



THE NATIONAL CREDIT REGULATOR

**REQUEST FOR PROPOSAL
(Invitation to Bid)**

Provision of internal Audit services

January 2010

BID NUMBER: NCR 047/01/10

Table of Contents:

- 1 General Information to bidders.
 - 1.1 General Terms
 - 1.2 The Proposed Format.
 - 1.3 Submission of proposals
 - 1.4 Timetable
 - 1.5 Documentation to be submitted
 - 1.6 Evaluation criteria
 - 1.7 Conflict of interest.
 - 1.8 Confidentiality agreement
 - 1.9 Contact details.
 - 1.10 Disclaimer.
2. Terms of reference.
 - 2.1 Background.
 - 2.2 Scope of assignment
- 3 Contents of the proposal.
- 4 Deliverables.
- 5 Scoring submissions.
- 6 Timing
- 7 Information and submission of proposals.

1. General Information for Bidders

The National Credit Regulator (NCR) was established in terms of section 12(1) of the National Credit Act, Act 34 of 2005 and came into being on 1 June 2006. Now in its fifth year of operations, the NCR seeks to appoint a service provider who will provide an internal audit services.

The NCR will determine which bidding organisation (“bid participant”), if any, is appointed in response to this request for submission of proposals for the business process review. All decisions in this regard will be absolute and final.

1.1 General Terms

This tender is issued in terms of the Public Finance Management Act 1 of 1999 (PFMA), the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA), the Preferential Procurement Regulations, 2001 (PPR), and Supply Chain Management Regulations issued by the National Treasury.

Parties that wish to submit proposals are required to indicate that they are willing to accept the General Conditions and Procedures of the NCR (see Section 1.5 below and Annexure B.1). Please read this document carefully prior to submitting your proposal.

1.2 The Proposal Format

- **Economy of proposal preparation**

The proposal should be prepared simply and economically, providing a straightforward and concise description of the bid participant’s ability to meet the requirements of the proposal request.

Clear factual responses are required. The content of the proposals shall determine the merit of each participant, not brochures or other marketing material. To facilitate the review of proposals, participants are required to organize their responses according to the format presented below. Should a participant wish to provide additional information, that

information should be referred to and provided in a file of annexures.

- **Validity of proposals**

The proposals must include a statement as to the period for which the proposal remains valid. The proposal must be valid for at least ninety (90) days from the due date for the submission of all bids.

- **Number of proposals**

Each bid participant must provide four (4) hard copies of their entire proposal, including all the documentation referred to in 1.5 below, in the format specified in that section. All submitted proposals will become the property of the NCR, and will not be returned. Receipt of all proposals will be recorded in a register at the point of receipt. One copy of the proposal must be signed and dated in black ink by the bidder or authorized representative of the bidder and initialed on each page.

1.3 Submission of proposals

1.3.1 Proposals must reach the offices of the NCR before **11:00 on Friday, 19 February 2010**, and must be enclosed in a sealed envelope which must have clearly inscribed on the outside:

(a) **RFP No: NCR 047/01/10**

(b) **Internal Audit services**

(c) **Closing date: 11h00, Friday 19 February 2010**

1.3.2 Proposals are to be submitted in the marked tender box, in the reception area, National Credit Regulator, 127-15th Road, Randjespark, Halfway House, Midrand. The tender box will **only** be available for the depositing of proposals between 08h00 and 16h30 on weekdays (excluding public holidays).

1.3.3 Please note that this RFP closes punctually at 11h00 on Friday 19 February 2010. No late submissions will be considered under any circumstances.

1.3.4 **All** the documentation referred to in Section 1.5 below must be submitted. Failure to submit all the documentation referred to in

this section may result in a submission being discarded, and not considered for evaluation.

- 1.3.5 If responses are not delivered as stipulated in this Section 1.3, such responses will be considered “late”, and will not be considered for evaluation.
- 1.3.6 The NCR shall not disclose any details pertaining to the responses received, to any other participant, as this is regarded as confidential information.
- 1.3.7 Envelopes must not contain documents relating to any RFP other than the business process review RFP.
- 1.3.8 The responses to the RFP will be opened as soon as is practical after the expiry of the time advertised for receiving them.
- 1.3.9 Only the participants that are short-listed after the evaluation process will be informed of the results of the submission adjudication process.
- 1.3.10 After the evaluation process is completed, the Evaluation Committee **may**, prior to making a final selection, draw up a shortlist of participants and require them to make a detailed presentation to the Adjudication Committee. A minimum of 2 days’ notice will be given to relevant participants in advance of the presentation date.

1.4 Timetable

Dates and Times	Events
Friday, 29 January 2010	Issue of tender
Friday, 19 September 2010	Deadline for submission of all proposals, to be delivered in accordance with this document
Monday 22 February 2010	Bid Opening and Evaluation
Monday March 1 2010	Presentation by short listed participants to the Adjudication Committee

The National Credit Regulator reserves the right to determine the structure of the process, the right to determine the number of short-listed participants, the right to withdraw from the proposal process, and the right to change this timetable at any time without notice.

1.5 Documentation to be submitted

Please Note

All of the documentation described below must be submitted, with no omissions whatsoever. Where a particular form or format of documentation is stipulated, this is the **only** form or format in which these documents must be submitted. Failure to adhere to these requirements may result in the rejection of the entire submission.

All of the documentation referred to below (in Parts One – Seven) must be submitted. For ease of reference and to facilitate the evaluation process, you are requested to clearly mark each part of the submitted documentation as it is referred to below.

Part One – Proposal drafted in response to Terms of Reference

Section 2 of this document below, contains the terms of reference (TOR) for the internal audit function tender. Bid participants are required to draft a proposal that will clearly indicate to the Evaluation Committee how they will fulfill the requirements as set out in the TOR.

Bid participants should include the following information when drafting their proposals:

- (i) Proposals should make clear the relevant skills, experience and capacity of the participant, in respect of this particular TOR. This is an important evaluation criterion. Bid participants should ensure that their proposals focus on how they will address the requirements of this TOR, rather than on achievements.

- (ii) Proposals must contain the details of the proposed approach to be adopted in order to deliver the service in accordance with the TOR.
- (iii) Proposals should clearly indicate whether or not bid participants have the internal capacity to meet the requirements of the TOR.

Part Two – Pricing Proposal

Please see Annexure A – SBD 3.1 (Pricing Schedule – Firm Prices). **DO NOT RETYPE THESE FORMS.** They must be completed on the original and signed, all in black ink. **Bidders are required to indicate the total price for each year** Forms with photocopies and/or other reproductions of signatures may be rejected. Additional information may be added on a separate page if necessary.

The total price that the participant will charge to deliver services in accordance with the TOR must be clearly indicated. The pricing proposal should contain sufficient information to allow the Evaluation Committee to estimate the cost of the service, to a high degree of accuracy.

All prices provided must be inclusive of Value-Added Tax (VAT).

Please note that the prices contained in the pricing proposal are the only charges that may be levied if the participant's proposal is successful, unless explicitly agreed to in writing by the National Credit Regulator, and in terms of the General Conditions of Contract.

Part Three – General Conditions and Procedures of the NCR

See Annexure B. Bid participants must indicate clearly that they have read this document, and have no objections to being bound by its contents. Where any provisions of the General Conditions and Procedures conflict with this General Information for Bidders and/or Terms of Reference, the latter will take precedence over the General Conditions of Contract.

Part Four – Contract Form: Rendering of Services

See Annexure C. This will only be completed by the successful bidder once a selection has been made by NCR. Participants do not, therefore, need to complete this form at the bidding stage but their proposals must clearly indicate that they have read this

form, and have no objections to signing it as is, if selected as the successful participant.

Part Five – Tax Clearance Certificate

See Annexure D. Please complete form SBD 2. **DO NOT RETYPE THESE FORMS.** They must be completed on the original and signed, all in black ink. Failure to submit a valid, original tax clearance certificate issued by SARS will result in a proposal being rejected. Please note that the Tax Clearance Certificate submitted must be valid for at least one month after the closing date of the tender.

Part Six – Preference Points Claim Form

See Annexure E – form SBD 6.1. Bid participants must complete Sections 8 and 9 in full. **DO NOT RETYPE THESE FORMS.** They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected.

Part Seven – Declaration of Interest

See Annexure F – form SBD 4. **DO NOT RETYPE THESE FORMS.** They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected.

Part Eight – Declaration of past Supply Chain Management Practices

See Annexure G – form SBD 8. **DO NOT RETYPE THESE FORMS.** They must be completed on the original and signed, all in black ink. Forms with photocopies and/or other reproductions of signatures may be rejected.

Part Nine – Non-Disclosure Agreement

See Annexure H – Non-Disclosure Agreement. Participants must indicate clearly that they have read this agreement, and have no objections to signing it, as is.

1.6 Evaluation Criteria

Proposals will be evaluated on the 90/10 preference points scoring system: that is, 90% of the points awarded will be based on functionality and price, as indicated in the table below; and

10% of the points awarded will be preference points, allocated as indicated in the table below.

Preference Points		Price, Functionality	
HDI	7 points	Functionality	70% of 90 points
Women	2 points	Price	30% of 90 points
Disabled	1 point		
Total maximum	10 points	Total maximum	90 points

Each bid proposal will thus be awarded a score out of 100 by the Evaluation Committee, based on the table above.

“Functionality” will be assessed on the quality of the submitted proposal, including-

- Approach to be followed for the assignment;
- Expertise and experience

These points will, therefore, be allocated on the assessed ability of the participant to deliver the services described in the TOR. Price points will be allocated as detailed in SBD 3.1. – Annexure A. Anyone who scores less than 31.5 points for functionality will be disqualified.

1.7 Conflict of interest

Service providers are required to provide services that are professional, objective and impartial. Service providers must ensure that there is no conflict of interest between existing assignments, obligations and responsibilities to other clients and the services set out in the TOR. In the event of any uncertainty in this regard, full disclosure in the submitted proposal should be considered. Non-disclosure of a conflict of interest may be grounds for termination of any contract.

1.8 Confidentiality agreement

The successful service provider may have access to confidential data or information. The appointment of a successful bidder is subject to that bidder agreeing to the contents of, and signing, the NCR’s standard Non-Disclosure Agreement.

1.9 Contact details

This no-contact policy does not apply to any information deemed to be in the public domain, or which is readily available from organs of State, which are repositories of such information.

All communications and enquiries/requests for clarification relating to this proposal should be directed to the contact person:

Mr Elliot Chonco
National Credit Regulator

Tel: 011-554 2646

1.10 Disclaimer

The issue of this internal audit function tender (NCR 047/01/10) is subject to the disclaimer set out below:

- The National Credit Regulator and its Board of Directors reserve the right to withdraw this tender at any time, without prior notice and without liability to compensate and/or reimburse any party.

2.0 TERMS OF REFERENCE

2.1 Background

The National Credit Regulator (NCR) was established in terms of the National Credit Act, Act 34 of 2005. Sections 12 to 25 of that Act describe the main functions and responsibilities of the NCR. These include, *inter alia*, market supervision, registration, development of accessible credit markets and enforcement of various provisions of the National Credit Act.

The NCR currently employs 82 people, with plans to increase this number to more than 100 over the next 18 months.

The NCR accounting authority is required in terms of section 51 (a) (i) and (ii) of the PFMA to have and maintain effective, efficient and transparent systems of financial and risk management and internal control, and have and maintain a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of section 76 of the PFMA. The NCR intends to implement a **co-sourced internal audit function** and is seeking to appoint external consultants to advise and assist in establishing such a model.

The intention is to appoint a permanent employee within the NCR and a service provider for a 36-month period, but subject to a one-month notice clause. The contract may be extended, after assessment of performance, and at the sole discretion of the NCR.

2.2. Services Required

An internal audit function is required to provide independent, objective assurance and consulting services to the NCR.

The services that are required from internal audit include the following:

1. The establishment of robust, effective and efficient systems of financial control to minimise the likelihood of financial loss and/or fraud. The monitoring and maintenance of these

- systems to ensure that they remain responsive to changing business requirements and circumstances.
2. The establishment of robust, effective and efficient systems of asset management, and the maintenance of these systems.
 3. The establishment and maintenance of an IT risk management strategy.
 4. The establishment and maintenance of internal controls to ensure that the NCR complies with all the requirements of the PFMA and associated legislation (including any relevant Treasury Regulations), and the principles of good corporate governance.
 5. Interaction with other providers of assurance to ensure proper coverage and avoid duplication of effort.
 6. Conduct reviews of the operational departments of the NCR to ensure that they comply with current legislation and policies and procedures.
 7. Assessment of overall operations and recommendations as to how processes can be re-engineered to ensure that the NCR becomes more efficient and effective.

The internal audit function should add value and improve the NCR's operations. It should make a clear contribution towards the organization accomplishing its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control, and governance processes.

2.3 Delivery of Services

The successful bid participant will be required, as a first step, to produce a governance and operational report, for approval by the Audit and Risk Management Committee, detailing the modus operandi of the co-sourced model. This report will be required to take note of current NCR operations, as well as the operations proposed in its corporate and/or strategic plan, and its risk management approach. The successful bid participant will then be required to structure a rolling three-year strategic internal audit plan. A detailed internal audit plan must be drawn up for each twelve-month period, before the start of that period. Each twelve-month strategic plan should have clearly defined monthly targets.

Each component and target of the plan should be clearly prioritised, in terms of the impact on the organisation. The successful participant will also be required to indicate the effort

required to deliver each component of the strategic internal audit plan.

The internal audit services will be delivered at the offices of the NCR, located in Midrand, Johannesburg.

2.4 Methodology

Bid participants should indicate the details of their approach to the identifications and assessment of internal audit requirements, including the key stages of the process and details of the team members who will be assigned to the assessment work.

Bid participants should also indicate their approach to audit fieldwork.

2.5 Reporting

The successful bid participant will be required to report at least monthly, in writing and in person, to the Chief Operations Officer on progress made in achieving the targets established in the strategic internal audit plan, general risk management issues and other relevant matters as required.

The successful bid participant will also be required to report to the Audit and Risk Management Committee, in a format to be stipulated by that committee, no fewer than four times a year.

The NCR may require additional reasonable reporting requirements and the successful bid participant will be required to comply with these.

2.6 Contents of Proposal

Submissions must include, but are not limited to, a proposal addressing the establishment, governance, roles, responsibilities and functioning of the co-sourced internal audit function and how the bid participant will assist and advise in establishing such a model. At a minimum, the following must be addressed:

- **Maintenance and monitoring of the Risk Register including assessment of and compliance with mechanisms to mitigate identified risks;**

- Adequacy and completeness of work performed by the NCR appointed internal auditor;
- Review of audit programmes and work performed by the NCR appointed internal auditor;
- Responsibility for critical aspects such as the Finance Department and PFMA compliance;
- Reactive audits into areas where potential procedural or policy weaknesses have emerged.

2.7 Timing

Proposals to undertake this work should be received by Friday the 19 February 2010.

2.8 Information and submission of proposals

Further information can be requested from Elliot Chonco at echonco@ncr.org.za.

Proposals must be addressed to Elliot Chonco and delivered by hand to 127, 15th Road, Randjiespark, Midrand. All proposals must be received by 11am on 19 February 2010.