

TERMS OF REFERENCE

BID FOR THE APPOINTMENT OF A SUITABLE INDEPENDENT SERVICE PROVIDER FOR THE PROVISION OF INTERNAL AUDIT SERVICES AT GAUTENG ENTERPRISE PROPELLER (GEP).

1. PURPOSE

The purpose of this bid is to appoint a suitable independent service provider for the provision of internal audit services at GEP. The duration of the appointment will be twelve (12) months from the date of appointment, renewable for a further period of twenty-four months depending on performance.

2. BACKGROUND

The Gauteng Enterprise Propeller (GEP) is a Provincial Government Agency established in terms of the Gauteng Enterprise Propeller Act (No. 5 of 2005), under the guide of the Gauteng Department of Economic Development (GDED) to ensure the development of "Sustainable SMMEs and co-operatives propelled into the mainstream economy of Gauteng." To achieve this, the GEP has set the following vision for the new five-year term that lies ahead: "Propelling entrepreneurs into sustainable enterprises that contribute meaningfully to inclusive economic growth and job creation."

The PFMA requires the establishment of an effective internal audit (IA) function under the control and direction of an Audit Committee (section 51(1) (a) (ii).

As per resolution made by the GEP Board on the 31st of July 2023, in support of the internal audit function, has decided on an outsourced model. The GEP has established an Internal Audit Function, however it is not adequately capacitated as it currently has one Internal Audit Assistant Manager who reports to the General Manager: Risk and Audit; hence the request to appoint a suitable independent service provider to provide internal audit services to the GEP.

3. REQUIREMENTS

The following are requirements for potential service providers to be considered:

- Proof of registration with the National Treasury Central Supplier Database (CSD);
- Certified copies of company registration documents as issued by the CIPC;

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BOARD

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 Mr. S Zamxaka (Chief Executive Officer), Huruma Bantfu (Company Secretariat),
 Ms. D Maithufi, Mr. L Marincowitz, Mr. K Mogotsi, Ms. B Mahlutshana,
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- Proof of Registration with the relevant professional body e.g., SAICA/ IRBA,/IIASA/ISACA;
- Certified copies of the ID of the company directors not older than three (3) months;
- Company profile;
- Proof that tax matters with SARS are in order (e.g., SARS PIN number/ Tax clearance certificate).

Mandatory Requirements:

- The service provider must have a minimum of 8 years' experience in the public sector audit environment; and
- Proof of Registration with the relevant professional body e.g., SAICA/IRBA/IIASA/ISACA.

Failure to submit all compulsory requirements will result in submissions being deemed null and void and shall be considered "non-responsive" and therefore not considered further.

4. SCOPE OF WORK

All Internal Audit work will be carried out at GEP head office and its regional and satellite offices across Gauteng. The successful service provider will be required to perform the audit assignments as per the Internal Audit Plan approved by the Audit and Risk Governance Committee (ARGC).

The scope of work shall consist of but is not limited to the following requirements:

- 4.1 Review and update the Internal Audit and Audit and Risk Governance Charters;
- 4.2 Develop a rolling three-year strategic Internal Audit Plan based on its assessment of key risk areas for the GEP, having taken into consideration the organisation's current operations, the operations proposed in the strategic plan as well as the risk management strategy;
- 4.3 Prepare an annual Internal Audit Plan for the first year of the rolling three-year strategic IA Plan;
- 4.4 Prepare, Plan, , Execution and Reporting of Internal Audits as per plan - conducting the audits as per approved Internal Audit Methodology, IIA Standards and Internal Audit Charter;
- 4.5 Prepare monthly and quarterly governance reports, detailing performance against the annual IA Plan to EXCO, ARGC, Board and other structures that may be deemed relevant;
- 4.6 Co-ordinate with internal and external assurance providers to ensure proper coverage and minimal duplication of effort;

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4.7 Assist management in achieving the objectives of the GEP by evaluating and developing recommendations for the enhancement and or improvement of the processes through which:

- Strategic objectives are established in line with the frameworks for managing performance information and are communicated;
- The accomplishment of objectives is monitored;
- Accountability is ensured;
- Corporate values are preserved;
- The adequacy and effectiveness of the system of internal control are reviewed and appraised;
- The relevance, reliability and integrity of management, financial and operating data and reports are appraised;
- Systems established to ensure compliance with policies, plans, procedures, statutory requirements, and regulations, which could have a significant impact on operations, are reviewed;
- The means of safeguarding assets are reviewed and deemed as appropriate in verifying the existence of such assets;
- The economy, efficiency and effectiveness with which resources are employed are appraised;
- The results of operations and or programmes are reviewed to ascertain whether they are consistent with the GEP's established objectives and goals and whether the operations or programmes are being carried out as planned; and
- The adequacy of established systems and procedures are assessed.

4.8 Attend and add value in the Audit Steering Committee meetings;

4.9 Execute the activities as per approved Combined Assurance Plan;

4.10 Conduct consulting activities - any other consulting/ value add activities which may be required by business units, whilst maintaining independence and objectivity;

4.11 Oversight and supervision of the Internal Audit Interns - providing mentoring, review of the work, training of the Internal Audit Interns; External Quality Assurance of the Internal Audit function: assist and support the service provider to conduct external quality assurance of the Internal Audit function and compile the Quality Assurance Plan. Oversee and avail any information which will be required by the Service Provider. Establish a Quality Assurance Plan which will be reported to all governance structures as required by IIA Standards; and

4.12 Execute any other areas as and when required.

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5. PROPOSED TIMELINES

The duration of the project is planned for twelve (12) months from the date of appointment subject to renewal for a further period of twenty-four months based on performance. All audit projects must be conducted and carried out in line with the approved Internal audit plan for 2023/2024 and a three- year rolling plan.

6. EXPECTED OUTCOMES AND DELIVERABLES

The appointed service provider must ensure that all work conforms to the International Standards for Professional Practice of Internal Auditing. Each audit assignment shall at least consist of the following deliverables or outcomes:

- Detailed project plan (To be discussed and agreed upon by both parties);
- Execute audit projects in line with the project requirements, timeframes, and budget as per the approved Internal Audit Plans;
- Provide weekly feedback on the status of the projects to GM: Risk and Audit;
- Provide Electronic and Hard copy of audit files with all working papers, audit evidence and client information at end of each engagement; and
- Final detailed reports with concise recommendations and management action plans.

Technical / Functionality Evaluation:

Functionality Criteria	Description	Weightings
Reference letters - Internal Audit Services: 10 points Reference letters issued by the Bidders' previous client for similar service rendered on the company's letterhead. The letters should have contactable references. The Bidders must have rendered similar service in providing risk based internal audit projects and IT	5 or more references of similar completed project = 10 points	10 points
	4 references of similar completed project = 8 points	
	3 reference of similar completed project = 6 points	
	2 references of similar completed project = 4 points	
	1 reference letter of similar completed project = 2 points	

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audits including Information security, General and Application controls.	No reference provided = 0 points	
Company Technical Experience: 30 points Potential Service Providers must demonstrate that they have the capacity to render the required services and experience in providing Risk based internal audit projects. (Attach company profile and client summary detailing work performed including project value, year, duration and contact details corroborate with reference letters recent 5 years indicating required internal audit and experience)	8 years and more experience = 30 points	20 points
	5 - 7 years' experience = 20 points	
	0 – 4 years' experience = 10 points	
Company Technical Experience: 10 points Potential Service Providers must demonstrate that they have the capacity to render the required services and experience in providing IT audits including Information security, General and Application controls. (Attach company profile and client summary detailing work performed including project value, year, duration and contact details corroborate with reference letters recent 5 years indicating required IT audit experience)	5 years and more experience = 10 points	10 points
	2 - 4 years' experience = 05 points	
	0 – 1 year experience = 0 points	

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Internal Audit Methodology: 10 points The bidder must detail the approach that will be adopted in rendering the audits/ scope of work and audit process, including, but not limited to: <ul style="list-style-type: none"> • Planning for audit engagements • Execution • Reporting and communicating the results. Follow up	Methodology meeting all requirements = 10 points No methodology/ methodology not meeting the requirements =0 points	10 points
Professional Body Registration: 10 points Proof of Firm Registration with the SAICA/ IRBA/ IIASA/ISACA (Attach proof of firm's registration with professional bodies)	Proof of registration with SAICA/, IRBA/ IIASA/ISACA = 10 points No Proof of registration with SAICA/, IRBA/ IIASA/ISACA = 0 points	10 points
Proposed Internal audit team members relevant experience and qualifications: 40 points. The Potential Service Provider to provide four (4) candidates. All candidates should have experience in the audit of the Auditor- General methodology/ having worked directly or indirectly with Auditor- General. (Attach detailed CVs and proof of qualifications and membership).	1 X Internal Audit Manager must be qualified as CA(SA) and membership of SAICA/IRBA or IIASA with more than 5 years internal /external audit experience in the public sector environment in financial, audit of pre- determined objectives and other operational audits = 10 points 1 X Internal Audit Manager who is not qualified as CA(SA) and with no membership of SAICA/IRBA or IIASA and with less than 5 years internal /external audit experience in the public sector environment in financial, audit of pre-determined objectives and other operational audits including = 0 points	40 points

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	<p>1 X Assistant Manager must have relevant CA(SA)/ CIA and membership of SAICA/IRBA or IIASA with more than 3 years internal/ external audit experience in the public sector environment. = 10 points</p> <p>1 X Assistant Manager with no relevant CA(SA)/ CIA and membership of SAICA/IRBA or IIASA with less than 3 years internal/ external audit experience in the public sector environment. = 0 points</p>	
	<p>1X Senior Internal Auditor must have relevant BCom Accounting/Internal Audit degree and membership IIASA with more than 2 years interna/ external audit experience in the public sector environment and experience in the audit of pre-determined objectives. = 10 points</p> <p>1X Senior Internal Auditor must have relevant BCom Information Systems/Internal Audit degree and membership CISA with more than 2 years interna/ external audit experience in the public sector environment and experience. = 10 points</p>	
	<p>1X Senior Internal Auditor with no relevant BCom Accounting/Internal Audit degree, no membership IIASA and with less than 2 years interna/ external audit experience in the public sector environment and</p>	

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	experience in the audit of pre-determined objectives. = 0 points 1X Senior Internal Auditor with no relevant BCom Information Systems/Internal Audit degree and membership CISA with more than 2 years interna/ external audit experience in the public sector environment and experience. = 0 points	
Total Points		100 points
SERVICE PROVIDERS ARE REQUIRED TO MEET THE MINIMUM QUALIFYING SCORE OF 70 TO DETERMINE CAPABILITY AND TO PROCEED TO PRICE AND PREFERENCE POINTS		

7. FINANCIAL PROPOSAL

It is understood that internal audits and IT audits are based on hourly rates and that budgets are compiled once the appointed auditor has assessed the likely extent of the work. Financial proposals will be compared on the basis of hourly rates. Firms are required to submit a table of hourly rates as per the table below. Rates should be **inclusive of overheads and VAT**.

Item	Qualifications	Years of experience	Hourly Rate (including overheads and VAT)
Internal Audit Manager			R
Assistant Audit Manager			R
2X Senior Internal auditor			R
Average rate for the team			R
Estimated hours for a period of twelve months			
Total Estimated cost (Average rate X estimated hours)			R

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Pricing, based on hourly tariffs, will be considered in determining the suitability of the proposal regarding the services to be provided. The rates per hour of the above levels of staff should be indicated:

The price quoted must take into account AGSA Rates as issued by the South African Institute of Chartered Accountants (SAICA).

Special conditions

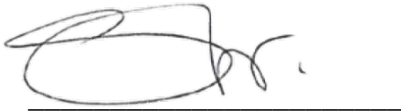
All candidates must provide own tools of trade for own use, GEP will not provide these.

GEP has the right to negotiate with service providers

8. ENQUIRIES

Enquiries can be directed to Mr. Kabelo Matlou at kmatlou@gep.co.za or Ms. Sibusisiwe Ntuli at sntuli@gep.co.za

9. Approved by: Sibusisiwe Ntuli (GM: Risk & Audit)



Date: 12/10/2023

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