



TERMS OF REFERENCE:

**APPOINTMENT OF A SERVICE PROVIDER TO RENDER THE INTERNAL AUDIT SERVICES FOR A PERIOD
OF THIRTY-SIX (36) MONTHS**

Tender No: PRSA/BID/2023/24/02

ITEM NUMBER	TABLE OF CONTENTS	PAGE
1	Purpose	3
2	Introduction and Background	3
3	Objectives of the proposal	4
4	Scope and extent of work	4
5	Expected deliverables/outcomes	5
6	Period/Duration of project/assignment	5
7	Costing/Comprehensive budget	5
8	Evaluation Method	6 - 9
9	Bid Submission requirements	9-10
10	Special conditions of contract	10
11	Sub-contracting conditions/requirements	10
12	Payment terms	11
13	Enquiries	11
14	Closing date	11

1 PURPOSE

- 1.1 The PRSA requires a service provider to provide internal audit services for a period of thirty-six (36) months reviewed annually on the basis of performance.
- 1.2 Therefore, the purpose of these Terms of Reference is to allow suitably qualified, professional and reputable service providers to submit proposals to the Ports Regulator of South Africa (PRSA).

2 INTRODUCTION AND BACKGROUND

- 2.1 The Ports Regulator of South Africa is a Schedule 3A public entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA) as amended. The PRSA must fully comply with all the requirements of the PFMA.
- 2.2 In terms of section 30 (1) and (2) of the National Ports Act No. 12 of 2005 ("National Ports Act") the main functions of the Regulator are to:
- Exercise economic regulation of the ports system in line with government's strategic objectives.
 - Promote equity of access to ports and facilities and services provided in ports.
 - Monitor the activities of the National Ports Authority to ensure that it performs its functions in accordance with the Act; and
 - Hear appeals and complaints contemplated in terms of Sections 46 and 47 of the Act.
- 2.3 Section 51 of the PFMA states the following:
- "An accounting authority for a public entity—*
- (a) must ensure that that public entity has and maintains—*
- (ii) a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77;"*
- 2.4 Regulation 27.2.2. of the Treasury Regulations of 2005 ("the Regulations") states that *"All public entities to which these regulations apply must have an internal audit function"*.
- 2.5 Regulation 27.2.4 of the Regulations enables the outsourcing of the Internal Audit Function in accordance with the relevant tendering procedures.
- 2.6 Furthermore, Regulation 27.2.8 states that: *The internal audit function must report directly to the accounting authority and shall report at all audit committee meetings. The function must be independent of activities that are audited, with no limitation on its access to information.*
- 2.7 It is against this background that the PRSA require the services of a service provider to provide internal audit functions to the PRSA.

3 OBJECTIVES OF THE INTERNAL AUDIT

To ensure that the PRSA complies with the legal requirements determined for public entities as set out in the PFMA and Treasury Regulations.

4 SCOPE AND EXTENT OF WORK

The appointed service provider will be required to perform the following duties and responsibilities (key deliverables):

4.1 Prepare, in consultation with and for approval by the PRSA Audit and Risk Committee (“the ARC”):

- a) a rolling three (3) year strategic internal audit plan based on its assessment of key areas of risk for the PRSA, having regard to its current operations, those proposed in its strategic plan and its risk management strategy;
- b) an annual internal audit plan for the first year of the rolling three-year strategic internal audit plan;
- c) plans indicating the proposed scope of each audit in the annual internal audit plan; and
- d) report to the PRSA ARC detailing its performance against the annual internal audit plan, to allow effective monitoring and possible intervention.

4.2 Assist the Regulator, through the PRSA ARC in maintaining effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. The controls subject to evaluation should encompass the following:

- a) the information systems environment;
- b) the reliability and integrity of financial and operational information;
- c) the effectiveness of operations;
- d) safeguarding of assets; and
- e) compliance with laws, regulations and controls.

4.3 Review of Performance Information with respect to key performance objectives, indicators and targets prior to the tabling of the PRSA Strategic Plan / Annual Performance Plan (APP)/Annual Report to Parliament.

4.4 Forensic Investigations upon request.

4.5 Liaise with the internal and external PRSA assurance providers to co-ordinate its activities to ensure appropriate coverage of risk areas and minimise duplication of efforts.

4.6 Review of Annual Financial Statements in accordance with Generally Recognised Accounting Practice (GRAP).

4.7 Provision of overall internal audit project management.

4.8 Review governance documents of Internal Audit on an annual basis.

- 4.9 Evaluation/assessment of policies in accordance with annual internal audit plan.
- 4.10 Provide consulting services as and when requested.

5 EXPECTED DELIVERABLES / OUTCOMES

- 5.1 To appoint an independent service provider to render internal audit functions to the PRSA.

6 PERIOD / DURATION OF APPOINTMENT

- 6.1 The contract with the appointed service provider will be for a period of thirty-six (36) months from date of appointment.
- 6.2 The successful service provider will be subjected to an annual performance assessment and the continuation of the contract will be dependent on a favourable assessment.

7 COSTING / COMPREHENSIVE BUDGET

- 7.1 An all-inclusive comprehensive costing price must be submitted in a separate envelope indicating unit prices per resource inclusive of VAT (SBD 3.3 for detailed costing and Annexure A – Price Schedule Guidance). The bidder should quote in South African currency (Rands) for all the resources.
- 7.2 The PRSA reserves the right to consider the guidelines on consultancy rates as set out in the National Treasury Instruction 03 of 2017/2018: Cost Containment Measures, where relevant. The bidder must indicate if their proposed rates are in line with the provision of the referenced National Treasury Instruction.
- 7.3 The PRSA reserves the right to negotiate with the preferred bidder identified in the evaluation process, regarding any terms and conditions, including rationalisation of the fees to ensure cost containment measures in terms of National Treasury guidelines prior to the awarding of the bid.

8 EVALUATION METHOD

8.1 PHASE 1: Pre-compliance or Initial Screening

- 8.1.1 During this phase bid documents will be reviewed to determine compliance with SCM returnable, tax matters and whether the Central Supplier Database (CSD) report has been submitted with the bid

documents at the closing date and time of the bid. Bids which do not satisfy the compliance criteria will not be evaluated further. Those who fulfil the requirements or have submitted the required documents will be further evaluated.

8.1.2 The bid proposal will be screened for compliance with administrative requirements as indicated below:

Item No.	Administrative Requirements	Check / Compliance	Non-submission may result in disqualification
1	Master Bid Document	Provided and bound	*YES
2	2 Copies of Bid Documents	Provided and bound	*YES
INCLUDED IN THE BID DOCUMENT			
3	SCM - SBD 1 - Invitation to Bid	Completed and signed	*YES
4	CSD registration number / SARS PIN and CSD summary report	Provided	*YES
5	SCM- SBD 3.3- Pricing Schedule	Completed	*YES
6	Annexure A- Pricing Guideline	Completed	*YES
7	SCM - SBD 4 – Bidder's Disclosure	Completed and signed	*YES
8	General Conditions of Contract	Every page initialled	*YES
9	In case of bids where Consortia / Joint Ventures, Consortia / Joint Venture agreement signed by both parties must be submitted with bid proposal	JV agreement completed and signed, if applicable	*YES

***YES** – PRSA reserves the right to reject proposals that are not submitted in the prescribed format or where information presented is illegible or incomplete and may not be further evaluated for Pre=Qualification Criteria (Phase 2).

8.2 PHASE 2: MANDATORY REQUIREMENTS

8.2.1 Only bid proposals that meets pre-compliance requirements will be evaluated on mandatory requirements. The Bidder must complete the section below by answering **YES or NO**. If, Yes, please attach proof.

NO.	REQUIREMENT	COMPLY: YES OR NO
1	Professional registration with the Professional Body / Institution. The Bidder must submit documentary proof of their current organisational group membership with the Institute of Internal Auditors South Africa (IIA SA)	
2	Professional registration with the Professional Body / Institution. The Bidder must submit documentary proof of their current registration with	

	the South African Institute of Chartered Accountants (SAICA)	
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NOTE: Failure to meet all the mandatory requirements will lead in the Bidder being disqualified and not further evaluated for functionality (Phase 3).

8.3 PHASE 3: Functionality Criteria

- 8.3.1 Only bid proposals that meets mandatory requirements will be further evaluated on functionality criteria,
8.3.2 The Bidder must score a minimum of **75%** during Phase 3 (functionality / technical) of the evaluation to qualify for Phase 4 of the evaluation where only Price will be considered.
8.3.3 The functionality is as follows:

PHASE 3			
GUIDELINES FOR CATEGORY CRITERIA	FUNCTIONALITY (GUIDELINES FOR CRITERIA APPLICATION)		WEIGHT
Service provider’s experience in the field of internal auditing for a public entity. Must attach contactable written references on successfully completed projects or current projects.	Service provider’s years of experience in the field of internal auditing.	Indicator	35
	Bidder must attach reference letters and confirming the internal auditing services rendered to a public entity. Reference letters must be on the referee’s letter head, dated and signed and they must be for the services rendered in the past five (5) years.		
	No reference letter attached/irrelevant reference letter attached	0	
	1 to 2 relevant reference letters attached	5	
	3 to 4 relevant reference letters attached	15	
	5 to 6 relevant reference letters attached	25	
	7 and more relevant reference letters attached	35	
Experience of project team	Service Provider to provide with detailed CVs of the proposed project team members that will service PRSA, including the following: (The bidder to clearly stipulates position of each team member according to the below mentioned).	Indicator	
	Engagement Partner/Senior Manager: • Minimum 15 years’ audit experience with a minimum 10 years as an engagement Partner or Senior manager = 15 points	15 5	

PHASE 3			
GUIDELINES FOR CATEGORY CRITERIA	FUNCTIONALITY (GUIDELINES FOR CRITERIA APPLICATION)		WEIGHT
	<ul style="list-style-type: none"> Audit Manager must provide a valid proof of registration with IIASA or SAICA = 5 points <p>Non-compliance with any and all of the above = 0 points</p>		20
	<p>Audit Manager:</p> <ul style="list-style-type: none"> Minimum 10 years' audit experience with a minimum 5 years as a team leader or manager = 10 points Audit Manager must provide a valid proof of registration with IIASA or SAICA = 5 points <p>Non-compliance with any and all of the above = 0 points</p>	10 5	15
	<p>Senior Internal Auditor/Supervisor:</p> <ul style="list-style-type: none"> Minimum 7 years' audit experience with a minimum 3 years as a team supervisor = 7 points Senior Internal Auditor/Supervisor must provide with a valid proof of registration with IIASA or SAICA = 5 points <p>Non-compliance with any and all of the above = 0 points</p>	7 5	12
	<p>Internal Auditor:</p> <ul style="list-style-type: none"> The internal auditor must at least have a minimum of 5 years' experience in internal auditing = 5 points <p>Non-compliance with the above = 0 points</p>	5	5
	<p>Junior Internal Auditor:</p> <ul style="list-style-type: none"> The junior internal auditor must at least have a minimum of 2 years' experience in internal auditing = 3 points <p>Non-compliance with the above = 0 points</p>	3	3

PHASE 3			
GUIDELINES FOR CATEGORY CRITERIA	FUNCTIONALITY (GUIDELINES FOR CRITERIA APPLICATION)		WEIGHT
A proposed project plan and audit Methodology with deliverables, timeframes, and milestones on how the Bidder intends to achieve the objectives of the PRSA over the contract period of 36 months.	Methodology and Approach for Internal Audit Services The Bidder must provide a clear statement (methodology) on how a typical internal audit function/service will be carried out, including the resources to be allocated and how such resources will be utilized.	Indicator	10
	No information provided	0	
	Limited information provided on a project plan, methodology and management.	5	
	Project plan and methodology action well broken down with details of deliverables, timeframes/ milestones.	10	
Total points on functionality			100

8.4 PHASE 4: Price

8.4.1 The **fourth phase** is to rank service providers on Price on the service providers that successfully qualified on phase 3 (functional evaluation).

Please refer to the attached Annexure A for price

9 BID SUBMISSION REQUIREMENTS

9.1 The service providers should ensure that the following submission requirements, which will be needed for evaluation purposes are included in their bid proposal and are as follows:

- 9.1.1 The service provider must draft a table of content which will indicate where each document is in the proposal.
- 9.1.2 The proposal must consist of two parts, namely the technical bid and the pricing bid (master and copy).
- 9.1.3 A certified copy of the relevant tertiary qualification or equivalent from a member from a recognised institution. The Bidders are expected to ensure that nominated Team Members with foreign qualifications submit South African Qualifications Authority (SAQA) Certificate with the bid

submission for evaluation. **Failure to do so will render the resource nominated not being allocated points and scoring zero (0).**

- 9.1.4 The information in the CV of the proposed team members should include relevant experience and qualifications in the chosen area of expertise demonstrating the required competency.
- 9.1.5 A detailed Project Plan with clear indication of who will be responsible for the management of the assignment as well as its execution. The allocation of team members on the assignments should be based on the experience in delivering the scope of work as listed.
- 9.1.6 Standard bidding documents (SBD 1, 3.3, and 4). Tax compliance status requirements and/or Central Supplier Database (CSD) number or report.
- 9.1.7 Certified copies of identity documents of directors and shareholders of the Bidder(s).
- 9.1.8 Letter of Authority to sign documents on behalf of the Bidder(s).

10 SPECIAL CONDITIONS OF CONTRACT

- 10.1 On appointment, the performance measures for the delivery of the agreed services will be closely monitored by PRSA.
- 10.2 The PRSA will not be held responsible for any costs incurred by the service providers in the preparation, presentation and submission of the proposal.
- 10.3 The service provider(s) must make sure that if one of the team members allocated to PRSA is no longer forming part of the team, such member must be replaced with the person with the similar expertise and qualifications and PRSA must be notified.
- 10.4 All the conditions specified in the General Conditions of Contract (GCC) will apply and where the conditions in the special conditions of contract contradicts the conditions in the general conditions of contract the special conditions of contract will prevail.
- 10.5 The proposals should be submitted with all required information containing technical information.
- 10.6 Travelling costs and time spent or incurred between home and office of the service provider and PRSA office will not be for the account of PRSA.
- 10.7 The Bidders failing to meet all the mandatory requirements will automatically be disqualified.
- 10.8 If the application is made by a Joint Venture or Partnership, the accreditation credentials in name of joined entity should be submitted. Both members in the joint venture must meet the requirements of the proposal.
- 10.9 Poor or non-performance by the Bidders will result in cancellation of the bid and the SLA.
- 10.10 Should the Bidder(s) fail to perform, PRSA reserves the right to request that the Bidder remedy the non-performance within fourteen (14) days. Should this non-performance persist, the Bidder will be given thirty (30) days' notice of cancellation of the contract.

11 SUB-CONTRACTING CONDITIONS / REQUIREMENTS

- 11.1 In a case whereby sub-contracting is not set as a pre-qualification criterion, however the tenderer is intending to sub-contract portion of work, such tenderer awarded a contract may only enter into sub-contracting arrangements with the written approval of the PRSA.

12 PAYMENT TERMS

- 12.1 PRSA undertakes to pay out in full or as per deliverables within thirty (30) days all valid claims for work done to its satisfaction upon presentation of a substantiated claim and the required reports stipulated in special conditions. No payment will be made where there is outstanding information/work not submitted by the Service Provider/s until that outstanding information is submitted.

13 ENQUIRIES

- 13.1 Should you require any further information in this regard, please do not hesitate to contact:

E-Mail: tenders@portsregulator.org

14 CLOSING DATE

- 14.1 The closing date for the submission of your proposals is on the: **29th September 2023** at 12h00