

**APPOINTMENT OF A SERVICE PROVIDER/S TO THE DEPARTMENT OF  
INTERNATIONAL RELATIONS AND COOPERATION FOR CONDUCTING INTERNAL  
AUDITS AND ICT AUDITS**



**TERMS OF REFERENCE**

**APPOINTMENT OF A SERVICE PROVIDER/S TO THE DEPARTMENT OF  
INTERNATIONAL RELATIONS AND COOPERATION FOR CONDUCTING INTERNAL  
AUDITS AND ICT AUDITS FOR A PERIOD OF ONE (1) YEAR**

**1. PURPOSE**

To appoint a Service Provider to perform internal audits and ICT Audit services for the Department of International Relations and Cooperation.

**2. BACKGROUND**

2.1. The Department of International Relations and Cooperation (DIRCO) is a National Government Department tasked with implementing the country's foreign policy and has a number of Diplomatic Missions worldwide.

2.2. As a National Department, DIRCO functions on Basic Accounting System (BAS), LOGIS, and other in-house developed systems. Transactions of transversal systems are supported by manual records with details on the nature of the transactions. DIRCO furthermore follows normal governmental processes stemming from the PFMA, Treasury Regulations and other relevant prescripts in its internal business processes.

2.3. As part of the Department's corporate governance arrangements, all components and processes of the department are subjected to internal auditing on a cyclical basis. For purposes of conducting these internal audits, the Department has established an Internal Audit Unit under the guidance and direction of an Audit Committee in accordance with the relevant provisions of the Public Finance Management Act and Treasury Regulations.

2.4. The Internal Audit Unit conducts its activities in accordance with the *International Standards for the Professional Practice of Internal Auditing*. In this regard, the unit prepares a Rolling Three-Year Strategic Plan as well as an Annual Operational Plan that are approved by the Audit Committee. However, the targets, as detailed in the Operational Plan for the 2014/15 financial year will not be met with the current capacity of the Internal Audit. The Department is, therefore, desirous of entering into an arrangement wherein an appropriate service provider will be appointed for the purposes of conducting Internal Audits and ICT audit projects.

**3. CONDITIONS AND SPECIFICATIONS**

3.1. The successful bidder will be required to conduct and render internal auditing and ICT audit services to the Department as reflected in the Scope of Works.

3.2. The successful bidder will be expected to follow and conduct themselves in accordance with the Code of Conduct as prescribed by the South African Institute of Internal Auditors.

3.3. The successful bidder must have a minimum of 5 years' experience in auditing Government institutions or public entities. References must be included with the bid documents.

3.4. The successful bidder must deploy Internal and ICT Audit professionals who have been exposed in various fields or assignments previously audited, and must be able to perform any type of internal and ICT audit assignment, including complex internal and ICT audit assignments. Deployed manager must have a minimum of 4 years audit experience, whilst the junior auditors must have a minimum of 2 years, and the CV's must be included with the bid documents.

- 3.5. The successful bidder will be subjected to a vetting process to acquire a valid security clearance certificate.
- 3.6. All the deployed Internal and ICT Audit professionals from the service provider will be subjected to a police clearance process of the Department of International Relations and Cooperation before awarding of the bid.
- 3.7. Service providers must make an undertaking that they will be fully responsible should their Internal and ICT Audit professionals disclose any information accessed whilst performing internal and ICT audits within the Department. **A written statement must be provided to this effect, and submitted with the bid documentation.**
- 3.8. It is expected that the Service provider will indicate the cost per each deliverable of each project reflected in the Scope of Works. The Service Provider is to submit an all-inclusive price, with a breakdown of costs for each project for duration of the assignment.
- 3.9. Audit professionals must be in possession of their own laptop computers and all audits will be performed using the Teammate audit software.
- 3.10. The Department reserves the right to award more than one service provider and divide the projects amongst the service providers.
- 3.11. The duration of the project is twelve months (12) commencing from 01 August 2014 and to complete around July 2015.
- 3.12. A contract regarding the projects must be signed between the department and the service provider/s, The contract will include the terms, conditions, requirements as per the bid terms of reference, and any other information used to evaluate the bid. The contract terms, requirements and conditions will not be negotiable.
- 3.13. Service providers will also be required to sign a confidentiality agreement which will be included in the contract to be signed.
- 3.14. Successful bidder/s will perform the audits at Head Office only, no travelling will be required.

#### **4. REQUIREMENTS FOR AUDIT ASSIGNMENTS**

- 4.1. The service provider will be expected to perform the following tasks:
  - 4.1.1. Documenting the business processes of the auditable area as per the Department's "Process Analysis" methodology including:
    - Documenting all business process activities.
    - Identifying, documenting and prioritising all risks.
    - Determining the adequacy of internal control measures
    - Identifying critical success factors in respect of business process.
    - Identifying key performance indicators relevant to the areas under audit.
    - Execute substantive procedures/ test of control to test the effectiveness of internal controls
  - 4.1.2. Hold meetings with management to obtain management inputs in respect of the internal and ICT audit conducted.
  - 4.1.3. Perform other limited procedures to ensure full understanding of the area to be audited.
  - 4.1.4. Prepare audit program for review by the Chief Audit Executive or relevant Internal Audit Manager.

- 4.1.5. Execute all audit procedures.
- 4.1.6. Prepare audit working papers in accordance with the standards/ requirements of the Department of International Relations and Cooperation.
- 4.1.7. Prepare draft internal and ICT audit reports in accordance with the reporting methodology of the Department's Internal Audit Unit for review by the Chief Audit Executive.
- 4.1.8. Discuss audit results with the audited departmental management and the Department's Audit Committee and obtain management responses.
- 4.1.9. Issue final audit report to the Chief Audit Executive within the period prescribed in the contract.
- 4.1.10. The Department will not pay fees to the service provider based on hours but rather on deliverables per projects and/or assignments.
- 4.1.11. Projects to be executed are included under the Scope of Works.

## 5. SPECIAL CONDITIONS

- 5.1. The General Conditions of Contract will be applicable to this bid.
- 5.2. DIRCO reserves the right to sign a service level agreement with the preferred bidder to supplement the General Conditions of Contract. The agreement will make provision for penalties in instances of below standard service being rendered by the service provider.
- 5.3. DIRCO will not be held responsible for any costs incurred by the bidders in the preparation and submission of proposal.
- 5.4. Please take note that DIRCO is not obliged to select any of the bidders submitting proposals.
- 5.5. Bid evaluation can only be done on the basis of information, which was asked for.
- 5.6. **There will be no briefing session, service providers must collect tender documents from the 23 June 2014 to 25 June 2014 from 08:00 to 16:00 , at O.R.Tambo Building at 460 Soutpansberg Road, Rietondale, Pretoria**
- 5.7. The successful tender/s agrees to follow the approaches, methodologies and conventions of the Department of International Relations and Cooperation.
- 5.8. All work must be performed to the satisfaction of the Chief Audit Executive of the Department of International Relations and Cooperation. The Chief Audit Executive or his delegate shall review all internal and ICT audit work performed.
- 5.9. No audit files or copies of the audit files will be taken out of DIRCO premises at any time by the Service Provider.
- 5.10. All information gathered, files prepared and reports /documentation prepared when and after conducting of these audits will remain the sole property of the Department of International Relations and Cooperation. The service provider will not be allowed to retain copies thereof.
- 5.11. The services or projects are to be conducted from the offices of the Department of International Relations and Cooperation. No additional costs for Subsistence and

Transport (S & T) will be paid to the service provider with offices either within or outside Tshwane Metro area. Should there be a need to travel outside Tshwane Metro area; the service provider will have to obtain written approval from the Chief Audit Executive.

- 5.12. Information obtained during the performance of this audit shall remain confidential and may not be disclosed to any third party without prior written consent from the Department.
- 5.13. The CVs of all personnel nominated in response to this tender must be submitted with the bid documents, and must clearly indicate the years of experience and the type of audit assignments performed previously in detail.
- 5.14. In case of a consortium, the bidders must indicate how a joint venture (if the bidders are in joint venture, a BEE firm and a non-BEE firms) will split the work between the companies. The details must be such that the Department of International Relations and Cooperation can audit the actual work allocation between the companies to ensure the transfer of skills. (The percentage involvement of each company in the joint venture should also be indicated).of shareholding percentages (certificates) must be provided.

**6. SERVICE PROVIDER WILL PERFORM AUDITS IN THE FOLLOWING AREAS:**

- 6.1. Performance Information,
- 6.2. Asset management,
- 6.3. Contract management,
- 6.4. Revenue Management,
- 6.5. Recruitment process,
- 6.6. Disbursement of funds to related parties,

The following ICT audits will be conducted:

- 6.7. CAATS,
- 6.8. Review ICT contracts,
- 6.9. Licence Management,
- 6.10. ICT Service Desk,
- 6.11. Bandwidth management.
- 6.12. Review on general controls of systems.

**7. EVALUATION CRITERIA TO BE USED**

The bid will be evaluated in two phases (i.e. Phase 1 and 2) as follows:

**7.1. Responsiveness Criteria**

To be considered for phase two (2) of the evaluation, service providers must comply fully with the following special conditions or responsiveness criteria. Failure to meet the following criteria will lead to disqualification.

<b>Requirements</b>	
7.1.1	Valid original Tax Clearance Certificate submitted with bidDocuments.
7.1.2	Completed SBD forms signed
7.1.3	Attendance of a compulsory briefing session
7.1.4	Submission of Confidentiality Statement
7.1.5	Costing per deliverables as reflected in the Scope of Works

7.1.6 The CVs of all personnel nominated in response to this tender must be submitted with the bid documents, and must clearly indicate the years of experience and the type of audit assignments performed previously in detail.

## 7.2 Functionality Evaluation Criteria

7.2.1 The following criteria will be used to evaluate the bids, apart from those prescribed in the Preferential Procurement Regulations, 2001 pertaining to the Preferential Procurement Policy Framework Act of 2000.

7.2.2 A panel will evaluate all tenders received on a basis of functionality (100). A bidder that scores less than (60) points out of Hundred (100) in respect of “functionality” will be regarded as submitting a non-responsive bid and will be disqualified.

7.2.3 For purposes of comparison and in order to ensure a meaningful evaluation, bidders are requested to furnish detailed information in substantiation of compliance to the evaluation criteria.

CRITERIA	WEIGHT
Relevant experience of audit team per project	30
Capacity and capability of the Service Provider to complete the project based on: <ul style="list-style-type: none"> <li>- Previous projects</li> <li>- Current projects</li> <li>- References</li> </ul>	20
Project Plan / Methodology	20
Methodology on ICT skills transfer	20
Methodology on internal audit skills transfer	10
<b>TOTAL</b>	<b>100</b>

**Values: 1 = Poor, 2= Fair, 3 = Good, 4 = Very Good, 5 = Excellent**

## 7.3. Preferential Points and BBEE Points Evaluation Criteria

The criteria with regards to preference points will be done according to the principles as laid down in Preferential Procurement Regulations, 2001 pertaining to the Preferential Procurement Policy Framework Act 5 of 2000.

The applicable formula (90/10) will be utilised to evaluate the bid, of which ninety (90) points are allocated for price, and for the remaining ten (10) points are for BBEE points as allocated for in the enclosed form SBD6.1 that must be completed in detail.

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (90/10 system)</b>	<b>Number of points (80/20 system)</b>
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

## 8. CONTACT PERSONS AND SUBMISSIONS

All enquiries can be directed to Supply Chain Management as per fax, 012 323 0357

Enquiries pertaining to the completion of tender documents can be directed to the Bid Office, tel. 012 301 8522/23/24/26

Prospective service providers should submit their bonded proposals in a sealed envelope with the details of the specific tender on the outside of the envelope to:

### **Per hand**

460 Soutpansberg Road  
(Corner Soutpansberg and Tom Jenkins Roads)  
Rietondale  
0184

Or

### **Post**

Department of International Relations and Cooperation  
Private Bag X 152  
Pretoria  
0001

Submissions should be posted to be received or hand delivered to the mentioned addresses on or before 11:00 on the closing date.

Prospective service suppliers are encouraged to submit their proposals before the closing time and date, as late submissions will not be accepted.

*E-Mailed or faxed submissions shall not be accepted.*