



THE NATIONAL CREDIT REGULATOR

JULY 2016

**TERMS OF REFERENCE-
AFRICAN BANK BAD BOOK AUDIT**

RFP NUMBER: NCR371/07/2016

**CLOSING DATE: 10 AUGUST 2016 AT
11H00**

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 of an **RFP for the service as outlined 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, 2001 (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 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 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 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. Refer to the quarters in the terms of reference (TOR).

- **Number of proposals**

Each bid participant must provide three **(3) hard copies and a cd/ memory stick** 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 **10 August 2016** and must be enclosed in a sealed envelope which must have clearly inscribed on the outside:

(a) RFP No: NCR371/07/2016

(b) TERMS OF REFERENCE – AFRICAN BANK BAD BOOK AUDIT ON BEHALF ON NCR.

(c) COMPULSORY BRIEFING SESSION: 20 JULY 2016 AT 14H00

(d) CLOSING DATE: 11H00, 10 AUGUST 2016 at 11h00

1.3.2 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).

1.3.3 Please note that this RFP closes punctually at 11h00 on **10 August 2016**. 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 one referred to in this RFP no. **NCR371/07/2016**.
- 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.

1.4 Timetable

Date	Activity
15/07/2016	Issue RFQ document
20/07/2016	Compulsory briefing session at 14h00
10/08/2016	Closing date @ 11h00
12/08/2016	Evaluations of the bids
17/08/2016	Presentation by shortlisted bidders
23/08/2016	Appointment of the supplier

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 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 – Ten) 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 above mentioned 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.

Part Two – Pricing Proposal

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 sealed envelope together with your submission. Bidders pricing proposal must be linked to the attached pricing schedule provided by the NCR. **All prices provided must be inclusive of Value-Added Tax (VAT).**

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.

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.

Part Ten—Certificate of Independent Bid Determination

See 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.

Please note that a certified BBBEE certificate must also be attached to the bid documents. None submission will result in zero scoring in this competitive bidding process.

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 price, as indicated in the table below; and 10 of the points awarded will be based on B-BBEE codes system, allocated as indicated in the table below. Price points will be allocated as detailed in the NCR pricing schedule.

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

The 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

1.10 Vetting services

The preferred service provider will be required to go through the vetting process by state security agency. The appointment is subject to the outcome of the vetting process.

**TERMS OF REFERENCE FOR THE
APPOINTMENT OF A SERVICE PROVIDER TO
AUDIT AFRICAN BANK'S
"BAD LOAN BOOK"**

1. Introduction

The Portfolio Committee on Trade & Industry requested the NCR to conduct a study to determine the feasibility of granting debt forgiveness/relief to over-indebted consumers.

One of the recommendations by the NCR to the Portfolio Committee is to audit African Bank's bad loan book in order to identify reckless loans and take appropriate action.

2. Purpose of the ToR

The purpose of the terms of reference is to identify and appoint a suitable service provider to audit African Bank's bad loan book; identify reckless credit agreements and submit a detailed report with findings and recommendations to the NCR.

3. Scope of work

The scope of work is a guide and not exhaustive.

- Compile an audit plan detailing the audit methodology;
- Obtain a sizeable sample (1000) of credit agreements located in the bad loan book with **2.6 million** credit agreements and loan book value of **R23 billion**;
- Determine whether affordability assessments were conducted by the bank as required by **section 81(2) of the National Credit Act**;
- Compile a list of credit agreements identified as reckless;
- Establish the rand value of the said credit agreements;
- Submit a detailed report with findings and recommendations to the NCR; and
- The audit must be completed within **2 months** from the date of appointment;

- The audit will be done at the credit provider 's offices in Midrand.

4. Conditions of the Bid

- The appointed service provider and the proposed team members must observe confidentiality requirements;
- The audit report shall remain the property of the NCR;
- Conduct the audit in accordance with Internal Audit Standards, Code of ethics, relevant regulations and laws;
- The cost of preparing for the audit and other matters related thereto such as travelling shall be borne by the service provider; and
- The NCR reserves the right not to award the bid should circumstance dictate so.

5. Functionality requirements

<ul style="list-style-type: none"> • Understanding of the NCR requirements: <p>Bidders must indicate their understanding of the NCR scope of work, timelines and output for this project.</p>	10
<ul style="list-style-type: none"> • Relevant skills and experience: <p>Past experience in similar work of this nature and/ or in the financial sector. Ability of the bidder to fulfil the NCR 's requirements</p>	15
<ul style="list-style-type: none"> • Proposed approach/methodology: <p>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.</p> <p>Submit an audit plan with key milestones linked to deliverables.</p>	30
<ul style="list-style-type: none"> • Internal capacity for the project: <p>Proposals should clearly indicate whether or not bid participants have the internal capacity to meet the requirements of the TOR. The bidder must</p>	35

<p>give an indication of the proposed team,</p> <ul style="list-style-type: none"> • Submit a brief CV of each • Team member must have a minimum of five years audit experience in the financial sector. • Must have a reasonable understanding and working experience relating to the compliance of the National Credit Act. 	
<ul style="list-style-type: none"> • References for the past 12 months: <p>Bidder must give at least 3 contact details and telephone numbers of the reference sites.</p>	10

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

This bid will be evaluated on 90/10 criteria. 90 points for price and 10 points for BBEE.

6. Additional information

- Brief company profile
- Experience in auditing
- Clientele
- A proposal including the methodology
- Certification of team members and their experience
- Certificate of incorporation / legal status.
 - ID copies of the directors for vetting purposes
- Financial proposal.
 - Separate envelope
 - Detailed breakdown
- Certified copy BBEE certificate