



**SERVICES OF QUALIFIED INTERNAL
AUDITORS: REF NO; (RFP/TMT/002-2018)**

Closing date: 26 March 2018

Time: 12:00

REQUEST FOR PROPOSAL FOR THE PROVISION OF INTERNAL AUDIT SERVICES

The Mvula Trust (TMT) invites proposals for the provision of internal audit services for a period of three years subject to an annual performance review.

1. BACKGROUND OF TMT

The Mvula Trust (TMT) was initially established in terms of a Founding Trust Deed ("Founding Trust Deed") executed at Johannesburg and Midrand on various dates between the 10 and 18 of March 1993; which Founding Trust Deed was duly registered with the Master of the High Court, Pretoria on 13 July 1993, as required by the law, under Registration Number 1595/93.

The Mvula Trust was incorporated as a non – governmental organization (NGO) in 1993, with funds that were made available from the Kagiso Trust and the Independent Development Trust (IDT). The initial core function of The Mvula Trust was that of a non-profit grant making institution for community water schemes in rural areas. The founding Trustees envisioned a flexible, innovative and effective vehicle for supporting the work of the new democratic government in dealing with the disparities faced by South Africa at the time. From 1994, the Development Bank of Southern Africa (DBSA) collaborated with The Mvula Trust and this enabled The Mvula Trust to make lending facilities available to communities for the creation of community water schemes. The Mvula Trust became the official implementing agent to the Reconstruction and Development Plan (RDP) in 1995 for water, sanitation and related services. Despite legislative changes, The Mvula Trust has remained the NGO implementing agent of choice by the National Government of South Africa, thereby providing support to national, provincial and local government programmes.

The Mvula Trust has six (6) regional offices and two (2) satellite offices. The head office is located in Midrand, Gauteng and its regional offices are in Limpopo (Polokwane), Mpumalanga (Mbombela), Eastern Cape (East London, Mthata and Barkley East), KwaZulu-Natal South (Durban), KwaZulu Natal North (Empangeni) as well as North West (Rustenburg). The Mvula Trust has operations in almost all provinces of South Africa

The Mvula Trust is currently Africa's largest NGO in Water and Sanitation, when cumulatively measuring annual turnover, number of projects and activities, as well as years of existence

2. OBJECTIVES OF THE INTERNAL AUDIT FUNCTION

The objective of this bid is to appoint a suitable, independent service provider that can provide an internal audit service to the Trust and its management. In terms of good corporate

governance, TMT should have an effective internal audit function, which should also comply with the Institute of Internal Auditors' (IIA) standards. The internal audit function should assist TMT to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management control and governance processes. The risk management strategy, including the Fraud Prevention Plan, must be used to direct the internal effort.

One of the objectives of the internal audit function is to assist the Audit and Risk Committee (ARC), and through the board of trustees and management, in the effective discharge of their responsibilities. This has to be done through furnishing them with analyses, appraisals, recommendations, counsel and information concerning the activities that have been reviewed as well as regular follow-ups. Other objectives/standards/controls of the audit function, which are subject to an evaluation, are to review the following:

- Internal control processes;
- The information systems environment;
- The reliability and integrity of financial and operational information;
- The effectiveness of operations and project management;
- Compliance with policies, regulations and contracts;
- The safeguarding of assets;
- The economical and efficient use of resources;
- The achievement of established operational goals and objectives; and
- Compliance with laws, regulations and controls.

Background information on the structure of TMT can be found in the latest annual report, which is available on our website (www.themvulatrust.org.za).

3. SCOPE OF THE WORK

The scope of the internal audit function includes the points listed below. However, should any other function be regarded as imperative by the bidder, it should be added and clearly defined.

- The internal audit function must, in consultation with ARC, prepare:
 - A rolling three-year strategic Internal Audit Plan based on its assessment of key areas of risk for TMT, having taken into consideration the Trust's current operations, the operations proposed in its corporate or strategic plan and its risk management strategy.
 - An annual Internal Audit Plan.
 - Plans indicating the scope, cost and timelines of each audit in the annual internal audit.
 - Audit reports directed to ARC detailing its performance against the plan to allow effective monitoring and intervention, when necessary.
- It must co-ordinate with other internal and external providers of assurance to ensure proper coverage and minimal duplication of effort.

- The internal audit function must assist the Board of Trustees in maintaining effective controls by evaluating those controls and developing recommendations for enhancement or improvement.
 - It must assist the board in achieving the objectives of TMT by evaluating and developing recommendations for the enhancement or improvement of the processes through which:
 - Objectives and values are established and communicated;
 - The accomplishment of objectives is monitored;
 - Accountability is ensured;
 - Corporate values are preserved;
 - The adequacy and effectiveness of the system of internal control are reviewed and appraised;
 - The relevance, reliability and integrity of management, financial and operating data and reports are appraised;
 - Systems established to ensure compliance with policies, plans, procedures, statutory requirements and regulations, which could have a significant impact on operations, are reviewed;
 - The means of safeguarding assets are reviewed and deemed as appropriate in verifying the existence of such assets;
 - The economy, efficiency and effectiveness with which resources are employed are appraised;
 - The results of operations or programmes are reviewed to ascertain whether they are consistent with the TMT's established objectives and goals and whether the operations or programmes are being carried out as planned; and
 - The adequacy of established systems and procedures are assessed.

- The audits that will need to be taken into account at TMT are, among others:
 - IT security and systems processes audit.
 - Human Resources Management,
 - Finance Management
 - Supply Chain Management
 - Operations Management
 - Project management
 - Risk Management
 - Performance Management
 - Information and Communication Technology (ICT) Reviews;
 - Disaster Recovery and Business Continuity
 - Perform Consulting reviews as per management requests;
 - Conducting special assignments and investigations, on behalf of ARC or the CEO, into any matter or activity affecting the probity, interest and operating efficiency of TMT.
 - Audit designed to detect fraud.

Fraud and Irregularities

In planning and conducting its work, the internal auditor should seek to identify serious defects in internal controls systems, which might result in possible malpractices. Any such defects must be reported immediately to the CEO and/or ARC without disclosing these to any affected staff. This also applies to instances where serious fraud and irregularities have been uncovered.

4. EXPECTED OUTCOMES AND DELIVERABLES

Performing Audit Assignments

Each assignment should at least consist of the following:

- A pre-audit survey;
- An audit planning memorandum;
- Minutes of the entrance meeting;
- A risk assessment document;
- System descriptions;
- Audit programmes;
- Sampling methodology;
- Mechanisms for follow-up on matters previously reported and feedback to ARC;
- Mechanisms to ensure that working papers are reviewed at the appropriate level;
- A record of work performed;
- A review of work performed;
- Audit findings and recommendations;
- Reporting (a draft internal audit report and a final internal audit report); and
- Follow-up on previous audit findings.

Reporting Requirements

The auditor is to deliver an electronic copy and one signed copy of the final report to the chairperson of ARC.

5. QUALITY ASSURANCE REVIEWS OF THE WORK

The auditor shall ensure that all work conforms to the IIA Standards for Professional Practice. Such work may further be subjected to external quality assurance, as may be considered necessary.

6. INDEPENDENCE AND OBJECTIVITY OF STAFF

In carrying out the work, the auditor must ensure that their staff members maintain objectivity by remaining independent of the activities they audit.

7. DURATION OF CONTRACT

The contract is expected to run for three years, commencing on the date of signing the Service Level Agreement. It will, however, be renewable annually subject to a review of the previous year performance against the Internal Audit Plan.

8. EVALUATION CRITERIA

Phase 1: Administrative Evaluation

Documents to be submitted

- Valid Tax Clearance Certificate and tax status pin
- Copy of your company/entity registration certificate

- Copy of identity documents for the shareholders where applicable
- Company profile

Compliance to these above requirements will be evaluated in the first phase, all companies who do not submit the above documents will be disqualified.

Phase 2: Technical Evaluation

The evaluation of the technical part of the proposal will be on the basis of the candidate's responsiveness to the terms of reference, as well as the application of the evaluation criteria and points system as indicated below. Each responsive proposal will be given a technical score.

Criteria	Points Allocated
Experience of the firm in internal audit services, including specialised skills, expertise and value-added services	40
Qualifications and experience of team members	40
Recent contactable references of internal audit projects successfully undertaken in the last five years.	20
TOTAL	100

The proposals will receive further consideration if they score at least 70% minimum points out of the 100 points on technical criteria as listed above.

Phase 3: Pricing and BEE Evaluation

The following 80/20 criteria will be used for the evaluation of the proposals:

- **Pricing** 80 points
- **B-BBEE Points** 20 points

BBBEE Status

- Bidders must indicate and submit a valid BBBEE contributor level status certificate. (if no certificate is received, a score of zero will be allocated for preference)

PRICE

- Bidders must submit a separate price proposal that is broken down in details.

9. TECHNICAL PROPOSAL AND CRITERIA

The written tender application should focus on the following aspects to qualify and be considered:

- **Experience of the firm in internal audit services, including specialised skills, expertise and value-added services. (40 points)**
 - Demonstration of the firm's substantial internal audit experience.
 - Specialised skills, expertise and value-added services in the field of internal audit, with an emphasis on best practice methodology, tools and technology used.
 - Availability of forensic audit skills and tools.
 - Availability of computer audit skills and tools.
 - Advanced understanding of and sufficient exposure to the Public Finance Management Act of 1999 and the Treasury Regulation

- Experience in the auditing of government entities
- Number of projects successfully completed
- Company profile
- **Qualifications and experience of team members. (40 points)**
 - The relevant individuals must be registered with the IIA or relevant body.
 - Detailed CVs of the auditor/s who will be responsible for managing the internal audits and the person who will be signing the audit plan and reports.
 - Copies of qualifications and proof of registrations with relevant bodies must be submitted
- **Recent contactable references of internal audit projects successfully undertaken (20 Points, 4 points for each relevant reference letter)**
Minimum of 5 recent contactable references stating the following
 - Name of the client
 - Contact Telephone Numbers
 - Dates when work performed
 - Value of the project

To enable TMT to evaluate the entity on the above criteria, please ensure that adequate documentation is attached.

10. FINANCIAL PROPOSAL

Firms are required to submit a table of hourly rates as per the table below. Rates should be **inclusive** of VAT. The prospective bidder must include the total fees and disbursements for each year for three years. The escalation rate on fees and disbursement must be reflected from one year to another. If a particular category does not exist for the firm, it can be omitted.

Item (where applicable)	Hourly Rate (including VAT)
Engagement Partner	R
Partner	R
Senior Manager	R
Manager	R
Assistant Manager	R
Supervisor	R
Senior Auditor	R
Trainee Auditor	R
Specialists (e.g. tax, technical)	R

11. BIDDER SELECTION

TMT reserves the right to select the appropriate service provider(s) based on its requirements. The decision of the bid committees will be final.

TMT reserves the right not to accept the lowest bid.

12. SUBMISSION DETAILS

Proposals should be forwarded to TMT offices and the details are as follows:

Closing Date: **26 March 2018**

12h00

Closing Time:

Address: **49 New Road,
Block C, Grand Central,
Midrand**

For further information, contact:

Neo Thebe; neo@themvulatrust.org.za