

REQUEST FOR TENDER

For

**THE APPOINTMENT OF A SERVICE PROVIDER TO PERFORM THE INTERNAL AUDIT
FUNCTION AT THE SOUTH AFRICAN NATIONAL BIODIVERSITY INSTITUTE FOR A PERIOD OF
FIVE (5) YEARS**

The South African National Biodiversity Institute (SANBI)

Private Bag X101

Silverton

0184

South Africa

Tender No.:SANBI: F396/2021

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1. INTRODUCTION

SANBI seeks to appoint a professional service provider to perform its internal audit function, in line with the scope outlined in these Terms of Reference.

These Terms of Reference describe the objectives, scope of work, requirements deliverables, roles and responsibilities, and time frame for this project.

2. BACKGROUND

The South African National Biodiversity Institute (SANBI) is a schedule 3A public entity organisation as defined by the Public Finance Management Act (Act 1 of 1999). SANBI derives its mandate from the National Environmental Management Biodiversity Act (Act 10 of 2004).

SANBI's Internal Audit function will report to the Audit and Risk Committee of SANBI and administratively to the Chief Executive Officer (CEO) to promote and ensure the following:

- The independence of the Internal Audit Service function
- Broad audit coverage within the Institute
- Adequate consideration of audit reports
- The implementation of audit recommendations

SANBI has three (3) main operational centres, namely at the SANBI Head Office situated in the Pretoria National Botanical Garden (PNBG), the National Zoological Garden (NZG) in Pretoria and the Kirstenbosch National Botanical Garden (KNBG) in Cape Town. SANBI also has smaller operational centres within the provinces indicated below:

- **Eastern Cape** (Kwelera National Botanical Garden and the Biodiversity Monitoring Assessment Office in East London)
- **Free State** (Free State National Botanical Garden in Bloemfontein)
- **Gauteng** (Walter Sisulu National Botanical Garden in Roodepoort)
- **KwaZulu-Natal** (KwaZulu-Natal National Botanical Garden in Pietermaritzburg, the KwaZulu-Natal Herbarium and the Biodiversity Monitoring Assessment Office in Durban)
- **Limpopo** (Thohoyandou Botanical Garden, in Thohoyandou and the Mokopane Biodiversity Conservation Centre in Mokopane)
- **Mpumalanga** (Lowveld National Botanical Garden in Mbombela)
- **Northern Cape** (Hantam National Botanical Garden in Nieuwoudtville)
- **Western Cape** (Harold Porter National Botanical Garden in Betty's Bay and the Karoo Desert National Botanical Garden in Worcester)

3. PURPOSE AND OBJECTIVE

The purpose of this assignment is to appoint a suitable independent Internal Audit Service Provider that can provide and maintain an appropriate Internal Audit Service to the South African National Biodiversity Institute (SANBI) for a period of five years..

The Internal Audit Function should be an independent appraisal function within SANBI, which provides management with a systematic review and evaluation of the operations for determining the economy, efficiency and effectiveness of policies, procedures, practices and the overall system of internal control within the Institute.

The objective of the Internal Audit Service is to add value by assisting the Audit and Risk Committee and Management in effectively discharging their responsibilities, including the promotion of effective internal controls at reasonable cost as well as compliance with the provisions of the Public Finance Management Act (PFMA) and Treasury Regulations.

4. INVITATION TO TENDER

Tenders are hereby invited to provide SANBI with an appropriate Internal Audit function.

The tender process will be coordinated by SANBI's Supply Chain Management (SCM) department, contactable at the following address:

Deputy Director: Supply Chain Management

The South African National Biodiversity Institute (SANBI)

Private Bag X101

Silverton

0184

The tender closes on 27 August 2021 at 11:00

5. SCOPE OF WORK

SANBI seeks the services of an appropriately experienced service provider with experienced and qualified staff to provide an independent comprehensive Internal Audit function for the Institute.

The scope of work entails evaluating the adequacy and effectiveness of the organization's systems of internal control. This includes the following functions:

- 5.1. Ensuring that an up-to-date Internal Audit Charter for SANBI is in place.
- 5.2. Developing the five year rolling Internal Audit Coverage Plan, which shall be presented and agreed to by the Audit and Risk Committee at a meeting before the commencement of any work
- 5.3. Reviewing the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information
- 5.4. Reviewing the systems established by management to ensure compliance with applicable policies, plans, procedures and Acts, and to determine whether the organization complies with these;
- 5.5. Reviewing the means of safeguarding assets and verifying the existence thereof;
- 5.6. Appraising the economy as well as the efficiency with which resources are employed, and identifying opportunities to improve operating performance;
- 5.7. Reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals, and whether the operations or programmes are being carried out as planned, i.e. performance audits;
- 5.8. Reviewing the planning, design, development, implementation and operation of major computer-based systems to determine whether:
 - 5.8.1 Adequate controls are incorporated in the systems;
 - 5.8.2 Thorough systems testing is performed at appropriate intervals;
 - 5.8.3 System documentation is complete and accurate; and that
 - 5.8.4 User needs are met.
- 5.9. Carrying out an annual risk assessment and update the risk plan of the Institute.
- 5.10. Reviewing and reporting on the effectiveness of the SANBI Fraud Prevention Plan
- 5.11. Ensuring that the Auditor General's audit findings and recommendations are implemented and followed up.
- 5.12. Reporting to the Audit and Risk Committee in writing on the scope of reviews of corporate governance on any significant findings and meeting the deadlines as agreed to with the SANBI Audit and Risk Committee.
- 5.13. Preparing and presenting audit reports to the Audit and Risk Committee and the Chief Executive Officer according to the deadlines agreed to with the SANBI Audit and Risk Committee.
- 5.14. Attending planned meetings with the Audit and Risk Committee and relevant Management in the Institute during the duration of the contract and subsequent to the appointed period where relevant,

- 5.15. Completing and conducting an annual quality assurance checklist.
- 5.16. Preparing and presenting an annual opinion, based upon and limited to the work performed on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 5.17. Conducting investigations and review assignments the Audit and Risk Committee or the CEO may from time to time authorize which will constitute an addition to the rolling plan.

6. KEY DELIVERABLES

6.1 Compliance with standards

Assignments are to be performed in accordance with the Service Provider's Internal Audit procedures in compliance with the standards set by the Institute of Internal Auditors. However, each assignment should consist of the following tasks:

- 6.1.1 Audit preparation (which should include the scoping document audit plan)
- 6.1.2 Preliminary survey
- 6.1.3 Review of internal controls
- 6.1.4 Audit testing
- 6.1.5 Development of findings and recommendations
- 6.1.6 Obtaining management responses; and
- 6.1.7 Reporting

On request from the SANBI and the Audit and Risk Committee, procedural documentation and working papers must be made available within one (1) working day, (taking the geographic spread of SANBI into account) even after the expiry date of the contract of the Service Provider.

6.2. Timing of assignments

The Annual Internal Audit Coverage Plan shall be presented and approved to by the Audit and Risk Committee at a meeting before the commencement of any work. Furthermore, the final responsibility for approving the scope and extent of the work to be carried out resides with the Audit and Risk Committee.

6.3. Quality assurance reviews of the work

The Internal Audit Service Provider shall ensure that all work conforms to the Standards for the Professional Practice of Internal Auditing (as per the Institute of Internal Auditors). Such work

shall further be subject to an external quality assurance as may be considered necessary and appropriate by the Audit and Risk Committee.

6.4. Report on audit results

The report(s) on findings and recommendations should be sent to the responsible auditee for their consideration and comments. Within ten (10) working days of sending the report(s), the Internal Audit Service Provider shall meet with the auditee to discuss the findings and obtain written responses to the recommendations together with implementation dates. These shall then be incorporated into the final report which must be issued to the Chief Executive Officer (CEO). Copies of these reports must also be tabled at the Audit and Risk Committee meetings for discussion.

The structure of the report is to be as follows:

- Introduction
- Audit objective and scope
- Background
- Executive summary
- Activity, findings, recommendations and management response (including corrective action and implementation dates). The Audit and Risk Committee also expects details on: sample size and prevalence of non-compliance with controls.
- Conclusion
- Practical method of proceeding with recommendations.

6.5 Fraud and irregularities

In planning and conducting its work, the Service Providers should seek to identify serious defects in the internal controls which might result in possible malpractices. Any such defects must be reported immediately to the Chief Executive Officer (CEO) of SANBI and the Audit and Risk Committee without disclosing these to any other members of staff. This applies to instances where serious fraud and irregularity is uncovered.

7. TECHNICAL REQUIREMENTS

7.1 Service providers interested in bidding should be those that:

- 7.1.1 Have an extensive understanding of the International Internal Auditing Standards (IIA);
- 7.1.2 Will be able to deliver on their obligation in respect of this project as required in terms of the scope

- 7.2 Personnel to be assigned to this project must meet the following requirements:
- 7.2.1 Relevant academic qualifications
 - 7.2.2 Are active members of the Institute of Internal Auditors (IIASA)
 - 7.2.3 Have an understanding of applicable relevant standards around External Quality Assessment
 - 7.2.4 Have a thorough understanding of references to governance, risk management and internal controls in the Public Finance Management Act (PFMA) and Treasury Regulations
 - 7.2.5 Project Management skills and experience
 - 7.2.6 High levels of communication, interpersonal and analytical skills
 - 7.2.7 The ability to work under pressure
 - 7.2.8 Attention to detail and deadlines

8 MANDATORY REQUIREMENTS / DOCUMENTS

Tenders must include the following documentation (**Failure to submit the required documentation WILL lead to disqualification**):

- Duly completed and signed **SBD forms**
- A copy of the Company Central Supplier Database (CSD) registration report
- **Fee/cost structure to be submitted with the “ORIGINAL” tender document only (see paragraph 17)**
- UIF compliance demonstrated by submission of one of the following:
 - A valid copy of the UIF Letter of Compliance issued by the Department of Employment and Labour, or
 - Labour uFiling Employer Statement of Account indicating UIF payments or accruals not older than 12 months, or
 - SARS eFiling Employer Statement of Account indicating UIF payments or accruals not older than 12 months, or
 - Valid proof of exemption for UIF
- A certified copy of Liability Insurance Cover for the company and the total cover available per claim to the value of R1 million
- Letter of Good Standing from the office of the **Compensation Commissioner** as required by the Compensation for Occupational Injuries and Diseases Act (COIDA). The letter should

be issued by the Department of Labour

- A copy of the latest Audited Financial Statements together with a letter from the auditors confirming the solvency position of the bidder.
- A valid original or certified copy of a B-BBEE Status Level Certificate or sworn affidavit must be submitted. The pre-qualification criteria for preferential procurement: Section 4(1) (a) for this tender will be having a stipulated minimum Broad-based Black Economic Empowerment (B-BBEE) Status Level contributor, level 1.

9 ADDITIONAL INFORMATION REQUIRED

The following information is required in the proposal document to ensure that an evaluation can be conducted:

- Company history and ownership
- List of major clients with contact persons' information and details – Annexure A
- List of previous similar contracts awarded and supported in the last three (3) years
- Availability of specialised technical resources necessary to render the services required in terms of the scope of work
- Overall capacity of the firm
- Details of experience and capacity of resources to fulfil the requirements of SANBI
- Organisation's commitment to equity principles including details on the equity break-down in the ownership

10. COMMUNICATION AND STATEMENT OF GOOD FAITH

All information provided by SANBI in this ToR is offered in good faith. Individual items are subject to change at any time. SANBI makes no certification that any item is without error.

Formal communications may include, but are not limited to:

- Recommendations to SANBI in writing, regarding any discrepancies, errors or omissions which may exist within this ToR.
- Recommendations to SANBI in writing, regarding any enhancements which might be in SANBI's best interests.
- Questions and requests for clarification. SANBI will make a good faith effort to provide a written response to each question or request for clarification that requires addenda within five

calendar days. All questions and answers will be shared with all bidders registered at the compulsory briefing session.

11. EVALUATION PROCESS

Bids will be evaluated in accordance with the prescripts of the Preferential Procurement Policy Framework Act (PPPFA, Act 5 of 2000) as amended; aligned with the aims of the Broad Based Black Economic Empowerment Act and its Codes of Good Practice. In accordance with this Act, submissions will be adjudicated in two stages:

- a. Firstly, on functionality wherein bidders will be evaluated for functionality and should attain a minimum threshold of 70 points, as referred to below in order to advance to the second stage. Bids that fail to meet the minimum threshold as per the bid invitation for functionality will be disqualified.
- b. Secondly, only the qualifying bids (those that would have attained the minimum threshold) will be evaluated in terms of the 80/20 preference points systems, where the 80 points will be used for price only and the 20 points will be awarded in terms of the of the B-BBEE Contributor level as per the B-BBEE Verification Certificate submitted by service providers.

Functionality scoring values

Criteria for measuring functionality	Weight
<u>Capability</u> The service provider should demonstrate the ability to carry out the work required in this assignment. • A Proposed plan/Methodology of action to achieve the objectives as detailed in the scope of work. The plan should cover short- and medium-term steps to manage the Internal Audit function. • Demonstration of knowledge and understanding of the Public Service Regulatory Framework such as, but not limited to: the Public Finance Management Act (PFMA) and its Regulations, Public Services Procurement Policies, South African Constitution, Criminal Procedures Act, Promotion of Access to Information Act, Protection of Personal Information (POPI) Act.	45 (25) (20)

<u>Capacity</u> The service provider should demonstrate the ability to carry out the work required in this project. Adequate resources should be assigned for the timeous completion of the project. • Company Profile. The bidder(s) must include a company profile detailing: Company registration documents (Proof of ownership/shareholding certificate), company mission and vision statements and company values. • Company organogram or list of partners, managers, specialists and assistants together with detailed curricula vitae of staff members who will be available for the duration of the contract and performing the duties described in this ToR. • All relevant perceived strengths and weaknesses of the company which will assist SANBI to assess its competitive advantage, capacity and commitment to transformation. • Audited financial statements of the company to assess financial viability to have sufficient working capital for the project.	35 (10) (10) (10) (5)
<u>Experience</u> This refers to the previous experience of the service provider to provide the scope of work detailed in this ToR. The service provider is required to provide the following: • Scope of work and scale of current and/or past projects undertaken in providing internal audit services within the Public Sector. • Written references of traceable current and/or previous Public Sector organizations serviced in providing similar services. Minimum of three (3) should be provided.	20 (10) (10)

12. PRICING

Bidders must submit an all-inclusive price and detailed cost breakdown schedule as per Annexure A. The following should be noted:

- The pricing tariffs quoted shall be firm/fixed for the contract period (including any inflation adjustment).
- SANBI will not pay tariffs in excess of the published hourly rates for consultants as prescribed by the South African Institute of Chartered Accountants (SAICA) or in the “Guide on Hourly Fee Rates for Consultants”, as prescribed by Department of Public Service and Administration (DPSA);
- SANBI will only pay upon the acceptance of the work performed by the Chief Executive Officer and the Audit and Risk Committee and actual hours spent in line with the approved annual plan.
- The pricing schedule should be based on **2 400 hours per year** purely for budgeting and comparability purposes. Any additional hours will be determined based on operational needs and to be agreed upon between the successful service provider and SANBI.
- All costing must be shown inclusive of VAT
- Costing should include travel and all other reimbursable costs
- Annual escalations to not exceed CPIX.
- Applicable rates for the delivery team must be indicated according to their levels and the envisaged number of hours on the assignment- The team must comprise the following:
 - Audit Partner/Director
 - Audit Manager/Team Leader
 - Audit Senior/Supervisor
 - Audit Junior
 - Specialists

13. TIMELINES

The successful bidder will be appointed for a period of five (5) years commencing from the effective date of appointment. This period is subject to annual reviews of performance.

14. PROJECT MANAGEMENT AND PROJECT MONITORING

The Chief Executive Officer will be Project Manager for the Institute.

The appointed service provider must submit to the Audit and Risk Committee and Chief Executive Officer the following:

- a. Any possible staff changes during the course of the five-year contract (must be done in consultation with SANBI)
- b. Periodic Progress Reports on the service provider's activities; progress of the assignments as well as on results of completed assignments in a format and according to timelines that shall be agreed to by both parties and in compliance with Internal Auditing Standards
- c. Draft report(s) on each individual assignment completed with clear findings and recommendations to relevant line managers prior to tabling the Audit and Risk Committee and Chief Executive Officer
- d. Final report(s) on each individual assignment completed with clear findings and recommendations to the Audit and Risk Committee and Chief Executive Officer
- e. The appointed service provider must guarantee the availability of the relevant staff throughout the duration of the appointment.

15. INDEPENDENCE AND OBJECTIVITY

In carrying out the work, the appointed service provider shall ensure that staff maintain their objectivity by remaining independent of the activities they assess. The service provider shall

- Have no executive or managerial powers, functions or duties except those relating to the internal audit function;
- Not be involved in the day-to-day operation of SANBI; and
- Not be responsible for the detailed development or implementation of new systems and procedures recommended in their report.

16. INTELLECTUAL PROPERTY AND OWNERSHIP OF MATERIAL

- All intellectual proprietary rights emanating from this project will vest in SANBI and may not be used for any other purpose by the service provider.;
- All working paper files shall become the property of SANBI, and must be delivered to SANBI on request;
- Should any action or claim be instituted against SANBI emanating from an infringement of intellectual property or an alleged infringement of intellectual property, the appointed service providers hereby indemnify SANBI against such claims or actions as well as all costs

17. PREPARATION AND HANDLING OF BIDS

The South African National Biodiversity Institute will not be held responsible for any expenditure incurred by supplier or companies in the preparation and handling of the bids and bid documents.

18. SUBMISSIONS

In respect of Bids that includes Functionality as a Criterion for Evaluation (Issued 3 September 2010), the two-envelope system will be used for this bid.

Service providers are to submit one (1) printed document with pricing included in an envelope, marked 'ORIGINAL', and in a separate envelope provide a copy of the document without pricing as a PDF file on a memory stick.

NB: Financial or pricing details (Annexure B) should ONLY be included in the printed document marked 'ORIGINAL', and not in the PDF file of the document on the memory stick.

NB: Failure to submit one printed document with pricing in one envelope, and a document without pricing on a memory stick will lead to your bid being disqualified.

Closing date and time for submissions: 27 August 2021 at 11:00

All documents must be neatly bound, clearly labelled and include a Table of Contents

Tenders shall be submitted in the following manner:

Addressed to: The Deputy Director: Supply Chain Management

Drop off in the Tender Box located in the Biodiversity Building at the Pretoria National Botanical Garden, 2 Cussonia Avenue, Brummeria, Pretoria **by 11:00 on 27 August 2021**. Normal office hours are: 08:00–16:00 .

Bidders must ensure that persons delivering their bids understand where and how delivery is to take place.

NB. E-mailed and faxed submissions will not be accepted. Late submissions will not be considered.

19. Occupation Health, Safety and Environmental Requirements

Service Providers will be expected to deliver on the Occupation Health and Safety Act (OHSA) and its regulations and the Compensation for Occupational Injuries and Diseases Act (COIDA) relating to health, safety and the environment.

It will be expected of potential Service Providers to execute their work in a manner that complies with all the requirements of the Acts and regulations and in doing so, minimise the risk of incidents/accidents occurring.

It will be expected of the potential Service Provider to supply an occupational health, safety and environmental file before signing the contract. This file will have to be approved by the SANBI Deputy Director for Health, Safety and the Environment before commencement of the contract. The Health, Safety and Environmental File will become SANBI property at the end of the contract.

ANNEXURE A: REFERENCES

Kindly provide a table of references with the information below:

- Name of company
- Work performed
- Date/s that work was performed
- Contract value
- Contact person, including their email address and telephone number

ANNEXURE B: PRICING

Fixed rate per hour chargeable for the duration of the contract.

For ease of comparison, all tenderers to **assume 2400 of chargeable hours annually**.

	Rate per hour	No of hours	Amount
Year 1			
Audit Partner/Director			
Audit Manager/Team Leader			
Audit Senior/Supervisor			
Audit Junior			
Specialists			
Total for the year 1	-	-	
Year 2			
Audit Partner/Director			
Audit Manager/Team Leader			
Audit Senior/Supervisor			
Audit Junior			
Specialists			
Total for the year 2	-	-	
Year 3			
Audit Partner/Director			
Audit Manager/Team Leader			
Audit Senior/Supervisor			
Audit Junior			
Specialists			
Total for the year 3	-	-	

	Rate per hour	No of hours	Amount
Year 4			
Audit Partner/Director			
Audit Manager/Team Leader			
Audit Senior/Supervisor			
Audit Junior			
Specialists			
Total for the year 4	-	-	
Year 5			
Audit Partner/Director			
Audit Manager/Team Leader			
Audit Senior/Supervisor			
Audit Junior			
Specialists			
Total for the year 5	-	-	
TOTAL AMOUNT EXCLUDING VAT	-	-	
VAT	-	-	
TOTAL TENDER AMOUNT	-	-	