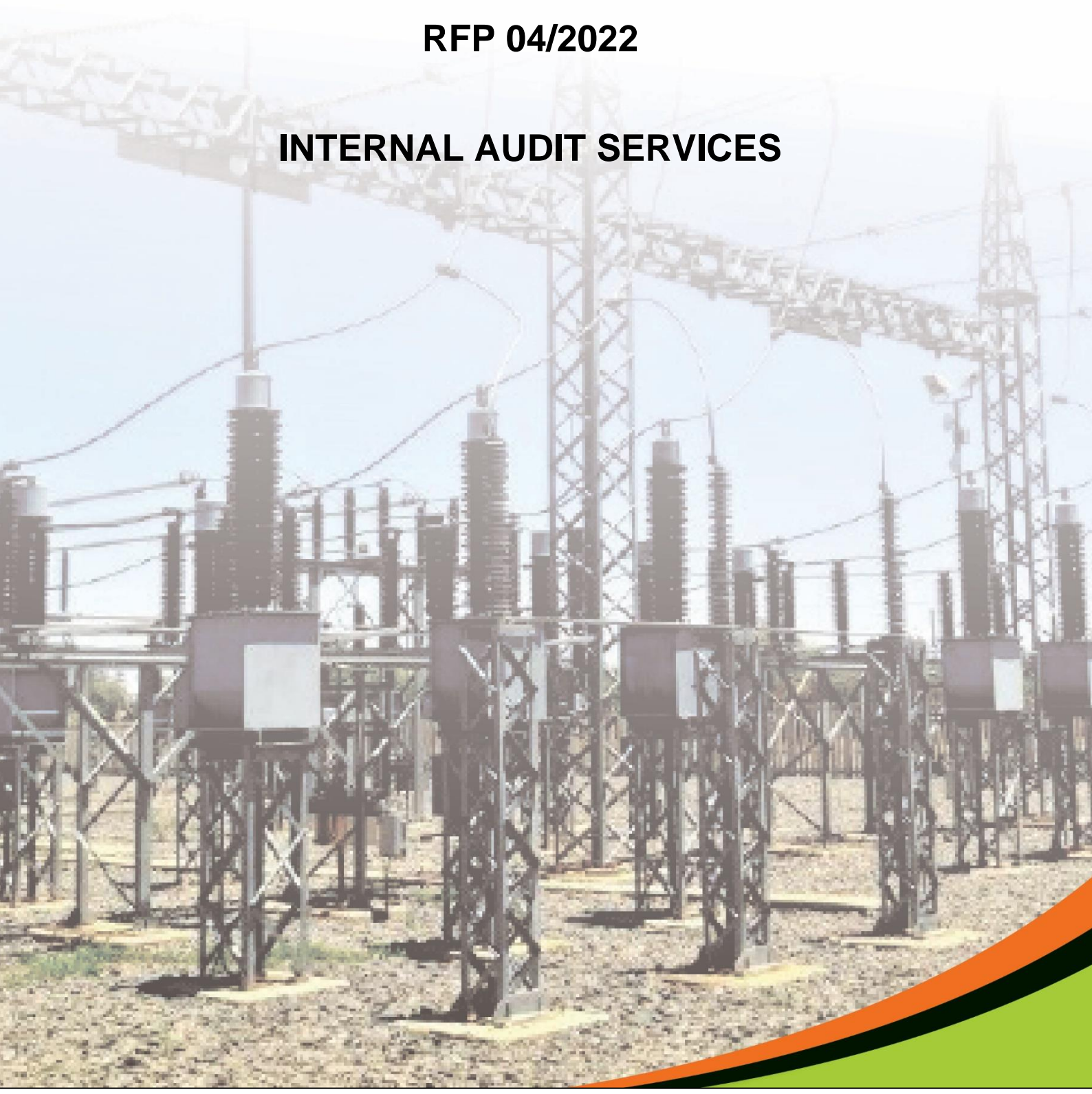




**RFP 04/2022**

## **INTERNAL AUDIT SERVICES**



# RFP 04/2022

## Request for Proposal for Internal Audit Service



### Table of Contents

1.	STATEMENT OF INVITATION .....	3
2.	MINIMUM REQUIREMENTS .....	3
3.	SPECIAL CONDITIONS .....	4
4.	SCOPE OF SERVICES REQUIRED .....	5
5	STANDARDS .....	7
6	SPECIFICATIONS OF SKILLS REQUIRED .....	7
7	TECHNICAL SPECIFICATIONS .....	8
8	REPORTING REQUIREMENTS .....	9
9	TERMINATION .....	9
10	EVALUATION CRITERIA .....	10
11	PRICING SCHEDULES .....	14
12	<b>CONTACT DETAILS</b> .....	15

### 1. STATEMENT OF INVITATION

CENTLEC (SOC) Ltd, an entity distributing electricity in Mangaung and other municipalities in the Free State invites suitable qualified bidders to bid for the provision co-sourced internal audit services for a period of thirty-six (36) months.

#### 1.2 Specified Goals for Preferential Point System

Specified Goals	Points Allocation
50% Black owned	10
50% Women owned	5
50% Youth owned <35 years	5
<b>Total Points</b>	<b>20</b>

### 2. MINIMUM REQUIREMENTS

Any omission of the below listed items would render an automatic disqualification:

- 2.1 Supply unique security personal identification number (PIN) and/or original TAX Clearance Certificate for TAX compliant status.
- 2.2 Supply municipal services (water, sanitation, rates and electricity) clearance certificate or Lease Agreement with a current Bill and rates clearances, or Current Bill of Account not owing more than 90 days. In a case where the services are paid by the Landlord, the signed lease agreement and statement of account must be submitted by the bidder.
  - 2.2.1 In an event, that the Bidder utilizes prepaid services (e.g. Water or electricity) a valid municipal clearance certificate(s) must still be provided.
- 2.3 The bidder must be registered on the National Treasury Centralized Suppliers Database
- 2.4 Proof of registration with IIA or SAICA.
- 2.5 Proof of External Quality Assurance Certificate valid for the past 5 years until December 2026 from an accredited service provider by the IIA(SA).

### 3. SPECIAL CONDITIONS

The bidders are required to submit the following:

Description	Yes	No	Submit Documentation
Propose thirty-six months internal strategic and operational audit plan with firm deliverables, clear timelines and cost-effective budget.			Submit proposed plan
All audits are to be carried out according to the internal risk-based audit plan approved by the Audit and Risk Committee.			N/A
A list of all employees including their competencies, qualifications and experience, appointed for this contract, including supervisor(s) and manager, must be submitted for vetting to be done by CENTLEC as the work will be carried in the National Key Point. This			Submit upon appointment

must be done with each project allocated.			
All employees' details should be as per illustrative example			<b>Illustrative example</b> <ul style="list-style-type: none"><li>• Employee Name</li><li>• Job Title</li><li>• Qualification/s</li><li>• Membership/s</li><li>• Areas of expertise</li><li>• No. of years of experience</li></ul>
The bidder will have to ensure that they submit the Safety Health Environment and Quality (SHEQ) file for all staff working in CENTLEC premises and in close proximity of electrical equipment.			Submit Upon appointment

#### 4. SCOPE OF SERVICES REQUIRED

- 4.1 The Internal Audit function is to assist in determining whether Centlec risk management, control, and governance process, as designed by management, is adequate and functioning in a manner that ensures:
- 4.1.1 Assist the in-house Internal Audit Unit with preparing a rolling three-year strategic internal audit plan using Centlec Internal Audit methodology.
- 4.1.2 Assist the in-house unit in developing a flexible annual internal audit plan based on Centlec Internal Audit methodology.

- 4.1.3 Present and execute the plans with allocation of resources including Centlec staff to the General Manager audit and risk for approval.
- 4.1.4 Provide reports to the General Manager audit and risk for reporting to the Audit and Risk Committee detailing its performance against the plan, to allow effective monitoring and possible interventions.
- 4.1.5 Maintain professional audit staff with sufficient knowledge, skills experience, and professional certifications.
- 4.1.6 Risks are appropriately identified and managed.
- 4.1.7 Interaction with various governance groups occurs as needed led by the General Manager Audit and Risk.
- 4.2 The co-sourced service provider must have skilled resources with competencies in the following:
  - 4.2.1 Ability to perform follow-up audits to effectively and verify implemented remediations to prior periods audit findings.
  - 4.2.2 IT Auditing (such as General Computer Controls, Information security reviews, pre- and post-implementation reviews, database, and network audits).
  - 4.2.3 Complex Operational Audit Assignments.
  - 4.2.4 Review of the of Non – Financial Performance on a quarterly basis and in preparation for external audit with clear recommendations within a relatively short turnaround time.
  - 4.2.5 Quality review of Annual Financial Statements in terms of GRAP compliance with clear recommendations within a relatively short turnaround time.
  - 4.2.6 Special / Adhoc investigations from management as well as from the Audit and Risk Committee.
  - 4.2.7 Review of Risk Management Process within the CENTLEC (SOC) Ltd.
  - 4.2.8 Add value to Centlec's business processes through providing management with in-depth knowledge, strategic and critical thinking in their role as an advisor to achieve the organizations strategic objectives.
  - 4.2.9 Assist the in-house Internal Audit unit with skills transfer and review of audit reports.
  - 4.2.10 Internal audit reports and associated working papers shall become the property of CENTLEC (SOC) Ltd.
  - 4.2.11 Provide mentorship to internal audit interns (if any) and employees tasked with internal audit functions

- 4.2.12 The bidder must make its best practice databases, checklists, tools, audit software accessible to the in-house internal audit unit.
- 4.3 No ad-hoc audit or special assignment outside the approved audit plan will be carried out without consulting the General Manager Audit and Risk and approval from the Audit and Risk Committee.
- 4.4 Fraud and irregularities in planning and conducting its work, the internal audit service provider should seek to identify fictitious events, which might result in possible malpractices. Any such defects must be reported immediately to the Chief Executive Officer and/or Risk Management Committee, without disclosing these to any other staff members. This also applies to instances where serious fraud and irregularities are uncovered.
- 4.5 The successful bidder will be required to comply with the International Standards for the Professional Practice of Internal Auditing (Standards), Code of Ethics, Implementation Guides and Practice guides issued by the Institute of Internal Auditors as well as King IV.

## 5 STANDARDS

Internal Audit working papers must be in conformity with accepted best practices and the Standards of the IIA.

## 6 SPECIFICATIONS OF SKILLS REQUIRED

- 6.1 CENTLEC (SOC) Ltd requires that the Service Provider shall make use of dedicated internal audit resources (corporate governance review, risk management, audit of pre-determined objectives, information system environment etc.), who has a sound understanding of internal audit methodologies and techniques with practical experience on similar assignments, as well as a strong knowledge and understanding of government processes, systems, and practices.
- 6.2 It will be preferred that the person (Director / Partner) leading the Internal Audit project must have implemented an outsourced/co-sourced internal audit service from cradle to grave or has been the head of an in-house internal audit function him/herself. The partner/director

must perform a final quality review on all deliverables to ensure that assignment objectives are met. The Internal Auditor Section needs to have quality reviews every 5 years.

## 7 TECHNICAL SPECIFICATIONS

### 7.1 Expected Outcomes and Deliverables

### 7.2 Performing audit assignments

### 7.3 Each assignment should at least consist of the following:

- Preliminary audit survey
- Audit planning memorandum
- Minutes of entrance meeting
- Risk assessment document
- System descriptions
- Audit programs
- Sampling methodology
- Mechanisms for follow up on matters previously reported and feedback to the Audit Committee
- Mechanism to ensure that working papers are reviewed at the appropriate level.
- Record of work performed
- Audit of work performed
- Audit finding and recommendations
- Reporting (draft internal audit report and final internal audit report)
- Minutes of exit meeting
- Follow up on previous audit findings including the external audit findings
- Internal Quality Assurance Review (Peer Review) quarterly

### 7.4 Fraud and irregularities

In planning and conducting its work, the internal audit service provider should seek to identify serious defects in the internal controls, which might result in possible malpractices. Any such defects must be reported immediately to the Chief Executive Officer and/or Audit and Risk

Committee, without disclosing these to any other staff. This also applies to instances where serious fraud and irregularities are uncovered.

## 8 REPORTING REQUIREMENTS

8.1 The structure of the report is to be as follows:

- Introduction
- Audit objective and scope
- Background
- Executive summary highlighting critical, major and significant findings
- Findings, recommendations and agreed management action (including implementation dates)
- All audits are to be carried out according to the Internal Risk Based Audit Plan approved by the Audit and Risk Committee
- Conclusion

8.2 The Service Provider shall submit a monthly and quarterly progress report to the General Manager Audit and Risk for reporting purposes against the actual output of the annual operational plan vs approved budgeted hours.

8.3 The Service Provider will deliver the General Manager Audit and Risk an electronic copy and one signed copy of the final report to the General Manager Audit and Risk for record-keeping purposes.

## 9 TERMINATION

The contract may be terminated by CENTLEC (SOC) Ltd during the contract period after 30 (thirty) days written notice if the Service Provider is negligent or does not perform in accordance with the contractual stipulations and service level agreement to be entered into.

### 10 EVALUATION CRITERIA

10.1 All proposals submitted will be evaluated in accordance with the criteria set out in the policy of Supply Chain Management of the Entity. The most suitable candidate (s) will then be selected. Please take note that CENTLEC (SOC) Ltd is not bound to select any of the bidders' submitting proposals or appoint more than one bidder.

10.2 Furthermore, technical competence is the principal selection criteria, CENTLEC (SOC) Ltd will evaluate the technical criteria first and will only look at the price and BBBEE level of contribution if it is satisfied with the technical evaluation. As a result of this, CENTLEC (SOC) Ltd does not bind itself in any way to select the bidder offering the lowest price.

The relative technical weighting of the criteria is as follows:

No.	Criteria	Description	Points
10.2.1	<b>Proven track record (Reference letters to be attached)</b>	Submit at least three (3) reference letters signed by the duly authorized official with contact details to confirm the successful completion of internal audit projects. a) Three (3) letters of reference = <b>15 points</b> b) Four (4) or more letters of reference = <b>25 points</b>	<b>25</b>
10.2.2	<b>Skills and capacity</b>	The service provider should maintain a professional audit team with sufficient knowledge, skills, experience and appropriate professional certifications to meet the requirements of the Internal Audit charter.  Company profile with a list of CV's and certified copies of qualifications of key personnel that will be assigned to the Internal audit contract:	<b>45</b>

No.	Criteria	Description	Points
		<ul style="list-style-type: none"> <li>• Partner/Director – CIA or CA with at least 10 years' experience = <b>5 points</b></li> <li>• Senior Manager – Qualified Auditors (CIA, PIA or CA) with at least 5 years' experience = <b>5 points</b></li> <li>• Audit manager assigned to the project team should at least have a minimum of five years post article experience in internal auditing Minimum five (5) years' experience = <b>5 points</b> More than five (5) years' experience = <b>10 points</b></li> <li>• Internal Auditors (minimum four (4) – at least 2nd year experience = <b>10 points</b></li> <li>• IT specialised auditor/s with one or more of the following qualifications: ISO 27001 Lead Auditor or Lead Implementer, CISA (Certified Information Systems Auditor), CISM (Certified Information Security Manager) and/or CGEIT (Certified in the Governance of Enterprise Information Technology) = <b>15 points</b></li> </ul>	
10.2.3	<b>PROJECT PLAN AND METHODOLOGY</b>	The bidder is required to provide the following as part of the submission.	<b>10</b>

No.	Criteria	Description	Points
		a) Project plan and Methodology = <b>3 points</b> b) Include sample of internal audit reports = <b>2 points</b> c) Use of electronic internal audit software to perform audits (CAATs, ACL, and Teammate etc.) = <b>5 points</b>	
10.2.4	Local (Mangaung) operational capability and economic investment	Does the bidder have a local office with operational capability? (a) Existing and established local office = <b>10 points</b> (b) If not, but within RSA= <b>5 points</b>  <b>Use local resources</b> Letter of commitment to appoint or develop at least six (6) audit graduates and Interns with at least 1 year of experience in internal audit <b>from</b> the Mangaung area = <b>5 points</b> Letter of commitment to appoint or develop more than eight (8) audit graduates and Interns with at least 1 year of experience in internal audit = <b>10 points</b>	20
	<b>TOTAL</b>		<b>100</b>

**Table 2 – Evaluation criteria**

A bidder who gets a minimum of 75 points and above will qualify to the next stage. Individual tenders would have to be evaluated according to the preferential point system. The bidder must score minimum points as follows:

Item 10.2.1 – 15 points

Item 10.2.2 – 40 points

Item 10.2.3 – 10 points

Item 10.2.4 – 10 points in the Evaluation Criteria.

### 10.3 PRICE AND REFERENTIAL POINTS SCORING – STAGE 2 (Price and Specific Goals requirement)

All Bidders that have passed the technical evaluation threshold of 75 points would also be scored based the 80/20 principle where 80 Points is for the Price and 20 points for specific goals as per the detail given below.

#### 10.4 Points awarded for price

A maximum of 80 Points is allocated for price on the following basis:

$$\text{Where } P_s = 80 \left[ 1 - \frac{P_t - P_{\min}}{P_{\min}} \right]$$

$P_s$  = Points Scored for comparative price of bid under consideration

$P_t$  = Comparative Price of bid under consideration

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

### 10.5 Points awarded for Special Goals Requirement

In terms of Regulation 3.(1) An organ of state must, in the tender documents, stipulate— (a) the applicable preference point system as envisaged in regulations 4, 5, 6 or 7; (b) the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goals in accordance with the table below;

**Table 3: Specified Goals for Preferential Point System**

Specified Goals	Points Allocation
50% Black owned	10
50% Women owned	5
50% Youth owned <35 years	5
<b>Total Points</b>	<b>20</b>

## 11 PRICING SCHEDULES

11.1 for rates per hour in Rand excluding VAT should be according to the latest approved AGSA rates.

### YEAR 1

Item no	Description	Rate per hour	Projected staff quantities	Total cost YEAR 1	Total cost YEAR 2	Total cost YEAR 3
11.1 AGSA Rates						
11.1.1	Director / Partner					
11.1.2	Senior Manager					
11.1.3	Manager					
11.1.4	Assistant Manager					
11.1.5	Senior Internal auditor					
11.1.6	Internal auditor					
11.1.7	Junior Internal auditor					

## 12 CONTACT DETAILS

- 12.1 For any further technical information regarding the document contents please contact Ms Nthako Saohatsi e-mail: [Nthako.Saohatsi@centlec.co.za](mailto:Nthako.Saohatsi@centlec.co.za) Such queries must be done in writing, the email address provided serves for this purpose. The answer to one question will be sent to all the other prospective bidders that have bought the bid documents.
- 12.2 For Supply Chain Related questions, Please contact Me Palesa Makhele at [Palesa.Makhele@centlec.co.za](mailto:Palesa.Makhele@centlec.co.za). Telephone number: 051 412 2753