

TERMS OF REFERENCE

**APPOINTMENT OF A SERVICE PROVIDER TO OFFER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION
TO REVIEW FOR A PERIOD OF TWO YEARS.**

ECGB-26/27-BID 02

1. INTRODUCTION AND BACKGROUND

- 1.1 The Eastern Cape Gambling Board (ECGB) is a statutory body established by the Eastern Gambling Act, 1997 (Act No.1 of 2016) (as amended) (the Act).
- 1.2 The mandate of the ECGB is to regulate and control all gambling activities within the Eastern Cape Province. This includes the issuing and revocation of gambling licenses, exclusion of problem gamblers, and protection of the public against unscrupulous gambling practices and control of illegal gambling activities in the Province.
- 1.3 The ECGB requires services of an external service provider that will provide comprehensive Internal Audit services in accordance with the Institute of Internal Auditor's International Professional Practices Framework (IPPF): Global Internal audit standards.
- 1.4 The successful bidder will be appointed for a period of thirty six (36) months with an option to renew in ECGB's sole discretion for an additional 24 (twenty four) months on the same terms and conditions unless the parties agree otherwise.
- 1.5 The successful applicant will assist the ECGB Board in fulfilling its responsibilities as required by section 51(ii) of the Public Finance Management Act "PFMA", of ensuring that the entity has and maintains a system of internal audit under the control and direction of an audit committee.
- 1.6 The successful applicant will evaluate and contribute to the improvement of the ECGB's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Further ensure Internal audit credibility and

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INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.**

ECGB-26/27-BID 02

value are enhanced through proactive evaluations, offering new insights and considering future impact.

2. KEY DELIVERABLES

- 2.1 Ensure annual review and approval of the Internal Audit Charter of the ECGB as well as assist in the annual review of the Audit and Risk Committee Charter.
- 2.2 Ensure the development, approval, and periodic review of a fit-for-purpose Internal Audit Strategy and supporting Internal Audit Policies that are fully aligned to the ECGB strategic objectives, regulatory mandate, and organisational risk profile.
- 2.3 Ensure the implementation and maintenance of a mature, risk-based Internal Audit Methodology that delivers independent assurance and strategic advisory services aligned to ECGB's governance, risk management, compliance, and operational maturity requirements.
- 2.4 Demonstrate the capability of the Internal Audit Function to provide proactive, value-adding assurance and consulting services through the application of systematic audit methodologies, data-informed auditing practices, and continuous improvement principles.
- 2.5 Facilitate and oversee the risk and opportunities identification and assessment process in accordance with the ECGB's Enterprise Risk Management Policy, Risk Management Framework and best practices - which must result in a strategic risk register of the ECGB.
- 2.6 Prepare a risk based Three Year Rolling Strategic Internal Audit Plan and Annual Internal Audit Plan that details audit scope and includes the evaluation of the adequacy and effectiveness of ECGB's risk management, control, and governance processes, detailed resources, time frames per activity and present such strategic plan to Management for inputs, and to the Audit and Risk Committee for approval.
- 2.7 Coordinate assurance efforts with external and internal assurance providers in accordance with the combined assurance model of the ECGB, to reduce the nature, frequency and redundancy of internal audit engagements.

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.

- 2.8 Execute the risk based Annual internal Audit Plan according to the approved resources and timeframes for each year of the rolling three-year strategic internal audit plan as per approval by the Audit and Risk Committee.
- 2.9 Prepare and submit internal audit reports according to the execution of the risk based Annual Internal Audit Plan, discuss such reports with Management and present such reports, at least quarterly, to the Audit and Risk Committee.
- 2.10 Provide assurance and consulting services on the ECGB's enterprise risk management process and conduct ad-hoc reviews on areas identified and agreed by Management and the Audit and Risk Committee.
- 2.11 Develop and maintain a Quality Assurance and Improvement Program (QAIP) for ECGB internal audit that must include both internal and external assessments.
- 2.12 Provide and perform an executive support function to the Audit and Risk Committee.

3. **BID EVALUATION PROCEDURES**

The following are key criteria that will be used in appointing the successful service provider:

- a. **THRESHOLD:** Bids will be evaluated on **80/20** principle as prescribed in the Preferential Procurement Policy Framework Act Regulations of 2022.
- b. Bids will be considered and evaluated in a two staged approach.
- c. During the first stage, bidders will only be evaluated on functionality, and only qualifying service providers who meet the minimum requirements for functionality will be allowed to proceed to the second stage where scoring will be done on 80 points for price and 20 points for specific goals.
- d. Bidders are required to submit their bids in two envelopes with the first envelope outlining the functionality. The first envelope must be clearly marked Stage 1; Functionality.
- e. Furthermore, bidders are required to include their pricing in a second sealed envelope marked Stage 2; Price, which must include proof of office location. Only bidders who

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
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REVIEW FOR A PERIOD OF TWO YEARS.

meet the minimum of 75 points on functionality during the evaluation of Stage 1 will proceed for scoring in Stage 2.

f. Lastly, bidders that have passed stage 1 and 2 will be subjected to a presentation to ECGB Management, this will be communicated directly with the qualifying bidders.

STAGE 1: FUNCTIONALITY EVALUATION

FUNCTIONALITY	MAXIMUM POINTS
<p>A.1 Engagement Director experience in public sector internal audit</p> <ul style="list-style-type: none"> • 15 or more years of relevant experience = 10 points • 10 years of relevant experience = 8 points • 8 years of relevant experience = 6 points • 6 years of relevant experience = 4 points • 4 years of relevant experience = 0 points <p>A.2 Audit Manager experience in public sector internal audit</p> <ul style="list-style-type: none"> • 8 or more years of relevant experience = 10 points • 6 years of relevant experience = 8 points • 5 years of relevant experience = 6 points • 4 years of relevant experience = 4 points • 3 years of relevant experience = 0 points <p>A.3 IT Audit specialist</p> <ul style="list-style-type: none"> • 7 or more years of relevant experience = 5 points • 6 years of relevant experience = 4 points • 5 years of relevant experience = 3 points • 4 years of relevant experience = 2 points • 3 years of relevant experience = 0 points <p><i>Bidders are required to submit signed letters of reference on the client's letterhead from previous contracts to substantiate all experience claimed above. No points will be awarded for contracts that are not verifiable to reference letters.</i></p>	25
<p>B. Methodology</p> <p>Bidders are required to provide and submit with their bid documents:</p> <p>B.1 A detailed Internal Audit Methodology (Planning, Execution, Reporting & Follow up) - maximum 5 points.</p> <p>B.2 Risk Assessment Methodology and link to development of the Risk Based Internal Audit Plan - maximum 5 points.</p> <p>B.3 Detailed Quality Assurance and Improvement Program (QA&IP) (Including processes for individual audit file quality reviews, and internal/external quality assurance reviews) - maximum 5 points.</p> <p>B.4 Quality Assurance and Improvement Programme outcomes for External Assessment done within the past five(5) years (positive results equites to maximum points and no points will be allocated for negative outcomes- maximum 5 points.</p>	20

APPOINTMENT OF A SERVICE PROVIDER TO OFFER INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO REVIEW FOR A PERIOD OF TWO YEARS.

<p><i>The more detailed the methodologies demonstrate each stage of the audit process, the linkage to the development of the Internal Audit Plan, the purpose and contents of the charters and quality processes, and the more likely the bidder is to be able to execute the contract successfully, the more points will be allocated</i></p>	
<p>C. Qualification of Key staff for the project</p> <p>Bidders are required to provide and submit with their bid documents the following:</p> <ul style="list-style-type: none"> • Detailed Organogram of key staff on the project and functions/ roles • 1 point for every staff member within the project who is registered with the <i>Institute of Internal Auditors</i> - maximum of 4 points. • 1 point for every staff member within the project with a 4 year bachelor's degree or Equivalent - maximum of 5 points • 2 Points for every staff member within the project that is a Certified Internal Auditor (CIA) or Chartered Accountant CA(SA) - maximum 6 points • 4 points for the IT audit specialist registered with CISA, 1 point for if also registered as a Certified Ethical Hacker (CEH) - maximum 5 points <p><i>Proof of Qualifications of key staff members of the project to be attached - the higher the proven capacity of the bidder's key staff for the project the more points will be allocated</i></p>	20
<p>D. Bidders' experience</p> <ul style="list-style-type: none"> • 10 or more similar projects = 15 points • 8 - 9 similar projects = 10 • 5 - 7 similar projects = 5 • 3 - 5 similar projects = 0 <p><i>Similar project is defined as an internal audit project extending for 36 months or longer, with a contract budget of no less than R3million. Bidders will be required to submit Annexure A detailing project duration, budgets as well as ratings of work performed.</i></p>	15
<p>E. PROPOSAL & PRESENTATION EVALUATION (Quality Determination)</p> <ul style="list-style-type: none"> • Comprehensive & clear presentation = 2 points • Demonstration of deliverables = 3 points • Demonstration on methodology considering maturity of the ECGB and attainment of organisational objectives = 10 points • Demonstration of capability of the Internal Audit Function to provide proactive, value-adding assurance and consulting services = 5 points 	20
<p>TOTAL POINTS</p>	100

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
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REVIEW FOR A PERIOD OF TWO YEARS.

STAGE TWO: Preferential points system

PREFERENTIAL PROCUREMENT REGULATIONS OF 2022 WILL APPLY

Price and preference points for specific goals will be calculated as described in the Preferential Procurement Regulation 2022.

Table 2: Points available per criteria in Stage 2

CRITERIA		POINT SYSTEM
Price		80
Specific goals:		20
50% or >50% Black Ownership	5	
50% or >50% Black female ownership	5	
MSME	5	
Eastern Cape based bidder	5	
	<u>20</u>	
Total		100

4. IMPORTANT SUBMISSION GUIDELINES

All proposals will be adjudicated in terms of the Supply Chain Management Policy of the ECGB and in accordance with the Public Finance Management Act. In addition to those (the conditions) stipulated in any other section of the request for proposals, the service providers should be especially aware of the following terms and conditions:

- 4.1 The Eastern Cape Gambling Board reserves the right not to make any appointment from the submitted proposals.
- 4.2 The Eastern Cape Gambling Board does not bind itself to accept the proposal with highest score.
- 4.3 The Eastern Cape Gambling Board reserves the right to cancel this request for proposal (RFP) and pursue an alternative course of action at any time without incurring any liability towards any service provider.
- 4.4 The Bidders are advised that the submission of proposals gives rise to no contractual obligations on the part of ECGB.
- 4.5 Proposals submitted by electronic transmission or faxed will not be accepted.
- 4.6 All proposals submitted shall become the property of ECGB and shall not be returned.
- 4.7 CSD reports will be used to verify all company/organization's details and tax status pin codes must be provided.
- 4.8 Bidders are required to complete, sign and submit all SBD forms/bid documents.
- 4.9 Proposals received after the specified time and date i.e. _____
at 11h00 am will NOT be considered and accepted.

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.

- 4.10 No services shall be rendered or goods delivered before an official ECGB Purchase Order has been issued.
- 4.11 The ECGB may request written clarification or further information regarding any aspect of proposals submitted. Service providers must supply such requested information in writing within the stipulated timeframe after the request has been made, or their proposal may be disqualified.
- 4.12 Service providers shall not qualify their proposals with their own conditions.
- 4.13 The name(s) and contact details of the person or persons(s) in your organisation responsible for this proposal.
- 4.14 A service level agreement shall be signed with the successful service provider.
- 4.15 The ECGB will not be held responsible for any cost incurred by the service provider in the preparation and submission of this proposal.
- 4.16 The ECGB reserves the right to terminate the contract if not satisfied with the work or the deliverables as stated above are not going to be met. Only bidders that meet the requirements of the request for proposal specification shall be considered during the adjudication process.
- 4.17 Bidders that bid as joint venture must have a signed business agreement by both parties. If the service provider does not meet this requirement will be automatically disqualified.

5. PRICING

Price must be in South African currency and must be inclusive of VAT. Bidders are required to complete their pricing in Annexure A. Bidders are further required to include any travelling costs and disbursements in their pricing. Price will be evaluated based on 80 points and applicable formula of calculating points.

6. WHERE TO SEND THE PROPOSAL

Please send your original proposal and a copy saved on USB/flash disk to:

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PERIOD OF THREE YEARS** (To be marked clearly on
envelope)

Eastern Cape Gambling Board
Quenera Park, Quenera Drive
Beacon Bay
East London
5206

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.

7. Contact Details

Name: Ms. Thandi Malotana

E-mail: thandazwam@ecgb.org.za

Bid Specification is:

Recommended/Not Recommended

CHAIRPERSON: BID SPECIFICATION COMMITTEE

Bid Specification is:

Supported / Not Supported

**Z. MQOBOLI
CHIEF FINANCIAL OFFICER**

Bid Specification is:

Approved / Not Approved

**R.M. ZWANE
CHIEF EXECUTIVE OFFICER**

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.

ANNEXURE A

ECGB RFQ - Details of previous similar work experience

- The respondent / tenderer must complete part A of this form separately for each reference submitted.
- The respondent / tenderer must forward Part B of this form for completion and signing to be completed by the referee, then bind the signed and completed Annexure form with the tender submission.
- It is required that the referee to include their signature & company stamp in the space provided for these.
- It is required that the referee include their contact details to enable verification of the reference. The ECGB will not give scores for incomplete forms.
- The referee to please provide a score (0 - for poor services received, 3 - for satisfactory services received, 5- for good services received)

PART A - To be completed by respondent / tenderer for RFQ submission

Company name of Respondent / tenderer:		
Name of client / referee:		
Location of project (private or public entity)		
Contract start date: date/month/year		
Contract end date: date/month/year		
Brief description of similar / relevant work experience.		
Amount of award		
Details of client / referee for verification purposes:	Name:	
	Company name:	
	Contact details (Cell and Office)	

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.

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INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.

ECGB-26/27-BID 02

Annexure B - Continued

ECGB RFQ - Details of previous similar work experience

PART B - To be completed by referee

Client / Referee Name:

Please verify that the information provided		Comments			
by the respondent in Part A is correct.	<table border="1"> <tr> <td><input type="checkbox"/></td> <td>No</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Yes</td> </tr> </table>				<input type="checkbox"/>
<input type="checkbox"/>	No				
<input type="checkbox"/>	Yes				
Comment alongside if necessary:					
Please indicate and rate whether the respondent has performed the attributes/tasks listed below.	Has the service been rendered (Yes / No)	Poor 1	Average 3	Good 5	
Did the service provider implement their last project successfully?					
Was the solution delivered in the required time frame?					
Was conformance to a project management standard adhered to?					
Was the skill competency of the team relevant and adequate to deliver on the					
Were all meetings' schedules adhered to?					
Were you satisfied with the technical support provided during the project?					

Company Stamp:

Referee name:

Designation:

Date:

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
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REVIEW FOR A PERIOD OF TWO YEARS.

Tel:

Cell:

.....
Client / Referee signature

APPOINTMENT OF A SERVICE PROVIDER TO OFFER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD OF THREE YEARS WITH AN OPTION TO
REVIEW FOR A PERIOD OF TWO YEARS.

ECGB-26/27-BID 02



ANNEXURE A: PRICING SCHEDULE

RFP NO:

ECGB-26/27-BID 02

RFP NAME:

**APPOINTMENT OF A SERVICE PROVIDER TO OFFICER
INTERNAL AUDIT SERVICES TO ECGB FOR A MINIMUM PERIOD
OF THREE YEARS**

BIDDER NAME

[Redacted bidder name]

Table A1: Indicative Audit hours per annual audit plan

Item	Focus Area	Estimated hours	Average Hourly rate (excl VAT)	Average Hourly rate (incl VAT)	TOTAL Price (incl VAT)
1	Management of Internal Audit Function	200		R -	R -
2	Governance and compliance	100		R -	R -
3	Risk based, Operational, Financial, and Control Reviews	800		R -	R -
4	Performance Information	300		R -	R -
5	Information Technology reviews	200		R -	R -
6	Follow up reviews	100		R -	R -
7	Ad-hoc reviews	0		R -	R -
	Total	1700		R -	R -
PRICE THAT WILL BE USED FOR EVALUATION PURPOSES				R	-

Table A2: Actual hourly rates for contracting purposes, based on the hours above

Item	Description	Estimated hours	Actual Hourly rate (excl VAT)	Hourly rate (incl VAT)	TOTAL Price (incl VAT)
1	Engagement Director			R -	R -
2	ICT Director			R -	R -
3	Manager			R -	R -
4	ICT Specialist			R -	R -
5	Assistant manager			R -	R -
6	Supervisor			R -	R -
7	Internal Auditor			R -	R -
8	Junior Auditor			R -	R -
9	Other Specialists			R -	R -
10				R -	R -
11				R -	R -
12				R -	R -
	Total	0		#DIV/0!	R -
		ERROR			
PRICE THAT WILL BE USED FOR EVALUATION PURPOSES (Hours and Average rate must agree to table A1 above.)				R	-

Note: Due to the nature of the assignment, Subsistence and Travel expenses will be limited to 5% of the professional fees to be billed and do not need to be included separately above.