



**SERVICES OF QUALIFIED EXTERNAL  
AUDITORS: REF NO; (RFP/TMT/001-2018)**

**Closing date: 26 March 2018**

**Time: 12:00**

## **REQUEST FOR PROPOSAL FOR THE PROVISION OF EXTERNAL AUDIT SERVICES**

The Mvula Trust (TMT) invites proposals for the provision of external 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 EXTERNAL AUDIT FUNCTION**

The objective of this bid is to appoint a suitable, independent service provider that can provide external audit service to the Trust and its subsidiaries.

Background information on the structure of TMT and its business units can be found in the latest annual report, which is available on our website ([www.themvulatrust.org.za](http://www.themvulatrust.org.za)).

### **Professional Membership and Registration requirement**

It is mandatory for the audit engagement partner of the preferred independent external auditor that will be in charge of the TMT audit to be a Registered Auditor (RA) with the Independent Regulatory Board for Auditors (IRBA). Similarly, the preferred independent audit firm must also be registered with the IRBA.

### **3. SCOPE OF THE WORK**

The External Auditors shall be required to perform audits for the trust and its subsidiaries in accordance with prescribed auditing standards with an objective of:

**3.1** Expressing an opinion on the financial statements of the trust that they are free from material misstatements, there is compliance with reporting framework;

**3.2** Evaluating the appropriateness of accounting policies used by the trust;

**3.3** Conducting the audit in accordance with auditing standards as published by professional body

**3.4** Considering King IV requirements as it relates to external audit requirements.

**3.5** Perform any additional audit work as required by TMT

### **4. EXPECTED OUTCOMES AND DELIVERABLES**

**Required outputs include (but will not be limited to) the following:**

- Provide management with an audit planning memorandum before commencement of the audit each year. This memorandum should detail the audit plan, risk areas and the impact this has on the standard audit program;
- Auditing of the annual financial statements of the controlling entity and its subsidiaries;
- Submitting a report to the Audit and Risk Committee, detailing the audit opinion and any other matters to be brought to the attention of the Audit and Risk Committee;
- Provide management with an assessment, based on audit procedures performed, on the adequacy of internal control systems and processes;
- Provide management with an assessment of the internal audit function and the ability to place reliance on the internal audit function;

- Provide management with a management report, detailing concerns that require management's attention with recommendations after allowing for discussion with management to determine the relevance of insights raised;
- Provide technical assistance and guidance on request;
- Strict adherence to the deadlines

## **5. QUALITY ASSURANCE REVIEWS OF THE WORK**

The auditor shall ensure that all work conforms to the International Auditing Standards.

## **6. INDEPENDENCE AND OBJECTIVITY OF STAFF**

- In carrying out the work, the auditor must ensure that their staff members maintain objectivity by remaining independent and objective of the activities they audit.
- Professional competence and integrity – The firm should be professional and competent in the practice of external audit as well as have high ethical standards.
- Knowledge of and exposure to the PFMA (Public Finance Management Act), Treasury Regulations and IFRS for SMEs are essential

## **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's performance.

## **8. EVALUATION CRITERIA**

### **Phase 1: Administrative Evaluation**

Bidders will be evaluated according to pre-qualification requirements which include the submission of mandatory information or documentation. Bidders that fail to meet the pre-qualification requirements of the bid will not be considered further for evaluation on technical requirements i.e. Phase 2.

### **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
- Proof of registration with IRBA and proof of registration of the lead partner and manager with SAICA. Proof must be on IRBA and SAICA letterheads respectively
- Company profile

## 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 external audit services, including specialised skills, expertise and value-added services, indicating the total number of calendar years. Firm must indicate the schedule of external audits performed, and proof of audits completed	40
Qualifications and experience of team members  Audit firm structure, indicating firm's executives, number of partners, managers, auditors and clerks. This should also include details of demographics at each level.	40
Recent contactable references of external audit projects successfully undertaken in the last five years.	20
<b>TOTAL</b>	<b>100</b>

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 comprehensive and detailed line-item (VAT-inclusive) budget as well as proposed hours and rates of personnel involved with reference to different levels of proposed resources to be utilised and an estimate of recoverable expenses.

## 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 external audit services, including specialised skills, expertise and value-added services. (40 points)**
  - Indicate the total number of calendar years of external audit experience. Firm must indicate the schedule of external audits performed, and proof of audits completed
  - Understanding of and sufficient exposure to the Public Finance Management Act and the Treasury Regulation
  - Experience of external auditing of government entities
  - Number of projects successfully completed
  - Company profile
  
- **Qualifications and experience of team members. (40 points)**
  - Audit firm structure, indicating firm's executives, number of partners, managers, auditors and clerks. This should also include details of demographics at each level.
  - The relevant individuals must be registered with the IRBA or relevant body.
  - Detailed CVs of the auditor/s who will be responsible for managing the external 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 external 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 charge out rate for each professional including but not limited to partner, Manager, Auditor levels and the average blended rate;
- Estimated hours and cost for the services
- Any other fees or costs to be borne by the trust that may be applicable.
- Total fees including disbursements for each year
- Escalation rate on the fees and disbursements from one year to another
- All fees quoted **must be inclusive of VAT.**

## 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](mailto:neo@themvulatrust.org.za)