

**NORTHERN CAPE COMMUNITY EDUCATION AND TRAINING COLLEGE (NCCETC) IN
COLLABOURATION WITH THE PURCHASING CONSORTIUM SOUTHERN AFRICA
(PURCO SA)**

**APPOINTMENT OF A SUITABLE EXTERNAL AUDIT FIRM TO PERFORM THE
EXTERNAL AUDIT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE 2022 AND
2023 FINANCIAL YEARS FOR NORTHERN CAPE COMMUNITY EDUCATION AND
TRAINING COLLEGE**

RFP NUMBER: PU 8411/028

Date Issued: 04 November 2022

Information Session (Briefing): 15 November 2022 at 10:00

***Northern Cape Community Education & Training College's central office at 19
Oliver Road, Klisserville, Kimberley, Northern Cape***

Closing date and time: 05 December 2022 at 11:00am

Bid Validity Period: 120 days

TENDER BOX ADDRESS:

Note: All bids must be placed into the tender box at the Northern Cape Community Education and Training College's central office at **19 Oliver Road, Klisserville, Kimberley, Northern Cape** by no later than 05 December 2022 at 11:00am.

SCOPE AND DEFINITION OF WORK (SPECIFICATION)

The appointed service provider will issue an independent audit opinion by:

- 1.1 Carrying out such work as is necessary to form an opinion as to whether the College's annual financial statements fairly present the financial position, financial performance and cash flows for the College, in accordance with the Generally Recognised Accounting Practice (GRAP) and all relevant legislation but not limited to;
 - 1.1.1 Preparing a detailed audit planning memorandum;
- 1.2 Determine their scope, methodology and approach as per the International Standards on Auditing as issued by Independent Regulatory Board for Auditors (IRBA);
 - 1.2.1 Preparing a detailed budget in line with the audit-planning memorandum.
- 1.3 Communicate audit findings and make recommendations to management;
 - 1.3.1 Conduct regular update meetings with management to ensure all matters are dealt with timeously; and
 - 1.3.2 Draft and issue audit reports upon completion of audit assignments.
- 1.4 Provide a final report with management responses on corrective actions and the presentation thereof to the Audit Committee, where necessary including;
 - 1.4.1 Attending the Audit and Risk Committee meetings; and any other relevant meetings as required; and
 - 1.4.2 Present External Audit Report to the Audit and Risk Committee and or council.
- 1.5 Review and provide an independent audit opinion on the Annual Financial Statements within deadlines provided:
 - 1.5.1 Draft and issue audit reports upon completion of audit assignments;
 - 1.5.2 Attend Audit and Risk Committee meetings; and
 - 1.5.3 Any other relevant meetings as required.

2. DELIVERABLES

- 2.1 A detailed audit planning memorandum at commencement of the audit;
- 2.2 A detailed budget in line with the audit planning memorandum agreed to by management with all relevant timelines;
- 2.3 Communication of audit findings with recommendations to management;
 - 2.3.1 Attendance of regular update meetings with management to ensure all matters are dealt with timeously
 - 2.3.2 Audit reports upon completion of audit assignments;
- 2.4 Final report with management responses on corrective actions and the presentation thereof to the Audit Committee, where necessary;
 - 2.4.1 Attendance of Audit Committee meetings; and any other relevant meetings as required.
 - 2.4.2 Presentation of External Audit Report to the Audit Committee.
- 2.5 Issuing of audit opinion of the Annual Financial Statements for the periods as agreed upon.
 - 2.5.1 Audit reports upon completion of audit assignments;

2.5.2 Attendance of Audit and Risk Committee meetings and any other relevant meetings as required; and

2.5.3 Presentation of External Audit Report to the Audit and Risk Committee.

3. APPROPRIATE QUALIFICATIONS, EXPERIENCE, SKILLS AND KNOWLEDGE

- 3.1 The firm must be registered in terms of the Auditing Profession Act as an accountant and auditor and engaged in public practice (registration with IRBA - Independent Regulatory Board for Auditors) as an auditor allowed to perform assurance related engagements.
- 3.2 The bidder must demonstrate relevant experience in rendering external audit services to the public sector.
- 3.3 The bidder's key personnel of the proposed audit team must have relevant qualifications, skills and experience. These would include as a minimum:
First year clerk – must be studying towards BCom (Accounting) or equivalent;
Second year clerk – with at least BCom (Accounting) or equivalent;
Third year clerk –with at least Honours in Accounting/CTA/PGDA or equivalent;
Accountant-in-charge or Supervisor –must have at least passed ITC/QE part 1;
Audit Manager –must have qualified as a CA (SA) and have at least 1 year's public sector audit managerial experience;
Partner to have at least 3 years' experience in the Public Sector.
- 3.4 Professional Competence and Integrity – The firm should be professional and competent in the practice of external audit (attest function) as well as have high ethical standards; i.e. Knowledge of and exposure to the PFMA (Public Finance Management Act), Treasury Regulations and GRAP are a must;
- 3.5 Independence and Objectivity must be assured by there not being any conflict of interest.
- 3.6 Track record and Reputation – written references attesting to performing statutory audits are required. The Audit Firm is to have a minimum of five (5) years' experience in conducting audits within the Public Sector
 - 5.6.1. Minimum of 3 reference letters confirming the audit firm's working experience in the Public Sector,
 - 5.6.2. Reference letter must be provided on the clients' letterhead and must be signed by the client;
 - 5.6.3. The reference letters must have contactable references.
- 3.7 Confirmation of the existence of a technical department, as well as numbers and levels of staff in the technical department. In the absence of this, confirmation of association with the firm that has technical department and support thereof.

4. DURATION OF THE CONTRACT

- 4.1 The successful bidder will be appointed to render the requisite service portfolio for the duration of the contract.
- 4.2 Work will start on signing of the service level agreement.
- 4.3 The auditor will be issued with an order for each year they will be required to audit. The audit engagement, contract and Service Level agreement will be valid for the year an order is issued.
- 4.4 Although the exact scheduling of inputs and allocation of days will be agreed to between the College and the Audit team, it is envisaged that the assignment will be carried out in five missions as outlined in Table 1.

No	Broad Tasks	Envisaged number of Working Days
1	Submission of detailed Audit Plan	
2	Submission of detailed audit budget	
3	Performing audit procedures on the AFS	
4	Submission of management report for input and Comment	
5	Submission of final management report and Audit Opinion	

The bidder should outline the timelines based on the details per table above in their proposal for each of the financial years to be audited.

5. MANDATORY BID DOCUMENTS

5.1 The College has set minimum standards that bidders need to meet as a precursor to evaluation and selection as the successful bidder.

5.2 The minimum standards consist of the following criteria:

Pre-qualification Criteria (Phase 0)	Technical Evaluation Criteria (Phase 1)	Price and B-BBEE Evaluation (Phase 2)
Bidders must submit all documents as outlined in paragraph 10.3 below. Only bidders that comply with ALL these criteria will proceed to Phase 1.	Bidders are required to achieve a minimum of 70 points out of 100 points to proceed to Phase 2 (Price and B-BBEE considerations).	Bidders will be evaluated out of 100 points and Phase 2 will only apply to bidders who have met and/or exceeded the threshold of 70 points.

5.3 Phase 0: Pre-Qualification Criteria:

5.3.1 Without any limitation in respect of the College's other critical requirements relevant to this Bid, prospective bidders must submit all the documents listed in **the table** below.

Table: Documents to be submitted for pre-qualification:

Document that must be submitted	YES/NO	Non-submission may result in disqualification
Invitation to Bid - SBD 1		Complete and sign the attached <i>pro-forma</i> document
Tax Status Tax Clearance Certificate - SBD 2		<ul style="list-style-type: none"> i. Written confirmation that SARS may on an ongoing basis during the period of the contract disclose the bidders tax compliance status. ii. Proof of Registration on the Central Supplier Database iii. Vendor number/CSD number iv. In the event where the bidder submits a hard copy of the Tax Clearance Certificate, the CSD verification outcome will take precedence.
Declaration of Interest - SBD 4		Complete and sign the attached <i>pro-forma</i> document. Bidders must submit share certificate of the bidding company/firm, CIPC/CK document, certified copies of IDs of directors and shareholders.
Declaration of Bidder's Past Supply Chain Management Practices -		Complete and sign the attached <i>pro-forma</i> document (SBD 8).
Certificate of Independent Bid Determination		Complete and sign the attached <i>pro-forma</i> document (SBD 9).
Registration on the Central Supplier Database (CSD). Registration on the College database		<ul style="list-style-type: none"> i. The bidder must be registered as a service provider on the Central Supplier Database (CSD). If not registered proceed with completing the company registration prior to submission of the proposal. Visit https://secure.csd.gov.za/ to obtain a vendor number and Registration on the College database ii. Submit proof of registration.
Pricing Schedule		Submit full details of the pricing proposal in a separate envelope
Board Resolution		Attach copy of board resolution. Unless sole proprietor
IRBA		Submit proof of bidding entity's registration with IRBA
Registered Chartered Accountants (CA (SA)		Proof of lead partner's registration with Chartered Institute of Accountants (SA)

- 5.3.2 Each document must be completed and signed by the duly authorised representative on behalf of the prospective bidding company.
- 5.3.3 During this phase bid responses will be evaluated with emphasis placed on documentary compliance with the listed administrative and mandatory bid requirements.
- 5.3.4 Bidders' proposal will be disqualified as a result of non-submission and completion of the listed documents.

FUNCTIONALITY

- 5.4 Phase 1: Technical Evaluation Criteria = 100 points:
- 5.4.1 All bidding companies are required to fully adhere to the technical evaluation criteria scorecard and compliance checklist.
- 5.4.2 Only Bidding companies that have fully met the Pre-Qualification Criteria in Phase 0 will accordingly be evaluated in Phase 1 for determination of functionality.
- 5.4.3 Bidding companies will be evaluated on an overall score of 100 points.
- 5.4.4 The College as part of on-site reference checks for allocating points, will at its own discretion choose a site at one of the bidding company's clients for validation of the services rendered. The choice of site will remain College's sole discretion.
- 5.4.5 Bidders are required to score a minimum of **70 points** to proceed to **Phase 2: Evaluation for Pricing and B-BBEE** status.
- 5.4.6 **Phase 1: Technical Evaluation Criteria:** The bidders' information will be cored according to the point's determination system.

Functionality Criteria	Weights
1. Company References: Provide three (3) contactable references that are not older than three years. Reference should be where services of similar nature is being provided. Reference check will be conducted. (Reference letter of projects completed from previous/current client confirming contract, value of contract, contract period and recommendation) Additional points if company provides similar services to Tertiary Institutions in South Africa	Maximum 25 points
3 References provided	15
2 References provided	10
1 References provided	5
References from Tertiary Institutions provided	10
2. Company years of experience (Audit Services)	Maximum 15 points
More than 10 years of experience = 5 points	15
Between 8 to 9 years of experience = 4 points	11
Between 5 to 7 years of experience = 3 points	8
Below 4 years of experience = 2 points	3
3. Expertise of Staff to be placed on this project. Bidders must show knowledge of and experience in the specification areas listed in the below:	Maximum 10 points
- Combined experience of staff more than 15 years = 10 points	10
- Combined experience of staff between 10 to 14 years = 8 points	8
- Combined experience of staff between 6 to 9 years = 7 points	7
- Combined experience of staff 4 to 5 years = 5 points	5
- Combined experience of staff below 3 years = 3 points	3
4. Proposed Methodology / Deliverables / Audit Plan	Maximum 35 points
The bidder must demonstrate thorough understanding of the objectives and deliverables of this audit; the General requirements and the applicable	35

regulatory framework. The bidder must provide a detailed proposal of the methodology/ approach to be used to carry out the scope of work outlined and clearly demonstrating how the audit deliverables will be achieved. The bidder must provide its latest IRBA review outcome performed on the firm as well the latest IRBA review performed on the partner who will sign off COLLEGE's audit report.	
5. Promotion of Emerging Enterprises	Maximum 10 points
It is COLLEGE's objective to promote participation of emerging enterprises through the award of this tender. Bidders which themselves are emerging enterprises must submit a copy of their latest financial statements as proof of their annual turnover, and written confirmation thereof by an independent accountant, in addition to an affidavit or B-BBEE verification certificate indicating ownership status. OR Emerging enterprises with no financial history, must submit a letter from their independent accounting firm confirming their financial status and / or projections, as well as proof of ownership status.	10
6. Promotion of Supplier Development	Maximum 5 points
Bidders which are not themselves emerging enterprises are required to indicate all initiatives, programmes, plans or subcontracting arrangements undertaken or committed to them, which are designed to support this COLLEGE objective and which are currently in place or will be implemented during the course of a contract awarded by College.	5
Maximum Points for Functionality	100

- 5.5 Track record and Reputation – written references attesting to performing statutory audits are required. The Audit Firm is to have a minimum of five (5) years' experience in conducting audits within the Public Sector
- 5.5.1 A minimum of 3 reference letters not older than 7 years confirming the audit firm's working experience in the Public Sector,
 - 5.5.2 Reference letter must be provided on the clients' letterhead and must be signed by the client;
 - 5.5.3 Confirmation of the existence of a technical department, as well as numbers and levels of staff in the technical department. In the absence of this, confirmation of association with the firm that has technical department and support thereof
 - 5.6 The bidder must ensure the following in the above documents:
 - 5.6.1 The bidder must demonstrate a thorough understanding of the CETC mandate and the skills development legislative, regulatory and policy framework;
 - 5.6.2 The detailed approach and methodology to be applied in conducting the audit and meeting the deadlines.
 - 5.6.3 Project plan/methodology - Service providers to indicate what procedure/methodology is going to be used to execute the service or project; as well as provide a project plan with final outputs must be linked to the timeframes;
 - 5.6.4 Demonstrated proven previous experience and knowledge;
 - 5.6.5 A detailed structure of the bidder's organisation, how it operates and specifically how it will be able to respond with transparency and urgency to requests by the CETC;



- 5.6.6 A demonstration in how the bidder will relate to the internal arrangements of the CETC for the work to be performed;
- 5.6.7 A demonstration in how the bidder will relate to internal audit as internal assurance provider and the Auditor-General of South Africa as external assurance provider for CETC with regards to audit matters;
- 5.6.8 Compulsory tender documents completed in full together with supplementary bidder documents as required. This includes tax certificates and completed SBD forms for all the bidders and consortium members, where applicable;