

Terms of Reference/Specification

Appointment of the Service Provider/ Accounting Firm to provide External Independent Evaluation of Internal Audit (External Quality Assurance)

1. Background to the Project

- 1.1 To appoint an external, independent and qualified Service Provider/ Accounting Firm to perform an independent evaluation of GEP Internal Audit function for the Quality Assurance Review, and to validate compliance with Treasury Regulation 27.2.5 which requires that, internal audit must be conducted in accordance with the standards set by the Institute of Internal Auditors and paragraph 1312 which states that, external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Internal Audit unit on its fifth year since it was established, hence the need for an external assessment.
- 1.2 In terms of International Standards for the Professional Practice of Internal Auditing (Standards) 1300, 1310 and 1311, the General Manager: Risk& Audit must develop and maintain a Quality Assurance and Improvement Program(QAIP) that covers all aspects of the internal audit activity. The quality assurance involves (a) Internal Assessments (Standard 1311); (b) External Assessments (Standard 1312); (c) Communication of QAIP results (Standard 1320); (d) Proper use of a conformance statement (Standard 1321) and (e) Disclosure of nonconformance (1322).
- 1.3 In addition to internal assessments, the GM: Risk& Audit is also responsible for ensuring that the internal audit activity conducts an external assessment at least once every five years (Standard 1312 – External Assessments). The purpose of the assessment, which must be performed by an independent assessor or assessment team from outside the organization, is to validate whether the internal audit activity conforms with the Standards and whether internal auditors apply the Code of Ethics.

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BOARD

Ms. L Mphahlele (Chairperson), Ms. P Mangcu (Deputy Chairperson),
Mr. S Zamxaka (Chief Executive Officer), First Corporate Secretaries (Company Secretariat),
Ms. D Maithufi, Mr. L Marincowitz, Mr. K Mogotsi, Ms. B Mahluthana,
Mr. D Golding, Mr. T Rasenyalo, Mr. S Mkhize, Ms. N Mufamadi, Ms. D Maphanzela

2 Scope of work

The service provider should be able to conduct review as follows:

2.1 The selected independent party will:

- Assess the Internal Audit units' conformity to The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*.
- Evaluate the Internal Audit units' efficiency and effectiveness in carrying out its mission.
- Identify opportunities to enhance the IA Activity's management of resources and work processes.
- Issue an opinion on the Internal Audits conformance to IIA standards and best practise (Direct Conformance/ Partial Conformance and Non- Conformance).
- Provide effective and cost- effective recommendations where areas on partial and non-conformance were noted.

2.2 The appointed Service Provider will also be responsible for review/ assess compliance with the following IIA Standards and best practise:

- Standard 1000 – Purpose, Authority, and Responsibility
- Standard 1100 – Independence and Objectivity and Code of Ethics
- Standard 1111 – Direct Interaction with the Board
- Standard 1112 – Chief Audit Executive Roles Beyond Internal Auditing
- Standard 1120 – Individual Objectivity
- Standard 1300 – Quality Assurance and Improvement Program
- Standard 1310 – Requirements of the Quality Assurance and Improvement Program
- Standard 1312 – External Assessments
- Standard 1320 – Reporting on the Quality Assurance and Improvement Program
- Standard 1322 – Disclosure of Nonconformance
- Standard 1200 – Proficiency and Due Professional Care
- Standard 1230 – Continuing Professional Development

- Standard 2000 – Managing the Internal Audit Activity
- Standard 2010 – Planning
- Standard 2020 – Communication and Approval
- Standard 2030 – Resource Management
- Standard 2040 – Policies and Procedures
- Standard 2050 – Coordination and Reliance
- Standard 2060 – Reporting to Senior Management and the Board
- Standard 2070 – External Service Provider and Organizational Responsibility for Internal Auditing
- Standard 2100 – Nature of Work
- Standard 2110 – Governance
- Standard 2120 – Risk Management
- Standard 2130 – Control
- Standard 2450 – Overall Opinions
- Standard 2600 – Communicating the Acceptance of Risks
- Standard 2200 – Engagement Planning
- Standard 2201 – Planning Considerations
- Standard 2210 – Engagement Objectives
- Standard 2220 – Engagement Scope
- Standard 2230 – Engagement Resource Allocation
- Standard 2240 – Engagement Work Program
- Standard 2300 – Performing the Engagement
- Standard 2310 – Identifying Information
- Standard 2320 – Analysis and Evaluation
- Standard 2330 – Documenting Information
- Standard 2340 – Engagement Supervision

- Standard 2400 – Communicating Results
- Standard 2410 – Criteria for Communicating
- Standard 2420 – Quality of Communications
- Standard 2421 – Errors and Omissions
- Standard 2431 – Engagement Disclosure of Nonconformance
- Standard 2440 – Disseminating Results
- Standard 2500 – Monitoring Progress

3 EVALUATION CRITERIA AND METHODOLOGY

4.1 Phase 1: Mandatory Requirement: Resources

(a) The service provider to provide at least two(2) resources which are Certified Internal Auditors(CIA), with undergraduate degree/ diploma in Internal Audit/ Accounting. The Candidates CV and proof of qualification must be attached. CA(SA) qualification will be an added advantage.
(b) The resources seconded should demonstrate at least four(4) years' experience in external quality assurance
(c) The resources provided by the service provider must provide their own equipment (computer and internet connection)
(d) The resources should be members in good standing with the Institute of Internal Auditors.

4.2 Phase 2: Functionality (the bidder must score at least 70% to be evaluated on price and the B-BBEE).

Sub-Criteria	Description	Weightings
Resources	<ul style="list-style-type: none"> • The service provider to provide at least two(2) resources which are Certified Internal Auditors(CIA), with 	50%

Sub-Criteria	Description	Weightings
	undergraduate degree/ diploma in Internal Audit/ Accounting. The Candidates CV and proof of qualification must be attached. CA(SA) qualification will be an added advantage.	
Experience	<ul style="list-style-type: none"> The resources seconded should demonstrate at least four(4) years' experience in external quality assurance 	20%
	<ul style="list-style-type: none"> The resources should be members in good standing with the Institute of Internal Auditors. 	10%
References	<ul style="list-style-type: none"> Minimum of two (2) signed reference letters on the client letter head where the external quality assurance review was performed. 	10%
Equipment	<ul style="list-style-type: none"> The resources provided by the service provider must provide their own equipment (computer and internet connection statement of commitment from the bidders will be used in the evaluation) 	10%
Total		100%

4.3 The evaluation for **Price and BEE** shall be based on the 80/20 PPPFA principle and the points for evaluation criteria are as follows:

Evaluation Criteria		Points
1.	Price	80
2.	Black Economic Empowerment	20
3.	Total	100

NOTE: the failure to attach proof of valid BBBEE will result in the forfeiture of preference

5 Pricing and Remuneration

The rates of remuneration will be subject to negotiation, not exceeding the applicable rates prescribed by the "Guideline on Fees for Audits done on behalf the Auditor-General of South Africa" as issued by SAICA; and The "Guide on Hourly Fee Rates for Consultants" as issued by DPSA.

Moulding Entrepreneurs

Growing Gauteng Together



** Officials will be responsible for their travelling costs to GEP Offices*