

SPECIFICATIONS FOR THE APPOINTMENT OF A SERVICE PROVIDER TO ASSIST THE INTERNAL AUDIT DIVISION IN PROVIDING ASSURANCE ON THE 2022/2023 DRAFT FINANCIAL STATEMENTS OF THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA).

1. Background

Section 40 of the Public Finance Management Act (PFMA) (Act 1 of 1999) requires Accounting Officers of Constitutional institutions to prepare and submit Annual Financial Statements (AFS) and Annual Reports to the National Treasury, the Auditor General of South Africa (AGSA) and the Executive Authority.

In terms of Section 40(1)(c) of the PFMA, financial statements submitted to the AGSA and National Treasury must be complete and accurate. Failure to submit accurate AFS constitutes non-compliance with the PFMA and may be seen as an act of financial misconduct in terms of sections 81 and 83 of the PFMA.

ICASA also has important financial year-end procedures and closure/submission dates relating to the preparation and auditing of AFS which must be adhered to.

2. Scope

The service provider is required to provide the following services:

A detailed technical GRAP review must be conducted on the annual financial statements for accuracy, validity and completeness on:

- Statement of Financial Position.
- Statement of Financial Performance.
- Statement of Net Assets.
- Statement of Budget Comparison and Actual.
- Cash flow Statement.
- Accounting Policy.
- Notes to the financial statements.
- Other supplementary schedules and PFMA disclosures requirements.
- Review of the accounting policy that is the basis of the financial statements.
- Provide the Authority with a GRAP disclosure checklist as supporting documentation.
- Cross reference audit file (both hard and soft copies) to ensure that there are supporting documents for each balance – for both the interim and annual financial statements.
- Detailed testing of specific account balances as per management requests.
Not limited to the following
 - Allowance for debt impairment
 - Provisions

- Recalculation,
- comparison and accuracy checks of the Fixed asset register.

A factual finding report must be compiled after all audit review procedures are completed Irregular expenditure, fruitless and wasteful expenditure Reference to GRAP refers individually or in group to the following:

- The applicable reporting framework PFMA disclosure Standards of GRAP
- Directives issued by ASB in terms of GRAP.
- Guidelines – be it from ASB or National Treasury or any related party Interpretations of a Standards of GRAP.
- Frequently Asked Questions (FAQs) issued by ASB from time to time.
- Reference to applicable AG directives must also be considered as part of the review; and
- Provide a detailed project plan of how the review will be undertaken, inclusive of a skills set.

It is specifically expected that the necessary skills transfer will occur to relevant ICASA staff throughout the review periods.

3. Deliverables

The technical and quality review will enhance the independent assurance that the Financial Statements provided to the Auditor General for audit purposes do not contain material misstatements.

The following deliverables are expected from the service provider:

- Quality assurance Review report.
- Follow up quality review report – confirming that what was raised has been addressed.
- Customised GRAP AFS Review checklist – prepared by the service provider.
- Presentation to the Audit, Risk, Ethics & Disclosures Committee (AREDC); and
- A project close-out report should be compiled for discussion, presentation and submission to the Chief Audit Executive, Chief Financial Officer, EXCO and the AREDC respectively.

4. TECHNICAL KNOWLEDGE/COMPETENCIES 5.1. ELIGIBILITY CRITERIA

Only those financial consultants who meet the following eligibility criteria may participate in this tender:

- With strong and in-depth knowledge of the operations of public entities.
- With in-depth knowledge of the GRAP standards and applicable legislations; and

- Who have assisted other institutions with financial statements preparations and reviews or similar projects.

5. COMPOSITION OF THE PROJECT TEAM AND THEIR FEES

The financial proposal shall be clearly designed to reflect all costs without causing any confusion, which may include travelling costs from the base premises to the municipal offices. All relevant costs will be taken into account for the purposes of evaluating prices.

Bidders are advised to use the following tables as the basis to formulate their financial proposal (VAT Included). Also refer to the SBD 3.3 – Pricing Schedule (Services) and complete it.

Team Member	Qualifications and Experience	Tariff per hour (Normal Time)	Tariff per hour (overtime Time)	Tariff per hour (Sundays and public holidays)	Total

Based on the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and ICASA reporting methodology.

6. Work Plan and Methodology

The service provider must provide:

- 6.1 A project proposal that demonstrates comprehension and competence to deliver on what is required in line with the scope of work under section 2.4 above.
- 6.2 A preliminary project plan outlining key activities and timeframes.
- 6.3 A schedule of resources to be committed to the project.
- 6.4 The key milestones which will be used as a measure of performance in the project.
- 6.5 The role, location and commitment of each member in the team during the assignment must be clearly specified.

7. Role and Responsibility

To be outlined on the terms of reference to each approved engagement and the SLA.

8. Confidentiality of Information

- 8.1 The names, qualifications, and experience of all the members of the service provider team must be disclosed for the prior approval of ICASA. Any changes, replacements and additions should be submitted for prior approval of ICASA.
- 8.2 All members will have to sign a Non-Disclosure Agreement before project commencement and may be required to undergo security screening and tests as deems necessary.
- 8.3 All the working papers and reports remain the property of ICASA and must not be disclosed without the approval of the Chief Audit Executive.

9. Payment

Payments will only be made in accordance with the delivery of service that both parties agreed upon and after final deliverables. This should be followed by a receipt of an original invoice which shall be paid within 30 working days from date of receipt. There will be no advance payment to a successful service provider.

A fair and reasonable remuneration framework for consultants as stipulated in the National Treasury Instruction No. 02 of 2016/2017 Cost Containment Measures, taking into account:

- The "Guideline on fees for Audits done on behalf of the Auditor-General of South Africa (AGSA)" as issued by the South African Institute of Chartered Accountants (SAICA);
- The "Guide on Hourly Fee Rates for Consultants", as issued by the Department of Public Service and Administration (DPSA); and/or
- Remuneration guidelines issued by professional service organisations or regulatory bodies, as may be relevant.

10. Tax Clearance Certificate

- 10.1 The potential service provider/s must ensure compliance with their tax obligations.
- 10.2 The potential service provider/s is/are required to submit their unique personal identification number (pin) issued by SARS to enable the organ of state to view the taxpayer's profile and tax status.
- 10.3 Application for Tax Compliance Status (TCS) or pin may also be made via e-filing. In order to use this provision, taxpayers will need to register with SARS as e-filers through the website www.sars.gov.za.
- 10.4 The potential service provider may also submit a printed TCS together with the proposal.

10.5 In proposals where consortia / joint ventures / sub-contractors are involved, each party must submit a separate proof of TCS / pin / CSD (Central Supplier Database) number.

10.6 Where no TCS is available but the potential service provider/s is registered on the CSD, a CSD number must be provided.

11. Briefing Session

There will be no briefing session required.

12. Functionality evaluation

Service providers will be evaluated based on functionality.

The minimum threshold for functionality is 70 out of 100 points. Service providers who fail to meet the minimum threshold will be disqualified and will be further evaluated into 80/20 Point System

CRITERIA	SCORE	WEIGHT
Company experience on conducting similar projects. i) The service provider should provide proof that they have successfully performed similar project(s) in the public sector over a number of years.	5 years or more= 5 points 4 - 5 years=4 points 3 - 4 years=3 points 2 - 3 years=2 points Below 1 years=1 point	10
Testimonials/references ii) Provide contactable and signed reference letters with company letterheads from companies where the proposed or similar projects/services that were provided.	4 letters or more = 5 points 3 letters = 4 points 2 letters = 3 points 1 letters = 2 points no letter = 1 point	20
Team Qualifications & Skills for Compliance audits: iii) CV's for: Project leader, Manager and team members detailing the qualifications, skills and membership to professional bodies for each of the members listed.	Rating of 5 <ul style="list-style-type: none"> Project leader has a Certified Internal Auditor (CIA) with a valid Institute of Internal Auditors (IIA) membership. Manager/s that has a Certified Internal Auditor (CIA) with a valid IIA membership or a Chartered Accountant (CASA) or Registered Government Auditor (RGA) qualification with a valid SAICA membership. 	40

CRITERIA	SCORE	WEIGHT
	<ul style="list-style-type: none"> • 3 and more of the staff members possess financial and auditing related skills. <p>Rating of 4</p> <ul style="list-style-type: none"> • Project leader is a CIA with a valid Institute of Internal Auditors (IIA) membership. • Manager/s is a CIA with a valid IIA membership or a Chartered Accountant (CASA) or Registered Government Auditor (RGA) qualification with a valid SAICA membership. • Less than 3 of the staff members possess financial and auditing related skills. <p>Rating of 3</p> <ul style="list-style-type: none"> • Project leader has a Certified Internal Auditor (CIA) with a valid Institute of Internal Auditors (IIA) membership. • Manager/s that has a CIA with a valid IIA membership or a Chartered Accountant (CASA) or Registered Government Auditor (RGA) qualification with a valid SAICA membership. • One staff member of the staff members possesses financial and auditing related skills. <p>Rating of 2</p> <ul style="list-style-type: none"> • Project leader is a CIA with a valid Institute of Internal Auditors (IIA) membership. • Manager/s that is not a CIA with no valid IIA membership or a Chartered Accountant (CASA) or Registered Government Auditor (RGA) qualification with a valid SAICA membership. • No staff member possesses financial and auditing related skills. <p>Rating of 1</p> <ul style="list-style-type: none"> • Project leader is not a CIA with no valid Institute of Internal Auditors (IIA) membership. • Manager/s that is not a CIA with no valid IIA membership or a Chartered Accountant (CASA) or Registered 	

CRITERIA	SCORE	WEIGHT
	Government Auditor (RGA) qualification with a valid SAICA membership. <ul style="list-style-type: none"> No staff member possesses financial and auditing related skills. 	
Proposed Methodology	Methodology outlining management of project = 5 points <ol style="list-style-type: none"> Auditing and Consulting standard to be used. Approach to conduct audit/consulting Description of documentation (planning, fieldwork, reporting) Demonstrate quality assurance process. Project implementation plan <ul style="list-style-type: none"> Methodology with all 5 of the items listed above = 5 Methodology with only 4 of the items listed above = 4 Methodology with only 3 of the items listed above = 3 Methodology with only 2 of the items listed above = 2 Methodology with only 1 or none of the items listed above = 1 point 	30
Total		100
Minimum Threshold		70

For purpose of evaluating functionality, the following values will be applicable:

1=	Very poor	Does not understand the requirements
2=	Poor	Will not be able to fulfil the requirements
3=	Average	Will partially fulfil the requirements
4=	Good	Will be able to fulfil the requirements
5=	Excellent	Will fully fulfil the requirements