



**Physical Address:** No. 01 Seller Street | Nqanqarhu | 5480

**Postal Address:** P.O. Box 1 | Nqanqarhu | 5480

**Tel:** 045 9328100 | **Fax:** 045 9321094 | **Facebook:** @Elundini Local Municipality | **Twitter:**

@ElundiniLM | **YouTube Channel:** @Elundini Local Municipality | **Instagram:** @elundini\_lm

### ELUNDINI LOCAL MUNICIPALITY REQUEST FOR PROPOSALS

The Elundini Local Municipality is requesting for proposals on the following services and goods:

Project Name	Bid No	Contact Details for Technical enquires	Closing Date
Internal Audit Software	ELM-1/001/2022-2023	Mr B. Magongo 0459328107 bhekim@elundini.gov.za	Tuesday, 30 August 2022
Co-sourcing of Internal Audit Function of Elundini Local Municipality	ELM-1/002/2022-2023	Mr B. Magongo 0459328107 bhekim@elundini.gov.za	Tuesday, 30 August 2022
Provision of Technical Review on Infrastructure Progress Projects	ELM-1/003/2022/2023	Ms S. Sako 045 932 8216 sisekhos@elundini.gov.za	Friday, 19 August 2022
Supply and Delivery of Front End Loader	ELM-3/002/2022-2023	Mr G.Hall 0459328215 gavinh@elundini.gov.za	Friday, 19 August 2022

1. Internal audit software that will support the internal audit activity in planning, management, execution, monitoring and reporting of activities for a period of three (3) years.
2. Professional services for Co-sourcing of internal audit function to ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the objectives for a Period of three (3) Years.
3. Professional services for Technical Review of all transactions in all capital projects at Infrastructure Planning and Development Department for a period of two (2) Months.
4. Supply and delivery of Front End Loader delivered to Nqanqarhu for the maintenance of access roads

Contracts will be based on the National Treasury General Condition of Contracts. The bids will be evaluated on the basis of the Preferential Procurement Policy Framework Act (Act No. 5, 2000), the Elundini Local Municipality's Supply Chain Management Policy and the regulations pertaining thereto (2017) **PRICE AND B-BBEE:** Price 80, B-BBEE 20

#### Stage 1 of Evaluation:

##### Eligibility Criteria:

Non-submission of the following documents will render the bid as non-responsive, and such bidder will be disqualified and not proceed to be evaluated further to stage 2 (functionality)

<b>ELM-1/001/2022-2023</b>
1. The bidder must be registered with the original equipment manufacturer (OEM) – provide evidence of registration with OEM.
<b>ELM-1/002/2022-2023</b>
1. The bidder must be registered with Independent Regulatory Board for Auditors (IRBA) and all team members must belong to IIASA (Institute of Internal Auditor South Africa). failure to do so will result in disqualification of the bid.
2. Bidder must have been appointed as a Municipal co-sourced internal audit services provider in the previous two financial years (2020/21 and 2021/22) and the award amount must be over R2.2 Million (please provide the appointment in the letter head of the Municipality, signed by the Accounting Officer with the award amount).



## Stage 2 of Evaluation - Functionality

ELM-1/001/2022-2023		ELM-1/002/2022-2023		ELM-1/003/2022-2023	
Evaluation Criteria	Maximum Points Allocated	Evaluation Criteria	Maximum Points Allocated	Evaluation Criteria	Maximum Points Allocated
Company Expertise	50	Company Expertise	50	Team Experience	50
Experience of the product champion	30	Competence of the Team leader	10	Expertise	50
Methodology	20	Competency of the Audit team	15		
		Competency of the required specialists	10		
		Methodology	10		
		Skills transfer plan	5		
<b>Total Points</b>	<b>100</b>	<b>Total Points</b>	<b>100</b>	<b>Total Points</b>	<b>100</b>

A minimum score of 70% out of total points must be score in order to proceed to the Financial Evaluation in all of the above bids. The scope of work, specification and detailed functionality including mandatory documents (eligibility criteria) and bid conditions will be uploaded on ELM Website. [www.elundini.gov.za](http://www.elundini.gov.za) and will be also attached in the tender document. Queries relating to the issue of these documents may be addressed to Ms H Mdusulwana, Tel No. 045 932 8125 or email: [hlobikazi@elundini.gov.za](mailto:hlobikazi@elundini.gov.za)

Tender documents may be obtained from the Elundini Local Municipality SCM Unit upon payment of a non-refundable amount of R250 (two hundred and fifty Rand), either paid in cash or by means of electronic funds transfer (EFT) to the Elundini Local Municipality. The tender document will be available on **Friday, 29 July 2022**.

NB: For EFT payment deposit at ELM FNB cheque account No: 62159933772 and use this reference No. 020114350000. Proof of payment to be sent to: [kwaneles@elundini.gov.za](mailto:kwaneles@elundini.gov.za). Upon receiving proof payment, Elundini Municipality will email the tender document to the service providers who are unable to make collections. Completed bid document and CD or Memory-Stick of the whole tender submission converted into PDF format and supporting documentation must to be placed in a sealed envelope endorsed with **RELEVANT PROJECT NAME AND BID NUMBER**: must be delivered to the **Elundini Local Municipality, at No. 1 Seller Street, Nqanqarhu, Finance Department, Cashier's reception area, and placed in the Tender Box not later than 12H00 Noon** on the dates mentioned above for all both bids at which time the tenders will be opened in public. Failure to adhere to the above conditions shall deem a bidder non-responsive.

Telegraphic, telephonic, telex, facsimile, e-mail and late tenders will not be accepted. Tenders may only be submitted on the tender documentation that is issued. Requirements for sealing, addressing, delivery, opening and assessment of tenders are stated in the Tender Data and Tender Document.

  
**JACK MDANI**  
**MUNICIPAL MANAGER**

## BID CONDITIONS AND INFORMATION

1. Bidders must adhere to the bid conditions , otherwise the bid will be disqualified.

### 2. Agreement

The successful bidder will be expected to sign the service Level agreement within 30 days of the date of notification by the Elundini Municipality that his/her bid has been accepted.

### 3. Completion of Bid Documents

- a) The original bid document must be completed fully in black ink and signed by the authorised signatory to validate the proposal. All the pages must be initialled by the authorised signatory. Failure to do so may result in the invalidation of the bid.
- b) By initialling and signing the bid document you agree to the terms and conditions of this bid and you understand that the ELM is administered by ELM Supply Chain Management Policy , MFMA Act 56 of 2003 and MFMA SCM Regulations and shall act in accordance with the said legislative prescripts.
- c) Bid documents may not be retyped or altered in any way, Bidder must complete the original issued bid document and original issued returnables .
- d) Tender documents must be completed with non-erasable ink. Any tender document completed with pencil will not be acceptable and shall be disqualified.
- e) Ensure that there are no errors or omissions.
- f) Bids price submitted must include vat where applicable.
- g) Failure to comply with any of the above will result in the invalidation of the bid.

### 4. Alteration or Qualification of Bid

- a) No unauthorised alteration of this set of bid documents will be allowed after the closing date. Any unauthorised alteration will disqualify the proposal automatically. Any ambiguity has to be cleared with contact person for the bid before the closure date.
- b) The submission should be entirely legible. Any changes made to the original text of bid should be crossed through and signed for. DO NOT USE CORRECTION FLUID as this may invalidate your submission

### 5. Signatory

- (a) A copy of the recorded Resolution taken by the Board of Directors, members, partners or trustees authorising the representative to submit this bid on the bidder's behalf must be attached to the Bid Document on submission of same.
- (b) A bid shall be eligible for consideration only if it bears the signature of the bidder or of some person duly and lawfully authorised to sign it for and on behalf of the bidder.

### 6. Submission of Bid

- (a) The bid must be put in a sealed envelope, or envelopes when the two-envelope system is specified, clearly marked with the bid number, title as well as closing date and time and placed in the Tender Box at the Elundini Local Municipality Municipality **by not later than 12h00 on Tuesday, 30 August 2022**
- (b) Faxed, e-mailed and late bids will not be accepted. Bids may be delivered by hand, by courier, or posted at the bidder's risk and must be received by the deadline specified above, irrespective of how they are sent or delivered
- c) Clearly mark the back of the envelope with your bidder's name and address .

### 7. Opening, Recording and Publications of Bids Received.

- a) Bids will be opened in public immediately after the bid closure date, or at such time as specified in the bid documents. If requested by any bidder present, names of the bidders, and if practical the total amount of each bid and of any alternative bids will be read out loud.



- b) Bids received in time recorded and entered in a register which is open for public inspection.
- c) Late bids will be registered and returned unopened unless the bidder did not clearly specify their address at the back of the envelope.

#### **8. Tax Clearance Certificate , Tax Matters and VAT**

- a) Tender offers will only be accepted if the tenderer provides written proof from SARS that the tenderer either has no Tax obligations or has made arrangements to meet outstanding Tax obligations.
- b) Upon submission of a bid/quote the bidder automatically grants confirmation that SARS may, on an ongoing basis during the contract term disclose the bidders Tax Compliance status to the municipality
- c) Prices must always be VAT inclusive where applicable.

#### **9. Evaluation of Bids**

Bids will be evaluated in terms of their responsiveness to the bid specifications and requirements as well as such additional criteria as set out in the bid document.

#### **10. Acceptance or Rejection of a Bids**

The Elundini Municipality reserves the right to withdraw any invitation to submit a bid and/or to re-advertise or to reject any bid or to accept a part of it. The Elundini Municipality does not bind itself to accepting the lowest bid.

#### **11. Registration on Accredited Supplier Database**

It is expected of all prospective service providers who are not yet registered on the Central Supplier Database to register online ([www.csd.gov.za](http://www.csd.gov.za)) and verify their company information Elundini Municipality Database Department. The Elundini Municipality reserves the right not to award proposals to prospective suppliers who are not registered on the CSD (Central Supplier Database).

#### **12. BBBEE Certificate**

For the proof of B-BBEE status level of contributor the bidder must submit an original or certified copy of a valid verification certificate from a verification agency accredited by SANAS and recognized as an Accredited B-BBEE Verification Agencies ([www.sanas.co.za/afdirectory/bbbee\\_list.php](http://www.sanas.co.za/afdirectory/bbbee_list.php)) or original or certified completed AFFIDAVIT downloaded from [www.thedti.gov.za/economic\\_empowerment/bbbee\\_codes.jsp](http://www.thedti.gov.za/economic_empowerment/bbbee_codes.jsp)

#### **13. Tender offers will only be accepted if:-**

- a) the financial offer is market related (See Regulation 6 (9) and section 7 (9) of the 8(9) OF Preferential Procurement Regulation 2017.
- b) the tenderer or any of its directors/shareholders is not listed on the Register of Tender Defaulters in terms of the Prevention and Combating of Corrupt Activities Act of 2004 as a person prohibited from doing business with the public sector terms of the Prevention and Combating of Corrupt Activities Act of 2004 as a person prohibited from doing business with the public sector;
- c) the tenderer has not:
  - i) abused the Employer's Supply Chain Management System; or
  - ii) failed to perform on any previous contract and has been given a written notice to this effect; and
  - iii) the tenderer has completed the Compulsory Declaration and there are no conflicts of interest which may impact on the tenderer's ability to perform the contract in the best interests of the employer or potentially compromise the tender process.

#### **14. Requirements for the Joint Venture**

- a) J V agreement,
- b) original or certified copy of consolidated BBBEE certificate, and
- c) letter of signatory.

#### **15. Site / Information Meetings**

None

#### **16. Procurement Policy**

- a) Bids will be awarded in accordance with the Preferential Procurement Regulations, 2017 pertaining to the Preferential Procurement Policy Framework Act, No 5 of 2000.
- b) The latest General Conditions of Contract and any Special Conditions of Contract will apply
- c) The Elundini Local Municipality Supply Chain Management Policy will apply. This policy is obtainable from Elundini Local Municipality offices in Maclear and is available on ELM Website: [www.elundini.gov.za](http://www.elundini.gov.za)

#### **17. Expenses Incurred in Preparation of Bid**

The Elundini Municipality shall not be liable for any expenses incurred in the preparation and submission of the bid.

#### **18. Wrong Information Furnished**

Where a contract has been awarded on the strength of the information furnished by the bidder which, after the conclusion of the relevant agreement, is proved to have been incorrect, the Elundini Municipality may, in addition to any other legal remedy it may have, recover from the contractor all costs, losses or damages incurred or sustained by the Municipality as a result of the award of the contract.

#### **19. Validity Period**

Bids shall remain valid for **90 days** after the bid closure date.

#### **20. General and Special Conditions of Contract**

The General Conditions of Contract as well as any Special Conditions of Contract that may form part of this set of bid documents will be applicable to this bid in addition to the conditions of bid.

#### **21. Municipal Rates, Taxes and Charges**

The bidder to provide their municipal account of rates and taxes of both the Bidding entity and its directors' in its Bid Document submission. Any bidder which is or whose directors are in arrear with their municipal rates and taxes due to any Municipality within South Africa for more than three months and have not made an arrangement for settlement of or same before the bid closure date will be disqualified.

If the bidder is renting the office a Lease Agreement must be attached to the bid document

OR Affidavit from SAPS stating that the bidder is not obliged to pay municipal rates with a letter from a ward councilor is submitted with the tender document.

#### **22. Contact with Municipality after Bid Closure Date**

Bidders shall not contact the Elundini Municipality on any matter relating to their bid from the time of the opening of the bid to the time the contract is awarded for additional information or amendments of bids. Any effort by the firm to influence the Elundini Municipality in the bid evaluation, bid comparison or contract award decisions may result in the rejection of the bid.

#### **23. Vetting Of The Supplier/Due diligence**

- Tenderers must furnish the municipality with the details of similar services, which they have satisfactorily completed in the past to allow vetting process. Failure to do so will invalidate the bid.



# **TERMS OF REFERENCE FOR CO-SORCING OF INTERNAL AUDIT FUNCTION OF ELUNDINI LOCAL MUNICIPALITY**

## **Project Description**

Co-sourcing of **internal audit function** to ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the objectives

## **Project Background**

Internal audit has exercised due professional care by considering the (1) extent of work needed to achieve the engagement's objectives; (2) relative complexity, materiality, or significance of matters to which assurance procedures are applied; (3) adequacy and effectiveness of governance, risk management, and control processes; (4) probability of significant errors, fraud, or noncompliance; and (5) cost of assurance in relation to potential benefits, hence inviting the professional internal audit service providers (assurance and consulting) for co-sourcing of internal audit function for a period of 36 months

## **DETAILED SPECIFICATIONS**

The Municipality requires experienced internal audit service providers to render internal audit, forensic and enterprise risk management services, within the key focus areas below:

- Provide objective assurance to Audit Committee and Executive Management regarding the effectiveness of the Elundini Local Municipality's risk management and internal control processes.
- Assist in preparation of a three (3) year rolling strategic Internal Audit plan for the 2022-2025 financial years, based on the risk assessment of key areas for the Elundini Local Municipality, having regard to its current operations, the proposed operations in its strategic plan and its risk management strategy.
- Assist in developing and implementation of the internal audit plan including specified assignments for the period of three (3) years.
- Implementation of the annual internal audit plan for the first year of the rolling plan and all subsequent years, year-on-year.
- Develop plans indicating the scope of each audit in the annual internal audit plan.
- Prepare reports to the audit committee detailing performance against the internal audit plan, to allow effective monitoring and evaluation as well as intervention as and when necessary.

## **Special conditions**

- The contract will be for a period of three (3) years covering 2022/23- 2024/25 financial years.
- The Internal Auditors appointed will be bound to and by the Code of Conduct and Confidentiality as per the IIA Standards and the Elundini Local Municipality policies in the course of execution of their duties.
- The Elundini Local Municipality reserves the right to reject any proposal found to be inadequate or non-compliant to the Terms of Reference.
- The successful bidder must sign a Service Level Agreement (SLA).
- All work performed shall be conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, this will be determined by means of an IIA Quality Assurance Review report.
- All work performed shall be supervised, reviewed and quality assured by suitably qualified staff of the service provider.

- All audit programmes together with all working papers and reports arising there from, including, where applicable, coaching or review notes shall become the property of the Elundini Local Municipality. Such records and reports shall be provided in both electronic format (Microsoft Word and Excel etc.) and hard copies (printed format).
- The appointed service provider must be registered and in good standing with relevant professional bodies (e.g. SAICA, IIA etc.).
- Bidder must provide organogram of the team that will be allocated

### **(1) IT advisory and assurance**

- Applications control reviews
- General control reviews
- IT governance framework and reviews
- IT policies, procedures and process reviews and updating
- Project pre, post and implementation reviews
- Software license management reviews
- Software development life cycle reviews
- Data forensics
- Data analytics and continuous auditing
- Business Continuity Management

### **(2) Financial, operational and value add services**

- Engaging with the Municipality in sharing audit programme, focus, audit working papers and files where practical and agreed upon.
- MFMA compliance.
- Proper accounting records to be prepared to support the full accounting for assets, expenditure and impact on AFS in the process.
- Asset management.
- Audit of pre-determined objectives.
- Supply chain management processes and contract management
- General internal auditing regarding financial internal control discipline.
- Any other value-add services such as forensic, legal, risk advice, admin support, etc.



### **(3) Risk Management**

- Facilitate the risk assessment based on the entity's current operations.
- Prepare the final risk assessment report for approval by the Audit Committee.
- Support to Risk Management Unit.
- Review of risk register.

### **(4) Fraud**

- Conduct fraud investigations.
- Evaluation of Anti-fraud prevention strategies.
- Fraud awareness.

### **(5) Infrastructure Projects**

- Investigate certain projects.
- Advisory on infrastructure projects.
- Value for money and Performance audits.
- Project progress vs expenditure.
- Physical verification of capital projects (Infrastructural Projects).
- On the job training and skills transfer to the internal audit staff of Elundini Local Municipality at all levels during the audit process. This is one critical deliverable in respect of which the service provider will be objectively measured on criteria to be agreed upon between the winning bidder and the ELM.
- Prepare the internal audit unit of Elundini Local Municipal for both internal and external quality assurance reviews as required by the internal audit standards.
- Assist in developing quality working papers for each internal audit review. The working paper file will become the property of the municipality.



## Pricing Schedule

A rate estimates for the contract period of three (3) years, must include

a. Fees must be quoted at an all-inclusive rate for the different levels of proposed resources to be utilized, as listed below:

Service Category	Staffing level	Rate per hour
Financial, operational and value add services	Partner	
	Manager/ Supervisor	
	Auditors	
IT advisory and assurance	Partner	
	Managers/Supervisors	
	Auditors	
Risk Management	Partner	
	Managers/Supervisors	
	Auditors	
Fraud Investigations	Partner	
	Managers/Supervisors	
	Auditors	
Infrastructure Projects	Partner	
	Managers/Supervisors	
	Auditors	
Other services	Partner	
	Managers/Supervisors	
	Auditors	

### GE 1: ELIGIBILITY CRITERIA

- The bidder must be registered with Independent Regulatory Board for Auditors (IRBA) and all team members must belong to IIASA (Institute of Internal Auditor South Africa). **failure to do so will result in disqualification of the bid.**
- Bidder must have been appointed as a Municipal co-sourced internal audit services provider in the previous two financial years (2020/21 and 2021/22) and the award amount must be over R2.2 Million (please provide the appointment in the letter head of the Municipality, signed by the Accounting Officer with the award amount).

## FUNCTIONALITY CRITERIA

No.	CRITERIA	POINTS	EVIDENCE												
1	<p>Company experience in public sector, specifically local government. Demonstrate positive contribution to local government, financial management and auditing.</p> <p>Evidence of the firm experience in providing risk and internal audit services to the local government sector</p> <table><tr><th>Projects</th><th>Allocation of points</th></tr><tr><td>IT advisory and assurance</td><td>10</td></tr><tr><td>Financial, operational and value add services (e.g. review of AFS, SCM, Performance information, contract Management)</td><td>10</td></tr><tr><td>Risk Management (Review of risk mgt unit or facilitation of annual risk assessment)</td><td>10</td></tr><tr><td>Fraud investigations</td><td>10</td></tr><tr><td>Infrastructure Projects review</td><td>10</td></tr></table>	Projects	Allocation of points	IT advisory and assurance	10	Financial, operational and value add services (e.g. review of AFS, SCM, Performance information, contract Management)	10	Risk Management (Review of risk mgt unit or facilitation of annual risk assessment)	10	Fraud investigations	10	Infrastructure Projects review	10	50	<p>Bidders must provide references letters (at least 5 reference letters where the Company performed these services</p> <p>Letters of references from past and current clients.</p> <p>Failure to submit these will result in zero points awarded.</p> <p>Appointment letters, purchase orders or invoices shall not be accepted</p>
Projects	Allocation of points														
IT advisory and assurance	10														
Financial, operational and value add services (e.g. review of AFS, SCM, Performance information, contract Management)	10														
Risk Management (Review of risk mgt unit or facilitation of annual risk assessment)	10														
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2	<p><b>Competence of the Team leader</b></p> <table><tr><th>Competency requirements</th><th>Allocation of points</th></tr><tr><td>CA(SA) or CIA</td><td>5</td></tr><tr><td>with minimum 5yrs experience within the team</td><td>5</td></tr><tr><td>2-4 years experience=</td><td>3</td></tr><tr><td>0-1 years experience=</td><td>No points</td></tr></table>	Competency requirements	Allocation of points	CA(SA) or CIA	5	with minimum 5yrs experience within the team	5	2-4 years experience=	3	0-1 years experience=	No points	10	<p>Detailed CV's demonstrating years of experience accompanied by copies of qualifications.</p> <p>Failure to submit these will result in zero points awarded.</p>		
Competency requirements	Allocation of points														
CA(SA) or CIA	5														
with minimum 5yrs experience within the team	5														
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3	<p><b>Competency of the Audit team</b></p> <table><tr><th>Members</th><th>Competency requirements</th><th>Allocation of points</th></tr><tr><td rowspan="2">Audit Manager</td><td>CA(SA) or CIA with minimum 5yrs experience within the team</td><td>5</td></tr><tr><td>CA(SA) or CIA with minimum 1-4yrs experience within the team</td><td>3</td></tr><tr><td>Senior Auditors /Auditors</td><td>Bachelors Degree or</td><td>5</td></tr></table>	Members	Competency requirements	Allocation of points	Audit Manager	CA(SA) or CIA with minimum 5yrs experience within the team	5	CA(SA) or CIA with minimum 1-4yrs experience within the team	3	Senior Auditors /Auditors	Bachelors Degree or	5	15	<p>Detailed CV, qualifications of audit team members indicating involvement in Internal Audit assignments.</p> <p>Proof of membership</p>	
Members	Competency requirements	Allocation of points													
Audit Manager	CA(SA) or CIA with minimum 5yrs experience within the team	5													
	CA(SA) or CIA with minimum 1-4yrs experience within the team	3													
Senior Auditors /Auditors	Bachelors Degree or	5													



No.	CRITERIA			POINTS	EVIDENCE
		Diploma in Internal auditing with a minimum of 3 years' experience as an internal auditor			
	All audit team members to be registered members of IIA SA		5		
4	<b>Competency of the required specialists</b>			10	Detailed CV and qualifications of audit team members indicating involvement in Internal Audit assignments.  Proof of membership (i.e. CISA (Certified Information Systems Auditor) or ACFE (Association of Certified Fraud Examiners))
	<b>Specialists</b>	<b>Competency requirements</b>	<b>Allocation of points</b>		
	IT	Certified Information Systems Auditor (CISA) with minimum 3yrs experience within the team	4		
	Fraud examiner	Certified Fraud Examiner with minimum 3yrs experience within the team	4		
	IT Auditor/ Fraud examiner	MSCOA experience	2		
5	<b>Methodology (2 points per project )</b>			10	Documented methodology
	<ul style="list-style-type: none"> <li>- IT advisory and assurance</li> <li>- Assurance (incl Financial, operational, performance information)</li> <li>- Risk Management</li> <li>- Fraud</li> <li>- Value add services</li> </ul>				

No.	CRITERIA	POINTS	EVIDENCE
6	Skills transfer plan	5	Detailed skills transfer plan.  Proof of previous implementation of skills transfer plan (reference letter from the head of internal audit unit/Manager or Municipal Manager
	<b>Total</b>	<b>100</b>	

**A minimum score of 70% out of total points must be score in order to proceed to the Financial Evaluation in this bid.**