BA-PHALABORWA MUNICIPALITY

- Budget and Treasury -

Procurement and Stores

TO : **Prospective Service Provider**
FROM : *SCM /STORES*
DATE : *09/11/2017*
ENQUIRIES : *STORES*
TELEPHONE : *015 780 6479/6362/61*
REF : *133551*

Kindly furnish this office with a written quotation for supply of goods/ services as detailed below. The quotation must be submitted on the letterhead of your Business and Brought to our offices 3 Nyala Street, Phalaborwa not later than 24/11/2017 at 15H0O.

QUANTITY	Description	PRICE/UNIT (Inc .VAT)	DELIVERY PERIOD
1	Request to procure professional services on MSCOA and data migration review for Internal Audit Unit		

Please number your quotes (Your Ref no)

The following conditions will apply:

> ➤ *Price (s) quoted must be valid for at least thirty (30) days from date of your offer.*
> ➤ *The municipality retains the prerogative to reject any quotes it deems to be excessive*
> ➤ *A firm delivery period must be indicated.*
> ➤ *Original Tax Clearance Certificate or certified copy*
> ➤ *Registered with CIPRO (CK 1 or 2 document)*
> ➤ *BBBEE Certificate certified by a SANAS accredited institution or certified sworn affidavit.*
> ➤ *Fill in and Return the Declaration of Interest Form (MBD4 Form) obtainable from our website.*
> ➤ *Centralised Suppliers Database printout (summary report)*

TERMS OF REFERENCE FOR MSCOA POST IMPLIMENTATION AND DATA MIGRATION REVIEW 2017/2018

The Internal Audit Unit of Ba-Phalaborwa Local Municipality seeks to procure professional internal audit services to review MSCOA Post Implementation and Data Migration for 2017/2018 financial year.

1. BACKGROUND

The National Treasury embarked on a budget reform program in 1999 aiming at improving accountability and modernizing the accounts of government; primarily by bringing budget and expenditure reporting in line with international best practice. The ultimate aim of this reform remains unchanged – it is to provide better quality information to legislatures to assist in the policy making process and to reinforce Parliament's oversight role.

The first part of the reform was the introduction of a new, standardized chart of accounts and new economic reporting format for national and provincial government departments in 2004. In this SCOA a standard list of expenditure items aligned with international accounting and economic reporting standards replaced the original "standard item" configuration in the financial systems.

The SCOA in essence comprises the coding of items used for classification, budgeting, recording and reporting of revenues and expenditures within the accounting system, in order to facilitate the recording of all transactions affecting assets and liabilities. Prior to implementation of the budget format and SCOA in 2004, the project team highlighted the need to rationalise the SCOA structure in the systems once sufficient conclusions regarding the challenges posed by the data structure were observed. The past three fiscal cycles have served as this period, and the SCOA team had now introduced a second round of structural improvements, called the "SCOA toning" project. These proposed changes have been implemented with effect of 1 April 2008.

2. OBJECTIVES / REQUIRED SERVICES

To provide Ba-Phalaborwa with mSCOA Post Implementation review to assist the Internal Audit Division under the leadership of the Chief Audit Executive.

The primary objective of this review is to:

- Review the current mSCOA system implementation against the original scope and / or amended specifications from both a user and client perspective.
- Identify gaps between what is implemented and what was originally requested including changes / amendments that were introduced through formal change management processes.
- Review compliance to the project management framework proposed.

The bidder must demonstrate the capability to perform the internal audits in accordance with the Institute

of Internal Auditing Standards and Practices, and any relevant legislation. Bidders who have or are providing internal audit services to similar entities are encouraged to submit quotations.

4. SCOPE OF WORK

The scope of Internal Audit is to provide assurance and/or advice in relation to mSCOA Post Implementation and data migration from EVenus to Sebata Financial System to senior management, the audit committee, Council and other stakeholders.

The review will focus on the following areas:

- Business Case & Vision Planning;

- Functional Requirements Versus Implementation;

- Product Performance Metrics;

- Capacity Analysis;

- Data Architecture;

- Risks and Risk Mitigation;

- Technical Architecture;

- Cost (Budget vs Actual);

- Schedule / Project Timelines;

- Customer & User Satisfaction; and

- Process Improvement and Innovation.

- Data migration from EVenus and PayDay to Sebata

5. EXTENT OF WORK

Performance of audit assignments will be as follows:

- Assignments are to be performed in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing and be guided by internationally recognized standards, best practices and guidelines. Such work shall further be subject to an external quality assurance review as may be required by BPM;

- All audit reports and working papers will become the property of BPM;

- The performance of each assignment shall be in accordance with the approved plan;

- In carrying out the work, the successful provider must ensure that their staff maintains their objectivity by remaining independent of the activities they audit;

- On a mutually agreed basis, the responsible partner/director shall meet with the Chief Audit Executive or delegate to report on progress of the work;

- For planning and conducting its work the internal auditor should seek to identify serious defects in the internal controls, which might result in possible malpractices. Any material defects must be reported immediately to the Audit Committee without disclosing these to any other members of the staff. This also applies to instances where serious fraud and irregularity is uncovered; and

5. REQUIREMENTS

The service provider must possess the following:

- The Team Leader of the project must be a Chartered Accountant (CA) / Certified Information Systems Auditor (CISA).

- Team members must have minimum of Bachelors of Commerce Degree: Accounting or Internal Auditing with a minimum of five years practical experience in local government.

- The service provider must have an experience and knowledge of IT, data migration and MSCOA reviews.

- The service provider must have knowledge and experience on IIA standards.

- The service provider must have internal auditing experience, including of auditing of IT project management of the municipality.

- The project time frame is five (5) weeks from the date of appointment of the service provider.

6. EVALUATION CRITERIA

Quotations will be evaluated in two (2) stages:

Stage 1 – Technical Requirements
This evaluation will be based on the responses using the functional requirements, i.e. previous experience, expertise and technical approach. The threshold values set for the qualification of bid is 70/100 for weight and all the bidders who score below this score will be eliminated.
To be responsive the bidder must score 70% or more on functionality.

The proposals will be evaluated in two stages, namely:

□   Stage 1- Functionality

□   Stage 2- Price and BBBEE Points

Only Bidders who score 70% or more on stage 1 would be evaluated further and therefore eligible for the award.

ITEM	Weight
STAGE 1 OF EVALUATION – FUNCTIONALITY	
Functionality	100
☐ **Previous Experience**	35
☐ **Capacity and Expertise**	35
☐ **Methodology and Quality Review**	30
STAGE 2 OF EVALUATION – PRICE & PREFERENTIAL POINTS	
BBBEE POINTS	20
Price	80
TOTAL	100

ELIGIBILITY CRITERIA/ FUNCTIONALITY

The following criteria will be used to evaluate proposals that are submitted by bidders:

Item No	Criteria Description	Weighting
	FUNCTIONALITY	
1	**Previous Company relevant experience**	35
	▪ The service provider must have 8 years Internal Audit Experience in Municipal environment (**15 points**) *Criteria for scoring* *8 years' experience = 15 points* *5 -7 years' experience = 10 points* *Below 5 years = 5 points* ▪ The service provider must have IT Audit Experience and Data Migration audit experience (**10 points**) *Criteria for scoring* *5 years' experience = 10 points* *3 -4 years' experience = 5 points* ▪ The service provider must have testimonial proof of finishing the engagement on time (**5 point**) ▪ The service provider must have MSCOA review experience (**5 points**)	
2.	**Capacity and technical expertise to undertake the engagement**	35
	The service provider must have a team which possess the following	

		qualifications above the B. Degree in Internal Audit/ Accounting: **(25 points)**
		
		   ■ CA
		   ■ CIA
		   ■ CISA
		
		Criteria for scoring
		If the provider have all qualifications = 25 points
		If the provider have 2 qualifications (CA/ CIA & CISA) = 15
		If the service provider does not have CISA it will be disqualified
		
		The service provider must have auditors who are registered members of the IIA and ISACA in good standing. Proof of membership must be attached. **(10 points)**
		Criteria for scoring
		If all team members are registered with IIA & ISACA = 10 points
		If there is no registration form both or any professional body the service provider will be disqualified	

3.	**Methodology and approach**	**30**
	Audit methodology must be align to the IIA Standards and project management approach **(15 points)** The service provider must provide proof of undertaking the quality review as required by the IIA within 5 years **(15 points)** *If there is no evidence of undergoing the quality review no pints will be allocated*	

Upon request by the Employer, the Bidder undertakes to provide adequate documentation to fully justify his points claim. Failure to provide any justification shall result in the quotation being rejected. The Employer may evaluate the justification documentation independently and shall in such cases, in his evaluation of the ~~determine~~ at his sole discretion, the quality points applicable.

	qualifications above the B. Degree in Internal Audit/ Accounting: **(25 points)** 　▪ CA 　▪ CIA 　▪ CISA *Criteria for scoring* *If the provider have all qualifications = 25 points* *If the provider have 2 qualifications (CA/ CIA & CISA) = 15* *If the service provider does not have CISA it will be disqualified* The service provider must have auditors who are registered members of the IIA and ISACA in good standing. Proof of membership must be attached. **(10 points)** *Criteria for scoring* *If all team members are registered with IIA & ISACA = 10 points* *If there is no registration form both or any professional body the service provider will be disqualified*	
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