

ANNEXURE A (part1)

SCOPE OF WORK FOR THE APPOINTMENT OF A PANEL OF INTERNAL AUDIT SERVICE PROVIDERS IN A CO-SOURCED CAPACITY FOR THE CEF GROUP FOR A PERIOD OF THREE (3) YEARS.

1. Statement of Purpose

The Internal Audit Function seeks the appointment of a panel of service providers to render internal audit services in a co-sourced capacity for a period of three (3) years.

The Internal Audit Function requires additional Internal Auditors to assist with the internal audits across the CEF Group and its subsidiaries. The Internal Audit Plans are prepared on the annual basis together with the Resources Plan based on the risk assessment approved by BARC. The Internal Audit Function is currently composed of two (2) Senior Internal Auditors, one (1) Senior IT Internal Auditor, one (1) Group Internal Audit Manager, and one (1) Group Chief Audit Executive. This composition is insufficient to fulfil the Internal Audit Function for the CEF Group and its subsidiaries.

The Internal Audit Function renders services to the following entities within the CEF Group and its subsidiaries:

No.	Entity	Internal Audit Services
1.	CEF SOC Limited, inclusive of: <ul style="list-style-type: none"> • SANPC Refinery • CEF Carbon • EQF • CEF Trading (Pty) Ltd 	Audits per the BARC Approved Internal Audit Plan; as well as Special Requests, when requested by management.
2.	PASA	
3.	AEMFC	
4.	iGAS	
5.	SFF	
6.	PetroSA	
7.	SANPC	

The Internal Audit Function relies on the continuous use of External Service Providers to capacitate the Function. This is to ensure that there is sufficient staff complement to fulfil the internal audit activities against the approved Internal Audit Plans for CEF Group and its subsidiaries. The consequential effect is that that Internal Audit Function remains understaffed and the skills and experience cannot be retained within the Internal Audit Function.

In terms of **Standard 8.2 (Resources) of the Global Internal Audit Standards**, the chief audit executive must evaluate whether internal audit resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan. If not, the chief audit executive must develop a strategy to obtain sufficient resources and inform the board about the impact of insufficient resources and how any resource shortfalls will be addressed.

In terms of **Standard 10.2 (Human Resource Management) of the Global Internal Audit Standards**, the chief audit executive must establish an approach to recruit, develop and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the internal audit plan. The chief audit executive must strive to ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan. *Appropriate* refers to the mix of knowledge, skills and abilities; *sufficient* refers to the quantity of resources; and *effective deployment* refers to assigning resources in a way that optimizes the achievement of the internal audit plan.

Furthermore, the feedback from BARC, in respect of the evaluation of the Internal Audit Function, during the meeting held on 30 October 2023, highlighted the need for the Internal Audit Function to be resourced by additional internal auditors. This was aimed to support the completion of the Internal Audit Plan for CEF Group and its subsidiaries. In addition, the same recommendations were noted during the External Quality Assurance Review performed on the Internal Audit Function, as well as the Board Evaluation Report.

In the absence of sufficient and adequate resources within the Internal Audit Function:

- Adequate and effective assurance may not be provided to assist the strategy to respond to possible risks facing CEF Group and its subsidiaries.
- Ineffective implementation of the shared services approach as the subsidiaries have inadequate resources.
- Non-compliance with the Global Internal Audit Standards in respect of Resources (Standard 8.2), as well as Human Resource Management (Standard 10.2).
- Avoidance of high-risk areas or quietly accepting scope limitations.
- Failure to provide adequate reporting in respect of Internal Audit activities, including follow-up reviews on previous audit findings raised.
- Poor skills set to complement the Internal Audit activities, as well as the inability to retain the skills, knowledge and expertise provided by external service providers.
- Inadequate Internal Audit coverage within the CEF Group and its subsidiaries.

To ensure the delivery of effective advisory services and independent objective assurance, the Internal Audit Function should be appropriately resourced. This would ensure internal audit coverage that will minimise the adverse effects of potential events that may threaten CEF Group and its subsidiaries to achieve its strategic objectives and the obtaining of favourable external audit outcomes.

REFER TO ADDENDUM A - DETAILED SCOPE OF WORK / TENDER SPECIFICATIONS.

ADDENDUM A - DETAILED SCOPE OF WORK / TENDER SPECIFICATIONS

SUBJECT:

THE APPOINTMENT OF A PANEL OF INTERNAL AUDIT SERVICE PROVIDERS IN A CO-SOURCED CAPACITY FOR THE CEF GROUP FOR A PERIOD OF THREE (3) YEARS

1. INTRODUCTION AND BACKGROUND

CEF SOC Limited is a state-owned entity reporting to the Department of Mineral Resources and Energy (DMRE). CEF Group consists of subsidiaries operating in the energy value chain, including upstream, midstream, and downstream operations. The Internal Audit Function operates independently under the direction of the Board Audit and Risk Committee ("BARC") and is mandated to provide objective assurance and consulting services.

In terms of section 51(1)(a)(i) of the Public Finance Management Act (Act No. 1 of 1999) ("PFMA"), the accounting authority for a public entity must ensure that that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control. In line with the requirements of the PFMA, Treasury Regulations, and due to the dynamic nature of operations and the need for specialised skills, the Internal Audit Function requires the support of a panel of qualified internal audit service providers on a co-sourced basis, to complement the in-house capacity.

2. OBJECTIVE OF THE TENDER

The purpose of this tender is to appoint a panel of suitably qualified and experienced internal audit service providers who will provide services on an as-needed basis to support the CEF Internal Audit Function over a three-year period, renewable annually based on performance and business needs.

The objectives are as follows:

- To provide independent and objective assurance to management, BARC and the board regarding the adequacy, efficiency and effectiveness of internal controls in place.
- To ensure that internal audits are conducted in accordance with the Global Internal Audit Standards.
- To review Control, Risk, and Governance processes, therefore ensure consistency with the CEF Group values, and to improve the image of the CEF Group.
- To assist the CEF Group in identifying and evaluating significant exposures to risk and contributing to the improvement of risk management.

3. SCOPE OF SERVICES

The successful panel of internal audit service providers will be required to assist with internal audit services relating to the following entities with the CEF Group:

- CEF SOC Ltd, including SANPC Refinery, CEF Carbon, EQF and CEF Trading
- iGAS
- PASA
- AEMFC
- SFF
- SANPC
- PetroSA

The successful panel of internal audit service providers will be required to assist with the following internal audit services, including but not limited to any other services deemed fit by the Group Chief Audit Executive:

Risk-Based Internal Audit Projects:

- Conduct audits in line with the approved Internal Audit Plans.
- Perform planning, fieldwork, and reporting phases.
- Identify control weaknesses and make value-adding recommendations.
- Perform follow-ups on the implementation of audit recommendations.
- Ensure compliance with the Global Internal Audit Standards.

Specialised Audits:

- IT Audits (e.g. cybersecurity, IT general controls, IT governance).
- Compliance and Regulatory Audits (e.g. PFMA, etc.).
- Environmental, Health and Safety (EHS) Audits.
- Procurement and Supply Chain Management Audits.
- Performance Information Audits.

Advisory Services:

- Internal control assessments.
- Enterprise Risk Management, Corporate Governance and Ethics Reviews.
- Internal Audit methodology development and review.
- Quality Assurance Improvement Programme (QAIP) support.
- IT advisory services.
- Advisory engagements.

Combined Assurance Support:

- Assist with integration and alignment of assurance providers.
- Participate in Combined Assurance workshops or initiatives.

Capacity Building and Knowledge Transfer:

- Provide training and skills transfer to the in-house auditors.
- Contribute to the development of audit tools, templates, and practices.

Audit Reporting:

- Report directly to the Group Chief Audit Executive (GCAE) or delegated Internal Audit Managers.
- Prepare for approval by the GCAE, an engagement letter indicating the detail of budgets and timeframes and the detailed scope of the allocated assignments.
- Provide detailed working papers aligned with the Global Internal Audit Standards and CEF Group Internal Audit Methodology, after review and sign-off by the project director.
- Present findings to the GCAE, Internal Audit Management and BARC, as required.
- Deliver draft and final Internal Audit reports within agreed timelines.
- All reports and findings must be submitted in the CEF Group reporting format.

Other requirements:

- The staff should maintain their objectivity by remaining independent of the activities they audit.
- There must be professionally qualified supervisors present throughout the duration of the contract.
- The CEF Group will not be billed for any unproductive or duplicated time spent on assignments, for any reason.
- Sufficient time must be spent on assignments to ensure that quality is maintained at the highest standards.
- The internal audit service provider will be responsible for its own hardware and technical software to adequately perform its functions.
- Independence from the external audit activities (given that most service providers are also providing external audit services through the AGSA).

4. TECHNICAL REQUIREMENTS

Bidders must demonstrate capacity to deliver services in accordance with:

- Global Internal Audit Standards.

- Applicable Accounting Standards.
- PFMA and Treasury Regulations.
- CEF Group Internal Audit Charter and Methodology.
- ISO 31000 (Risk Management), COBIT, and King IV, where applicable.

5. PANEL MANAGEMENT

- Assignments will be allocated based on technical expertise, availability, and performance.
- Service Level Agreements (SLAs) will be concluded for each assignment.
- Rotational allocation and conflict of interest considerations will be applied.

6. DURATION AND EXPECTED OUTPUTS

- Panel appointment period: 3 years.
- Deliverables per assignment: Audit planning memorandum, working papers, audit reports, and management letters.
- Timeframes and outputs to be clearly defined in each assignment SLA.
- Regular progress updates on allocated assignments.
- Attendance of Internal Audit Departmental meetings.

ANNEXURE A (part2)

SCOPE OF WORK FOR THE APPOINTMENT OF A PANEL OF FORENSIC SERVICE PROVIDERS IN A CO-SOURCED CAPACITY FOR THE CEF GROUP FOR A PERIOD OF THREE (3) YEARS.

1. Statement of Purpose

The Internal Audit Function seeks the appointment of a panel of service providers to render forensic services in a co-sourced capacity for a period of three (3) years.

The Internal Audit Function invites suitably qualified and experienced forensic investigation service providers to submit proposals to be part of the panel to conduct a forensic investigation/s that will be alleging and/or suspected irregularities, misconduct, fraud, corruption, and non-compliance with applicable legislation, policies, and procedures.

The Internal Audit Function renders services to the following entities within the CEF Group and its subsidiaries:

No.	Entity
1.	CEF SOC Limited, inclusive of: <ul style="list-style-type: none"> • SANPC Refinery • CEF Carbon • EQF • CEF Trading (Pty) Ltd
2.	PASA
3.	AEMFC
4.	iGAS
5.	SFF
6.	PetroSA

The Internal Audit Function is required to coordinate with the potential forensic investigation/s with the potential service providers. Currently the Internal Audit Function is not capacitated with forensic expertise. The successful panel will be required to ensure the delivery of effective forensic investigation/s services.

REFER TO ADDENDUM A - DETAILED SCOPE OF WORK / TENDER SPECIFICATIONS.

ADDENDUM A - DETAILED SCOPE OF WORK / TENDER SPECIFICATIONS

SUBJECT:

THE APPOINTMENT OF A PANEL OF FORENSIC SERVICE PROVIDERS IN A CO-SOURCED CAPACITY FOR THE CEF GROUP FOR A PERIOD OF THREE (3) YEARS

1. INTRODUCTION AND BACKGROUND

CEF SOC Limited is a state-owned entity reporting to the Department of Mineral Resources and Energy (DMRE). CEF Group consists of subsidiaries operating in the energy value chain, including upstream, midstream, and downstream operations. The Internal Audit Function operates independently under the direction of the Board Audit and Risk Committee ("BARC") and is mandated to provide objective assurance and consulting services.

In terms of section 51(1)(a)(i) of the Public Finance Management Act (Act No. 1 of 1999) ("PFMA"), the accounting authority for a public entity must ensure that that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control. In line with the requirements of the PFMA, Treasury Regulations, and due to the dynamic nature of operations and the need for specialised skills, the Internal Audit Function requires the support of a panel of qualified forensic service providers on a co-sourced basis, to complement the in-house capacity.

2. OBJECTIVE OF THE TENDER

The purpose of this tender is to appoint a panel of suitably qualified and experienced forensic service providers who will provide forensic investigation/s services on an as-needed basis to support the CEF Internal Audit Function over a 3-year period, renewable annually based on performance and business needs.

The objectives are as follows:

- Determine whether fraud, corruption, irregular, fruitless and wasteful expenditure, or maladministration occurred.
- Assess compliance with applicable legislation, including but not limited to:
 - ✚ PFMA
 - ✚ Treasury Regulations
 - ✚ SCM Regulations
 - ✚ Relevant internal policies and procedures
 - ✚ Identify officials, service providers, or other parties involved.

- ✚ Quantify actual or potential financial loss;
- ✚ Assess adequacy and effectiveness of existing internal controls; and
- ✚ Support management, Internal Audit, Audit Committee, and law-enforcement agencies where required.

3. SCOPE OF SERVICES

The successful panel of internal audit and forensic service providers will be required to assist with internal audit services relating to the following entities with the CEF Group:

- CEF SOC Ltd, including SANPC Refinery, CEF Carbon, EQF and CEF Trading
- iGAS
- PASA
- AEMFC
- SFF
- PetroSA

The successful panel forensic service providers will be required to assist with the following forensic investigation services, including but not limited to any other services deemed fit.:

The scope of work shall include, but not be limited to, the following:

3.1 Planning and Risk Assessment

- Conduct a preliminary assessment to refine the investigation approach.
- Develop a detailed forensic investigation plan and methodology.
- Identify key risk areas and information sources.

3.2 Information and Evidence Gathering

- Review relevant documentation, including contracts, SCM records, invoices, payments, approvals, policies, and correspondence.
- Perform data analysis on financial and transactional data.
- Conduct site visits where necessary.
- Secure, preserve, and manage evidence in accordance with forensic standards.

3.3 Interviews and Statements

- Conduct interviews with relevant officials, management, service providers, and other stakeholders.

- Obtain written statements where required.
- Ensure interviews are conducted in a fair, confidential, and legally defensible manner.

3.4 Analysis and Findings

- Analyse evidence to determine:
- Nature and extent of irregularities.
- Compliance failures and control breakdowns.
- Financial impact or losses incurred.
- Establish responsibility and accountability.

3.5 Reporting

- Prepare a comprehensive forensic investigation report, including:
- Background and mandate.
- Scope and methodology.
- Detailed findings supported by evidence.
- Applicable legislation and policy contraventions.
- Quantification of losses.
- Root cause analysis.
- Recommendations for corrective action, consequence management, and control improvements.

3.6 Support and Expert Services

- Present findings to Management, Internal Audit, Audit Committee, and or other oversight structures.
- Provide support during disciplinary hearings, civil recovery processes, or criminal proceedings, if required.
- Liaise with law-enforcement agencies where appropriate.

4. TECHNICAL REQUIREMENTS

Bidders must demonstrate capacity to deliver services in accordance with:

- Applicable forensic investigations requirement
- PFMA and Treasury Regulations, CFE

5. PANEL MANAGEMENT

- Assignments will be allocated based on technical expertise, availability, and performance.
- Service Level Agreements (SLAs) will be concluded for each assignment.
- Rotational allocation and conflict of interest considerations will be applied.

6. DURATION AND EXPECTED OUTPUTS

- Panel appointment period: 3 years.
- Timeframes and outputs to be clearly defined in each assignment SLA.
- Approved forensic investigation plan.
- Regular progress updates.
- Draft forensic investigation report for management review.
- Final forensic investigation report incorporating management responses.
- All supporting working papers and evidence files.