



# **THE NATIONAL CREDIT REGULATOR**

**JANUARY 2017**

**TERMS OF REFERENCE FOR A  
SERVICE PROVIDER TO  
AUDIT THE NCR  
PDA INTEREST ACCOUNT**

**RFQ NUMBER: NCR404/01/17**

**DUE DATE: 06 FEBRUARY 2017**

## **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 a service provider to audit the NCR PDA interest account.

#### **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.

#### **1.1 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 for, in a file of Annexure.

- **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 sixty (60) 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 **1 CD** of their entire proposal, including all the documentation referred to in 1.4 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.

## **1.2 Submission of proposals**

1.2.1 Proposals must reach the offices of the NCR before 11:00 on 06 February 2017, and must be enclosed in a sealed envelope which must be clearly labelled/addressed on the outside:

**(a) RFQ No: NCR404/01/17**

**(b) TERMS OF REFERENCE FOR A SERVICE PROVIDER TO AUDIT THE  
NCR PDA INTEREST**

**(c) CLOSING DATE: 06 FEBRUARY 2017**

1.2.2 Proposals are to be submitted in the marked tender box, in the reception area, National Credit Regulator, 127-15<sup>th</sup> 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).

1.2.3 Please note that this RFQ closes punctually at 11h00 on 06 February 2017. No late submissions will be considered under any circumstances.

1.2.4 **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.

1.2.5 If responses are not delivered as stipulated in this Section 1.2, such responses will be considered **“late”**, and will not be considered for evaluation.

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

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

- 1.2.8 The responses to the RFQ will be opened as soon as is practical after the expiry of the time advertised for receiving them.
- 1.2.9 Only the participants that are short-listed after the evaluation process will be informed of the results of the submission adjudication process.
- 1.2.10 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.

### 1.3 Timetable

Date	Activity
20.01.2017	Issue tender document
06.02.2017	Closing date
08.02.2017	Evaluations – functionality criteria
09.02.2017	Consolidation of scores
13.02.2017	Verification of scores
17.02.2017	Appointment of a 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 proposal process, and the right to change this timetable at any time without notice.

### 1.4 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 – 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 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.

### **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. 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.

### **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.

## **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 BBEE certificate must also be attached to the bid documents. None submission will result in zero scoring in this competitive bidding process***

### **1.5 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>B-BBEE status level of contributor</b>	<b>Number of points</b>	<b>Price</b>
1	20	80
2	18	
3	16	
4	12	
5	8	
6	6	
7	4	
8	2	
Non-compliant contributor	0	
<b>Total maximum points</b>	<b>20</b>	

**Functionality will be evaluated in terms of section 5**

**Description**

- Proposals should make clear the relevant **skills, experience and capacity** of the participant, in respect of this particular TOR
- 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



## **1.6 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.

## **1.7 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.

## **1.8 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](mailto:procurement@ncr.org.za)

**TERMS OF REFERENCE**  
**TO APPOINT A SERVICE PROVIDER TO**  
**AUDIT THE NCR PDA INTEREST ACCOUNT**

**2. BACKGROUND**

In March 2015 the National Credit Regulator (“the NCR”) was empowered through the National Credit Act as amended (“the Act”) to register anyone who wants to operate as a Payment Distribution Agent (PDA). Prior to enactment of this provision, the NCR accredited PDAs to collect funds on behalf of consumers who are under debt counselling and distribute such funds to credit providers.

The PDAs are also required to open a separate trust account with a registered bank into which interest earned on monies collected from consumers is deposited.

To this end, the NCR has opened a trust account into which all interest earned on monies held by the PDAs is deposited. All NCR accredited PDAs are currently transferring the interest earned to this account.

In terms of Regulation 10A 9(h) (iii) of 13 March 2015, the NCR must develop a policy on the usage of the trust account funds (interest) for approval by the Minister of Trade and Industry. To comply with this regulation, the NCR developed a policy on the usage of the interest earned and this policy was approved by the Minister and implementable on 15 October 2015.

The approved policy requires the NCR to conduct an independent audit into the NCR PDA account on an annual basis and submit a copy of the audit report to the Minister within sixty (60) days of the end of the NCR financial year.

**3. UTILISATION OF INTEREST EARNED**

The approved policy stipulates that the PDA interest earned should be used for the activities aligned to the NCR’s mandate in terms of section 3(e) (i) & (iii) and section 15 of the Act as follows:

- Consumer awareness and education campaign; and
- Investigation of prohibited conduct.

#### **4. TERMS OF REFERENCE**

The audit will be carried out in accordance with International Standards of Auditing, and will include such tests and controls, as the auditor considers necessary under the circumstances for the two periods 01 April 2016 to 30 March 2017 and 01 April 2017 to 30 March 2018.

**In conducting the audit, special attention should be paid to the following terms of reference:**

- Determine and verify if all funds have been used in accordance with the provisions of the approved policy with due attention to the purpose for which the funding was provided.
- Establish whether appropriate supporting documents and records relating to all relevant activities have been kept.
- Obtain bank statements and verify transactions against cash book, general ledger and supporting documents.
- Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal controls to monitor the transactions and ensure safe custody of the funds.
- Adequacy of the internal controls for this type of account.
- Eligibility and correctness of transactions during the period under review and account balance at the end of the period under review.
- Perform a bank reconciliation of the account.
- Obtain and examine the utilisation report prepared by the NCR and submitted to the Minister of Trade and Industry for the period under review.

## 5. FUNCTIONALITY EVALUATION

The functionality criteria will be evaluated based on the following:

Description	Weights
<p><b>Understanding of the NCR requirements</b></p> <ul style="list-style-type: none"> <li>• Does the proposal show bidder's understanding of the NCR requirements to audit the NCR PDA interest account</li> </ul>	10
<p>Proposals should make clear the <u>relevant</u> <b>skills, experience and capacity</b> of the participant, in respect of this particular TOR</p> <ul style="list-style-type: none"> <li>• The experience of the company in undertaking similar work or projects</li> <li>• The relevant skills level of the entire project team( Brief CV's of the team members)</li> <li>• Capacity and experience in operating at a strategic level;</li> <li>• Capability statement</li> </ul>	30
<p>Proposals must contain the details of the <b>proposed approach</b> to be adopted in order to deliver the service in accordance with the TOR.</p> <ul style="list-style-type: none"> <li>• Proposed approach in relation to the scope of work and the outputs above</li> <li>• Project Execution Plan or Framework</li> <li>• Ability to meet tight deadlines and work schedules;</li> <li>• Ability to develop a clear and measurable project plan when appointed to undertake the project;</li> </ul>	30

<p>Proposals should clearly indicate whether or not bid participants have the <b>internal capacity</b> to meet the requirements of the TOR. This will include but not limited:</p> <ul style="list-style-type: none"> <li>• Resources and personnel to be dedicated to the project;</li> <li>• Office and administrative capacity to carry on the work of this magnitude</li> <li>• Project team leader;</li> <li>• The percentage of the work if any that will be outsourced to third parties;</li> <li>• Project team professional resumes</li> <li>• Capability statement</li> </ul>	20
<p><b>References</b></p> <ul style="list-style-type: none"> <li>• Contact details of at least two references from amongst recent clients with whom similar work has been conducted in the past 6 Months.</li> </ul>	10

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

## 6. Additional information

- Brief company profile, as relevant to the above mentioned terms of reference.
- Experience in the relevant areas.
- A proposal including methodology
- Certification of all team members, highlighting experience relevant to this exercise. Confirmation that the proposed team members will in fact be available to undertake this exercise at the appropriate time and meet the necessary deadlines.
- The proposal should contain a work plan, showing tasks, timelines etc.
- Contact details of at least two references from amongst recent clients with whom similar work has been conducted in the past 6 Months.
- Certificate of incorporation / legal status.
- Financial proposal must include the cost of disbursements, flights, VAT etc.