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**National Heritage Council**  
SOUTH AFRICA

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**an agency of the**  
Department of Arts and Culture

**TERMS OF REFERENCE FOR THE  
APPOINTMENT OF A SERVICE  
PROVIDER TO RENDER AN  
INTERNAL AUDIT SERVICE**

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## SUMMARY OF THE BID:

1. Assignment:	The National Heritage Council (NHC) requires suitably qualified and experienced service providers to submit proposals for rendering Internal Audit services for a period of three (3) years
2. Name of the responsible office:	Supply Chain Management
3. Address for submitting proposals & other correspondence:	The Supply Chain Manager, National Heritage Council, No 57 Kasteel Road, Domus Building, Room 201, Lynnwood Glen, Pretoria
4. Telephone:	012 -3481663/8223
5. Email:	z.mtimde@nhc.org.za
6. Attention:	Ms Zimbini Mtimde
7. Closing Date & Time for submission of proposals:	30 September 2014 at 11H00
8. Bid Description:	Appointment of a suitably qualified and experienced service provider to render Internal Audit services for a period of three (3) years
9. Bid Number:	NHC/02/2014/15

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## 1. BACKGROUND

### 1.1 National Heritage Council

The National Heritage Council of South Africa is a public entity that is responsible for the preservation of the country's heritage. The important areas that the NHC focuses on are policy development for the sector to meet its transformation goals, public awareness and education, knowledge production in heritage subjects that were previously neglected, as well as making funding available to projects that place heritage as a socio-economic resource. The National Heritage Council (NHC), is a Schedule 3A public entity that came into existence through an amendment of the Cultural Laws Second Amendment Act 69 of 2001, and was officially constituted through the National Heritage Act of 1999.

### 1.2 Background to the Bid

Section 51(1)(a)(ii) of the PFMA requires that the Accounting Officer of a Public Entity must ensure that the Public Entity has and maintains 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 Section 76 & 77 of the Act.

To ensure that an effective and efficient Internal Audit (IA) function is maintained, the NHC seeks to appoint a suitably qualified and experienced service provider to provide an Internal Audit service for an uninterrupted period of three (3) years commencing upon the counter signing of the Service Level Agreement (SLA) by the NHC and the preferred bidder.

## 2. GENERAL GUIDELINES

Completed Tender submissions should be hand-delivered in sealed envelopes to the the NHC at the address on page 1 of this document. All envelopes should be sealed and clearly marked.

All enquiries should be in writing and must be directed to: [z.mtimde@nhc.org.za](mailto:z.mtimde@nhc.org.za) for the attention of Ms Z Mtimde. Enquires will be allowed from the date of invitation until seven days before the closing date for submission of proposals.

In line with the requirements of the Public Finance Management Act No. 1 of 1999 (PFMA), section and Treasury Regulations, the NHC seeks to engage the services of a duly qualified service provider to NHC.

## 2.1 Purpose of the Terms of Reference (TOR)

The purpose of this bid is to appoint a suitably qualified and experienced service provider to provide Internal Audit service for a period of three (3) years.

## 2.2 Objectives

The primary objective of this request for proposal is to invite suitably qualified and experienced service providers to submit proposals to the NHC to render internal audit service for a period of three (3) years.

## 2.3 Submission of Proposals

2.3.1 The bid should be hand delivered or couriered to the address specified on page 1 in six (6) sets each. One original, four copies of the proposals plus one CD (i.e. six sets in total) should be clearly marked:

**“INTERNAL AUDIT SERVICE, REFERENCE NUMBER: NHC/02/2014/15**

2.3.2 Completed proposals should be hand delivered / couriered in sealed envelopes and delivered at the address specified above. All envelopes should be sealed and clearly marked.

2.3.3 Technical and Financial proposals should be submitted in two separate sealed envelopes.

The submission should be as follows:

Technical	Financial
One (1) original	One (1) original
Four (4) copies	Four (4) copies
One (1) electronic copy (CD)	One (1) electronic copy (CD)
Total submission of copies including original & CD = Twelve (12)	

Bidders are requested to indicate on the cover of each document whether it is the original or copy 1.

#### 2.3.4 Bidders should adhere to the following:

- 2.3.4.1 The CD containing Bid document costs R200.00;
- 2.3.4.2 All proposals must be costed in South African Rands, inclusive of VAT;
- 2.3.4.3 If the bid does not include all the information required or is incomplete therefore non-compliance with this requirement will invalidate the bid; any submission received after the deadline will be rejected; and .The costing must remain valid and open for evaluation for a period of at least sixty (60) days from the time of submission.
- 2.3.4.4
- 2.3.4.5

## 2.4 Infrastructure

It is expected that bidders will be able to provide basic facilities, systems and capital equipment needed for effective and efficient delivery of the service / project without any upfront payment by the NHC.

## 2.5 Costs to be borne by Service Provider

All costs and expenses incurred by the bidders in any way associated with the development, preparation and submission of responses and providing any additional information required by the NHC, will be borne entirely and exclusively by the service provider.

## 2.6 No Legal Relationship

No binding legal relationship will exist between any of the bidders and the NHC until the execution of a signed contractual SLA. The Terms of Reference (ToR) document will not form part of any such contract or arrangement.

## 2.7 Evaluation of Offers

Each bidder acknowledges and accepts that the NHC may, at its absolute discretion, apply selection criteria specified in this document for the evaluation of proposals for short listing/ selecting the eligible bidder(s).

### 3 INSTRUCTION FOR PROPOSALS

#### 3.1 Format of your Proposal

The proposal should be presented in two sections i.e. Technical Proposal and Financial Proposal.

##### 3.1.1 Technical Proposal format

Bidders are at liberty to structure their Proposals according to any format, as long as it covers all areas specified in this document. The Technical proposals will be evaluated against the criteria detailed below.

##### 3.1.2 Technical Approach

The bidders should adhere to the ToR by elaborating on the services required, and demonstrating whether the proposed process meets the requirements.

Bidders must, at a minimum, cover the under-mentioned in their technical approach and return as part of their submission:

- Proposed methodology and activity plan that clearly depicts understanding of the ToR and internal audit requirements of the NHC. Bidders should also demonstrate how the proposed methodology is in line with applicable standards, rules, regulations and best practices.
- The position(s) involved in the direct delivery of the service to be provided and in the overall management of the work and the names of the people who will fill these positions. Provide information in a table format e.g.:

Name	Position	Duties/ activities	Turnaround time to complete task
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## 3.2 Experience

### 3.2.1 Company Experience

- 3.2.1.1 Bidders are required to provide proof that they have performed similar services. Letters of reference from at least three contactable referees must also be submitted.
- 3.2.1.2 Failure to submit at least three letters of reference for similar services will lead to a 0 scoring for references.

### 3.2.2 Individual Experience

- 3.2.2.1 Bidders are required to submit abridged CV's of key personnel that demonstrates prior experience and qualifications.

## 4 SCOPE OF SERVICE

The successful bidder would be required to perform the following duties:

- Implementation of a rolling three year strategic Internal Audit Plan based on its assessment of key areas of risk for the NHC, having regard to its current operations.
- Assist in the improvement of operations proposed in the NHC's corporate or strategic plan and effectiveness of its risk management strategy through risk based audits which are in line with IIA standards;
- Implementation of an annual Internal Audit Plan including the following primary audits:
  - Operational audits;
  - Financial audits;
  - Compliance audits;
  - Performance audits;
  - Governance audits; and
  - IT audits.
- Compilation of plans indicating the scope, cost and timelines of each audit in the annual internal audit;
- Assist the Chief Financial Officer with preparation of reports to the Audit and Risk Committee detailing performance against the plan, to allow effective monitoring and intervention when necessary;

- Attending Audit and Risk Committee meetings when necessary;
- Performing ad-hoc audit tasks when necessary, including but not limited to:
  - Quality Assurance Reviews; and
  - Any other request from the Chief Executive Officer and Audit and Risk Committee.

#### **4.1 EXPECTED OUTCOMES AND DELIVERABLES**

##### **4.1.1 Deliverables:**

###### **a) Performing audit assignments**

Each assignment should at least consist of the following:

- Pre-audit survey;
- Audit planning memorandum;
- Minutes of entrance meeting;
- Risk assessment document;
- System descriptions;
- Audit programmes;
- Sampling methodology;
- Mechanisms for follow up on matters previously reported and feedback to the Audit and Risk Committee;
- Mechanism to ensure that working papers are reviewed at the appropriate level;
- Record of work performed;
- Audit findings and recommendations and follow up;
- Reporting (draft & final internal audit reports); and
- Value Added Services, Skills Transfer, Quality Review and Succession Planning.

###### **b) Reporting requirements**

The structure of the report as a minimum is to be as follows:

- Introduction;
- Audit objective and scope;
- Background;
- Executive summary highlighting significant findings; and
- Findings, recommendations and management response (including implementation dates).





#### 4.1.2 Outcomes:

- Improved control environment within the NHC;
- Improved effective risk management; and
- Improved governance processes.

#### 4.2 DURATION OF THE PROJECT

The expected duration of the project is three (3) years which will commence upon the counter signing of a SLA between the NHC and the successful bidder.

### 5 STANDARD REQUIREMENT OF THE BID

#### 5.1 Disclosures

##### 5.1.1. The bidder must disclose:

- 5.1.1.1 If they are or have been the subject of any proceedings or other arrangements relating to bankruptcy/ insolvency.
- 5.1.1.2 If they have been convicted of, or are the subject of any proceedings, relating to:
- 5.1.1.3 A criminal offence or other offence, involving the activities of a criminal nature in its organisation or found by any regulator or professional body to have committed professional misconduct.
- 5.1.1.4 Corruption, including the offer or receipt of any inducement of any kind in relation to obtaining any contract with any contracting authority.
- 5.1.1.5 Failure to fulfil any obligation in any jurisdiction relating to the payment of taxes and other legal obligations.

5.1.2. If a bidder or related company or any individual discloses details of any previous misconduct or complaint, the NHC will seek an explanation and background details from them. At the sole discretion of the NHC, an assessment as to whether the bidder will be allowed to continue to the next phase of the evaluation phase will then be made.

5.1.3 Disclosure extends to any company in the same group of the bidder, including but not limited to parent, subsidiary and sister companies, companies with common shareholders (whether direct or indirect) and parties with whom the bidder is associated in respect of this tender.

## 5.2 Disclaimer

The NHC reserves the right not to appoint a service provider. The NHC also reserves the right to:

- Award the contract or any part thereof to one or more service providers;
- Reject all bids;
- Decline to consider any bids that do not conform to any aspect of the bidding requirements;
- Request further information from any bidder after the closing date for clarity purposes;
- Cancel this tender or any part thereof at any time; and
- Should any of the above occur, it will be communicated in writing to the bidders.

## 5.3 Confidentiality

- Bids submitted will not be revealed to any other bidders and will be treated as contractually binding;
- All information pertaining to the NHC obtained by the bidder as a result of participation in this RFB is confidential and must not be disclosed without written authorisation from the NHC; and
- The successful bidder will be expected to sign a SLA with the NHC.

## 5.4 Disqualification

- Any form of canvassing/lobbying/influence regarding the short listing will result in disqualification;
- Any non-disclosure of any other information pertaining to this bid will result in disqualification;
- Non-compliance with the bid requirements will invalidate the bid; and
- Non-compliance with all the applicable Acts, Regulations and by-laws will result in the disqualification of the bid.

## 6. EVALUATION CRITERIA

Bid will be evaluated in three (3) phases:

### Phase 1 – Evaluation on Compliance

This entails initial screening of bid responses received at close of bid. During this phase, bid responses are registered and to ascertain the number of bid responses received before the closing date and time and to verify if the bidders submitted all mandatory requirements. The following mandatory documents should be submitted to qualify for the next phase of evaluation:

- Valid original SARS tax clearance certificate; and
- Membership with a professional body (Institute of Internal Auditors (IIA), Independent Regulatory Board for Auditors (IRBA) or South African Institute of Chartered Accountants (SAICA)) by the bidder. (Please attach proof). This bullet is applicable to both directors and staff whom will be involved in a project.

### Phase 2 – Technical Requirements

This evaluation will be based on the responses using the functional requirements i.e. previous experience, expertise and technical approach. The threshold values set for the qualification of bid is 75/100 for weight and all the bidders who score below this score will be eliminated.

To be responsive the bidder must score 75% or more on functionality

Technical Criteria	Maximum Points per Criterion
<p><b>Technical Approach</b></p> <ul style="list-style-type: none"> <li>• Proposed methodology and activity plan that clearly depicts understanding of the ToR and internal audit requirements of the NHC(30 Points)</li> <li>• Use of audit software to perform audit engagements (5 points)</li> </ul>	35
<p><b>Capacity to Provide Ad-hoc Services</b></p> <p>The service provider has the competence and capacity to provide ad hoc services that may be required by the NHC.</p>	15

<p><b>Experience, skills and ability of service provider</b></p> <ul style="list-style-type: none"> <li>• Years of Internal Audit Experience           <ul style="list-style-type: none"> <li>▪ 5 Years or more (15 points)</li> <li>▪ 3-5 Years (10 points)</li> <li>▪ 1-2 Years (5 Points)</li> <li>▪ 0 Years (0 Points)</li> </ul> </li> <li>• Regulatory and grant management industry experience           <ul style="list-style-type: none"> <li>▪ Regulatory industry experience (5 Points),</li> <li>▪ Grant management experience (3 Points)</li> <li>▪ Understanding and application of the National Heritage Act No 11 of 1999 (2 Points)</li> </ul> </li> <li>• Financial Management Support           <ul style="list-style-type: none"> <li>▪ Ability to assist NHC with technical assignments (5 points)</li> <li>▪ Unable to assist NHC with technical assignments (0 points)</li> </ul> </li> </ul>	25
<p><b>Experience, skills and ability of resources</b></p> <ul style="list-style-type: none"> <li>• Number of Staff           <ul style="list-style-type: none"> <li>▪ 4 Senior members with more than 5 years' experience (10 points)</li> <li>▪ 3 Senior members with more than 5 years' experience (6 points)</li> <li>▪ 2 Senior members with more than 5 years' experience (3 points)</li> <li>▪ 1 Senior member with more than 5 years' experience (2 points)</li> <li>▪ 0 Years (0 Points)</li> </ul> </li> <li>• Specific experience in the Public and Heritage Sector           <ul style="list-style-type: none"> <li>▪ 4 Senior members (5 points)</li> <li>▪ 3 Senior members (4 points)</li> <li>▪ 2 Senior members (3 points)</li> <li>▪ 1 Senior member (2 points)</li> <li>▪ 0 Years (0 Points)</li> </ul> </li> </ul>	15
<p><b>Contactable references</b></p> <p>*Note: References should be presented in a form of a written letter and on official letterhead from clients where similar services have been provided.</p> <ul style="list-style-type: none"> <li>• Three or more (10 points)</li> </ul>	10

<ul style="list-style-type: none"> <li>Less than three (5 points)</li> </ul> <p>Failure to submit written reference letters on official letterhead will result in 0 scoring.</p>	
<b>Total</b>	<b>100</b>

### Phase 3 – Evaluation in Terms of PPPFA Regulations, 2011

This bid will be evaluated and adjudicated according to the 90/10 preference point system, in terms of which a maximum of 90 points will be awarded for price and 10 points will be allocated based on the B-BBEE status level certificate. Bidders must submit a detailed budget for the three year period inclusive of all costs and assumptions.

Breakdown of points:

90/10 Preference Point Component	Points
Pricing	90
B-BBEE Level Contribution	10
<b>Total</b>	<b>100</b>

*Points will be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the table below:*

B-BBEE Status Level of Contributor	Number of Points (90/10 system)
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-Compliant contributor	0

## 7 Prices

- All services' pricing should be inclusive of all taxes and payment shall be made in South African Rands;
- Service Provider to provide rates per person, per hour on human resources that will be providing services to NHC;
- The NHC may require a breakdown of rates on any of the items priced and the bidders are to provide same without any additional cost and also provide a "Pricing Grid" or "Transaction Fee Schedule"; and
- The total amount should be carried out on the Standard Bidding Form (SBD1).

## 8 Prices Adjustments

Prices submitted for this bid will be regarded as non-firm subject to the following price adjustments:

- Annual price adjustment; and
- Application for price adjustments must be accompanied by documentary evidence in support of any adjustment on an annual basis.

## 9 Payment Terms

- The NHC undertakes to pay valid tax invoices in full within thirty (30) days from statement date for services rendered; and
- All supporting documents for services rendered should be submitted together with the tax invoices as and when a service has been rendered.

## 10 Validity

- A Proposal shall remain valid for sixty (60) days after the closing date of the submission for proposals. A Proposal which is valid for a shorter period may be rejected by the NHC for non-responsiveness.
- In exceptional circumstances, the NHC may solicit the bidder's consent to an extension of the period of the validity of the bid. The request and responses thereto shall be made in writing. A bidder that has been granted the request will neither be required nor permitted to modify the Proposal.

## 11 Signatories

All responses to this RFB should be signed off by the authorised signatories of the bidder.

## 12 Special Terms and Conditions

- The NHC reserves the right to accept or reject any submission in full or in part, and to suspend this process and reject all proposals or part thereof, at any time prior to the awarding of the contract, without thereby incurring any liability to the affected bidders.
- This bid and the contract will be subject to the General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the PFMA. The special terms and conditions of contract are supplementary to that of the general conditions of the contract.
- Where, however, the special conditions of contract are in conflict with the general conditions of contract, the general conditions of contract will prevail.
- The NHC is the sole adjudicator of the suitability of the venue for the purpose for which it is required. Therefore, the NHC's decision in this regard will be final.
- No bids sent by the facsimile or email will be accepted.
- Bids must only be submitted at the NHC Office in Pretoria by the specified date and time.
- Bidders are welcome to be present at the opening of bids.
- The annexures are part of the bid documentation and must be signed by the bidder and attach to the bid document.
- The bid forms must not be retyped or redrafted but copies may be used. Additional offers may be made but only photocopies of the original documents. Additional offers/submissions are regarded as separate and must be treated as such by the bidder. The inclusion of various offers as part of a single submission in one envelope is not allowed and will not be considered. Additional bid offers must be submitted separately in separate sealed envelopes.
- The original valid Tax Clearance Certificate should be submitted together with the completed bid.
- Failure to comply with the above-mentioned conditions will invalidate the bid.
- Certified copies of the company registration documents or proof of ownership of the company or agency i.e. Shareholders Certificates must be submitted.
- Certified copy of B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or an

Accounting Officer as contemplated in the founding documents of a CC must be submitted.

### **13 SUBMISSION OF BID DOCUMENTS**

13.1 Responses to this bid must be submitted to the NHC by no later than:

Date: **30 September 2014**

Time: **11H00**

Address: NHC Offices, 57 Kasteel Road, Domus Building, Room 201,  
Lynwood Glen, Pretoria

### **14 LATE SUBMISSION**

14.1 A response to this Request for Bid (RFB) shall be late if it is received by the NHC at any time after the closing date and time indicated in paragraph above.

14.2 A late submission shall be clearly marked as late and shall not be admitted for consideration by NHC.

### **15 CLARIFICATIONS / ENQUIRIES**

Telephonic request for clarification will not be considered. Any clarification required by a bidder regarding the meaning or interpretation of the Terms of Reference or any other aspects concerning the bid is to be requested in writing (letter or e-mail) from the below contact persons. The bid reference number should be mentioned in all correspondence.

#### **15.1 Bid Enquiries**

Name and Surname: Ms Zimbini Mtimde

E-mail: [z.mtimde@nhc.org.za](mailto:z.mtimde@nhc.org.za)

Enquiries received will be responded to within two (2) working days of receipt.

**THE NHC IS NOT OBLIGED TO ACCEPT THE LOWEST OR ANY BID AND RESERVES THE RIGHT TO ACCEPT ANY BID IN WHOLE OR PART**