

The South African Council for the Project and Construction Management Professions

**REQUEST FOR PROPOSAL
FOR
EXTERNAL AUDIT SERVICES**

For publication on the SACPCMP Notice Board/s & Website

The South African Council for the Project and Construction Management Professions (SACPCMP) seeks external audit services to be Appointed for an initial period of 3 years however renewable annually. Further provision has been made for an extension of 2-year, subject to approval by Council and ARC Assessment. Your firm is invited to participate and to submit a proposal to render external audit services. Please supply all information as requested and return your proposal by the date stipulated. Late and incomplete submissions will invalidate the proposal.

ADVERTISEMENT DATE	24 October 2018
ORGANISATION	SACPCMP
PROPOSAL NO:	001/Fin/18-19-
DESCRIPTION OF GOODS/SERVICES	Provision of external audit services
PROPOSAL SPECIFICATION FORMS/ DOCUMENTS ARE OBTAINABLE FROM:	The SACPCMP – www.sacpcmp.org.za OR FROM : Reception SACPCMP OFFICE International Business Gateway 1 st Floor, Gateway Creek Corner New & 6 th Road Midrand\Johannesburg
COMPULSORY REQUIREMENTS	- Please note that failure to submit compulsory documents may lead to disqualification. - Emailed submission will not be accepted. - Bidders are required to attend a compulsory briefing session
NUMBER OF COPIES REQUIRED	- 1 original and 4 copies required
<u>SUBMISSION OF PROPOSALS:</u>	1 st Floor Gateway Creek, Corner New & 6 th Road Midrand\Johannesburg
COMPULSORY BRIEFING	11:00 31 October 2018 At the SACPCMP Office
TIME: CLOSING DATE	13:00 19 November 2018
ENQUIRIES:	Tshidiso Lekgetho 010 443 0144 tenders@sacpcmp.org.za



The South African Council for the Project and Construction Management Professions

1. SCOPE OF TERMS OF REFERENCE

This document provides the terms of reference for the request for proposal in respect of the provision of external audit services for a period of up to three (3) financial years ending on 31 March 2019, 31 March 2020 and 31 March 2021 respectively. In compliance with the Public Audit Act (Act No. 25 of 2004), the Council will review the performance and independence of the external auditors annually and will approve the appointment on an initial period of up to 3 years prior to reissuing terms of reference to the market.

Background

The South African Council for the Project and Construction Management Professions (SACPCMP) is a juristic person established by section 2 of the Project and Construction Management Professions Act (Act No.48 of 2000) which provides for statutory professional certification, registration and regulation of Project and Construction Management Professions in order to protect public interest. In line with the construction industry development initiatives, the Council continues to advance and promote the science and management practice of project and construction management thereby contributing towards promotion of the construction and built environment industries.

It further regulates the Project and Construction Management Professions to protect the public by identifying the type and scope of work, registering professionals and maintaining a national register of professionals who adhere to a Code of Conduct.

It also accredits Project and Construction Management programmes at tertiary educational institutions to ensure that graduates are employable within the industry upon completion of their studies and recognises Voluntary Associations who assist in the promotion of the professions SACPCMP (South African Council for the Project and Construction Management Professions)'s Operational Budgeted for 2018/19 financial years is around R 29 Million.

The Council is not listed on any schedule of government, therefore is not required to comply with PFMA and government SCM regulations from an audit perspective

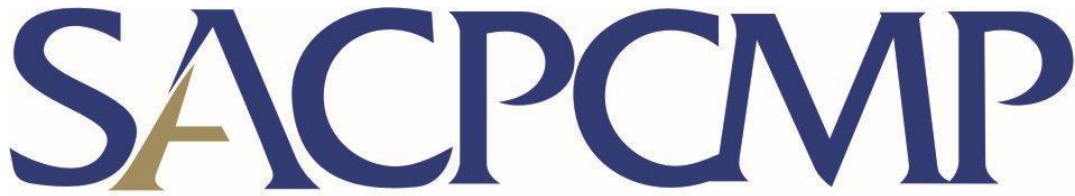
Operations

The SACPCMP operates in the Built Environment alongside the other six Councils being the South African Council for the Architectural profession (SACAP), the Engineering Council of South Africa (ECSA), The South African Council for the Landscape Architectural Profession (SACLAP), The Council for the Quantity Surveying Profession (SACQSP) and the South African Council for the Property Valuers Profession (SACPVP). The National Minister of Public Works is the Executive Authority of the Council and communicates with the Council through the CBE, which is the overarching body that co-ordinate the activities of all the six Built Environment Councils.

2. SCOPE OF WORK

The appointed service provider will be required to:

- 2.1. The auditors shall express an independent professional opinion as to whether the financial statements present fairly, in all material respects, the financial position of SACPCMP in accordance



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with the International Financial Reporting Standards and the requirements of the project the project and Construction Professions Act No 48 of 2000.

2.2. The audit shall be carried out in accordance with the International Standards on Auditing (ISAs). The auditors in their duties shall comply with the duties imposed upon them by the Audits Professions Act (Act No.25 of 2004) and the requirements of The Project and Construction Professions Act No 48 of 2000

2.3. Assess work performed by Internal Auditors for purposes of reliance;

2.4. Work with the internal auditors in the provision of combined assurance to Council; and management

2.5. Management letter

The Auditors should submit a management letter after the completion of the audit in which auditors will:

- 2.5.1. Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
- 2.5.2. Examine on test basis that appropriateness of supporting documents, records and books of accounts relating to council activities;
- 2.5.3. Include management responses to audit findings and recommendations;
- 2.5.4. Any matters that come to the auditor's attention during the audit that might have a significant impact to the Council.
- 2.5.5. Highlight any other new development that may be introduced from time to time.

2.6. The audit reports shall:

- 2.6.1. Contain details of the method and scope of audit and assurance that the audit was performed in accordance with International Standards of Auditing and by a qualified auditor.
- 2.6.2. Signed by the auditor responsible, stating the title.

2.7. Responsibility for preparation of Financial Statements

The responsibility for preparation of the annual financial statements lies with the SACPCMP management.

- 2.7.1. Management will prepare the annual financial statements in accordance with IFRS.
- 2.7.2. Management is responsible for implementation of accounting, administrative and financial procedures documented in the SACPCMP SOPs (Standard Operating Procedures).
- 2.7.3. SACPCMP financial year end runs from 1 April to 31 March annually.
- 2.7.4. Section 15(8) of the Project and Construction Profession Act No 48 of 2000 requires that the Council submit the audited financial statement within 6 months of close of the financial year to the Minister of Public Works.

2.8. Rotation of auditors will be done within a minimum of 3 years at the discretion of the SACPCMP Management, Audit Committee and Council.

2.9. The performance will be evaluated on an annual basis by the ARC and SACPCMP reserves the right to terminate the engagement should it deems necessary even before end of the contracted period.



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3. MANDATORY REQUIREMENTS

- 3.1. Proposals will be disqualified or excluded under the following conditions:**
- 3.1.1. *Submission after the deadline;*
 - 3.1.2. *Proposals submitted at incorrect location;*
 - 3.1.3. *Proposals submitted via email or fax;*
 - 3.1.4. *Service Providers whose tax matters are not in order when SACPCMP appoints;*
 - 3.1.5. *Failure to submit 4 x copies and an original bid document;*
 - 3.1.6. *Not attending the mandatory briefing session. It should be noted that the person attending the briefing session should sign the correct legal name of the bidder; and*
 - 3.1.7. *Not including a certification from the Independent Regulatory Board for Auditors (IRBA) indicating the certification of the firm as well as that of the lead partner.*
 - 3.1.8. *BBBEE Original Certificate/ Sworn Affidavit*

4. EVALUATION CRITERIA

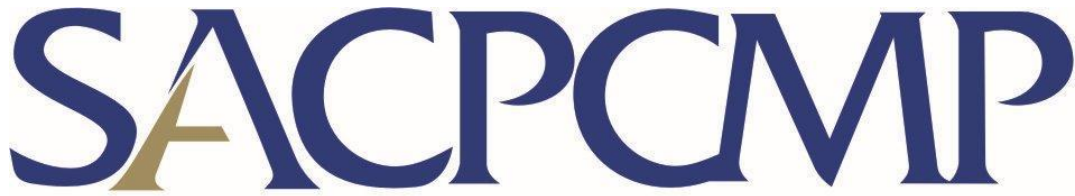
SACPCMP will do the evaluation and adjudication after the proposal submission deadline. The selection criteria will include the following:

- 4.1. Eligibility - authorization by the IRBA to conduct audits.
- 4.2. Experience of your firm in relation to the scope of audits for organ of the state
- 4.3. A list of similar public organizations served by your firm.
- 4.4. Your staff assignments and availability to complete the audit on a timely basis
 - 4.4.1. Participation of audit Partner and manager personnel assigned to the engagement.
 - 4.4.2. Depth of Technical Resources (CV of the assigned Partner and Audit manager).
- 4.5. Audit firm staff stability history - what assurances can you provide regarding the assignment of your permanent personnel to the engagement.
- 4.6. Proposed fee for the engagement including a schedule for additional services that may be necessary beyond the scope of the audit engagement. The proposal should indicate anticipated fees for the second and third years
- 4.7. Detailed audit plan/methodology including your approach to risk and fraud detection.
- 4.8. Estimated number of hours to complete the audit by classification of your employees, i.e. partners, manager, assistant manager, trainees,
- 4.9. Detail of expenses expected to be incurred, i.e. mileage, per diem, telephone, etc.
- 4.10. Time Requirements

5. MINIMUM FUNCTIONAL REQUIREMENTS

The service provider should meet the following minimum requirements:

- 5.1. Registration and good standing status of firm and team with:
 - 5.1.1. SAICA – South African Institute of Chartered Accountants; and
 - 5.1.2. IRBA - Letter of good standing from the Independent Regulatory Board of Auditors.
- 5.2. At least 5 years track record as a firm providing external audit services in private sector
- 5.3. At least 5 years' experience as a firm in external auditing of public sector entities.
- 5.4. Experience in the membership environment will be advantageous.
- 5.5. At least 5 years external audit experience of the lead partner and/or manager preferably in public sector.
- 5.6. Sufficient capacity of the firm to service the needs of SACPCMP as per these terms of reference. (Partner, Manager, Assistant Manager, IT Auditor and at least two Trainees)



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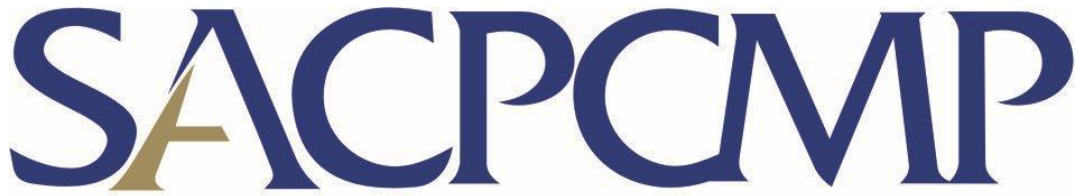
- 5.7. Adequate mix of skill with the team CA (SA), CISA, CFE
- 5.8. The firm, partner, manager and team should be free of any conflicts of interest related to the provision of external audit services.
- 5.9. At least 3 recent (not longer than 3 years) written and contactable references of external audit clients.

6. SPECIAL CONDITIONS

- 6.1. All enquiries must be made in writing to tenders@sacpcmp.org.za, within 7 days of the briefing session during office hours of 7:30 to 4:30. Please note that responses will be communicated to all bidders who have attended the briefing session. It is therefore the responsibility of the bidder or their representative to ensure that they correctly record their email in the briefing session attendance register.
- 6.2. SACPCMP reserves the right not to consider any proposal not fully completed.
- 6.3. By accepting to take part in the proposal process, you agree to keep in confidence all information imparted to you in relation with the proposal process, not to disclose it to third parties and not to use it for other purpose than the proposal.
- 6.4. The Respondent is responsible for all costs incurred in the preparation and submission of the proposal.
- 6.5. A copy/s of any affiliations, memberships and/or accreditations that support your submission must be included in the proposal.
- 6.6. Kindly note that SACPCMP is entitled to:
 - 6.6.1. Amend any RFP conditions, validity period, specifications, or extend the closing date and/or time of RFP's before the closing date. All Respondents, to whom the RFP documents have been issued, will be advised in writing of such amendments in good time;
 - 6.6.2. Verify any information contained in a proposal;
 - 6.6.3. Not appoint any bidder;
 - 6.6.4. Vary, alter, and/or amend the terms of this RFP, at any time prior to the finalisation of its adjudication hereof;
 - 6.6.5. Disqualify proposals that contain an omission of disclosure of material information, that is factually inaccurate, and/or contains a misrepresentation
 - 6.6.6. Not accept the lowest proposal or any proposal in part or in whole. SACPCMP normally awards the contract to the Bidder who proves to be fully capable of handling the contract and whose proposal is technically acceptable and/or financially advantageous to SACPCMP. Appointment as a successful contractor shall be subject to the parties agreeing to mutually acceptable contractual terms and conditions. In the event of the parties failing to reach such agreement within 30 (thirty) days from the appointment date, SACPCMP shall be entitled to appoint the contractor who was rated 2nd (second), and so on;
 - 6.6.7. Cancel or withdraw from this RFP as a whole or in part without furnishing reasons and without attracting any liability;
 - 6.6.8. This proposal and its acceptance shall be subject to the terms and conditions contained in this RFP document;

7. PROPOSAL

- 7.1. Bids shall include all relevant information about the bidder as indicated in the advertisement, which will enable SACPCMP to assess the service provider's competence.
- 7.2. Responding firms will be evaluated on the quality of the written proposals as well as oral presentations to the Audit and Risk Committee.



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7.3. Written proposals should be submitted by 13h00 on **19 November 2018** to the following address:

SACPCMP
International Business Gateway
1st Floor, Gateway Creek
Corner New & 6th Road
Midrand

These must be hand delivered to Finance Department. Please ensure that you sign a register of submissions

8. PROPOSALS SHOULD ADDRESS:

8.1. Understanding of the Request for Proposal

- ✓ Detailed proposal to include the firms understanding of the requirements in respect of the request for proposal as set out in section 2,
- ✓ The proposal must set out the firm's approach and end to end methodology in respect of the scope (including its Quality assurance and resolution processes) and any other value added services to be provided to SACPCMP.

8.2. Functional minimum requirements

- ✓ The firm must provide full detail in its proposal in respect of the functional minimum requirements set out in section 3.
- ✓ Describe briefly the firms audit methodology/approach and the technology used
- ✓ CV's of the lead partner, manager and core team members must be included in the proposal
- ✓ Describe the firm's quality control system and demonstrate briefly that the firm has established adequate quality control policies and procedures that comply with ISA 220 and international standard on quality control.

9. BID EVALUATION:

9.1. First Evaluation process

The following functionality evaluation criteria will be used.

Area of Review	Score	Maximum Points																					
1. Audit team: Qualifications of the proposed audit team																							
<p>Confirmation that the staff to be assigned in will meet the expected technical requirements.</p> <table border="1"> <thead> <tr> <th>Position/Level</th> <th>Proposed Minimum Qualification</th> <th>Weighting</th> </tr> </thead> <tbody> <tr> <td>Partner</td> <td>CA(SA)</td> <td>30%</td> </tr> <tr> <td>Manager</td> <td>CA(SA)</td> <td>20%</td> </tr> <tr> <td>Assistant Manager / Supervisor</td> <td>Newly qualified CA</td> <td>15%</td> </tr> <tr> <td>Trainee 2nd year</td> <td>Bcompt Honours</td> <td>10%</td> </tr> <tr> <td>Trainee 1 year</td> <td>Bcompt</td> <td>10%</td> </tr> <tr> <td>IT Auditor</td> <td>CISA</td> <td>15%</td> </tr> </tbody> </table> <p><i>None submission of the CV will result in no points being awarded.</i></p>	Position/Level	Proposed Minimum Qualification	Weighting	Partner	CA(SA)	30%	Manager	CA(SA)	20%	Assistant Manager / Supervisor	Newly qualified CA	15%	Trainee 2 nd year	Bcompt Honours	10%	Trainee 1 year	Bcompt	10%	IT Auditor	CISA	15%	0.20	5
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Partner	CA(SA)	30%																					
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Trainee 2 nd year	Bcompt Honours	10%																					
Trainee 1 year	Bcompt	10%																					
IT Auditor	CISA	15%																					
2. Technical Approach (Methodology)																							
2.1. Understanding the brief																							
- provides detailed proposal ,	0.10	5																					
- understands audit approach ,	0.10																						
- provides end -to-end methodology	0.10																						
2.2. Quality control																							
• Detail description of the firm's quality control systems	0.05	5																					
<ul style="list-style-type: none"> • Copy of the firm's quality control policies and procedures that comply with international standards on ISA 220 and or Quality Control (ISQC1) ✓ <i>None submission of the above will result in no points being awarded</i> ✓ <i>Certified copies to be submitted</i> 	0.05																						

3. Experience in undertaking external audits		
3.1. Assessment of the Firm		
<p>Audit firm's audit experience in the public sector – indicating the total number of years. Firms must provide a schedule of the public-sector audit performed, and proof of audit completed in the form of an audit opinion issued.</p> <p>5 = More than 10 years' public-sector experience;</p> <p>4 = 10 years' public-sector experience,</p> <p>3 = 8 to 9 years' public-sector experience,</p> <p>2= 5 to 7 years' public-sector experience,</p> <p>1 = 2 to 4 years' public-sector experience; and</p> <p>0 = less than 2 years' public-sector experience.</p>	0.05	5
<p>Audit firm's audit experience in the private sector – indicating the total number of years. Firms must provide a schedule of the private -sector audit performed, and proof of audit completed in the form of an audit opinion issued.</p> <p>5 = More than 10 years' private sector experience;</p> <p>4 = 10 years' private -sector experience,</p> <p>3 = 8 to 9 years' private -sector experience,</p> <p>2= 5 to 7 years' private -sector experience,</p> <p>1 = 2 to 4 years' private -sector experience; and</p> <p>0 = less than 2 years' private -sector experience.</p>	0.05	5
Submission of audit firm inspection letter as assessed by IRBA	0.05	5
3.2. Assessment of the Engagement Partner		
<p>Engagement partner – confirmation of experience in the public sector, this should be verified in terms of a CV supplied.</p> <p>5 = more than 15 years' experience,</p> <p>4 = more than 10 years but less than 15 years;</p> <p>3 = more than 5 years but less than 10 years;</p> <p>2 = more than 1 year and less than 5 years;</p> <p>1 = less than 1 years' experience; and</p> <p>0 = no CV included</p>	0.05	5

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<p>Engagement partner – confirmation of experience in the private, this should be verified in terms of a CV supplied.</p> <p>5 = more than 15 years' experience,</p> <p>4 = more than 10 years but less than 15 years;</p> <p>3 = more than 5 years but less than 10 years;</p> <p>2 = more than 1 year and less than 5 years;</p> <p>1 = less than 1 years' experience; and</p> <p>0 = no CV included</p>	0.05	5
Submission of partner's inspection letter as assessed by IRBA	0.05	5
4. Track Record		
<p>List of contactable applicable references for similar work undertaken.</p> <p>i. 5- Written reference received 5</p> <p>ii. 4- Written reference received 4</p> <p>iii. 3- Written reference received 3</p> <p>iv. 2- Written reference received 2</p> <p>v. 2- Written reference received 2</p> <p>vi. No applicable reference received (0)</p> <p>✓ Must not be older than 3 years</p> <p>✓ At least 1 must be from the Audit committee</p> <p>✓ Must be contactable and verifiable</p>	0.10	5
Total/Maximum points	100%	
Total points required to move to next level		70%

9.2 Scoring Rules

Unless otherwise specified above, scoring will be done as per below table.

SCORE	DESCRIPTION
5	Excellent - significantly exceed the acceptable level
4	Very good -exceeds acceptable standards
3	Satisfactory - acceptable standards
2	Poor -less than acceptable standards
1	Unsatisfactory -much less than acceptable standards
0	Unacceptable of no evidence

For a bidder to be considered for the 2nd stage of evaluation they must attain a minimum threshold of not less than 70 points on functionality

9.3 Second Phase Evaluation

Second and final phase will be evaluated as follows:

Evaluation criteria	Points
Price	60%
BBBEE	20%
Presentation	20%
Maximum Points	100%

9.3.1 Fees/Pricing (Inclusive of VAT)

9.3.1.1 Bidders must submit:

- a competitive fee quote to complete the external audit for each of the 3 years separately.
- This should detail the breakdown per level of staff and hourly rates per level excluding and including VAT and any disbursements
- Schedule and timing of billings.
- Details of any other costs that may be charged not covered for above

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9.3.1.2 Below is a table of the Financial proposal for the duration of the contract

(a) 2019/20

Position/Level	Number of Hours	Rate Charged	Total
Partner			
Manager			
Assistant Manager / Supervisor			
Trainee 2 nd year			
Trainee 1 year			
IT Auditor			
Other related Costs (Specify)			
TOTAL			

(b) 2020/21

Position/Level	Number of Hours	Rate Charged	Total
Partner			
Manager			
Assistant Manager / Supervisor			
Trainee 2 nd year			
Trainee 1 year			
IT Auditor			
Other related Costs (Specify)			
TOTAL			

(c) 2021/22

Position/Level	Number of Hours	Rate Charged	Total
Partner			
Manager			
Assistant Manager / Supervisor			
Trainee 2 nd year			
Trainee 1 year			
IT Auditor			
Other related Costs (Specify)			
TOTAL			

(d) Summary

Financial Year	Total Cost
2019/20	
2020/21	
2021/22	
Other related cost (Specify)	
TOTAL	

9.3.2 Points Awarded for Status Level of Contribution

9.3.2.1 BBBEE verification in respect of this tender will be conducted in accordance with the generic scorecard under the amended Codes of Good Practice

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

9.3.2.2 (A bidder who qualifies as an EME or QSE in terms of the B-BBEE Act must submit a sworn affidavit confirming Annual Total Revenue and Level of Black Ownership.

9.3.2.3 Points claimed must be in accordance with the table reflected in paragraph above and must be substantiated by means of a B-BBEE certificate issued in accordance to the new sector codes in line with SAICA's requirements

9.3.2.4 The proposal must include a certified copy of B-BBEE certificate. **(Not a copy of certified copy and it must not be older than three months)**

10 ALTERATIONS

10.3 Alterations, if any, should be signed for by the authorised person/s.

10.4 All price alterations must be signed for by the bidder confirming that such changes were made by the bidder.

11 SIGNING OF PROPOSAL

11.3 All Proposal must be signed

11.4 All related tender document must be signed.