



SOUTH AFRICAN HERITAGE RESOURCES AGENCY

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TERMS OF REFERENCE

SAHRA/CEO/AUDIT/10/2024

THE SOUTH AFRICAN HERITAGE RESOURCES AGENCY (SAHRA)
INVITES SUITABLY QUALIFIED AND EXPERIENCED SERVICE
PROVIDERS TO PROVIDE CO-SOURCED INTERNAL AUDIT SERVICES
FOR A PERIOD OF THIRTY SIX (36) MONTHS.



TERMS OF REFERENCE

1. PURPOSE

- 1.1. The South African Heritage Resources Agency (SAHRA) hereby invites suitably qualified and experienced service providers to submit quotations for the provision of co-sourced Internal Audit Services for a period of thirty-six (36) months.

2. BACKGROUND

- 2.1. The South African Heritage Resources Agency (SAHRA) is a Schedule 3A Public Entity in terms of the Public Finance Management Act No 1 of 1999 as amended (the PFMA). SAHRA is a statutory entity established under the National Heritage Resources Act No 25 of 1999 (the NHRA) and is an agency of the Department of Sport, Arts and Culture (DSAC) and is the national administrative body responsible for the management and protection of South Africa's cultural heritage resources.
- 2.2. SAHRA is mandated to coordinate the identification and management of the national estate. The aims are to introduce an integrated system for the identification, assessment, and management of the heritage resources and to enable provincial and local authorities to adopt powers to protect and manage them.
- 2.3. In terms of Section 51(a) (ii) of the PFMA and the Treasury Regulation 27.2.2, the Accounting Authority must establish an Internal Audit Unit. To fulfil its legislative obligation, SAHRA has opted to co-source the Internal Audit function and is inviting suitably qualified service providers to submit detailed proposals for consideration. The co-sourced Internal Audit service provider is expected to provide an independent, objective assurance and consulting activity designed to add value and improve SAHRA's operations and control environment. It is also expected to assist SAHRA to accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 2.4. The bidders are requested to submit with their proposal a high level a description of their methodology that includes the audit processes used, and the systems used.



3. SCOPE AND SERVICES REQUIRED

3.1. The co-sourced Internal Audit function is to assist in determining whether SAHRA's risk management, control and governance process as designed by management, is adequate and functioning in a manner that ensures:

- 3.1.1. Risks are appropriately identified and managed.
- 3.1.2. Interaction with various governance groups occurs as needed.
- 3.1.3. Significant financial, managerial, and operating information is accurate, reliable, and timely.
- 3.1.4. Employees actions are following policies, procedures, applicable laws, and regulations.
- 3.1.5. Resources are acquired economically, used efficiently and adequately protected.
- 3.1.6. Programs, plans and objectives are achieved.
- 3.1.7. Quality and continuous improvement are fostered in the organizations control processes.
- 3.1.8. Significant legislative or regulatory issues impacting the entity are recognized and addressed properly.

3.2. The co-sourced service provider must have skilled resources with competencies in the following:

- 3.2.1. Ability to perform follow-up audits to effectively and verify implemented remediations to prior periods audit findings.
- 3.2.2. ICT Auditing (such as General Computer Controls, Information security reviews, pre- and post-implementation reviews, database, and network audits).
- 3.2.3. Complex Operational Audit Assignments.
- 3.2.4. High level review of the usefulness and reliability of Non – Financial Performance in preparation for external audit.
- 3.2.5. Quality review of Annual Financial Statements in terms of GRAP compliance with clear recommendations within a relatively short turnaround time.



- 3.2.6. Special / Ad-hoc investigations from management as well as in respect of the in-house fraud hotline
- 3.2.7. Review of risk management
- 3.3. Assist the in-house Internal Audit Unit with preparing a rolling three-year strategic internal audit plan using risk-based methodology.
- 3.4. Assist the in-house unit in developing a flexible annual internal audit plan based on risk-based methodology.
- 3.5. Present and execute the plans with allocation of resources per unit to the SAHRA's Audit and Risk Committee for approval.
- 3.6. Provide input into the quarterly progress reports to the SAHRA's Audit and Risk Committee detailing its performance against the plan, to allow effective monitoring and possible interventions.
- 3.7. Maintain professional audit staff with sufficient knowledge, skills experience, and professional certifications.
- 3.8. Add value to SAHRA's business processes through providing management with in-depth knowledge, strategic and critical thinking in their role as an advisor to achieve the organizations strategic objectives.
- 3.9. Assist the in-house Internal Audit unit with skills transfer and technical review of audit reports / queries. The bidder to communicate key insights and knowledge by way of sharing ideas and strategies with the SAHRA in-house team.
- 3.10. Internal audit reports and associated working papers shall become the property of SAHRA.
- 3.11. The bidder must make its best practice databases, checklists, tools, audit software accessible to the in-house internal audit unit.



- 3.12. The successful bidder will be required to comply with the International Standards for the Professional Practice of Internal Auditing (Standards), Code of Ethics, Practice Advisories and Practice guides issued by the Institute of Internal Auditors as well as King IV.
- 3.13. The successful bidder will have experienced employees with membership certifications with the following professional associations but not limited to, Certified Internal Auditor - Institute of Internal Auditors – (IIA), ISACA - Certified Information Systems Auditors (CISA), ISACA - Certified in the Governance of Enterprise IT (CGEIT), Certified Information Systems Security Professional (CISSP), Accountants - South African Institute of Chartered Accountants (SAICA), Association of Chartered Certified Accountants (ACCA); Independent Regulatory Board for Auditors (IRBA) South African Institute of Professional Accountants (SAIPA), Association of Certified Forensic Examiners (ACFE) and South African Institute of Government Auditors (SAIGA).

4. PROPOSAL REQUIREMENTS

Bids should contain the following information in their proposals:

- Company profile and approach, provide some context about your organization and the professional services provided including its size and locations that services are available, and methodologies used.
- Team Capacity – Engagement experience and competency of the team. List the team member's title, qualifications, memberships, years of experience (brief CVs) must be submitted. Proof of team members' qualifications and memberships.

Illustrative example

Employee	Job Title	Qualification /s	Membership /s	Areas of expertise	No. of years experience
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- Completed Annexure of Rates (refer Annexure A included with bid documents)



5. TERMS AND CONDITIONS OF BIDS

- 5.1 All costs and expenses incurred by the potential service providers relating to their project proposal will be borne by each respective service provider. SAHRA is not liable to pay such costs and expenses or to reimburse or compensate service providers in the process under any circumstances, including the rejection of any proposal or the cancellation of this project.
- 5.2 SAHRA reserves the right to request new or additional information regarding each bidder and any individual or other persons associated with its proposal.
- 5.3 SAHRA may require responsive bidders to present and discuss their proposals in person.
- 5.4 SAHRA reserves the right not to make any appointment from the proposals submitted.
- 5.5 Bidders shall not issue any press release or other public announcement pertaining to details of their project proposal without the prior written approval of SAHRA.
- 5.6 Bidders are required to declare any conflict of interest they may have in the transaction for which the bid is submitted or any potential conflict of interest. It is important that bidders declare their conflict of interest through completion of relevant attached forms.
- 5.7 SAHRA reserves the right not to consider further any bid where such a conflict of interest exists or where such potential conflict of interest may arise.
- 5.8 Any and all project proposals shall become the property of SAHRA and shall not be returned.
- 5.9 The bid offers and proposals should be valid and open for acceptance by SAHRA for a period of 120 days from the date of submission.
- 5.10 Bidders are advised that submission of a proposal gives rise to no contractual obligations on the part of SAHRA.
- 5.11 SAHRA reserves the right not to award the bid to the bidder that scores the highest points.





- 5.12 Disputes that may arise between SAHRA and a bidder must be settled by means of mutual consultation, mediation (with or without legal representation) or, when unsuccessful, in a South African court of law.
- 5.13 In addition to adherence to the specific terms and conditions of proposals, provided in this document, the bidder shall be bound by the provisions of the General Conditions of Contract attached hereto, an original signed copy of which must be submitted together with all other bid documentation.
- 5.14 All returnable bid documents must be completed in full and submitted together with the bidder's proposal. Should the returnable documents not be completed, the bid will not be considered any further.
- 5.15 The successful bidder will be subject to supplier clearance process as prescribed by the National Treasury. This process includes verification of supplier and its shareholders/directors/members' status on the list of defaulters and restricted suppliers.
- 5.16 The proposal must include a company profile/ organization profile, comprising a description of the organization of the bidder, its primary business activity, clients experience, management etc, including at least three references for companies, to whom the service provider has supplied the same service.
- 5.17 After the successful service provider has received the purchase order, they must be able to deliver in full compliance with South African approved standards and in compliance to the specifications provided.

6. RETURNABLE DOCUMENTS

- a) SBD 1 Invitation to Bid
- b) SBD 3.1 Pricing Schedule
- c) New SBD 4 Declaration of Interests form
- d) SBD 6.1 Preference points claim form (valid BBBEE certificate/ Sworn affidavit must be submitted together with this completed document.
- e) SBD 7 Contract Form (Rendering Services)



f) General Conditions of Contract

NB: Failure to submit original completed returnable forms as mentioned above will automatically disqualify your bid.

7. EVALUATION CRITERIA

7.1 All bid offers received shall be evaluated based on the following phase out approach:

- **Phase one:** Compliance to the terms of reference and conditions of the bid. Failure to meet any of the conditions of the bid will automatically disqualify your bid on this phase.
- **Phase two:** Functionality criteria (Obtaining the minimum threshold for functionality as set out below)

No	Criteria	Weight
1.	<p>Company profile and years as a professional services firm in internal audit services.</p> <p>The Company should have a good balance of professional qualifications and years' experience in the provision of internal audit services.</p> <p>Ratings to be allocated for the firms years experience:</p> <ul style="list-style-type: none"> ➤ 10 years' experience and above = 5 ➤ 7 to 9 years' experience = 4 ➤ 4 to 6 years' experience = 3 ➤ 2 to 3 years' experience = 2 ➤ 1 year experience and less = 1 <p>The company profile should include frameworks, tools and methodologies used. A list of clients and the nature of projects conducted with contactable details.</p>	50

No	Criteria	Weight
	<p>Company registration documentation will be inspected here.</p>	
2.	<p>Competency and Capacity of the team</p> <p>Proof of the team members' qualifications, memberships, years of experience (brief CVs) must be submitted for middle and senior management at a minimum. CVs of supporting team members may also be included to highlight certifications / qualifications in 3.13 above.</p> <p>Skilled resources of the bidder must be experienced and demonstrate skillsets in the types of reviews as mentioned in 3.2 above</p> <p>The team must have a collective number of years ratings to be allocated for the teams experience:</p> <ul style="list-style-type: none"> ➤ 20 years' experience and above = 5 ➤ 16 to 19 years' experience = 4 ➤ 11 to 15 years' experience = 3 ➤ 6 to 10 years' experience = 2 ➤ <5 year experience and less = 1 	25
3.	<p>Contactable References</p> <p>Provide contactable reference letters from clients (within the past 3 years) of projects successfully completed. The letter must include: company name, contact name, address, phone number, and duration of contract, value of the contract, a brief description of the services that you provided and the level of satisfaction.</p> <ul style="list-style-type: none"> ➤ 10 or more similar projects in internal audit services = 5 ➤ 7 - 9 similar projects in internal audit services = 4 ➤ 5 - 6 similar projects in internal audit services = 3 ➤ 3 - 4 similar projects in internal audit services = 2 	25

No	Criteria	Weight
	➤ 0 - 2 similar project in internal audit services = 1	
	Total	100

A bidder must obtain a minimum of 60 points on the prequalification phase to progress to the next phase. Failure to obtain 60 points will render your proposal non-responsive.

- **Phase three:** The applicable preference point system for this tender is the 80/20 preference point system. Preference points on specific goals as follows.

Preference Point System	Points
Price	80
Specific Goals	20
Black owned company	8
Women	4
Youth	5
Disability	3
Total points for Price and SPECIFIC GOALS	100

8. PRICE (VAT INCLUDED)

80 Points for price will be awarded with reference to the total fixed bid amount inclusive of VAT. The service provider with the lowest price shall score the maximum 80 points.



9. SUBMISSION OF BIDS

Project bids must be submitted in a sealed envelope, marked as confidential and for the attention of **Supply Chain Management - Bid No: SAHRA/CEO/AUDIT/10/2024**

Bids must be deposited in the Tender Box located in Cape Town:

South African Heritage Resources Agency
111 Harrington Street
Cape Town
8000

It remains the onus of the service provider to ensure that their Tender Offer reaches the SAHRA office no later than the closing date and time.

10. CLOSING DATE AND TIME: 15 November 2024 at 11:00

NO LATE TENDERS WILL BE ACCEPTED

11. For Supply Chain Management and Technical information, please contact in writing:

Supply Chain Management

Ms. Yonela Somtsewu
SCM Manager
The South African Heritage Resources Agency
111 Harrington Street
Cape Town
8000
Tel: 021 462 4502 / 021 202 8664
Email: ysomtsewu@sahra.org.za





Technical Enquires

Ms. Lee-Anne Henry
Internal Audit Manager
The South African Heritage Resources Agency
111 Harrington Street
Cape Town
8000
Tel: 021 462 4502/ 021 202 8675
Email: lhenny@sahra.org.za



Annexure A
Provision of a co-sourced Internal Audit Unit for a period of 36 months
Annexure A - Pricing Schedule

Rates:

It is understood that internal audits are based on hourly rates and that budgets are compiled once the appointed auditor has assessed the likely extent of the work. Financial proposals will be compared based on hourly rates. Firms are required to submit a table of hourly rates as required in the table below. Rates should be inclusive of overheads and VAT. If a particular category does not exist in the firm it can be omitted.

No	Item (where applicable)	Year 1 Rate (R)	Year 2 Rate (R)	Year 3 Rate (R)	Total Rate (R)
1	Engagement Partner / Partner				
2	Senior Manager				
3	Manager				
4	Senior Auditor				
5	Trainee Auditor / Junior Auditor				
6	Specialists (E.g.IT, Technical, Forensic services, Quality Assurance, Risk Management etc.)				
	Annual Escalation				
	*Total Average				

***Method of calculation**

Average of total hourly rates for all items.
Please refer to the annexure B attached for calculations.

It is recognized that it is difficult for a prospective bidder to be firm about the extent of the work solely on the terms of reference. However, to assist with assessments a firm must provide a typical distribution of time for members of the audit team on a job of this nature. This to be expressed in percentages of the total person-hours billed on a typical job. (See table below.)

This will only be indicative and will not be binding on the firm.

No	Item (where applicable)	Typical percentage of total hours on project
1	Engagement Partner / Partner	%
2	Senior Manager	%
3	Manager	%
4	Senior Auditor	%
5	Trainee Auditor / Junior Auditor	%
6	Specialists (E.g.IT, Technical, Forensic services, Quality Assurance etc.)	%
	TOTAL	100 %

Estimated man-days for one year service

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Annexure B

Method of calculation example:

		Company A			
No	Item (where applicable)	Year 1 Rate (R)	Year 2 Rate (R)	Year 3 Rate (R)	Total Rates (R)
1	Engagement Partner	1 500,00	1 545,00	1 591,35	4 636,35
2	Partner	1 500,00	1 545,00	1 591,35	4 636,35
3	Senior Manager	1 200,00	1 236,00	1 273,08	3 709,08
4	Manager	800,00	824,00	848,72	2 472,72
5	Assistant Manager	200,00	206,00	212,18	618,18
6	Supervisor	2 000,00	2 060,00	2 121,80	6 181,80
7	Senior Auditor	300,00	309,00	318,27	927,27
8	Trainee Auditor	200,00	206,00	212,18	618,18
9	Specialists (E.g. IT, Technical, Risk)	-	1 995,00	2 054,85	4 049,85

Annual escalation rate (e.g 3% p.a)

Average Rate

	3%	3%	
855,56	1 102,89	1 135,98	3 094,42

Annual escalation of fees

Estimated man-days for one year service