

TERMS OF REFERENCE

CIPC BID NUMBER: 04/2018/2019

**DESCRIPTION: INVITATION TO BIDDERS TO SUBMIT
PROPOSALS TO PERFORM CO-SOURCED
INTERNAL AUDIT SERVICES INCLUDING IT
AUDIT**

CONTRACT PERIOD: THIRTY SIX (36) MONTHS

TERMS AND CONDITIONS OF REQUEST FOR TENDER (RFT)

1. CIPC's standard conditions of purchase shall apply.
2. Late and incomplete submissions will not be accepted.
3. Any bidder who has reasons to believe that the RFT specification is based on a specific brand must inform CIPC before RFT closing date.
4. Bidders are required to submit an original Tax Clearance Certificate for all price quotations exceeding the value of R30 000 (VAT included). Failure to submit the original and valid Tax Clearance Certificate will result in the invalidation of this RFT. Certified copies of the Tax Clearance Certificate will not be acceptable.
5. No services must be rendered or goods delivered before an official CIPC Purchase Order form has been received.
6. This RFT will be evaluated in terms of the 80/20 system prescribed by the Preferential Procurement Regulations, 2001
7. The Government Procurement General Conditions of contractors (GCC) will apply in all instances.
8. As the commencement of this project is of critical importance, it is imperative that the services of the service provider are available immediately. Failing to commence with this project immediately from date of notification by CIPC would invalidate the prospective service provider's proposal.
9. No advance payment would be made. CIPC will pay within the prescribed period as according to PFMA.
10. All price quoted must be inclusive of Value Added Tax (VAT)
11. All prices must be valid for 90 days
12. The successful contractor must at all times comply with CIPC's policies and procedures as well as maintain a high level of confidentiality of information.
13. All information, documents, programmes and reports must be regarded as confidential and may not be made available to any unauthorised person or institution without the written consent of the Commissioner or his delegate.
14. The service provider is restricted to the time frames as agreed with CIPC for the various phases that will be agreed to on signing of the Service Level Agreement.
15. CIPC will enter into Service Level Agreement with the successful service provider.
16. Prospective bidders are required to respond in chronological order to each element of the evaluation criteria in not more than four (4) pages per element, as eluded paragraph 13. You may include annexure, however for the purposes of the evaluation; focus would be on the four (4) page response to each element. Failing to comply with this condition will invalidate your proposal.
17. Fraud and Corruption:
18. The Service Provider selected through this TOR must observe the highest standards of ethics during the performance and execution of such contract. In pursuance of this policy, CIPC:

Defines, that for such purposes, the terms set forth will be as follows:

- i. "Corrupt practice" means the offering, giving, receiving or soliciting of anything of value to influence the action of CIPC or any personnel of Service Provider(s) in contract executions.
- ii. "Fraudulent practice" means a mis-presentation of facts, in order to influence a procurement process or the execution of a contract, to CIPC, and includes collusive practice among bidders (prior to or after Proposal submission) designed to establish Proposal prices at artificially high or non-competitive levels and to deprive CIPC of the benefits of free and open competition;
- iii. "Unfair trade practices" means supply of services different from what is ordered on, or change in the Scope of Work
- iv. "Coercive practices" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the execution of contract.
- v. Shall reject a proposal for award, if it determines that the bidder recommended for award, has been engaged in corrupt, fraudulent or unfair trade practices.
- vi. Shall declare a Service Provider ineligible, either indefinitely or for a stated period of time, for awarding the contract, if it at any time determines that the Service Provider has been engaged in corrupt, fraudulent and unfair trade practice in competing for, or in executing, the contract.

I, the undersigned (NAME).....certify that :

I have read and understood the conditions of this RFT.

I have supplied the required information and the information submitted as part of this RFT is true and correct.

.....
Signature

.....
Date

1. OVERVIEW

The Companies and Intellectual Property Commission (CIPC), hereafter referred to as “the Commission”, was established by section 185 of the Companies Act, 2008 (Act 71 of 2008), as a juristic person to function as an organ of state within the public administration but outside the public service. The Commission is mandated to register companies, intellectual property rights and enforce compliance with applicable legislation.

CIPC has an in-house Internal Audit Function: Auditor. In order to complement its internal audit capacity, CIPC calls for service providers to submit proposals to provide co-sourced audit services. Please note that the services will be requested as and when required.

2. TERMS OF ENGAGEMENT

The Chief Audit Executive (CAE) of CIPC will engage successful contractor to perform identified assignments by issuing or signing an engagement letter that details the scope of work to be performed and deliverables associated to that particular assignment.

3. INTERNAL AUDIT ROLES AND OBJECTIVES

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.

The objective of Internal Audit is to assist CIPC to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The primary role of the Internal Audit Function is to assist management in the effective discharge of their responsibilities, furnishing them with analyses, appraisals, recommendations and information concerning CIPC activities that were reviewed.

4. SCOPE OF WORK

All internal audit work will be carried out at CIPC offices in Sunnyside, Pretoria. The successful service provider will be required to perform the services as per request by the CAE. In short, the work will involve the planning, execution and reporting on the audits allocated to the service provider. The service provider will have to submit a complete audit file which includes an audit report that contains management comments, action plans, target dates and responsible officials.

5. EXPECTED OUTCOMES AND DELIVERABLES

All audit work must be carried out in line with the CIPC Internal Audit Methodology and Charter. The final deliverable will be the audit report.

6. PRICE

- 6.1 Bidders should provide a pricing schedule which clearly sets out the cost of providing the required services, together with any other charges. Other charges should be explained.
- 6.2 The terms and fees proposed for proposed services should include a proposed escalation in fees over a period of 3 years.
- 6.3 The fees should be based on an estimated 3 000 hours for the duration of the contract, analysed as follows:
- i). 1 500 hours for year 1
 - ii). 1 000 hours for year 2
 - iii). 500 hours for year 3.
- 6.4 The pricing schedule should clearly indicate the hours, and the hourly rate per the respondent's staff per paragraph 19.7 of this document.
- 6.5 The Commission's Audit Committee normally meets four (4) times per annum, with 2 additional special meetings.
- 6.6 All assumptions made in drawing the proposal, including all cost factors must be detailed.
- 6.7 Prices quoted must be valid for at least 90 (ninety) days from the closing of the tender.
- 6.8 Any proposal that does not include information required in this paragraph will be disqualified.
- 6.9. No advance payment will be made. Payment would be made in terms of the deliverables or other unless otherwise agreed upon by CIPC and the successful bidder.
- The price quoted by the prospective service provider must include Value Added Tax (VAT) and should be summarized as follows:

Staff Level	Rate per Hour incl VAT	Total Number of Hours	Total Cost
Senior Manager			
Manager			
Auditors			
Total			

THE TOTAL BID PRICE MUST BE WRITTEN IN THE SBD3 FORM TOGETHER WITH THE FOLLOWING INFORMATION

- Price validity period
- Duration of the contract written in the space provided in the SBD 3 form
- All prices must be inclusive of VAT
- Note: Service providers will be responsible for all costs; e.g. transportation and other disbursements for ALL activities/ meetings associated with this quote and must include this cost in the pricing for this quote.

PRICE PROPOSAL MUST BE SUBMITTED IN A SEPARATE SEALED ENVELOPE MARKED WITH THE BIDDERS DETAILS

7. STAFFING REQUIREMENTS

7.1 The CIPC requires the team provided by the bidder to be in the following composition:

- i). Manager
- ii). Auditors

8. TIMING OF ASSIGNMENTS

All audits are to be carried out according to the Internal Audit Plan and agreed timelines per the individual scope letters. Other assignments will be carried out as agreed with management.

9. QUALITY ASSURANCE REVIEW OF WORK DONE

The service provider shall ensure that all work conforms to the International Standards for the Professional Practice of Internal Auditing. Such work shall further be subject to an external quality assurance review as may be considered and also internal quality assurance which will be conducted

INDEPENDENCE AND OBJECTIVITY OF AUDIT STAFF

In carrying out the work, service providers must ensure that their staff maintains their objectivity by remaining independent of activities they audit. The service provider shall:

- 9.1** Have no executive or managerial powers, functions or duties except those relating to this assignment;
- 9.2** Not be involved in the day to day operations of CIPC; and
- 9.3** Not be responsible for the detailed development or implementation of new systems and procedures

10. MONITORING PROGRESS OF ASSIGNMENTS

The service provider is to meet with the CAE or delegated officials and submit regular progress reports for work conducted on behalf of CIPC, at agreed intervals.

FRAUD AND IRREGULARITIES

Internal Auditors should have sufficient knowledge of fraud to identify indicators that fraud may have occurred. If sufficient control weaknesses are detected, additional tests conducted by Internal Auditors should include tests to other indicators of fraud. Any such weaknesses must be reported immediately to the Chief Audit Executive, without disclosing these to any other staff. This also applies to instances where serious fraud and irregularity is uncovered.

11. CONTINUITY AND PROFILE OF SENIOR STAFF ON PROJECTS

- 11.1 All audit assignments shall be supervised by a staff member at Management Level the service providers must guarantee the presence of the senior in charge of fieldwork throughout the duration of the contract, unless agreed otherwise with the Chief Audit Executive.
- 11.2 If the senior has to leave the project, a period of at least a month is required in which the senior must work parallel with the next person appointed to be able to transfer skills and knowledge. The replacement resource shall possess equivalent level of qualifications, knowledge and experience as the incumbent.

12. CONTENTS OF PROPOSALS

Proposals must also include amongst other things:

- 12.1 A description of your firm's internal audit methodology and risk assessment process (in line with the IIA standards)
- 12.2 A breakdown of the hourly tariff inclusive of value-added tax for services rendered.
Expenditure incurred without the prior approval of the Chief Audit Executive will not be reimbursed;
- 12.3 How a joint venture (if the service providers are a joint venture between a BEE firm and a non-BEE firm) will split the work between the firms. The detail must be such that CIPC can audit the actual work allocation during the audit to enforce the transfer of skill between the two firms.

13. APPOINTMENT, COMMENCEMENT AND DURATION

- 13.1 The prospective contractors are expected to be available for commencing the project from the date of signing of the agreement by the last party. The duration of the contract is thirty-six (36) months from the date of appointment
- 13.2 The parties shall, upon appointment of service providers, sign a service level agreement to govern their relationship.
- 13.3 All work must be completed within 36 months of the contractual period.

14. SPECIAL CONDITIONS

- 14.1 The bidder must provide assurance/guarantee to the integrity and safe keeping of the information (that it will not amended/corrupted/distributed/permanently stored/copied by the service provider) for the duration of the contract and thereafter.
- 14.2 CIPC reserves the right to negotiate with the successful bidder on price.
- 14.3 The service provider must ensure that their work is confined to the scope as defined.
- 14.4 The successful bidder will be required to work under the leadership of CIPC (Senior Manager)
- 14.5 Travel between the consultant's home and or place of work to the dti (CIPC) vice versa will not be for the account of this organization, including any other disbursements.
- 14.6 Government Procurement General Conditions of contract (GCC) as issued by National Treasury will be applicable on all instances. The general conditions is available on the National Treasury website (www.treasury.gov.za)
- 14.7 No advance payment will be made. Payment would be made in terms of the deliverables or other unless otherwise agreed upon by CIPC and the successful bidder.
The price quoted by the prospective service provider must include Value Added Tax (VAT) and should be summarized as follows:
- 14.8 The successful bidder must at all times comply with CIPC's policies and procedures (e.g. IT policies, code of conduct etc.) as well as maintain a high level of confidentiality of information.
- 14.9 CIPC will have ownership of all working papers generated during audit or ad hoc consulting work
- 14.10 The successful bidder must ensure that the information provided by CIPC during the contract period is not transferred/copied/corrupted/amended in whole or in part by or on behalf of another party.
- 14.11 Further, the successful bidder may not keep the provided information by way of storing/copy/transferring of such information internally or to another party in whole or part relating to companies and/or close corporation.
- 14.12 As such all information, documents, programs and reports must be regarded as confidential and may not be made available to any unauthorized person or institution without the written consent of the Commissioner or his/her delegate.

- 14.13** The service provider will therefore be required to sign a declaration of secrecy with CIPC. At the end of the contract period or termination of the contract, all information provided by CIPC will become the property of CIPC and the service provider may not keep any copy /store/reproduce/sell/distribute the whole or any part of the information provided by CIPC unless authorized in terms of the declaration of secrecy.
- 14.14** The service provider will be required to sign a service level agreement with CIPC prior to the commencement of the contract.
- 14.15** As the commencement of this contract is of critical importance, it is imperative that the prospective contractor is available immediately. Failing to commence with this contract immediately from date of notification by CIPC could invalidate the prospective service provider's proposal.
- 14.16** Prospective bidder contracted must be able to ensure continuity of staff on the project. Where a team member assigned to the project leaves the organization, it is incumbent upon the Director to ensure the timely replacement of that team member with equal or better skills in consultation with the Chief Audit Executive.
- 14.17** Proposals submitted by a consortium or a joint venture should include the official documentation which indicates the composition thereof, the responsible people of the said venture, what aspect of the scope of work the other party would be responsible for and their percentage contribution of work to the overall contract. Only proposals from service providers established in the Republic of South Africa will be considered.
- 14.18** CIPC will not be held responsible for any costs incurred by the service provider in the preparation and submission of the Bid.
- 14.19** Acceptance of any Bid does not mean that work on an uninterrupted basis is guaranteed for the duration of the contract. The service provider will be responsible for ensuring proper supervision of their staff. Proposals must be signed by a person who has been authorized to do so.
- 14.20** The Bid will be handled on a 2-envelope system whereby 2 envelopes must be submitted to CIPC — one envelope to contain the technical submission, bid documentation, mandatory requirements, excluding the pricing elements/CIPC price schedule, and the other envelope contain the information relating to price. The envelope containing the technical submission will be opened and evaluated first. Only service providers who score at least 70% for the technical submission will be considered, and then only envelopes containing their prices will be opened for consideration. Failure to comply with this will invalidate the proposal.

- 14.21** CIPC reserves the right to not award the tender to any bidder
- 14.22** Prospective bidders must address all the functionality criteria to allow evaluation of the bidder capability.
- 14.23** CIPC reserves the right to award in whole or in part, by item or group of items, by section or geographic area, or make multiple awards, where such action serves the Commission's best interest.
- 14.24** The appointed service provider must comply with the Employment Service Act 4 of 2014 particularly paragraph 8 of the said Act

15. BIDDERS PROPOSAL IN RESPONSE TO THE EVALUATION CRITERIA

- 15.1** Prospective bidders must submit a response to the scope in paragraph 15.8 (Technical Component) of not more than 5 pages per element, which must be prepared in chronological order, against which bidders will be evaluated against the evaluation matrix set out in paragraph 16.2.
- 15.2** Prospective bidders may include annexures, but the response to each element with the various components must be summarized in not more than 5 pages. Failure to comply with this condition will disadvantage the bidders.
- 15.3** State whether the service provider is currently under the terms of a public or private reprimand/warning of a professional association.

Describe the proposed audit team in terms of job positions in the firm.

- 15.5** List name of staff members who will direct the work throughout the duration of the engagement as well as those staff members who will be responsible for planning, directing and conducting substantial portions of the fieldwork or reporting on this contract. Include the educational background/detailed resumes of all staff members named and professional memberships held.

Describe staff rotation plans for audit team members as this is intended to be a multi-year agreement.

- 15.7** Provide proof of membership of the Institute of Internal Auditors (IIA) for each of the proposed personnel. Registration with the Information Systems Audit and Control Association (ISACA) is required for IT audits

15.8 Technical Component

- i). Demonstrable experience in conducting internal audits (include four contactable references).
- ii). Provide academic and professional qualifications of key personnel.
- iii). Experience of the key personnel assigned to the ensuing contract
- iv). List relevant training or courses taken by the proposed team in the last two years.

16. EVALUATION PROCESS

16.1 Evaluation Criteria

The evaluation process will be done on accordance with the following criteria:

Bids will be evaluated in accordance with the **80/20** preference point system contemplated in the Preferential Procurement Policy Framework Act (Act 5 of 2000, as amended together with Preferential Procurement Regulation 2017).

16.2 Evaluation Phases

Bids will be evaluated in accordance with the **80/20** preference point system contemplated in the Preferential Procurement Policy Framework Act (Act 5 of 2000) as amended in 2017

The evaluation will be completed in 3 phases:

- Phase 1: Compliance to minimum requirements
- Phase 2: Functional evaluation
- Phase 3: Pricing and Preferential Procurement policy

Phase 1: Compliance to minimum requirements

During Phase 1 all bidders will be evaluated to ensure compliance to minimum document requirements (e.g. Tax Clearance Certificates), ensuring all documents have been completed and that the specified documentation has been submitted in accordance to the bid requirements. All bidders that comply with the minimum requirements will advance to Phase 2.

Responsiveness Criteria: Failure to provide the following might result in a bid not to be considered: (minimum requirements)

- a) Bid offers must be properly received on the tender closing date and time specified on the invitation, fully completed and signed in ink as per Standard Conditions of Tender.
- b) Submission and completion of the Declaration of Interest
- c) Submission of an original and valid Tax Clearance Certificate with **SARS Pin**
- d) Submission of the company's registration certificate from the Register of Companies (CIPC).
- e) Submission of proof of registration with the National Central Supplier Database
- f) Submission of National Central Supplier Database **unique number**

NB

- ✓ Bidders to attach CVs for each consultant clearly stating **contactable references**. Only referees who can give testimony only on the sought skills are required.
- ✓ CVs should be properly marked for each position.



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Phase 2: Functional evaluation

All bidders that advance to Phase 2 will be evaluated by a panel to determine compliance to the functional requirements of the bid. The functional evaluation will be rated out of 100 points and will be determined as follows:

No	EVALUATION CRITERIA	Rating					Weight	Total
		1	2	3	4	5		
	TECHNICAL COMPONENT							
1	<u>EXPERIENCE OF THE FIRM</u> Bidder's demonstrable experience in Internal Auditing (include four (4) contactable references) indicating the number of years the entity has been in existence.						25	
2	<u>ACADEMIC /PROFESSIONAL QUALIFICATION</u> Relevant Professional/Post Graduate Qualification by Key Resources dedicated to the Commission in part or in full as per the staff plan. IT auditors must possess a minimum of a B degree in Internal Auditing/Information Systems/ or related with 5 years' experience and must be CISA (Certified Information System Auditor). General Assurance auditors must have a minimum of a B degree in Internal Auditing/Auditing/Finance or related with 5 years' experience and must be CIAs (Certified Internal Auditors).						20	
3.	<u>EXPERIENCE OF TEAM</u> Team Assigned Resources and Years of Experience in the following categories with equal weighting: 1.1. Supervisors 1.2. Managers 1.3. Auditors						40	
4.	<u>1. CONTINUED PROFESSIONAL DEVELOPMENT RELEVANT TO THIS ENGAGEMENT.</u> List of relevant training or courses attended by the proposed team in the last 2 years. Attach proof of attendance						10	
5.	Provide proof of membership of the institute of Internal Auditors (IIA) for each of the proposed personnel. Registration with the information systems audit and control association (ISACA) is required for IT audits						5	
	TOTAL						100	

NB: PLEASE ADDRESS ALL THE ABOVE CRITERIA TO ENABLE PROPER EVALUATION.

Technical/functional evaluation will be made on a scale of 1 — 5 in accordance with the criteria above. The rating will be as follows:

1= Very poor, 2 = Poor, 3 = Good, 4 = Very good, 5= Excellent

CRITERIA	RATING ACCORDING TO FUNCTIONAL EVALUATION CRITERIA ABOVE				
	1	2	3	4	5
1. Resourcing CVs of the resources provided for assessment* • Qualifications • Competency	No or little evidence of qualifications and competencies	Qualifications and competencies below requirements	Qualifications and competencies meet requirements	Qualifications and competencies exceed requirements	Qualifications and competencies exceed requirements by far
2. History of contracts with other organisations: • List of previous organisations, & details provided • Type of resources provided	Minimum or no information of previous organisations/type of resources provided	Critical information lacking on list of previous organisations, & details & type of resources provided	List of previous organisations, & details provided Type of resources provided as requested	List of previous organisations, & details provided Type of resources provided have more information than required	List of previous organisations, & details provided Type of resources provided far exceed information than required
3. References: • At least four contactable references (landline/mobile numbers and email addresses)	Less than 2 references and incomplete or no landline/mobile numbers and email addresses listed	2 contactable references with incomplete landline/ mobile numbers or email addresses	3 contactable references all have landline/ mobile numbers and email addresses	4-5 contactable references all with landline/ mobile numbers and email addresses	>5 contactable references all with landline/ mobile numbers and email addresses

Bidders scoring less than 70 points in Phase 2 will not be eligible for Phase 3 evaluation i.e. pricing and preferential procurement. Please provide details for all the above information to enable proper evaluation.

Phase 3: Preferential Procurement Policy and Pricing

Please Note: CIPC 6.1 Preference Points Claim Form in terms of the PPPFA is attached for claiming above mentioned points, if not completed the company will automatically score 0 points

Preferential Procurement Policy

The bidders that have successfully progressed through to Phase 2 will be evaluated in accordance with the 80/20 preference point system contemplated in the Preferential Procurement Policy Framework Act (Act 5 of 2000).

Pricing

Pricing will be calculated using the lowest price quoted as the baseline, thus the lowest price quoted will achieve full marks, while all other quotes will achieve a weighted average mark based on the lowest price.

Description	Total
Price	80
BBBEE	20
Total	100

The bidder with the highest score will be recommended as the successful vendor.

17. SUBMISSION OF PROPOSALS

Sealed proposals will be received at the Tender Box at the Reception, 77 Meintjies Street, Sunnyside, **the dti** campus, Block F.

Proposals should be addressed to:

Manager (Supply Chain Management)
Companies and Intellectual Property Registration Office
Block F, **the dti** Campus, 77 Meintjies Street,
Sunnyside
PRETORIA

18. ENQUIRIES

SUPPLY CHAIN ENQUIRIES

Ms Ntombi Maqhula OR Mr Solomon Motshweni

E-mail: Nmaqhula@cipc.co.za / smotshweni@cipc.co.za

TECHNICAL ENQUIRIES

Mr. Mpho Mathose on (012) 394 1092,

E-mail mmathose@cipc.co.za