

TENDER NUMBER: MDDA/01/2024

**TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER TO
PROVIDE INTERNAL AUDIT SERVICES FOR THE MEDIA DEVELOPMENT AND
DIVERSITY AGENCY FOR A PERIOD OF TWENTY-FOUR (24) MONTHS**

1. INTRODUCTION

1.1. The Media Development and Diversity Agency (MDDA) is a statutory development agency with the objective of creating an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans and redresses exclusion and marginalisation of disadvantaged communities and persons from access to the media and the media industry. As a partnership between the South African Government and major print and broadcasting companies, it promotes and assists in the development of community media and small commercial media in South Africa, by providing support (financial, capacity building, etc) in terms of the MDDA Act No 14 of 2002. MDDA has funded more than 550 projects, with 290 currently active.

2. PURPOSE

2.2. The purpose of the Terms of Reference is to appoint a suitably qualified independent internal audit service provider that can establish and maintain an appropriate internal audit service to the Audit and Risk Committee (ARC) and Management of the MDDA, herein after referred to as the “Agency”.

3. SCOPE OF SERVICE

3.1. The internal audit service will be an outsourced function. The scope of the internal audit service shall consist of:

3.1.1. Provision of appropriate human resource capacity to the following assignments based on the approved internal audit methodology and plan or as and when specific needs and requests are made:

- a) Fulfil all requirements pertaining to internal audit in line with the PFMA, Treasury Regulations and the International Standards for the Professional Practice of Internal Auditing (IIA standards);
- b) Review and update the Internal Audit Charter and methodology annually;
- c) Prepare a three-year rolling and annual Internal Audit Coverage Plan;
- d) Performance of control environment audits;
- e) Perform financial audit assignments;
- f) Perform review of Annual Financial Statements and Annual Performance Report prior to submission to Auditor General for annual regulatory audit;
- g) Perform Computer/ ICT audits;
- h) Carry out performance audit on a quarterly and annual basis;
- i) Review of the tender process of all tenders considered by the Agency;
- j) The performance of such other assignments as management and the ARC may (from time to time) authorise, which will constitute an additional scope of service;
- k) Facilitate the development of combined assurance framework, plan and/or reporting if required;
- l) Follow up review of audit findings as well as prior year external audit findings;
- m) Develop the annual opinion on the internal control environment;
- n) Successful bidder shall meet with the ARC and management to report on progress of the reviews conducted.

3.1. The contractor will be expected to provide detailed estimated hours per annum for each of the areas on the scope of service.

3.2. Special conditions of contract

- a) The RFP should be submitted with all required documentation containing information on functional/ technical and price information.
- b) Only bidders who score at least **80%** for the functional/technical information will be evaluated further on price and Specific Goals.
- c) Pricing schedule **MUST** contain the average rate per hour (Annexure A and SBD 3.3 refers).
- d) No tender shall be awarded to a bidder whose name appears on the Register of Tender Defaulters maintained by National Treasury, or who have been placed on National Treasury's List of Restricted Suppliers.
- e) The successful bidder will have to enter into a service level agreement (SLA) or special conditions of contract with the Agency.
- f) Qualification verification may be done for directors and employees involved with the contract prior to appointment. The proposed team may not be changed during the contract period unless agreed with the Agency. Any change in the proposed team must be replaced with equally qualified resources approved by the Agency.

4. SCOPE OF INTERNAL AUDIT WORK

The scope of internal audit work entails evaluating the adequacy and effectiveness of the organisation's systems of control. This includes, but not limited to:

- 4.1. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and reporting such information;
- 4.2. Reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and determine whether the organisation is complying;
- 4.3. Reviewing the means of safeguarding assets and verifying the existence of assets;
- 4.4. Appraising the economy and efficiency with which resources are employed and identifying opportunities to improve operating performance;

- 4.5. Reviewing operations and programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned;
- 4.6. Reviewing the planning, design, development, implementation and operation of major computer-based systems to determine whether:
- a) adequate controls are incorporated in systems;
 - b) thorough systems testing is performed at appropriate stages;
 - c) system documentation is complete and accurate; and
 - d) The needs of users are met.
- 4.7. Reporting to the Audit and Risk Committee in writing annually on the scope of reviews of good governance and any significant findings.

5. DESCRIPTION AND EXTENT OF WORK

5.1. Performance of audit assignments

Each assignment should consist of the following tasks:

- a) Audit preparation;
- b) Preliminary survey;
- c) Review of internal controls;
- d) Audit testing;
- e) Development of findings and recommendations;
- f) Obtaining management responses; and
- g) Reporting.

All procedures and working papers must be made available on request, within one working day, to management as well as the Audit and Risk Committee on request.

5.2. Timing of assignments

The Audit and Risk Committee shall approve the three-year and annual audit coverage plan before implementation. The performance of each assignment that is not in the audit coverage plan shall be agreed to by management and the Audit and Risk Committee by no later than one (1) month before work is due to commence.

5.3. Quality Assurance reviews of the work

The successful bidder shall ensure that all work conforms to the Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors).

5.4. Independence and objectivity of Audit staff

In carrying out the work, the successful bidder must ensure that their staff maintain objectivity by remaining independent of the activities they audit.

5.5. Monitoring progress of assignments

On a quarterly basis, the successful bidder shall meet with the Audit and Risk Committee to report on progress of the work.

5.6. Report of audit results

The report(s) on findings and recommendations should be sent to the Chief Executive Officer of the Agency (auditee) responsible for implementing those recommendations for review and comments. Within ten (10) working days of sending the report(s), the successful bidder shall meet with the auditee to discuss the findings and obtain written responses to recommendations together with implementation dates. If the findings have not yet been addressed these shall then be incorporated into the relevant report. The structure of the report is to be as follows:

5.6.1. Introduction;

- a) audit objectives and scope;
- b) background;
- c) executive summary;
- d) findings, recommendations and management response (including implementation dates);

- e) conclusion; and
- f) method of proceeding

5.6.2. Fraud and irregularities

In planning and conducting its work, successful bidder should seek to identify serious irregularities, which might result in possible fraud, any such irregularities must be reported immediately to the Chief Executive Officer of the Agency as well as the Audit and Risk Committee without disclosing these to any other member of the staff.

5.6.3. Authorised delegate(s)

Nothing as stipulated in these terms of reference may be amended without the written confirmation of the Chief Executive Officer of the Agency.

6. ORGANISATIONAL STATUS AND REPORTING OF INTERNAL AUDIT

6.1. Internal Audit will report to the Audit and Risk Committee and the Chief Executive Officer of the Agency and will help to promote and ensure:

- a) the independence of the internal audits;
- b) broad audit coverage;
- c) adequate consideration of audit reports; and
- d) The implementation of audit recommendations.

7. COMMENCEMENT AND DURATION OF THE CONTRACT

The contract shall commence 01 September 2024 upon conclusion of a Service Level Agreement by both parties and shall run for a period of twenty-four (24) months subject to annual review based on performance.

8. PROJECT COST AND PAYMENT TERMS

- 8.1. Bidders are required to indicate a ceiling price based on **3 500 (three thousand, five hundred hours)** including all expenses for the duration of the twenty-four (24) months contract.
- 8.2. Cost must be VAT inclusive and quoted in South African Rand.
- 8.3. All payments to the service provider would be made within 30 days from receipts of an original valid invoice as per the Service Level Agreement for work done to MDDA satisfaction.
- 8.4. Copies of time sheets must be attached to the invoice and will be payable after the final relevant report have been received by the Agency.
- 8.5. No payment will be made where there is outstanding information/work not submitted by the service provider.

9. EVALUATION CRITERIA

- 9.1. A three (3)-phased approach will be followed during the evaluation phase. All proposals received will be evaluated in accordance with the 80/20 point system as prescribed in the Preferential Procurement Regulations.
- 9.2. Interested bidders are requested to submit proposals that consist of the sections highlighted below.
- 9.3. Bidders are requested to peruse these requirements carefully to avoid submitting extraneous material.

9.4. PHASE 1 - ADMINISTRATIVE COMPLIANCE

- a) During this phase, the Standard Bid Documents (SBD) will be checked. Only suppliers who correctly completed/submitted all the documents will move on to the next phase.
- b) Note that all the required documentation must be signed by a duly authorised representative.

- c) The bidders MUST submit one original and four (04) copies of bid documents as well as one (01) memory stick.
- d) Bidders must separate financial proposal from their technical proposal.
- e) One original financial proposal
- f) Failure to submit will render the bid nonresponsive.

9.5. PHASE 2 - TECHNICAL EVALUATION

- a) Only proposals that meet the criteria set in the administrative compliance phase (Phase 1) will qualify for this phase. During this phase, proposals will be evaluated according to the defined criteria below:

CRITERIA	WEIGHT	Score	Total												
<div>1. Company/Firm Experience and Specialised skills</div> <div><ul style="list-style-type: none">• Proven experience of the firm in internal audit services, including specialised skills, expertise, and value-added services.<ul style="list-style-type: none">• Demonstration of the firm’s substantial internal audit experience.• Specialised skills, expertise, and value-added services in the field of internal audit, with an emphasis on best practice methodology, tools and technology used.• Availability of forensic audit skills and tools.• Availability of computer audit skills and tools.</div> <div>1.1. Company experience (10)</div> <div><table><tr><th>Number of years</th><th>Points</th></tr><tr><td>Less than 2 years</td><td>1</td></tr><tr><td>3-5 years</td><td>2</td></tr><tr><td>6-8 years</td><td>3</td></tr><tr><td>9-8 years</td><td>4</td></tr><tr><td>Above 10 years</td><td>5</td></tr></table></div>	Number of years	Points	Less than 2 years	1	3-5 years	2	6-8 years	3	9-8 years	4	Above 10 years	5	20		
Number of years	Points														
Less than 2 years	1														
3-5 years	2														
6-8 years	3														
9-8 years	4														
Above 10 years	5														



CRITERIA	WEIGHT	Score	Total														
<div>1.2. Specialised skills (10)</div> <table><tr><td colspan="2">Specialists available</td></tr><tr><td>Relevant qualification</td><td>Points</td></tr><tr><td>One (1) of the specialist field</td><td>1</td></tr><tr><td>Two (2) of the specialist fields</td><td>2</td></tr><tr><td>ICT specialists with professional qualification (CISA/CISM) and Performance audit specialist</td><td>3</td></tr><tr><td>All above mentioned specialists</td><td>4</td></tr><tr><td>Other specialist fields (example investigations, physical security experts)</td><td>5</td></tr></table>	Specialists available		Relevant qualification	Points	One (1) of the specialist field	1	Two (2) of the specialist fields	2	ICT specialists with professional qualification (CISA/CISM) and Performance audit specialist	3	All above mentioned specialists	4	Other specialist fields (example investigations, physical security experts)	5			
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<div>2. Public sector experience</div> <div><ul style="list-style-type: none">Advanced understanding of and sufficient exposure to the Public Finance Management Act of 1999 and the Protocol on Corporate Governance in the Public Sector.Demonstration of the firm’s substantial internal audit experience.Specialised skills, expertise, and value-added services in the field of internal audit, with an emphasis on best practice methodology, tools and technology used.Availability of forensic audit skills and tools.Availability of computer audit skills and tools.</div>	40																



CRITERIA	WEIGHT	Score	Total																								
<ul style="list-style-type: none">• Provide a list of references from current/previous internal audit appointments using the template attached as Annexure B.• Provide reference letters from 5 current/previous internal audit appointments in the public sector using the template attached as Annexure C. <p>NB: The previous work done must not be older than 5 years.</p> <p>2.1. Experience (20)</p> <table><tr><th>Number of years</th><th>Points</th></tr><tr><td>Less than 2 years</td><td>1</td></tr><tr><td>3-5 years</td><td>2</td></tr><tr><td>6-8 years</td><td>3</td></tr><tr><td>9-8 years</td><td>4</td></tr><tr><td>Above 10 years</td><td>5</td></tr></table> <p>2.2. Evaluation of work performed (20)</p> <table><tr><th>Average evaluation score</th><th>Points</th></tr><tr><td>1</td><td>1</td></tr><tr><td>2</td><td>2</td></tr><tr><td>3</td><td>3</td></tr><tr><td>4</td><td>4</td></tr><tr><td>5</td><td>5</td></tr></table>	Number of years	Points	Less than 2 years	1	3-5 years	2	6-8 years	3	9-8 years	4	Above 10 years	5	Average evaluation score	Points	1	1	2	2	3	3	4	4	5	5			
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CRITERIA	WEIGHT	Score	Total
<p>3. Capacity, Ability and Capability of the proposed team</p> <ul style="list-style-type: none"> • Provide qualifications and competence of the proposed team to render the service. • Team roles and qualifications must be clearly indicated (Partner, Snr manager, manager,)etc. • Complete Annexure D. • Provide CVs of the proposed team. • CVs and qualifications must be attached, including proof of current registration with the IIASA. • Failure to complete Annexure D and to provide CV will results in scoring zero for the criterion. 	40		
3.1. Director/Engagement Partner (20)			
Relevant qualification	Points		
Limited qualification information provided	1		
One of the following professional qualifications (CIA) and 10 years IA experience	2		
One of the following professional qualifications (CIA) and more than 10 years IA experience	3		
One of the following professional qualifications (CIA) and 15 years IA experience	4		
Two of the following professional qualification (CIA) and 15 years IA experience	5		
3.2. Manager (20)			
Relevant qualification	Points		
Limited qualification information provided	1		
One of the following professional qualifications (CIA) and 10 years IA experience	2		



CRITERIA		WEIGHT	Score	Total
One of the following professional qualifications (CIA) and more than 10 years IA experience	3			
One of the following professional qualifications (CIA) and 15 years IA experience	4			
Two of the following professional qualification (CIA) and 15 years IA experience	5			
TOTAL		100		

- b) Only bidders who score **80 points** and above on functionality will be considered and evaluated further on Price and SPECIFIC GOALS contribution.

9.6. Phase 3: PRICE AND SPECIFIC GOALS

- a) The bid will be awarded to the bidder who scored the highest points in terms of price and Specific Goals. The evaluation criteria for this phase are as set below:

CRITERIA	WEIGHT
Price	80
Specific Goals	20

- b) Provision of the Preferential Procurement Policy Framework Act (PPPFA), Act 5 of 2000 and its Regulations will apply in terms of awarding points.
- c) Preference Points Claim Form, SBD 6.1 should be completed and signed by the bidder to be able to claim points for Specific Goals.

d) Calculation of points for preferential procurement specific goal will be done in accordance with the table below:

Specific goal	Achievement level	Total points allocated (80/20 system)	Total points allocated (90/10 system)
Black ownership	100% black ownership	10	5
	Less than 100% but equal to or greater than 75% black ownership	8	4
	Less than 75% but equal to or greater than 50% black ownership	6	3
	Less than 50% but equal to or greater than 25% black ownership	4	2
	Less than 25% black ownership but greater than 0%	2	0
	No black ownership	0	0
Black women ownership	50% or more black women ownership	6	3
Youth ownership	20% or more youth ownership	2	1
People with disability ownership	20% or more people with disability ownership	1	1
Township/Rural area ownership	Township/Rural based business	1	0

10. BRIEFING / INFORMATION SESSION

There shall be no briefing/ information session for this bid.

11. DOCUMENTS TO BE SUBMITTED WITH PROPOSAL

- 11.1.** Company registration documents.
- 11.2.** Company Profile.
- 11.3.** Complete and signed SBD forms.
- 11.4.** Proof of registration on Central Supplier Database.
- 11.5.** Copies of ID Documents of directors of the company

12. FORMAT AND SUBMISSION OF THE PROPOSAL

- 12.1.** All the official forms (SBD) must be completed and signed in all respects by the bidder. Failure to comply shall invalidate a bid.
- 12.2.** Bidders are kindly requested to submit an **ONE (1)** original and four **(4)** copies as well as **1 memory stick** of their technical proposal.
- 12.3.** Bidders are further requested to separate financial proposal from their technical proposal.
- 12.4.** An agreed Service Level Agreement will be drawn up by the MDDA in consultation with the successful bidder.
- 12.5.** The successful bidder will sign a confidentiality agreement regarding the protection of the Agency information.
- 12.6.** The complete submission must be returned to:
Media Development and Diversity Agency

SABC GMS Building | 26 Canary Road | Auckland Park

Attention: Supply Chain Management

Tender Number: MDDA/01/2024

Closing date: 07 June 2024 at 11:00

13. DISCLAIMER

Whilst the MDDA is issuing this Request for Proposals (RFP) in good faith, it reserves the right to cancel the selection process and reserves the right not to select or appoint any of the bidders to the RFP and is also not obliged to provide reasons for the rejection of any proposal or appoint a bidder not scoring the highest points on price and SPECIFIC GOALS. The MDDA further reserves the right to negotiate costs of services to be rendered and negotiate an acceptable solution.

14. BIDDERS NOTIFICATION

The SCM Unit will publish the outcomes of the tender process on all relevant tender information mediums.

15. CONTACT DETAILS

15.1. For all related queries, please contact the Supply Chain Management Unit in writing Mr. Mojaki Mohibidu at Support_SCM@mdda.org.za

15.2. Should you require any further information or clarity on the specifications please contact Mr. Simphiwe Mthembu simphiwe@mdda.org.za

15.3. Alternatively on 011 643 1100 between 08:30 to 16:30 Mondays to Fridays.

15.4. For additional information visit the MDDA website www.mdda.org.za