



PU8411/020

SCOPE OF WORK OVERVIEW

BIDDERS MUST COMPLETE PRICING SCHEDULE (AS PER APPENDIX B.1) by creating a schedule to fulfil the specifications.

See Specifications attached

INTERNAL AUDITOR SERVICE SPECIFICATION

1. Introduction and description

- 1.1 The objective is to procure the services of an Internal Auditor for the provision of internal auditor services as per the approved Internal Audit Plan at FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE.
- 1.2 FREE STATE COMMUNITY EDUCATION AND TRAINING COLLEGE is a Community Education and Training College governed by the Continuing Education and Training Act, no. 16 of 2006.
- 1.3 The College offer funded programmes which are funded by government as well as Sector Education and Training Authorities (SETA) and businesses, although the main source of income remains government.
- 1.4 The College is a public entity with approximately 100% of its income being state funded and for PERSAL paid salaries for Departmental employees.
- 1.5 It is therefore critical that the College's financial statements are prepared using Generally Accepted Accounting Practices (GRAAP). The college is also audited annually by the Auditor General South Africa (AGSA).
- 1.6 The service provider shall provide an internal auditing service according to an agreed plan.
- 1.7 The Internal Auditor 3-year plan for 2022-2025 contains projects to be executed which includes ICT audits, Supply Chain Management and Human Resources.
- 1.8 The College seeks to make a three (3) year appointment from 2022 to 31 December 2025.

2. Services Required

- 2.1 The Internal Auditor will be required to perform the following functions:
 - 2.1.1 In conjunction with the Deputy Principal Finance and the Quality Assurance Manager, prepare an audit plan using an appropriate risk-based audit methodology, considering concerns from management and the external auditors, current operations, those proposed in its strategic plan and its risk management strategies.
 - 2.1.2 Plan indicating the scope of each audit in the annual internal audit plan.

- 2.1.3 Prepare a quarterly report to the Audit and Risk Committee detailing its performance against the plan, to allow effective monitoring and intervention when necessary.
- 2.1.4 Implement the annual internal audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the Audit and Risk Committee.
- 2.1.5 Assist the Principal in maintaining efficient and 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, integrity, accuracy, completeness, and timeliness of financial and management information.
 - c) The application and effectiveness of the College's risk management procedures and assessment methodology.
 - d) The effectiveness of operations.
 - e) Review operations or programmes to ascertain whether or not the results are consistent with established objectives and goals according to the strategic plan; and whether or not the operations are carried out as planned.
 - f) The effectiveness and efficiency with which resources are employed.
 - g) Safeguarding of assets.
 - h) Compliance with policies, plans, procedures, laws, and regulations; and
 - i) Conduct review of AFS before submission to the AGSA for audit.
- 2.1.6 Assist the Principal in achieving the objectives of the College by evaluating and developing recommendations for the enhancement or improvement of the processes through which:
 - a) Objectives and values are established and communicated.
 - b) The accomplishment of objectives is monitored.
 - c) Accountability is ensured; and
 - d) Corporate values are preserved.
- 2.1.7 Monitor and evaluate governance processes.
- 2.1.8 Consider the scope of work of the Quality Assurance Department for the purpose of providing optimal audit coverage to the College to minimize duplication of effort.
- 2.1.9 Perform consulting and advisory services related to governance, risk management and control as appropriate for the College.
- 2.1.10 Report significant risk exposures and control issues, including, fraud risks, governance issues and any other matters needed or requested by the Principal or the Audit Committee.
- 2.1.11 Evaluate specific operations at the request of the Principal or the Audit and Risk Committee.
- 2.1.12 Provide an annual assessment on the adequacy and effectiveness of the College's processes for controlling its activities and managing its risks.

- 2.1.13 Report significant issues related to the processes for controlling the activities of the College, including potential improvements to those processes, and provide information concerning such issues through resolution.
- 2.1.14 Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation and/or expansion.
- 2.1.15 Perform periodic tracking and follow-up to ensure satisfactory corrective actions are completed.

- 2.2 The Internal Auditor will provide the following to the Audit and Risk Committee:
 - 2.2.1 The three (3) year rolling internal audit plan, for approval by the Principal and the Audit and Risk Committee.
 - 2.2.2 Prepare an annual internal audit plan for approval by the Principal and the Audit and Risk Committee.
 - 2.2.3 Prepare plans indicating the proposed scope of each audit in the annual internal audit plan.
 - 2.2.4 Prepare written quarterly reports to the Audit and Risk Committee detailing its performance against the annual internal audit plan, and results of audit activities.
 - 2.2.5 Keep the Audit and Risk Committee informed of emerging trends and successful practices in internal auditing.
 - 2.2.6 Provide a list of significant measurement goals and results to the Audit and Risk Committee; and
 - 2.2.7 Make any recommendations it deems fit for consideration by the Audit and Risk Committee.
 - 2.2.8 The Internal Auditor must conduct their work in accordance with the Standard for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.

- 2.3 In summary, the appointed service provider must assist the College is achieving its objectives by improving the effectiveness of operations and risk management, control and governance processes as well as transfer of skills in the process.

3. SKILLS AND KNOWLEDGE REQUIREMENTS

- 3.1 The service provider must possess the following knowledge, expertise, and skills:
 - 3.1.1 An in-depth understanding of the Standard for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.
 - 3.1.2 Knowledge of corporate governance in the public sector.
 - 3.1.3 GRAAP understanding
 - 3.1.4 Understanding of the Auditor Generals processes and Standards
 - 3.1.5 The ability to undertake interviews and surveys and interpret data
 - 3.1.6 Analytical thinking.
 - 3.1.7 Report writing and presentation
 - 3.1.8 Good interpersonal skills
 - 3.1.9 Ability to analyse business processes mapping
 - 3.1.10 Budget analysis.

4. SERVICE PROVIDER OBLIGATIONS

4.1 The service provider will be responsible for the following:

- a. The appointment of an Audit Manager and all related personnel to provide the service required
- b. The service provider must show proof that they are members in good standing of a recognised industry regulatory body.
- c. All staff must always have clean criminal records.
- d. Ensure compliance to all relevant Acts and regulations governing the CET sector and general Occupational Health and Safety.

4.2 The service provider will sign a Service Level Agreement with the College which includes:

4.2.1 Confidentiality and indemnity agreements.

4.2.2 The intellectual property rights arising from the execution of the contract itself shall vest in the College and the service provider agrees to honour the Colleges intellectual property rights and all future rights by maintaining the confidentiality of published and unpublished material.

4.2.3 The College reserves the right to monitor the activities and interview team members that are allocated for specific audits/projects.

4.2.4 The service provider may not cede or assign any part of its agreement with the College or subcontract any part of the work assigned to them without the prior permission of the College.

5. LEGISLATION

5.1 The service provider is required to comply with the following acts and Regulations:

- a. Occupational Health and Safety Act, No.85 of 1993.
- b. Labour Relations Act, as amended
- c. Basic Conditions of Employment Act, as amended
- d. CET Colleges Act No.16 of 2006, as amended in 2012 (the Act).
- e. Public Finance Management Act, 1999 (Act No 1 of 1999 as amended).
- f. National Treasury Regulations of 2017; and
- g. King IV Code of Governance Principles of 2016.
- h. POPI Act
- i. Any other relevant Act or Regulation.

5.2 All bids/proposals that comply with the minimum requirements/conditions of the bid will be evaluated in two stages.

5.3 First stage: functionality will be assessed as per the scorecard and Second Stage: the qualifying bidders in the first stage will be evaluated further on price, BBBEE Contributor Level using the 80/20 preference point system as prescribed in the Preferential Procurement Policy Framework Act 2000 and approved by the FREE STATE COMMUNITY EDUCATION AND TRAINING College Supply Chain Management Policy.

Proposed Audit team

Team member	Role in team	Qualifications	Experience	Continued Professional Development (CPD)	Other

Personnel	Rate per hour	VAT	Total (VAT incl.)
Partner/ Directors			
Manager/ Supervisor			
Specialist			
Junior			
TOTAL			R

You will download:

1. The Tender Document

Provisional **400 Hours** for adjudication purposes.

Total final price for the Proposed Audit function for one year, two years and three years – VAT Inclusive

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Appendix Number	Description of Appendix	Requirement
Appendix A	RFP Document	Each page of the RFP document to be initialled by a delegated representative
Appendix A1	Proof of Payment	Attach Pay fast proof of payment and include the company tendering for, if purchased by a different company
Appendix B	Technical specifications and pricing	A signed copy of the printout of each page of the electronic document
Appendix B1	USB x1	Fully scanned tender document and all returnables
Appendix C	Proof of Bank Account	Cancelled cheque or signed letter from
Appendix D	Company registration documents	Company registration documents
Appendix E	Tax clearance certification	An original valid tax clearance certificate
Appendix F	Financial Statements	Audited financial statement for the last financial year
Appendix G	BBBEE certification	A valid BBBEE certificate (certified)/Sworn Affidavit
Appendix H	Declaration of Interest	Please see this tender document (page9)
Appendix I	Service Providers SLA	The Service Providers standard SLA is required
Appendix J	Registration licences/registered bodies	Certified Copy of registration certificate from a Professional Body (IRBA certificate) and a Certified Copy of IIASA (Institute of Internal Auditors of South Africa) Registration
Appendix K	CSD Registration	Certified Copy to be provided
Appendix L	SBD Forms	Complete and attach SBD forms

FUNCTIONALITY:**EVALUATION OF INTERNAL AUDIT SERVICES FOR FREE STATE COMMUNITY
EDUCATION AND TRAINING COLLEGE**

EVALUATION CRITERIA	WEIGHT
Service Capabilities:	20 points
Demonstrated expertise in audit function (points allocated per function below): Please provide more detail for all <ul style="list-style-type: none">• 1 point – relevant qualifications.• 1 point – relevant experience.• 1 point – risk management.• 1 point – risk control.• 1 point – risk governance.	5
Demonstrated expertise in audit of information technology (points allocated per function below): Please provide more detail for all <ul style="list-style-type: none">• 1 point – control over design.• 1 point – implementation.• 1 point – security.• 1 point – use of computer systems.• 1 point – security of data files.	5
Provide proof of contracts with clients worth R20 million or more per annum (points allocated per function below): <ul style="list-style-type: none"><input type="checkbox"/> 5 points – if Bidder has successfully managed at least one (1) similar contract worth R10 000 000.00 or more per annum;<input type="checkbox"/> 3 points – if Bidder has successfully managed at least one (1) similar contract worth below R10 000 000.00 per annum	5
Relevant experience in managing contracts in the Public Sector as a client (points allocated per function below): <ul style="list-style-type: none">• 5 points – five (5) Institutions.• 4 points – four (4) Institutions.• 3 points – three (3) Institutions.• 2 points – two (2) Institutions.• 1 points – one (1) Institutions;• 0 points – zero (0) Institutions.	5
Audit Process:	20
(Points allocated per function below): <ul style="list-style-type: none">• 1 point – submit audit planning document.	9

<ul style="list-style-type: none"> • 1 point – including proposed audit approach/ Methodology); • 1 point – reporting lines. • 1 point – preparation of annual and strategies. • 1 point – internal audit plans. • 1 point – risk assessment. • 1 point – execution of internal audit assignments. • 1 point – working with internal audit. • 1 point – skills transfer. 	
<p>Expected Deliverables (points allocated per function below):</p> <ul style="list-style-type: none"> • 1 point – prepare annual plan, three (3) year rolling plan. • 1 point – review and update Internal Audit Charter and Audit and Risk Committee Charter. • 1 point – follow-up reviews, such as salary review, payments process, PAYE, leave pay provision. • 1 point – HR in terms of contract employees, travel expenditure and leave audit. • 1 point – review of policies and procedures. • 1 point – compliance review and data integrity. • 1 point – IT governance review. • 1 point – recoverability and financial statements reviews. • 1 point – ability to carry out specialised audits e.g. information system, forensic investigation, fraud limitation, and performance auditing; minimisation of exposure to risks associated with inadequate and ineffective internal controls; ability to provide corporate governance assistance; methodology to be employed as part of the audit technique. 	9
<p>Proposed timetable on commencement and completion (points allocated per function below):</p> <ul style="list-style-type: none"> □ 1 point – manner of takeover. □ 1 point – timeline for full period. 	2
<p>Experience of providing Internal Audit Services (Provide a list of Public Sector/ educational institutions with contactable reference of clients)</p>	30
<p>Experience in internal audit services (minimum of five (5) years), (points allocated per function below):</p> <ul style="list-style-type: none"> • 5 points – five (5) years or more. • 0 points – less than five (5) years. 	5
<p>Experience in internal audit services to educational institutions, (points allocated per function below):</p> <p>5 points</p> <p>0 points</p>	5
<p>Submit verifiable customer list (minimum of three references not exceeding ten), (points allocation per function below):</p> <ul style="list-style-type: none"> • 5 points – three (3) references or more. • 2 points – two (2) references. • 1 point – one (1) reference. • 0 points – zero (0) references. 	5
<p>The reference's contract periods must be for a minimum period of two (2) years, (points allocated per function below):</p> <ul style="list-style-type: none"> • 5 points – reference contract period of two (2) years or more. • 0 points – reference contract period less than two (2) years. 	5

At least one reference must be current and already in operation for a minimum of six (6) months (other than Free State CET College (points allocated per function below): <ul style="list-style-type: none"> • 5 points – one (1) references current and already in operation for six months or more. • 0 points – Zero (0) references current and already in operation for less than six months. 	5
All references provided should not be older than three (3) years (points allocated per function below): <ul style="list-style-type: none"> ☐ 5 points – reference’s contracts not older than three (3) years ☐ 0 points – references older than three (3) years. 	5
Client Service Plan:	10
Comprehensive budget, including service activities, client service plan (points allocated per function below): <ul style="list-style-type: none"> • 1 point – comprehensive budget. • 1 point – service activities. • 1 point – client service plan. 	3
Estimated professional fees per category (points allocated per function below): <ul style="list-style-type: none"> • 5 points – estimate of professional fees per category included. • 0 points – estimate of professional fees per category not included. 	5
Hourly tariff (points allocated per function below): <ul style="list-style-type: none"> • 2 points – hourly tariff submitted. • 0 points – hourly tariff not submitted. 	2
Structure and Human Resources:	10
Organogram or list of audit team members (points allocated per function below): <ul style="list-style-type: none"> • 5 points – organogram or list of audit team members included. • 0 points – organogram or list of audit team members not included. 	5
Submit complete CV’s and experience of team members, (points allocated per function below): <ul style="list-style-type: none"> • 5 points – complete CV’s and experience of team members submitted. • 0 points – complete CV’s and experience of team members not submitted. 	5
Transfer of Skills (have a plan)	5
(Points allocated per function below): <ul style="list-style-type: none"> • 5 points – submit a plan for transfer of skills. • 0 points – <i>not</i> submit a plan for transfer of skills. 	5
Free State Province based	5
(Points allocated per function below): <ul style="list-style-type: none"> • 5 points – based in Free State. • 0 points – based outside Free State 	5
TOTAL POINTS	100