

### 1. SCOPE OF WORK

**sefa** requires the services of a dedicated and experienced financial accounting and actuarial service provider to perform the functions required of the Head of Actuarial Function (HAF) for Khula Credit Guarantee in addition to the calculation of the technical reserves under IFRS 4 while also assuming the role of implementation partner for IFRS 17 and subsequent to the implementation perform the reserve calculations as required by the new standard.

### 2. IFRS 17 IMPLEMENTATION

- 2.1. **sefa** and Khula Credit Guarantee ("KCG") would like to appoint a service provider to implement IFRS 17, which establishes the principles for recognition, measurement, presentation and disclosure of Insurance Contracts within the scope of the standard. KCG has already conducted an operational and financial impact assessment to assist in deciding on the best strategy for implementation of the new standard.
- 2.2. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of the financial statements to assess the effect that insurance contracts have on the entity's financial position, performance and cash flow.
- 2.3. In preparation for the implementation, it is requested that the service provider also provide training to its operational staff (including finance and operations team), as well as key Executives and Board members.
- 2.4. The implementation project will require resources from various fields, including but not limited to the below:
  - a. Actuarial services
  - b. Technical Accounting (IFRS)
  - c. Financial services
  - d. Information Technology
  - e. Business Analysis
  - f. Project management
- 2.5. The table below reflects the expected deliverables of the project from the appointed service provider. However, these deliverables are not exhaustive, as such the service provider would be expected to give guidance and offer advice on any areas that may not have been listed in the table below, which the service provider reasonably believes are necessary and relevant to the KCG's circumstance.

Deliverable	Description
Project Plan	<p>A detailed project plan for implementation of IFRS 17. The elements to be covered by the project plan include the following:</p> <ul style="list-style-type: none"> <li>Set-out a plan of action for the project</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensure that all elements for implementation, including all deliverables, are captured clearly with clear timelines working back from 1 April 2023.</li> </ul>
Design and develop target operating model	<p>Design and develop the financial model for monthly/quarterly and annual reporting and include the controls in place to ensure effective and accurate individual and consolidated reporting.</p> <p>KCG is part of a group which prepares consolidated Financial Statements, this will have to be considered. The entity utilises Sage 300 as well as internally developed systems as part of its accounting and information infrastructure. KCG does not have an internally appointed actuary.</p>
Product Classification	Assistance with the level of aggregation and classification of groups of insurance contracts and associated product classification tools and their review.
Identify the appropriate measurement model to be used by KCG	<ul style="list-style-type: none"> <li>• Determining eligibility of the premium allocation approach under IFRS17 for contracts with a duration longer than one year.</li> <li>• Determination of the Contractual Service Margin (“CSM”).</li> <li>• Determination of the Risk adjustment, methodology &amp; disclosure.</li> </ul>
IFRS17 Infrastructure	Assist in identifying the changes needed and available potential actions to address any gaps found in the operational and financial impact assessment, already conducted.
IFRS 17 policy documentation	Assist in drafting of the IFRS17 policy documentation.
Accounting policies	Draft new IFRS 17 accounting policies and update any changes to current accounting policies impacted by IFRS 17 for consideration and approval by the board. (For <b>sefa</b> at group level and for KCG’s separate financial statements).
Amendments to IFRS17 standard	Inform KCG of any changes to IFRS 17 (from the approved date until the required effective implementation date), include these in the implementation of the standard and provide training if required to the relevant staff.
Detailed methodology framework	<p>Develop and draft the methodology framework for the calculation of insurance liabilities/assets and related transactions. This includes the following:</p> <ul style="list-style-type: none"> <li>• Product classification and tools</li> <li>• Assumption derivation</li> <li>• Profitability impact assessments</li> <li>• Risk adjustment methodology and calibration</li> <li>• Discount rates determination per product</li> <li>• Actuarial software or calculation tools e.g. Excel models used in the general model &amp; premium allocation approach (to be utilised by and remain the intellectual property of the approved service provider)</li> <li>• This should include detailed workings (including reconciliation framework) for the additional financial statement notes. Redesign</li> </ul>

	of control frameworks and processes within KCG which are impacted by IFRS 17.
Future payment schedule	A future annual payment schedule to be provided to Finance to include in the company budget for potential capital expenditure.
Annual Budgeting	Review KCG current technical reserves, premiums, claims methodology and provide guidance of improvements to align with IFRS17.
Taxation	Assess the entity's tax profile and develop and draft the tax methodology relating to IFRS 17.
Sub ledger solution	Utilisation of the approved service provider's developed and tested sub ledger solution.
Interactive workshops/Training	Annual training /interactive workshops to the core team, management and the <b>sefa</b> and KCG boards. It is envisioned that 2 half-day sessions will be required annually for Board and Exco.  Note: This will be required on an annual basis for the duration of the contract.
Draft Annual Financial Statement (AFS)/Parallel Run	Draft an illustrative set of AFS with IFRS 17 implementation in parallel to the current IFRS reporting for KCG's company financial statements, as well as consolidated notes and considerations for the <b>sefa</b> group financial statements.  Performing transition calculations to determine opening balances as at the transition date
Skills transfer	Skills transfer to the core team of all outputs, reconciliations, methodology and financial statement templates to ensure continuity in the Finance and IT teams.  The skills transfer plan to include support i.e. availability of a resource to KCG within 24 hours of a query logged and contact information of the resource.  Note: KPI will be drafted to measure the skills transfer bi-annually.
Monitoring and evaluation	Monitor and evaluate the systems and reporting post implementation and assist with amendments if required.
Post implementation support	Service provider to provide post implementation support for a period of 12 months.  Note: KPI will be drafted to measure the post implementation support quarterly.

### 3. OTHER SERVICES

Perform the functions required of the Head of Actuarial Function (HAF) in terms of the PA's GOI Standards as well as other ad-hoc requirements, inclusive of:

Calculation of technical provisions	Calculate the annual Technical Provisions as at <b>31 March 2023, 31 March 2024 and 31 March 2025</b> for KCG as per IFRS 4 and IFRS 17 (once this standard is effective);  Calculate the quarterly Technical Provisions for the annual periods listed in the point above.
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QRT and QRR returns	Complete the quarterly solo Quantitative Reporting Template (QRT), the annual solo QRT and the actuarial specific statements of the annual Qualitative Regulatory Return (QRR);
Own Risk and Solvency Assessment (ORSA)	Compile of the ORSA report and provide the forward looking ORSA projections
Pricing	Conduct a product pricing review
Annual Financial statements IFRS disclosure	Calculate and provide the disclosure for the annual financial statements as required by IFRS 4 and IFRS 17 (once this standard is effective);
Communication and engagements with relevant stakeholders	<ul style="list-style-type: none"> <li>Express an opinion to the <b>sefa</b> and KCG boards on the reliability and adequacy of the technical provisions and capital requirements</li> <li>Express an opinion to the board of directors on the appropriateness of KCG's Asset-Liability Management Policy, Underwriting Policy, Investment Policy, Liquidity policy and Concentration Policy</li> <li>Express an opinion of the appropriateness of the ORSA, product development and pricing</li> <li>Attend and prepare ad-hoc presentations, when requested, for KCG's Executive Committee (EXCO), Audit Committee (AC), Risk Committee as well as KCG Board Meetings related to the actuarial services provided.</li> <li>Attendance of the annual Prudential Authority site visit</li> </ul>
Post-retirement medical aid liability	Calculation of the financial liability of the post retirement medical aid liability for <b>sefa</b> (covering 19 employees) as at <b>31 March 2023, 31 March 2024 and 31 March 2025</b>
Other ad hoc services	<ul style="list-style-type: none"> <li>Responding timeously to internal and external audit queries;</li> <li>Quantification of risk;</li> <li>Formulation of risk strategy and appetite;</li> <li>Development and review of GOI policies; and</li> <li>Any other area where actuarial expertise may be required from time to time</li> </ul>

#### 4. INTERACTIVE WORKSHOPS/TRAINING KPI

**Ratings must be out of 5 (with 5 being excellent, 4 being good, 3 being acceptable, 2 - 0 being unacceptable where a Supplier performance management plan being agreed to and listed on the Contract Management Non-Performing Suppliers)**

KPI	Critical Success Factor	Rating	Comments (If applicable)	Action Plan / if applicable (Score less than 3)
Interactive workshops/Training	Contractor provides training and advisory services on the implementation of IFRS 17, which establishes the principles for recognition, measurement,			

	presentation and disclosure of Insurance Contracts within the scope of the standard.			
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Frequency: Bi-Annually

## 5. POST IMPLEMENTATION SUPPORT KPI

**Ratings must be out of 5 (with 5 being excellent, 4 being good, 3 being acceptable, 2 - 0 being unacceptable where a Supplier performance management plan being agreed to and listed on the Contract Management Non-Performing Suppliers)**

KPI	Critical Success Factor	Rating	Comments (If applicable)	Action Plan / if applicable (Score less than 3)
Post implementation support	Service provider to provide post implementation support for a period of 12 months			

Frequency: Quarterly

## 6. SERVICE LEVEL AGREEMENT (SLA)

The successful bidder will be required to enter into a Service Level Agreement with **sefa**. A performance measurement process will form an integral part of the Service Level Agreement to be signed after the successful bidder has been appointed.

### 7. Bid Proposal Format

All bidders must return their proposals categorised and indexed under the following sections:

### 8. Section 1: Legislative Requirements

The bidder must supply the required documentation as outlined in this Request for the Bid document.

### 9. Section 2: Mandatory and Functionality Requirements

The bidder must provide the information set out on mandatory and functionality requirements stated in the bid document.

### 10. Section 3: Experience & References

The bidder must attach a copy of the company's profile, clearly outlining the number of years in cleaning service with a clear indication of experience in the industry. The bidder must complete Table (a) Annexure D outlining the experience and previous and current reference.

Reference letters, as outline in the evaluation criteria, must be submitted as part of this Section.

### 11. Section 3: Pricing Proposal

The bidder must submit a pricing proposal as outlined in Annexure F.

## 12. Section 4: Additional Information

Any additional information pertinent to the proposal can be attached under this Section.

## 13. Bid Proposal Template

- A template has been developed to assist both the bidder and the evaluation committee and is outlined in Appendix 1.
- An electronic editable copy of the Bid Proposal Template will be available on the **sefa** website: <http://www.sefa.org.za/publications/tenders>

**APPENDIX 1**  
**BID PROPOSAL**

**COVER PAGE**

**APPOINTMENT OF SERVICE PROVIDER FOR NON-LIFE INSURANCE ACTUARIAL SERVICES  
AND IMPLEMENTATION OF IFRS 17 FOR PERIOD OF THREE YEARS.**

Bid Number	
Company name	
Contact Person	
Telephone Number	
e-mail address	

## **SECTION 1: LEGISLATIVE REQUIREMENTS**

Attach all required documentation behind this Section.



## SECTION 2: MANDATORY & FUNCTIONALITY REQUIREMENTS

### SECTION 3: EXPERIENCE

*Note to the Bidder: The bidder must complete the information set out below in response to the requirements stated in the bid document. If the bidder requires more space than is provided below it must prepare a document in substantially the same format setting out all the information referred to below and return it with this Returnable Schedule.*

**The bidder must provide the following information:**

**Table (a) Details of the bidder's experience in the service categories the bidder they are bidding for (please refer to Annexure C of the Special Condition of Contract):**

Client' Name	Transaction Description	Transaction Value	Project period		Description of service performed and extent of Bidder's responsibilities	Name, title and telephone contact of client
			Start Date	End Date		

## SECTION 4: PRICING PROPOSALS (REFER TO ANNEXURE F)

### PRICING SCHEDULE

1. Please indicate your total bid price here: R.....  
(VAT Incl.).
2. **NOTES: All prices must be VAT Inclusive and must be quoted in South African Rand (ZAR).**
3. Are the rates quoted firm for the full period of the contract? Yes/No.
4. All additional costs associated with the bidder's offer must be clearly specified and included in the Total Bid Price.

**Detailed pricing must be provided and include line-item specifications in the following groupings:**

Description	Total VAT Incl.
<b>Total:</b>	

## SECTION 5: ADDITIONAL INFORMATION

Any additional information that is considered pertinent to the proposal can be attached under this Section.