

THE NATIONAL CREDIT REGULATOR

JULY 2021

**TERMS OF REFERENCE (TOR)
APPOINT AN AUDIT FIRM TO
CONDUCT AN AUDIT INTO THE
EDGARS STORE**

RFP NUMBER: NCR773.07.2021

**DUE DATE: 10 AUGUST 2021 AT 11H00
CAT
HAND DELIVERY TO NCR OFFICES**

NB: PREFERENCE WILL BE GIVEN TO WOMEN OWNED COMPANIES

SECTION 1

GENERAL TERMS OF CONDITIONS

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.

The NCR will determine which bidding organisation (“bid participant”), if any, is appointed in response to this request for submission as stipulated in section 2 of this document.

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, 2017 (PPR), Supply Chain Management Regulations issued by the National Treasury and BBBEE Act.

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 4 below and Annexure B.1). Please read this document carefully prior to submitting your proposal.

1.2. The Proposal Format

1.2.1. 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 organise their responses according to the format presented below. Should a participant wish to provide additional information, that information should be referred to, and provided for, in a file of Annexures.

1.2.2. 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. Refer to the quarters in the terms of reference (TOR).

1.2.3. Number of proposals

Each bid participant must provide **three (3) hard copies and 1 CD/Stick** of their entire proposal,

including all the documentation referred to in 4 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 initialled on each page.

2. Submission of proposals

2.1. Proposals must reach the offices of the NCR before **11:00 on 10 AUGUST 2021, @11H00am** and must be enclosed in a sealed envelope which must be clearly labelled/addressed on the outside:

(a) RFP No: NCR 773.07.2021

(b) TERMS OF REFERENCE (TOR) TO APPOINT AN AUDIT FIRM TO CONDUCT AN AUDIT INTO THE EDGARS STORE

(c) CLOSING DATE: 10 AUGUST 2021 AT 11H00 SHARP

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

2.3. Please note that this RFP closes punctually at 11h00 on **10 AUGUST 2021**. No late submissions will be considered under any circumstances.

2.4. All the documentation referred to in Section 4 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.

2.5. If responses are not delivered as stipulated in this Section 2.1, such responses will be considered “late”, and will not be considered for evaluation.

2.6. The NCR shall not disclose any details pertaining to the responses received, to any other participant, as this is regarded as confidential information.

2.7. Envelopes must not contain documents relating to any RFP other than the one referred to in this RFP.

2.8. The responses to the RFP will be opened as soon as is practical after the expiry of the time advertised for receiving them.

2.9. Only the participants that are short-listed after the evaluation process will be informed of the results of the submission adjudication process.

2.10. 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.

3. Timetable

Date	Activity
19/07/2021	Advertisement of the RFP
10/08/2021	Closing date @ 11h00
09/08/2021	Preliminary evaluation
11/08/2021	Evaluations by the Evaluation Committee
20/08/2021	Adjudication Committee meeting
30/08/2021	Appointment

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.

4. 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 – Twelve) must be acknowledged and 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.

4.1. Table of content

Introductory letter by the bidder with authorized contact person and details for this specific tender

4.2. SBD 1 – should be the completed and inserted after the introductory letter

One – Proposal drafted in response to Terms of Reference

Section 2 of this document below, contains the terms of reference (TOR) for the above mentioned

tender. Bid participants are required to draft a proposal that will clearly indicate to the Evaluation Committee how they will fulfil the requirements as set out in the TOR.

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

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

4.3. Two – Pricing Proposal- SEPERATE ENVELOPE

SBD 3.3 Pricing Schedule together with signed off detailed pricing on the company's letter head. 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. 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.

Please note that a financial proposal must be submitted in a separate sealed envelope together with your submission. The financial Proposal will be opened once all technical proposals have been evaluated. This appointment will be made in line with QBS. 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, no additional cost will be accepted after the bidding documents have been submitted and the tender closing date has expired. Any cost for additional parts and peripherals needed for the successful implementation of the project shall remain and form part of the bidding price.

4.4. Three – General Conditions and Procedures of the NCR

Annexure B and B1 - General Conditions and Procedures of the NCR. Bid participants must indicate clearly that they have read this document, and have no objections to being bound by its contents. In cases 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.

4.5. Four – Contract Form: Rendering of Services

Annexure C - Contract Form: Rendering of Services. 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.

4.6. Five – Tax status

Annexure D - Please attach CSD showing Tax status

A CSD print out must also be attached.

4.7. Six – Preference Points Claim Form

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. *## Please note that a **BBEE certificate/ sworn affidavit** must also be attached to the bid documents. None submission will result in zero scoring in this competitive bidding process*

4.8. Seven – Declaration of Interest

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.

4.9. Eight – Declaration of past Supply Chain Management Practices

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.

4.10. Nine – Non-Disclosure Agreement

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

4.11. Ten – Certificate of Independent Bid Determination

Annexure I – Certificate of Independent Bid Determination Participants. 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.

4.12. Eleven – SLA draft version for supplier review

Annexure K – SLA draft version for supplier review. The participants must indicate clearly that they have read this agreement, and have no objections to signing it, as is. If not objections should be outlined separately in a letter. NB: all the SBD documents can be downloaded from our website - <https://www.ncr.org.za/tenders-download/current-tenders>

5. Evaluation Criteria

Proposals will be evaluated on the 80/20 preference points scoring system: that is, 80% of the points awarded will be based on price, as indicated in the table below; and 20% of the points awarded will be based on B-BBEE codes system, allocated as indicated in the table below:

B-BBEE status level of contributor	Number of points	Price
Total maximum points	20	80

Functionality will be evaluated in terms of Section 2 point 10

6. 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.

7. 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.

8. 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 procurement@ncr.org.za.

SECTION 2

TERMS OF REFERENCE APPOINTMENT OF AN AUDIT FIRM TO CONDUCT AN AUDIT INTO THE EDGARS STORE

1. Background

- 1.1. It has been reported recently that consumers are facing numerous problems with their credit accounts at Edgars stores. Recent media articles and a national television programme has reported on these problems. In particular, problems that consumers are unable to close their Edgars store accounts, and store accounts that have been paid-up suddenly have outstanding balances.
- 1.2. It appears from this media information that RCS is the credit provider for Edgars store accounts and is involved in these problems.
- 1.3. The NCR seeks to appoint an audit firm to conduct an audit into the Edgars store accounts in order to identify these problems and their extent with a view of addressing them as well as giving appropriate redress to the affected consumers.

2. Audit objective

The objective of the audit is to establish, identify and report on the following in respect of the Edgars and RCS store accounts portfolio –

- (a) Incidences of store accounts which consumers have struggled to close after paying off the outstanding balances on such accounts;
- (b) Incidences of store accounts which were closed after consumers paid off their outstanding balances, but which subsequently have outstanding balances without the consumers having reactivated those accounts;
- (c) The reasons for the identified incidences in (a) and (b) above;
- (d) The systems, measures, procedures and protocols put in place by Edgars and RCS to close and re-open consumers' store accounts;
- (e) The impact of the incidences in (a) and (b) on the credit bureaux records of consumers;
- (f) The migration of the consumers' store accounts and their database from the Edcon Group to the new owner and/or RCS;

- (g) The keeping and maintenance of records of the consumers' store accounts by the new owner and/or RCS and
- (h) Report on any non-compliance with the National Credit Act 34 of 2005 in respect of the above.

3. Scope of the audit

The auditor is required to –

- (a) Review the current measures, systems, protocols, procedures put in place by Edgars and RCS to close and re-open consumers' store accounts;
- (b) Establish and identify across Edgars and RCS store account portfolio –
 - (i) The incidences of store accounts which consumers have struggled to close after paying off the outstanding balances on such accounts;
 - (ii) The incidences of store accounts that were closed after being paid off, but subsequently have outstanding balances on them; and
 - (iii) The reasons for the incidences in (i) and (ii) above;
- (c) Interview and obtain statements from consumers mentioned in the media articles and television programme about these problems with their Edgars and RCS store accounts;
- (d) Obtain responses from Edgars and RCS based on the consumers' interviews and statements;
- (e) Review the statuses of the credit bureaux records of consumers whose store accounts were affected by the incidences in (b) above;
- (f) Review the migration of the consumers' store accounts and their database from the Edcon Group to the new owner and/or RCS;
- (g) Review the keeping and maintenance of consumers' store accounts by the new owner and/or RCS and
- (h) Report on non-compliance with the National Credit Act 34 of 2005 in respect of the above.

4. Methodology

The approach should include, but not limited to the following –

- (a) Holding pre-engagement meeting with the NCR;
- (b) Arrange meetings with Edgars and RCS;
- (c) Obtain a sample of closed accounts for review and examination;
- (d) Examination and review policies, systems, procedures and protocols of Edgars and RCS regarding the closing and re-opening of store accounts;
- (e) Interviews with consumers mentioned in the media articles and television programme;
- (f) Examination and review of a sample of store accounts closed and re-opened;

5. Deliverables

The auditors must submit an audit report to the NCR. A meeting should be arranged with the NCR to present the audit report.

6. Legislative and Regulatory Framework

6.1. All NCR bids and all contracts emanating there from will be subject to General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) as well as the Preferential Procurement Policy Framework Act 2000 (PPPFA) with its latest 2017 Regulations. The Special Conditions of Contract (SCC) are supplementary to that of General Conditions of Contract. However, where the Special Conditions of Contract are in conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.

6.2 This bid and/or contract is subject to all applicable industry related legislation, particularly the legislation stated below. Contravention of any provision of the below mentioned legislation as well as the following legislation may result in disqualification of this bid or termination of Contract in the event that the contravention occurs after the contract award: -

- i. Broad -Based Black Economic Empowerment Act 53 of 2003;
- ii. Sector Codes of Good Practice;
- iii. Preferential Procurement Policy Framework Act, (No.5 of 2000);
- iv. Broad-Based Black Economic Empowerment Amendment Act, (No.46 of 2013);
- v. Broad-Based Black Economic Empowerment Regulations 2016.

6.3 The NCR's objective is to appoint strictly South African service providers, companies or entities as well as to promote and advance the employment of South African citizens.

6.4 The NCR's objective is to promote transformation in the economy through the procurement of goods and services from companies and businesses owned by women.

7. Functionality evaluation criteria

CRITERIA	DESCRIPTION	WEIGHT (%)
<p>1. <u>UNDERSTANDING OF THE NCR REQUIREMENTS:</u> Bidders must indicate their understanding of the NCR scope of work/mandate.</p>	<ul style="list-style-type: none"> • General understanding on mandate (i.e. consumer protection, compliance monitoring) • Bidder to give a general overview of his/her understanding of our mandate -4 • Partial understanding-3 • No understanding-1 	10%
<p>2. <u>RELEVANT SKILLS AND EXPERTISE:</u> Bidders must quantify how often they have conducted work of this nature. The ability of the bidder to fulfill the NCR's requirements. Please specify, but not limited to, the following:</p> <p>2.1. List of five (5) clients for whom audit services were rendered in the last three (3) years;</p> <p>2.2. The nature of work performed.</p>	<ul style="list-style-type: none"> • More than 5 clients in last 3 years with reference letters =5 • 5 clients in last 3 years with reference letters =4 • Less than 4 clients in the last 3 years with reference letter = 3 • Less than 4 clients in the last 3 years with reference letter = 2 • No references provided =1 	10%

<p>3. <u>INTERNAL CAPACITY:</u></p> <p>Availability of the audit firm and its proposed team members to start work within 5 days of receiving a purchase order / award letter.</p>	<ul style="list-style-type: none"> • Available within 3 days =5 • Available in 5 days =4 • Available in 6-9 days =3 • Available in 10 days = 2 	<p>10%</p>
<p>4. <u>YEARS EXPERIENCE</u></p> <p>The Bidder must have at least 8 years' experience in auditing and experience in conducting auditing services in respect of the National Credit Act and its regulations or related services.</p>	<ul style="list-style-type: none"> • More than 8 years' experience with National Credit Act exposure= 5 • 8 years' experience with no exposure to the National Credit Act=-4 • 5-7 years' experience =-3 • 5 years' experience =2 	<p>20%</p>
<p>5. <u>REGISTRATION</u></p> <p>The firm must be registered in accordance with the Independent Regulatory Board for Auditors under the Auditing Profession Act, 26 of 2005; proof of registration must be provided.</p>	<ul style="list-style-type: none"> • Registered and proof annexed= 5 • No supporting documentation provided=1 	<p>10%</p>
<p>6. <u>CORE SERVICE TEAM</u></p> <p>6.1. Team leaders are required to have at least 6 years' experience;</p> <p>6.2. Senior professional staff are required to have at least 4 years' experience;</p> <p>6.3. Junior professional staff are required to have at least 2years experience;</p> <p>6.4. Attach a two page curriculum vitae of each person on the team</p>	<ul style="list-style-type: none"> • Team leaders and juniors have more than relevant experience, as per the requirements of 6.1 to 6.3 =5 • Team leaders and juniors have relevant experience, as per the requirements of 6.1 to 6.3 = 4 • Team leaders and juniors have less relevant experience, as per the requirements of 6.1 to 6.3 = 4 • Only team leaders pose relevant experience-2 • Only junior staff pose relevant experience-1 	<p>20%</p>

<p>7. Technical Approach and Execution Plan</p> <p>7.1. Proposals must contain the details of the proposed approach to be adopted in order to deliver the service in accordance with the TOR.</p> <p>7.2. Audit firm must submit proposal which indicate the execution/project plan addressing each task that is included in the TOR in order to complete the audit with 2 months from the commencement date.</p>	<ul style="list-style-type: none"> • Detailed Project plan which indicate the approach and the completion of the audit in less than 2 months = 5 • Detailed Project plan which indicate the approach and the completion of the audit in 2 months =-4 • Detailed Project plan which indicate the approach and the completion of the audit in more than 2 months =3 • Detailed Project plan which indicate the approach and the completion of the audit in more than 3 months =2 • Detailed Project plan which indicate the approach and the completion of the audit in more than 4 months =3 	<p>20%</p>
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The bids will be evaluated on a scale of 1 – 5. Each panel member will rate individual criterion on the score sheet using the following scale for the relevant phases:

Value	Description
5 – Excellent	Exceed the requirements
4 – Very Good	Meet the requirements
3 – Average	Partially met the requirements
2 – Poor	Did not meet the requirements
1 – Very Poor	Poor

Bidders are required to score a minimum of 70% points on functionality to qualify to be evaluated in the next level (BBEE and price). Bidders who do not score the minimum of 70% points on functionality will be disqualified.

8. Additional documents and information to be submitted

- Brief company profile, as relevant to the above mentioned terms of reference.
- Experience in the relevant areas.
- Clientele.
- Work plan, showing tasks, timelines etc.
- Should the bidder make use of subcontractors on any part of the bid, full details of the subcontractor and the extent of the work undertaken by the subcontractor must be provided (BBBEE, CSD registration number, address, technical capacity and years of experience).
- Contact details of at least three references from among recent clients with whom similar work has been conducted in the past 36 months.
 - Financial proposal.

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