



REQUEST FOR BID: KZN EXTAUD 05/2020

TERMS OF REFERENCE FOR THE APPOINTMENT OF A SUITABLE EXTERNAL AUDIT FIRM TO PERFORM THE EXTERNAL AUDIT ON THE ANNUAL FINANCIAL STATEMENTS FOR THE 2020, 2021 and 2022, FINANCIAL YEAR FOR KWAZULU-NATAL COMMUNITY EDUCATION AND TRAINING COLLEGE. (CETC)

BID NUMBER: KZN EXTAUD05/2020

TENDER/BID BOX ADDRESS: KwaZulu Natal CETC offices, 1st Floor, 17 Kosi Place, Umgeni Business Park, Durban

Contact: SCM@KZN.CETC.edu.za

Contact: 031 350 4363

Name: Mrs. N Kumalo

CONTENT

PART A - INFORMATION ON THE RFQ BID

1. Background
2. Purpose of this Bid
3. Scope and definition of work
4. Deliverables
5. Appropriate qualifications, experience, skills and knowledge
6. Duration of contract

PART B – LEGISLATIVE FRAMEWORK

1. Tax legislation
2. Procurement legislation
3. Technical legislation and/or standards

PART C – THE PROCUREMENT PROCESS

1. TIMELINE OF THE PROCESS

2. Contact and communication
3. Late Bids
4. Counter conditions
5. Fronting
6. Supplier due diligence
7. Mandatory bid documents

PART D – SUBMISSIONS

1. SUBMISSION OF PROPOSAL

2. Content of the technical submission
3. Financial submission
4. Evaluation Criteria

PART E – CONDITIONS

1. GENERAL CONDITIONS OF CONTRACT

2. Special conditions of contract
3. Governing law
4. Declaration
5. Conflict of interest, corruption and fraud
6. Misrepresentation
7. Preparation cost
8. Indemnity
9. Precedence
10. Limitation of liability
11. Tax compliance
12. Bid defaulters and restricted suppliers
13. Confidentiality
14. Proprietary information
15. Copyright
16. Responsibility of sub-contractors and bidders' personnel
17. Service Level agreement
18. Pricing
19. Other important matters to note

PART F – MONITORING AND REPORTING

1. MONITORING

2. Reporting
3. Language
4. Submissions/comments timing

PART A – INFORMATION ON THE BID

1. BACKGROUND

- 1.1 The CET came into existence on 1 April 2015 when the Public Adult Learning Centres (PALCs) migrated from the Provincial Education Departments (PEDs) to the CET Colleges, resorting under the Department of Higher Education and Training (DHET). The mandate of the college is to provide quality and relevant education and training programmes for youth and adults to improve their livelihoods. The College, through the Community Learning Centres, offer programmes that will ensure that learners attain skills that will enable them to either find employment or establish their own enterprises.
- 1.2 The College is situated in KwaZulu-Natal Province, South Africa. Governance of the College rests with the Council subject to the relevant statutes and policies. Management of the college consists of the Principal and Deputy Principals. The CET College operates in accordance with the requirements, rules and regulations laid down in the following documents:
- 1.2.1 The Continuing Education and Training Act, Act 16 of 2006; and
 - 1.2.2 National Norms and Standards for Funding Community Education and Training Colleges.

The set of Annual Financial Statements (AFSs) to be audited is for the financial period ended 31 December 2020.

- 1.3 Generally Recognised Accounting Practice (GRAP) is effective for Colleges as per the Government Gazette No. 41843 dated 18 August 2018 issued by the Minister.

2. PURPOSE OF THE BID

- 2.1 The purpose of the Bid is to identify, evaluate and appoint an Audit Firm capable of performing the External Audit of the KwaZulu-Natal CET College for the financial year ended:

- 31 December 2020, for which the audit will commence on the 1 March 2021 and the audit report must be signed by the relevant parties and then be submitted to the College by no later than 31 May 2021

3. SCOPE AND DEFINITION OF WORK

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

- 3.1 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), Pre-determined objectives and all relevant legislation but not limited to;
 - 3.1.1 Preparing a detailed audit planning memorandum;
- 3.2 Determine their scope, methodology and approach as per the International Standards on Auditing as issued by Independent Regulatory Board for Auditors (IRBA);
 - 3.2.1 Preparing a detailed budget in line with the audit planning memorandum.
- 3.3 Communicate audit findings and make recommendations to management;
 - 3.3.1 Conduct regular update meetings with management to ensure all matters are dealt with timeously; and
 - 3.3.2 Draft and issue audit reports upon completion of audit assignments.
- 3.4 Provide a final report with management responses on corrective actions and the presentation thereof to the Audit Committee, where necessary including;
 - 3.4.1 Attending the Audit and Risk Committee meetings; and any other relevant meetings as required; and
 - 3.4.2 Present External Audit Report to the Audit and Risk Committee.
- 3.5 Review and provide an independent audit opinion on the Annual Financial Statements within deadlines provided:
 - 3.5.1 Draft and issue audit reports upon completion of audit assignments;

3.5.2 Attend Audit and Risk Committee meetings; and

3.5.3 Any other relevant meetings as required.

4. DELIVERABLES

4.1 A detailed audit planning memorandum at commencement of the audit;

4.2 A detailed budget in line with the audit planning memorandum agreed to by management with all relevant timelines;

4.3 Communication of audit findings with recommendations to management;

4.3.1 Attendance of regular update meetings with management to ensure all matters are dealt with timeously

4.3.2 Audit reports upon completion of audit assignments;

4.4 Final report with management responses on corrective actions and the presentation thereof to the Audit Committee, where necessary;

4.4.1 Attendance of Audit Committee meetings; and any other relevant meetings as required.

4.4.2 Presentation External Audit Report to the Audit Committee.

4.5 Issuing of audit opinion of the Annual Financial Statements for the periods as agreed upon.

4.5.1 Audit reports upon completion of audit assignments;

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

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

5. APPROPRIATE QUALIFICATIONS, EXPERIENCE, SKILLS AND KNOWLEDGE

5.1 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.

5.2 The firm must demonstrate relevant experience in rendering external audit services to the public sector

5.3 The key personnel of the proposed audit team must have relevant qualifications, skills and experience. These would include as a minimum:

First year clerk – with at least a BCom (Accounting) or equivalent;

Second year clerk – with at least BCom (Accounting) or equivalent;

Third year clerk –with at least BCom (Accounting) or equivalent;

Accountant-in-charge or Supervisor –must have at least passed QE part 1;

Audit Manager –must have qualified as a CA (SA) and have at least 1 year’s managerial experience;

Partner to have at least 3 years’ experience as a partner in the Public Sector

5.4 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, CET Act and GRAP are a must;

5.5 Independence and Objectivity must be assured by there not being any conflict of interest.

5.6 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 4 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;

5.7 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 can provide technical support.

6. DURATION OF THE CONTRACT

6.1 The successful firm will be appointed to render the requisite service portfolio for a maximum period of **3 financial year**.

6.2 Work will start on signing of the service level agreement.

6.3 Although the exact scheduling of inputs and allocation of days will be agreed to between the College and the consulting 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 substantive testing on the AFS	
4	Submission of management report for input and Comment	
5	Submission of final management report and Audit Opinion	

PART B – LEGISLATIVE FRAMEWORK

1. TAX LEGISLATION

1.1 Bidders must be vigilant of compliance measures and requirements when submitting a proposal to the College and remain compliant in terms of all applicable tax legislation for the entire contract period, including but not limited

to the application parameters of the Income Tax Act, 1962 (Act No. 58 of 1962) and Value Added Tax Act, 1991 (Act No. 89 of 1991).

- 1.2 It is a pre-condition of this bid document that the tax affairs of the successful bidder will be in order, or that satisfactory arrangements have been made with the South African Revenue Service (SARS) in meeting the bidder's pending tax obligations.
- 1.3 The relevant tax compliance status requirements are also applicable to any foreign bidders / individuals who wish to participate during the bidding process.
- 1.4 It is a requirement that bidders when submitting a bid, provide written confirmation that SARS may on an ongoing basis and for the duration of the tenure of the contract, disclose the bidder's tax compliance status. By the very act of submitting a bid, such a confirmation therefore is also deemed to have been granted by the potential bidder.

2. PROCUREMENT LEGISLATION

- 2.1 The College utilises a detailed evaluation methodology premised on Treasury Regulation 16A3 promulgated phased under Section 76 of the *Public Finance Management Act, 1999 (Act, No. 1 of 1999)*, the *Preferential Procurement Policy Framework Act 2000 (Act, No.5 of 2000)*; the *Preferential Procurement Regulations, 2017* and the *Broad-Based Black Economic Empowerment Act, 2003 (Act, No. 53 of 2003)*.

3. TECHNICAL LEGISLATION AND/OR STANDARDS

- 3.1 Bidder(s) should at all times be cognisant of the relevant legislation and/or standards specifically applicable to the service portfolio to be rendered in terms of this Bid.

PART C – THE BIDDING PROCESS

1. TIMELINE OF THE BID PROCESS

1.1. The validity period and possible withdrawal of offers, subsequent to the closing date and time of this Bid is 90 days. The relevant project timeframes in terms of this bid are indicated as follows:

Activity	Due Date
Advertisement of the bid via the DHET Website/ National Treasury Portal / Government Bid Bulletin	4 December 2020
The Bid closing date	15 January 2021 at 11:00

1.2. All dates and times in this bid are determined in accordance with South African standard time.

1.3. Any time or date reflected in this bid is subject to change at the College's discretion. The determination of a time or date in this bid does not presuppose an obligation on the part of the College in taking action, or creating by any manner rights in terms of which bidders may demand that specific action(s) be undertaken on the date(s) accordingly reflected in this bid. The bidder therefore accepts that, in the event of the College extending the deadline for bid submissions (the closing date) based on and influenced by whichever circumstance, the conditions and requirements attached to this bid remain unaltered and apply equally with regard to the revised deadline.

4. CONTACT AND COMMUNICATION

- 4.1 A nominee on behalf of the bidder may make enquiries in writing, before the closing date of the Bid, until 15 January 2021, to the College via email Nkumalo@KZN.CETC.edu.za. The delegated office of the College is entitled to communicate with Bidders whenever further clarity is sought regarding information provided in bid proposals.
- 4.2 Any communication by Bidders addressed to or with an official or person acting in an advisory capacity on behalf of the College, in so far as it has relevance to bid proposal, during the period commencing from the bid closing date and that of awarding of the Bid is strongly discouraged.
- 4.3 All communication between Bidders and the College must be provided in writing.
- 4.4 While due care has been taken regarding the finalisation of this bid, the College duly makes no representations or provides any warranty that the contents thereof, or any part of the information accordingly communicated or provided to Bidders during the bidding process is accurate, current and/or complete. The College and its employees/advisors therefore will not be liable in relation to any information communicated and proves to be inaccurate, outdated and/or incomplete.
- 4.5 In the event of bidders reasonably believing there to be substantive discrepancy, ambiguity, error or inconsistency contained in this bid or any part of other information provided by the College (excluding any minor clerical matters), bidders must promptly bring such a discrepancy, ambiguity, error or inconsistency, in writing, to the attention of the College before the closing date with the aim of affording the College an opportunity to consider the issue(s) and where required, take the requisite corrective action.
- 4.6 All bidders (including any other relevant persons) obtaining or receiving the bid and/or any other information in relation to the bid or the Bid process are obliged to keep the entire contents of the bid and all related information confidential and may not disclose or use the information in any other manner than for the express purpose of developing a proposal in response to this bid.

- 4.7 Any actual discrepancy, ambiguity, error or inconsistency in relation to the bid or part of any other information provided by the College will, where possible, be corrected and the revised documentation be published.

5. LATE BIDS

- 5.1 Bids received at the address indicated in the bid documents after the specified closing date and time, will not be accepted for consideration and where practical, will be returned unopened to the bidder(s).

6. COUNTER CONDITIONS

- 6.1 Bidders are advised that subsequent amendments to any of the Bid Conditions, the proposals of any counter conditions by bidders or qualifications made in respect of the Bid Conditions will result in the immediate disqualification of such bids. Bidders should therefore adapt their standard conditions in line with those that are issued by the College.

7. FRONTING

- 7.1 The College supports the spirit of broad - based black economic empowerment and recognises that true empowerment can only be achieved through individuals and businesses conducting themselves in accordance with the Constitution and garnering opportunities in an honest, fair, equitable, transparent and legally compliant manner. Against this background the College strongly condemns any form of fronting.

- 7.2 The College, in ensuring that bidders conduct themselves in an honest manner will, as part of the bid evaluation processes, conduct or initiate the necessary enquiries/investigations in determining the accuracy of the representations made in bid documents. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the College, the onus rests on the bidder/contractor to prove that the allegation of fronting does in fact not exist. Failure to do so within a period of 14 days and determined from the date of notification may invalidate the bid/contract and also result in the restriction of the Bidder/contractor to conduct business with the public sector for a subsequent period of up to ten years and

in addition to any other actions the College may have at its disposal and accordingly wish to institute against such bidders/contractors.

8. SUPPLIER DUE DILIGENCE

- 8.1 The College reserves the right to conduct rolling out due diligence on suppliers prior to final awarding of the contract, or on an occasional basis during the implementation of the mandated contract period. These actions may also include site visits and requests for the provision of additional information.

9. SUBMISSION OF PROPOSALS

- 9.1 Bid documents must be placed in the College's Tender/Bid box situated in KwaZulu Natal CETC offices, 1st Floor, 17 Kosi Place, Umgeni Business Park, Durban on or before the closing date and time.

Closing Date: 15 January 2021

Closing Time: 11:00 am

- 9.2 Quotations will only be considered if received by the College before or on the closing date and time, regardless of the method used to send or deliver such documents to the College.
- 9.3 Firms are required to submit 2 copies of each file, (one (1) original and (1) copy). Each file must be marked correctly and sealed separately for ease of reference during the evaluation process.
- 9.4 Bidders are requested to initial the bottom right-hand corner of each page of the Bid document. On pages where bidders are required to provide full signatures, initialling at the bottom of these pages is not required.

10. MANDATORY BID DOCUMENTS

- 10.1 The College has set minimum standards that bidders need to meet as a precursor to evaluation and selection as the successful.
- 10.2 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 1.3 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.

10.3 Phase 0: Pre-Qualification Criteria:

10.3.1 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 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.
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)		<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

Document that must be submitted	YES/NO	Non-submission may result in disqualification
		https://secure.csd.gov.za/ to obtain a vendor number. ii. Submit proof of registration.
Pricing Schedule		Submit full details of the pricing proposal in a separate envelope

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

10.4 Phase 1: Technical Evaluation Criteria = 100 points:

- 10.4.1 All bidding companies are required to fully adhere to the technical evaluation criteria scorecard and compliance checklist.
- 10.4.2 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.
- 10.4.3 Bidding companies will be evaluated on an overall score of 100 points.
- 10.4.4 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.
- 10.4.5 Bidders are required to score a minimum of **70 points** to proceed to **Phase 2: Evaluation for Pricing and B-BBEE** status.
- 10.4.6 **Phase 1: Technical Evaluation Criteria:** The bidders' information will be scored according to the points determination system.

10.5 Phase 2: Price and B-BBEE Evaluation (90 + 10) = 100 points:

- 10.5.1 Only prospective bidders that have attained the **70** points allocation threshold in phase 1 will subsequently progress for evaluation in phase 2 in relation to pricing options and B-BBEE qualification criteria.

10.5.2 Pricing options and B-BBEE qualification will accordingly be evaluated as follows: In terms of Regulation 6 of the Preferential Procurement Regulations pertaining to the *Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)* and per *KZN CET College policy*, responsive bids will be adjudicated on the **90/10** (Above R1 million, all applicable taxes included) preference point system in terms of which points are awarded to bidders on the basis of the bid pricing (**maximum 90 points**) and B-BBEE status level of the contributor (**maximum 10 points**).

10.5.3 **Stage 1 - Price Evaluation** (90 Points):

Criteria	Points
Price Evaluation	
$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$	90

The following formula will be applied to calculate the points awarded in relation to pricing and this determination is informed as follows:

P_s - Points scored for comparative pricing of the bid submitted for consideration

P_t - Comparative pricing of the bid under consideration

P_{\min} - Comparative pricing of the lowest acceptable bid

10.5.4 **Stage 2 - B-BBEE Evaluation** (10 Points):

10.5.4.1 **B-BBEE Points allocation:** A maximum of **10 points** may be allocated to a bidder based on the evaluation of the company's B-BBEE status level of contribution that is determined as follows:

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

- 10.5.4.2 B-BBEE points are allocated to bidder on receipt of the following documentation or evidence: A duly completed Preference Point Claim Form: Standard Bidding Document (SBD 6.1); and the relevant B-BBEE Certificate.
- 10.5.4.3 Non- submission of a completed / signed **Preference Point Claim Form – SBD 6.1 and BBEE** certificate will result in a zero (0) score on B-BBEE.
- 10.5.4.4 The points scored by a bidder in respect of the B-BBEE will be added to the points scored for price:

AREAS OF EVALUATION	POINTS
• Price	90
• B-BBEE Status Level of Contribution	10
Total	100

10.5.5 Joint Ventures, Consortiums and Trusts:

- 10.5.5.1 A trust, consortium or joint venture, will qualify for points on evaluation of their B-BBEE status level as a legal entity, provided that the entity submits the requisite B-BBEE status level certificate.
- 10.5.5.2 A trust, consortium or joint venture will qualify for points on evaluation of their B-BBEE status level as an unincorporated entity, provided that the entity submits their requisite, consolidated B-BBEE scorecard as if they were a group structure and on condition that such a consolidated B-BBEE scorecard is prepared for every separate bid application.
- 10.5.5.3 Bidders must submit substantive proof of the existence of joint ventures and/or consortium arrangements. The College will accept signed agreements as satisfactory proof for the existence of a joint venture and/or consortia arrangement.
- 10.5.5.4 Joint venture and/or consortia agreements must clearly set out the roles and responsibilities of the lead partner, alongside the joint venture and/or consortium. The agreement must also clearly identify the lead partner that is accordingly provided with a power of attorney to bind the other co-parties in all matters pertaining to the joint venture and/or consortia arrangement.

10.5.6 Claim B-BBEE Points:

- 10.5.6.1 Prospective bidders who wish to qualify for and claim preferential points are obligated to fully comply with regulations 3 of the PPPFA Regulation in so far as it pertains to B-BBEE points claim.

PART D – SUBMISSIONS

1. SUBMISSION OF PROPOSAL

- 1.1 The two envelope procedure must be followed for Bid submissions.
- 1.2 The first envelope must clearly state TECHNICAL SUBMISSION, wherein the bidder should address all aspects of the required scope of services.
- 1.3 The second envelope must clearly state FINANCIAL SUBMISSION, wherein the bidder should include the proposed fee for the project.
- 1.4 Proposals must be submitted in hard copy format: One original and one copy.

2. CONTENT OF THE TECHNICAL SUBMISSION

The technical submission should include the following:

- 2.1 Cover Page
- 2.2 Mandatory documents
- 2.3 Introduction and Executive Summary
- 2.4 Company and contact information of the bidder, including all parties/team members to the consortium where applicable.
- 2.5 Confirmation that the firm is 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.
- 2.6 References that clearly demonstrate the relevant experience in rendering external audit services to the public sector.
- 2.7 Proof of experience with the externals audits specifically in public sector. This may be in the form of appointment letters, Bid award letters or any other form of evidence.
- 2.8 CV's of the Audit Team that will be assigned to this Project as well as copies of the relevant qualifications as detailed below:
 - First year clerk – with at least a BCom (Accounting) or equivalent;
 - Second year clerk – with at least BCom (Accounting) or equivalent;
 - Third year clerk –with at least BCom (Accounting) or equivalent;

Accountant-in-charge or Supervisor –must have at least passed QE part 1;
Audit Manager –must have qualified as a CA (SA) and have at least 1 year's managerial experience;

Partner to have at least 3 years' experience as a partner in the Public Sector

- 2.9 References to clearly outline the competence and integrity shown on previous clients as well as the knowledge in the relevant Acts i.e Knowledge of and exposure to the PFMA (Public Finance Management Act), Treasury Regulations, CET Act and GRAP are a must;
- 2.10 Confirmation of Independence and Objectivity must be assured by declaring that there is no conflict of interest with the College;
- 2.11 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
- 2.12. A minimum of 3 reference letters confirming the audit firm's working experience in the Public Sector,
- 2.13. Reference letter must be provided on the clients' letterhead and must be signed by the client;
- 2.14. 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
- 2.15. The bidder must ensure the following in the above documents:
 - 2.15.1. The bidder must demonstrate a thorough understanding of the CETC mandate and the skills development legislative, regulatory and policy framework;
 - 2.15.2. The detailed approach and methodology to be applied in conducting the audit and meeting the deadlines.
 - 2.15.3. 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;

- 2.15.4. Demonstrated proven previous experience and knowledge;
- 2.15.5. 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;
- 2.15.6. A demonstration in how the bidder will relate to the internal arrangements of the CETC for the work to be performed;
- 2.15.7. 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;
- 2.15.8. Compulsory Bid 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;

3. FINANCIAL SUBMISSION

- 3.1. The financial submission should include the proposed fee for the project.
- 3.2. The proposed fee should include any costs that will be incurred by the bidder, including travel and subsistence expenses. The total price or amount provided will be regarded as the cost of the project, including VAT and applicable taxes.
- 3.3. The financial submission must include the proposed charge out rates per level of team member on the Audit Team.

4. EVALUATION CRITERIA

4.1. The following table reflects the evaluation criteria that will be used in evaluating the technical submission.

No	Element	Weight
1	<p>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</p> <p>(i) Minimum of 4 reference letters confirming the audit firm’s working experience in the Public Sector,</p> <p>(ii) Reference letter must be provided on the clients’ letterhead and must be signed by the client;</p> <p style="text-align: center;">FIVE points per reference letter attached</p>	20
2	<p>Relevant additional experience on External Audit projects successfully executed specifically in the public sector</p> <p>Proof required (e.g Purchase Order, appointment letter etc)</p> <p>1-3 projects = 10 Points</p> <p>4-6 projects = 20 Points</p> <p>7 or more projects = 30 Points</p>	30
3	<p>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 or technical support thereof.</p>	10
4	Methodology	40

No	Element	Weight
	<p>The bidder must demonstrate thorough understanding of the objectives and deliverables of this audit; the requirements and the applicable regulatory framework.</p> <p>The bidder must provide a detailed proposal of the methodology/ approach to be used to carry out the scope of work outlined above and clearly demonstrates how the audit deliverables will be achieved.</p> <p>Basic plan and overview = 10 points</p> <p>Detailed plan lacking a key elements = 20 points</p> <p>Detailed plan lacking a few elements = 30 points</p> <p>Detailed plan with the background/ understanding of the College =40 points</p>	
	Total	100

PART E – CONDITIONS

1. GENERAL CONDITIONS OF CONTRACT

- 1.1. Subsequent award/concession made to a prospective bidder in terms of this TOR is conditional on, (among others):
 - 1.1.1. The bidding party accepting the terms and conditions as contained in the General Conditions of Contract as the minimum terms and conditions on which the College is prepared to enter into a contract with the successful Bidder.
 - 1.1.2. The bidder submitting the General Conditions of Contract to the College together with its bid, has ensured that the document has duly been signed by an authorised representative on its behalf.

2. SPECIAL CONDITIONS OF CONTRACT

The College reserves the right to:

- 2.1. Award this Bid to any bidder that did not score the highest (cumulative total) number of points and only in accordance with section 2(1)(f) of the PPPFA (Act 5 of 2000);
- 2.2. Negotiate with one or more preferred bidders identified in the evaluation process, regarding any terms and conditions, including pricing without offering the same opportunity to any other bidder(s) who had not been awarded the status of a preferred bidder;
- 2.3. Accept any part of a Bid in lieu of the whole Bid;
- 2.4. Carry out at its discretion, site inspections, product evaluations or facilitate explanatory meetings in order to verify the nature and quality of the services offered by the potential bidders, either before, during or subsequent to adjudication of the Bid;
- 2.5. Correct mistakes during any stage of the Bid evaluation process which may already have been apparent in the bid documents or subsequently occurred during any stage of the Bid evaluation process;
- 2.6. At any stage during the evaluation of bids, cancel and/or terminate the Bid process, even subsequent to the Bid closing date and/or after presentations by selected bidders have been made, and/or after Bids have been evaluated

and/or after the preferred bidders have as such been notified of their status;
and

- 2.7. Award the Bid to multiple bidders based either on organisational capacity, specialisation and size, as well as geographic considerations.

3. GOVERNING LAW

- 3.1. South African law will in its full extent govern the Application parameters of this bid and the bid response process.
- 3.2. The bidder agrees to submit to the exclusive jurisdiction of the South African court system in any dispute of any kind that may arise out of- or in connection with the subject matter of this bid, the bid itself and all processes associated with the bid.

4. DECLARATION

Bidders as part of their respective technical responses, are required to declare the following and confirm that they will:

- 4.1. At all times for the duration of the Bid, act honestly, fairly and with due skill, care and diligence in the best interest of the College;
- 4.2. Manage, effectively utilise and apply the resources, procedures and appropriate technological systems to ensure the proper performance of the services for the duration of the Bid;
- 4.3. Act with circumspection and treat the College fairly in all situations where conflicting interests may become apparent;
- 4.4. Comply with all applicable statutory or common law requirements related to the conduct of its business;
- 4.5. Make adequate disclosures regarding relevant and material information, including the disclosure of actual or potential interests the company may acquire, in relation to its dealings with the College;
- 4.6. Avoid any form or instance of fraudulent and misleading advertising, canvassing and marketing for the duration of the bid;
- 4.7. Conduct business activities transparently and consistently uphold the interests and needs of the College as a client, before any other consideration; and

4.8. Ensure that for the duration of the Bid no information acquired from the College will be utilised and/or disclosed to any third party/ies unless written consent from the College has been obtained to do so.

5. CONFLICT OF INTEREST, CORRUPTION AND FRAUD

5.1. The College reserves the right to disqualify any potential bidder who either itself, or through any of its members (save for such members who hold a minority interest in the bidder through shares listed on any recognised stock exchange), indirect members (being any person or entity who indirectly holds at least a 15% interest in the bidder other than in the context of shares listed on a recognised stock exchange), directors or members of senior management, whether in respect of the College or any other College organ or entity and whether from the Republic of South Africa or otherwise ("College "):

5.1.1. Engages in any collusive Quoting, anti-competitive conduct, or any other similar conduct, including but not limited to any collusion with any other bidder in respect of the subject matter of this bid;

5.1.2. Seeks any assistance, other than assistance officially provided by a College, from any employee, advisor or other representative of a College in order to obtain any unlawful advantage in relation to the procurement or services provided or to be provided to the College;

5.1.3. Makes or offers any gift, gratuity, anything of value or other inducement, whether lawful or unlawful, to any of the College's officers, directors, employees, advisors or other representatives in order to obtain any unlawful advantage in relation to procurement or services provided or to be provided to a College;

5.1.4. Accepts anything of value or an inducement that would or may provide financial gain, advantage or benefit in relation to procurement or services provided or to be provided to a College;

5.1.5. Pays or agrees to pay to any person any fee, commission, percentage, brokerage fee, gift or any other consideration, that is contingent upon or results from, the awarding of any Bid, contract, right or entitlement which is in any way related to procurement or the rendering of any services to the College;

- 5.1.6. Has in the past engaged in any matter referred to above; or
- 5.1.7. Has been found guilty in a court of law on charges of fraud and/or forgery, regardless of whether or not a prison term was imposed and despite such a bidder, member or director's name(s) not specifically appearing on the List of Bid Defaulters kept at National Treasury.

6. MISREPRESENTATION DURING THE LIFECYCLE OF THE CONTRACT

- 6.1. The bidder should note that the terms of its Bid will be incorporated in the proposed contract by reference and that the College relies upon the bidder's Bid as a material representation in making an award to a successful bidder and in concluding an agreement with said bidder.
- 6.2. It follows therefore that misrepresentations in a Bid may give rise to service termination and a claim by the College against the bidder notwithstanding the conclusion of the Service Level Agreement between the College and the bidder for the provision of the service(s) in question. In the event of a conflict between the bidder's proposal and the Service Level Agreement concluded between the parties, the contents of the Service Level Agreement will prevail.

7. PREPARATION COSTS

- 7.1. The Bidder will bear all its costs in preparing, submitting and presenting any response or Bid to this bid and all other costs incurred by it throughout the bidding process.
- 7.2. Furthermore, no statement in this bid will be construed as placing the College, its employees or agents under any obligation whatsoever, including in respect of costs, expenses or losses incurred by the bidder(s) in the preparation of their responses to this bid.

8. INDEMNITY

- 8.1. If a bidder breaches the conditions of this bid and as a result of that breach, the College incurs costs or damages (including, without limitation, the cost(s) of any investigations, procedural impairment, repetition of all- or any part of the bid process and/or enforcement of intellectual property rights or confidentiality obligations), the bidder then indemnifies and holds the College harmless from

any and all such costs which the College may incur and for any damages or losses the College may suffer.

9. PRECEDENCE

9.1. This document will prevail over any information provided during any stage whether oral, electronically or written, unless such written information provided, expressly amends this document by reference.

10. LIMITATION OF LIABILITY

10.1. A bidder participates in this bid process entirely at its own risk and cost. The College shall not be liable to compensate a bidder on any grounds whatsoever, for any costs incurred or any damages suffered as a result of the Bidder's participation in this bidding process.

11. TAX COMPLIANCE

11.1. No Bid shall be awarded to any bidder which is not tax compliant. The College reserves the right to withdraw an award made, or cancel a contract concluded with a successful bidder in the event that it is established that such bidder was in fact not tax compliant at the time of the award, or has submitted a fraudulent Tax Clearance Certificate to the College, or whose verification against the Central Supplier Database (CSD) proves non-compliant.

11.2. The College further reserves the right to cancel a contract with a successful bidder in the event that such a bidder does not remain tax compliant for the full term of the contract.

12. BID DEFAULTERS AND RESTRICTED SUPPLIERS

12.1. No Bid shall be awarded to a bidder whose name (or any of its members, directors, partners or trustees) appears on the Register of Bid Defaulters maintained by National Treasury, or who have been placed on National Treasury's List of Restricted Suppliers.

12.2. The College reserves the right to withdraw an award, or cancel a contract concluded with a Bidder should it be established, at any time, that a bidder has been blacklisted with National Treasury by another organ of state.

13. CONFIDENTIALITY

- 13.1. Except as may be required by the operation of law, by a court or by any regulatory authority having appropriate jurisdiction, no information contained in- or relating to this bid or a bidder's Bid(s) will be disclosed by any bidder or other person not officially involved with the College's examination and evaluation of a Bid.
- 13.2. No part of the bid may be distributed, reproduced, stored or transmitted, in any form or by any means, electronically, or by way of photocopying, recording or otherwise, in whole or in part except for the purpose of preparing a Bid. This bid and any other documents supplied by the College remain proprietary to the College and must be promptly returned to the College upon request, together with all copies, electronic versions, excerpts or summaries thereof or work as a consequence derived there from.
- 13.3. Throughout this bid process and thereafter, bidders must secure the College's written approval prior to the release of any information that pertains to (i) the potential work or activities to which this bid relates; or (ii) the process which follows this bid. Failure to adhere to this requirement may result in disqualification from the bid process and civil action.

14. PROPRIETARY INFORMATION OF THE COLLEGE

- 14.1. Bidders will declare in their respective bid cover letters that they did not have access to any College proprietary information, or any other matter that may have unfairly placed that bidder in a preferential position in relation to any of the other bidder(s).

15. COPYRIGHT

- 15.1. All copyright and all intellectual property rights in respect of any documents and materials (works) developed by the service provider during this project, will vest in the College.
- 15.2. The College will have the right to release the works under an appropriate copyright license, including an open licence that will allow any individual, official, company, agency or organisation to use or modify the works for any purpose as stated in the open licence.

16. RESPONSIBILITY FOR SUB-CONTRACTORS AND BIDDER'S PERSONNEL

16.1. A bidder is responsible for ensuring that its personnel (including agents, officers, directors, employees, advisors and other representatives), its sub-contractors (if any) and personnel of its sub-contractors comply with all terms and conditions of this bid.

16.2. In the event that the College allows a bidder to make use of sub-contractors, the actions and activities of such sub-contractors will at all times remain the responsibility of the bidder and the College will not under any circumstances, be liable for any losses or damages incurred by or caused by such sub-contractors.

17. SERVICE LEVEL AGREEMENT

17.1. Subsequent to the College's decision on awarding the Bid the successful bidder may be required to sign a Service Level Agreement aimed at regulating the specific terms and conditions applicable to the services required by the College and as far as possible.

17.2. The College reserves the right to revise and amend any part of the proposed Service Level Indicators during the course of contract with a bidder.

17.3. The College reserves the right to accept or reject additional service proposals, proposed by a successful bidder.

18. PRICING

18.1. The price Bid must be a fixed price for the duration of the contract and must include all related costs (travel, accommodation, equipment and data communication). The expected time and cost per audit team member and the hourly tariffs of each team member must please be specified.

18.2. Price must be VAT inclusive and Bid in South African Rand.

18.3. Costing should be aligned with project activities / project phases.

18.4. Details of the cost/fee breakdown for all the services to be rendered must be submitted in a sealed envelope with the rest of the documentation.

19. OTHER IMPORTANT MATTERS TO NOTE

- 19.1. The College reserves the right to conduct background/probity check on key management of the bidder.
- 19.2. The College reserves the right to conduct due diligence exercises as part of evaluating the implementing capacity of the bidder.
- 19.3. The shortlisted bidders may be called to present to the evaluation committee before a final selection is made.
- 19.4. The College will not be liable to reimburse any costs incurred by the bidder during this Bid process.
- 19.5. Bidders must identify and disclose any conflict or perceived conflict of interest caused by current assignments, relationships or other dealings, and indicate how such conflicts would be addressed.
- 19.6. Only one proposal per bidder can be submitted and must indicate a (period) implementation.

PART F – MONITORING AND REPORTING

1. MONITORING

- 1.1. All monitoring of the project will be conducted by the Deputy Principal Finance
- 1.2. A Project Management Team [outline the monitoring support to the project] will be established to facilitate the smooth implementation of the project and to ensure that the objectives of the project are met. The Project Management Team will comprise officials from the College of Higher Education and Training, South African Institute of Chartered Accounts (SAICA) and the service provider. Meetings will be arranged as per approved project plan.

2. REPORTING

- 2.1. The service provider will report to the Principal of the College (or his/her delegate) and submit work-in progress reports by email to the Office of the Deputy Principal Finance by close of business every second Friday.
- 2.2. For each deliverable, as identified in Part A – Information on the Bid, paragraph 4, the service provider will submit], progress reports to the College in line with approved timeframes in the project plan. The reports should be in MS Word and submitted electronically.
- 2.3. In addition to the above and in conjunction with deliverables submitted, [any additional reporting requirements].

3. LANGUAGE

- 3.1. All correspondence including reports must be written in English.

4. SUBMISSIONS/COMMENTS TIMING

- 4.1. The submission of the project implementation plan, and project charter shall be submitted to the College within 10 days after the commencement of the project for approval by the College Principal.
- 4.2. Other reports shall be submitted as per the agreed project implementation plan.
- 4.3. The College, shall within 15 days of receipt of deliverables, notify the service provider/consultant/lead consultant/team leader of the approval or not of the deliverable.

The College shall, within 30 days of receipt of the final report [whatever the final deliverable is], notify the service provider/consultant/lead consultant/team

leader of its decision concerning the final report [whatever the final deliverable is]. If the College does not give any comments on the final report [whatever the final deliverable is] within such time limit of 30 days, the final report [whatever the final deliverable is] shall be deemed to have been approved by the College if they do not expressly inform the service provider/consultant/lead consultant/team leader of any comments or delays. New timeframes will then be negotiated between the service provider/consultant/lead consultant/team leader and the College.