



**Free State  
CET College**  
Community Education  
and Training College

## **REQUEST FOR QUOTE**

**RFQ01FSCETC/2021**

**TERMS OF REFERENCE FOR THE APPOINTMENT OF A SUITABLE EXTERNAL  
AUDIT FIRM TO PERFORM THE EXTERNAL AUDIT ON THE ANNUAL FINANCIAL  
STATEMENTS FOR THE 2021 FINANCIAL YEAR FOR THE FREE STATE  
COMMUNITY EDUCATION AND TRAINING COLLEGE**

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Date Issued: 07 December 2021

Closing date and time: 17 December 2021 at 4:00 pm

## **PART A – INFORMATION ON THE REQUEST FOR QUOTE**

### **1. BACKGROUND**

- 1.1 The CET came into existence on 1 April 2015 when the Public Adult Learning Centres (PALCs) migrated from the Provincial Education Departments (PEDs) to the CET Colleges, resorting under the Department of Higher Education and Training (DHET). The mandate of the college is to provide quality and relevant education and training programmes for youth and adults to improve their livelihoods. The College, through the Community Learning Centres, offer programmes that will ensure that learners attain skills that will enable them to either find employment or establish their own enterprises.
- 1.2 The College is situated in the Free State Province, South Africa. Governance of the College rests with the Council subject to the relevant statutes and policies. Management of the college consists of the Principal and Deputy Principals. The CET College operates in accordance with the requirements, rules and regulations laid down in the following documents:
  - 1.2.1 The Continuing Education and Training Act, Act 16 of 2006; and
  - 1.2.2 National Norms and Standards for Funding Community Education and Training Colleges.
- 1.3 Generally Recognised Accounting Practice (GRAP) is effective for Colleges as per the Government Gazette No. 41843 dated 18 August 2018 issued by the Minister.

## **2. PURPOSE OF THE REQUEST FOR QUOTE**

- 2.1 The purpose of the tender is to identify, evaluate and appoint an Audit Firm capable of performing the External Audit of the Free State Community and Education Training College on the financial year ended 31 December 2021.

## **3. SCOPE AND DEFINITION OF WORK**

The appointed service provider will issue an independent audit opinion by:

- 3.1 Carrying out such work as is necessary to form an opinion as to whether the College's annual financial statements fairly present the financial position, financial performance and cash flows for the College, in accordance with the Generally Recognised Accounting Practice (GRAP) and all relevant legislation but not limited to;
- 3.1.1 Preparing a detailed audit planning memorandum;
  - 3.1.2 The Schedule of corrected and uncorrected misstatements
- 3.2 Determine their scope, methodology and approach as per the International Standards on Auditing as issued by Independent Regulatory Board for Auditors (IRBA);
- 3.2.1 Preparing a detailed budget in line with the audit planning memorandum.
  - 3.2.2 Submitting timesheets for engagement team member
- 3.3 Communicate audit findings and make recommendations to management;
- 3.3.1 Conduct regular update meetings with management to ensure all matters are dealt with timeously; and
  - 3.3.2 Draft and issue audit reports upon completion of audit assignments.
- 3.4 Provide a final report with management responses on corrective actions and the presentation thereof to the Audit Committee, where necessary including;
- 3.4.1 Attending the Audit and Risk Committee meetings; and any other relevant meetings as required; and

3.4.2 Present External Audit Report to the Audit and Risk Committee.

3.5 Review and provide an independent audit opinion on the Annual Financial Statements within deadlines provided:

3.5.1 Draft and issue audit reports upon completion of audit assignments;

3.5.2 Attend Audit and Risk Committee meetings; and

3.5.3 Any other relevant meetings as required.

#### **4. DELIVERABLES**

4.1 A detailed audit planning memorandum at commencement of the audit;

4.2 A detailed budget in line with the audit planning memorandum agreed to by management with all relevant timelines;

4.3 Communication of audit findings with recommendations to management;

4.3.1 Attendance of regular update meetings with management to ensure all matters are dealt with timeously

4.3.2 Audit reports upon completion of audit assignments;

4.4 Final report with management responses on corrective actions and the presentation thereof to the Audit Committee, where necessary;

4.4.1 Attendance of Audit Committee meetings; and any other relevant meetings as required.

4.4.2 Presentation External Audit Report to the Audit Committee.

4.5 Issuing of audit opinion of the Annual Financial Statements for the periods as agreed upon.

4.5.1 Audit reports upon completion of audit assignments;

4.5.2 Attendance of Audit and Risk Committee meetings and any other relevant meetings as required; and

4.5.3 Presentation of External Audit Report to the Audit and Risk Committee.

## **5. APPROPRIATE QUALIFICATIONS, EXPERIENCE, SKILLS AND KNOWLEDGE**

5.1 The firm must be registered in terms of the Auditing Profession Act as an accountant and auditor and engaged in public practice (registration with IRBA - Independent Regulatory Board for Auditors) as an auditor allowed to perform assurance related engagements.

5.2 The service provider must demonstrate relevant experience in rendering external audit services to the public sector.

5.3 The service provider's key personnel of the proposed audit team must have relevant qualifications, skills and experience. These would include as a minimum:

First year clerk – with at least a BCom (Accounting) or equivalent;

Second year clerk – with at least BCom (Accounting) or equivalent;

Third year clerk –with at least BCom (Accounting) or equivalent;

Accountant-in-charge or Supervisor –must have at least passed QE part 1;

Audit Manager –must have qualified as a CA (SA) and have at least 1 year's managerial experience;

Partner to have at least 3 years' experience as a partner in the Public Sector

5.4 Professional Competence and Integrity – The firm should be professional and competent in the practice of external audit (attest function) as well as have high ethical standards; i.e. Knowledge of and exposure to the PFMA (Public Finance Management Act), Treasury Regulations, CET Act and GRAP are a must;

5.5 Independence and Objectivity must be assured by there not being any conflict of interest.

5.6 Track record and Reputation – written references attesting to performing statutory audits are required. The Audit Firm is to have a minimum of five (5) years' experience in conducting audits within the Public Sector

5.6.1. Minimum of 3 reference letters confirming the audit firm's working experience in the Public Sector,

5.6.2. Reference letter must be provided on the clients' letterhead and must be signed by the client;

5.7 Confirmation of the existence of a technical department, as well as numbers and levels of staff in the technical department. In the absence of this, confirmation of association with the firm that has technical department and support thereof.

## 6. DURATION OF THE CONTRACT

6.1 The successful service provider will be appointed to render the requisite service portfolio for a **minimum period of three months** and a maximum period of **one financial year** or until the audit is concluded.

6.2 Work will start on signing of the service level agreement.

6.3 Although the exact scheduling of inputs and allocation of days will be agreed to between the College and the consulting team, it is envisaged that the assignment will be carried out in five missions as outlined in Table 1.

| No | Broad Tasks                               | Envisaged number of Working Days |
|----|---|----------------------------------|
| 1  | Submission of detailed Audit Plan         |                                  |
| 2  | Submission of detailed audit budget       |                                  |
| 3  | Performing substantive testing on the AFS |                                  |

| No | Broad Tasks   | Envisaged number of Working Days |
|----|---|----------------------------------|
| 4  | Submission of management report for input and Comment   |                                  |
| 5  | Submission of final management report and Audit Opinion |                                  |

## 7. SUBMISSION OF QUOTES

7.1 Quotes should be sent to email address: [TRatlala@FS.CETC.edu.za](mailto:TRatlala@FS.CETC.edu.za) and copied to HortenseL@CETProject.co.za. Any queries should be directed to Ms Tlalane Ratlala to the above email address or by calling 051 250 4029.

7.2 Documents will only be considered if received by the College before or on the closing date and time.

7.3 Service providers are requested to initial the bottom right-hand corner of each page of the tender document. On pages where service providers are required to provide full signatures, initialling at the bottom of these pages is not required.

## 8. MANDATORY DOCUMENTS

8.1 The College has set minimum standards that service providers need to meet as a precursor to evaluation and selection as the successful.

8.2 The minimum standards consist of the following criteria:

| Pre-qualification Criteria<br>(Phase 0)  | Technical Evaluation<br>Criteria<br>(Phase 1)   | Price and B-BBEE<br>Evaluation<br>(Phase 2)   |
|--|---|---|
| Service providers must submit all documents as outlined in paragraph 1.3 below.<br>Only service providers that comply with ALL these criteria will proceed to Phase 1. | Service providers are required to achieve a minimum of 80 points out of 100 points to proceed to Phase 2 (Price and B-BBEE considerations). | Service providers will be evaluated out of 100 points and Phase 2 will only apply to service providers who have met and/or exceeded the threshold of 80 points. |

### 8.3 Phase 0: Pre-Qualification Criteria:

8.3.1 Without any limitation in respect of the College's other critical requirements relevant to this Bid, prospective service providers must submit all the documents listed in **the table** below.

**Table: Documents to be submitted for pre-qualification:**

| Document that must be submitted   | YES/NO | Non-submission may result in disqualification   |
|---|--------|---|
| <b>Invitation to Bid - SBD 1</b>  |        | Complete and sign the attached <i>pro-forma</i> document  |
| <b>Tax Status<br/>Tax Clearance<br/>Certificate - SBD 2</b>                       |        | <ul style="list-style-type: none"> <li>i. Written confirmation that SARS may on an ongoing basis during the period of the contract disclose the service providers tax compliance status.</li> <li>ii. Proof of Registration on the Central Supplier Database</li> <li>iii. Vendor number</li> <li>iv. In the event where the service provider submits a hard copy of the Tax Clearance Certificate, the CSD verification outcome will take precedence.</li> </ul> |
| <b>Declaration of Interest - SBD 4</b>  |        | Complete and sign the attached <i>pro-forma</i> document.   |
| <b>Declaration of Service provider's Past Supply Chain Management Practices -</b> |        | Complete and sign the attached <i>pro-forma</i> document (SBD 8).   |
| <b>Certificate of Independent Bid Determination</b>                               |        | Complete and sign the attached <i>pro-forma</i> document (SBD 9).   |
| <b>Registration on the Central Supplier Database (CSD)</b>                        |        | <ul style="list-style-type: none"> <li>i. The service provider must be registered as a service provider on the Central Supplier Database (CSD). If not registered proceed with completing the company registration prior to submission of the proposal. Visit <a href="https://secure.csd.gov.za/">https://secure.csd.gov.za/</a> to obtain a vendor number.</li> <li>ii. Submit proof of registration.</li> </ul>  |
| <b>Pricing Schedule</b>   |        | Submit full details of the pricing proposal in a separate envelope  |



- 8.3.2 Each document must be completed and signed by the duly authorised representative on behalf of the prospective bidding company.
- 8.3.3 During this phase bid responses will be evaluated with emphasis placed on documentary compliance with the listed administrative and mandatory bid requirements.
- 8.3.4 Service providers' proposal will be disqualified as a result of non-submission and completion of the listed documents.

#### **8.4 Phase 1: Technical Evaluation Criteria = 100 points:**

- 8.4.1 All companies are required to fully adhere to the technical evaluation criteria scorecard and compliance checklist.
- 8.4.2 Only companies that have fully met the Pre-Qualification Criteria in Phase 0 will accordingly be evaluated in Phase 1 for determination of functionality.
- 8.4.3 Companies will be evaluated on an overall score of 100 points.
- 8.4.4 The College as part of on-site reference checks for allocating points, will at its own discretion choose a site at one of the bidding company's clients for validation of the services rendered. The choice of site will remain College's sole discretion.
- 8.4.5 Service providers are required to score a minimum of **85 points** to proceed to **Phase 2: Evaluation for Pricing and B-BBEE** status.
- 8.4.6 **Phase 1: Technical Evaluation Criteria:** The service providers' information will be scored according to the points determination system.

#### **8.5 Phase 2: Price and B-BBEE Evaluation (80 + 20) = 100 points:**

- 8.5.1 Only prospective service providers that have attained the **80** points allocation threshold in phase 1 will subsequently progress for evaluation in phase 2 in relation to pricing options and B-BBEE qualification criteria.
- 8.5.2 Pricing options and B-BBEE qualification will accordingly be evaluated as follows: In terms of Regulation 6 of the Preferential Procurement Regulations pertaining to the *Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)*, responsive bids will be adjudicated on the **80/20 (R1 million to a maximum R50 million, all applicable taxes included)** preference point system in terms of which points are awarded to service providers on the basis of the bid

pricing (**maximum 80 points**) and B-BBEE status level of the contributor (**maximum 20 points**).

### 8.5.3 Stage 1 - Price Evaluation (80 Points):

| Criteria   | Points    |
|--|-----------|
| <b>Price Evaluation</b><br>$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$ | <b>80</b> |

The following formula will be applied to calculate the points awarded in relation to pricing and this determination is informed as follows:

$P_s$  - Points scored for comparative pricing of the bid submitted for consideration

$P_t$  - Comparative pricing of the bid under consideration

$P_{\min}$  - Comparative pricing of the lowest acceptable bid

### 8.5.4 Stage 2 - B-BBEE Evaluation (20 Points):

8.5.4.1 **B-BBEE Points allocation:** A maximum of **20 points** may be allocated to a service provider based on the evaluation of the company's B-BBEE status level of contribution that is determined as follows:

| 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                               |

8.5.4.2 B-BBEE points are allocated to service provider on receipt of the following documentation or evidence: A duly completed Preference Point Claim Form: Standard Bidding Document (SBD 6.1); and the relevant B-BBEE Certificate.

8.5.4.3 Non- submission of a completed / signed **Preference Point Claim Form – SBD 6.1 and BBEE** certificate will result in a zero (0) score on B-BBEE.

8.5.4.4 The points scored by a service provider in respect of the B-BBEE will be added to the points scored for price:

| AREAS OF EVALUATION                   | POINTS     |
|---------------------------------------|------------|
| • Price                               | <b>80</b>  |
| • B-BBEE Status Level of Contribution | <b>20</b>  |
| <b>Total</b>                          | <b>100</b> |

#### **8.5.5 Joint Ventures, Consortiums and Trusts:**

8.5.5.1 A trust, consortium or joint venture, will qualify for points on evaluation of their B-BBEE status level as a legal entity, provided that the entity submits the requisite B-BBEE status level certificate.

8.5.5.2 A trust, consortium or joint venture will qualify for points on evaluation of their B-BBEE status level as an unincorporated entity, provided that the entity submits their requisite, consolidated B-BBEE scorecard as if they were a group structure and on condition that such a consolidated B-BBEE scorecard is prepared for every separate bid application.

8.5.5.3 Service providers must submit substantive proof of the existence of joint ventures and/or consortium arrangements. The College will accept signed agreements as satisfactory proof for the existence of a joint venture and/or consortia arrangement.

8.5.5.4 Joint venture and/or consortia agreements must clearly set out the roles and responsibilities of the lead partner, alongside the joint venture and/or consortium. The agreement must also clearly identify the lead partner that is accordingly provided with a power of attorney to bind the other co-parties in all matters pertaining to the joint venture and/or consortia arrangement.

#### **8.5.6 Claim B-BBEE Points:**

8.5.6.1 Prospective service providers who wish to qualify for and claim preferential points are obligated to fully comply with regulations 3 of the PPPFA Regulation in so far as it pertains to B-BBEE points claim.

## **PART D – SUBMISSIONS**

### **9. CONTENT OF THE TECHNICAL SUBMISSION**

The technical submission should include the following:

- 9.1 Cover Page
- 9.2 Mandatory documents
- 9.3 Introduction and Executive Summary
- 9.4 Company and contact information of the service provider, including all parties/team members to the consortium where applicable.
- 9.5 Confirmation that the firm is registered in terms of the Auditing Profession Act as an accountant and auditor and engaged in public practice (registration with IRBA - Independent Regulatory Board for Auditors) as an auditor allowed to perform assurance related engagements.
- 9.6 References that clearly demonstrate the relevant experience in rendering external audit services to the public sector.
- 9.7 Proof of experience with the externals audits specifically in public sector. This may be in the form of appointment letters, tender award letters or any other form of evidence.
- 9.8 CV's of the Audit Team that will be assigned to this Project as well as copies of the relevant qualifications as detailed below:
  - First year clerk – with at least a BCom (Accounting) or equivalent;
  - Second year clerk – with at least BCom (Accounting) or equivalent;
  - Third year clerk –with at least BCom (Accounting) or equivalent;
  - Accountant-in-charge or Supervisor –must have at least passed QE part 1;
  - Audit Manager –must have qualified as a CA (SA) and have at least 1 year's managerial experience;
  - Partner to have at least 3 years' experience as a partner in the Public Sector

- 9.9 References to clearly outline the competence and integrity shown on previous clients as well as the knowledge in the relevant Acts i.e Knowledge of and exposure to the PFMA (Public Finance Management Act), Treasury Regulations, CET Act and GRAP are a must;
- 9.10 Confirmation of Independence and Objectivity must be assured by declaring that there is no conflict of interest with the College;
- 9.11 Track record and Reputation – written references attesting to performing statutory audits are required. The Audit Firm is to have a minimum of five (5) years' experience in conducting audits within the Public Sector
- 9.12. A minimum of 3 reference letters confirming the audit firm's working experience in the Public Sector,
- 9.13. Reference letter must be provided on the clients' letterhead and must be signed by the client;
- 9.14. Confirmation of the existence of a technical department, as well as numbers and levels of staff in the technical department. In the absence of this, confirmation of association with the firm that has technical department and support thereof
- 9.15. The service provider must ensure the following in the above documents:
- 9.15.1. The service provider must demonstrate a thorough understanding of the CETC mandate and the skills development legislative, regulatory and policy framework;
- 9.15.2. The detailed approach and methodology to be applied in conducting the audit and meeting the deadlines.
- 9.15.3. Project plan/methodology - Service providers to indicate what procedure/methodology is going to be used to execute the service or project; as well as provide a project plan with final outputs must be linked to the timeframes;
- 9.15.4. Demonstrated proven previous experience and knowledge;
- 9.15.5. A detailed structure of the service provider's organisation, how it operates and specifically how it will be able to respond with transparency and urgency to requests by the CETC;

- 9.15.6. A demonstration in how the service provider will relate to the internal arrangements of the CETC for the work to be performed;
- 9.15.7. A demonstration in how the service provider will relate to internal audit as internal assurance provider and the Auditor-General of South Africa as external assurance provider for CETC with regards to audit matters;
- 9.15.8. Compulsory tender documents completed in full together with supplementary service provider documents as required. This includes tax certificates and completed SBD forms for all the service providers and consortium members, where applicable;

## **10. FINANCIAL SUBMISSION**

- 3.1. The financial submission should include the proposed fee for the project over the *(number of years/months)* period.
- 3.2. The proposed fee should include any costs that will be incurred by the service provider, including travel and subsistence expenses. The total price or amount provided will be regarded as the cost of the project, including VAT and applicable taxes.
- 3.3. The financial submission must include the proposed charge out rates per level of team member on the Audit Team.

## **11. EVALUATION CRITERIA**

11.12. The following table reflects the evaluation criteria that will be used in evaluating the technical submission.

| No | Element  | Weight |
|----|--|--------|
| 1  | Track record and Reputation – written references attesting to performing statutory audits are required. The Audit Firm is to have a minimum of five (5) years' experience in conducting audits within the Public Sector<br><br>(i) Minimum of 3 reference letters confirming the audit firm's working experience in the Public Sector, | 20     |

| No | Element  | Weight |
|----|--|--------|
|    | <p>(ii) Reference letter must be provided on the clients' letterhead and must be signed by the client;</p> <p>Two points per reference letter attached</p>   |        |
| 2  | <p>Relevant additional experience on External Audit projects successfully executed specifically in the public sector</p> <p>Proof required (e.g Purchase Order, appointment letter etc)</p> <p>1-3 projects = 10 Points</p> <p>4-6 projects = 20 Points</p> <p>7 or more projects = 30 Points</p>  | 30     |
| 3  | <p>Confirmation of the existence of a technical College as well as numbers and levels of staff in the technical College. In the absence of this, confirmation of association with the firm that has technical College and support thereof.</p>   | 10     |
| 4  | <p>Methodology</p> <p>The service provider must demonstrate thorough understanding of the objectives and deliverables of this audit; the requirements and the applicable regulatory framework.</p> <p>The service provider must provide a detailed proposal of the methodology/ approach to be used to carry out the scope of work outlined above and clearly demonstrates how the audit deliverables will be achieved.</p> <p>Basic plan and overview = 10 points</p> <p>Detailed plan lacking a key elements = 20 points</p> | 40     |

| No | Element  | Weight     |
|----|--|------------|
|    | Detailed plan lacking a few elements = 30 points                           |            |
|    | Detailed plan with the background/ understanding of the College =40 points |            |
|    | <b>Total</b>   | <b>100</b> |

## 12. PRICING

- 12.12. The price quoted must be a fixed price for the duration of the contract and must include all related costs (travel, accommodation, equipment and data communication). The expected time and cost per audit team member and the hourly tariffs of each team member must please be specified.
- 12.13. Price must be VAT inclusive and quoted in South African Rand.
- 12.14. Costing should be aligned with project activities / project phases.
- 12.15. Details of the cost/fee breakdown for all the services to be rendered must be submitted in a sealed envelope with the rest of the documentation.