



*in the footsteps* ...

NELSON MANDELA MUSEUM

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**NMM-2024-02**

## **APPOINTMENT OF A SERVICE PROVIDER FOR THE PROVISION OF INTERNAL AUDIT SERVICES FOR THE NELSON MANDELA MUSEUM FOR A PERIOD OF THREE (3) YEARS.**

### **TERMS OF REFERENCE**

#### **➤ BACKGROUND**

The Nelson Mandela Museum is a not for profit institution established by South Africa's government as an agency of the National Department of Arts and Culture. It was established as part of a portfolio of legacy projects that seek to transform the heritage landscape from the apartheid past. At the same time, it is a resource for promoting economic development through tourism in an impoverished region. The museum primarily houses collections of gifts given by Nelson Mandela to the museum to share his legacy with the nation.

The mandate of the Nelson Mandela Museum (NMM) is to preserve and promote Nelson Mandela's legacy. One of its main strategic goals is to improve the museum's public profile and access.

#### **➤ SCOPE OF WORK**

The Council is assisted by five technical Committees (Audit & Risk Committee (ARC), Infrastructure & Information Communication Technology (IICT), Finance & Investment & Fundraising Committee (FIFC), Strategy & Operations Committee (SOC), as well as the Human Resources & Remuneration Committee (HRREMCO). The Chief Executive Officer (CEO) and management operate under the delegated authority of

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the Council through a documented system of delegations. At management level, the key structures are the Executive Committee (CEO and Senior Management) and a Management Committee. Several other operational committees exist to further the work of NMM, some of which are standing, and others convened on an ad hoc basis.

- Organizational Strategy and Plans

Upon approval by the Council / Accounting Authority, the Executive Authority finally approves NMM's overall Five-Year Strategic Plan (business strategy) and provides clarity on NMM's role, priorities and objectives as set out in NMM's Annual Performance Plan.

- Assignment Objectives

The primary objectives of the appointment are to obtain assurance that NMM meets its statutory obligations (in terms of the PFMA and Treasury Regulations and other regulatory prescripts); conforms to best practice requirements as set out in the King IV Code on Good Corporate Governance; adheres to the directives of its governance structures (e.g. Council and ARC); implements an effective combined assurance model; complies with its own internal control mechanisms and, continually improves its internal control environment and that it is adequate and reliable.

The internal audit function must assist NMM to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. It must provide an independent, objective assurance and consulting activity designed to add value and improve NMM's operations. The types of internal audits to be conducted will be as follows:

- a) Business Advisory Services
- b) Information and communication technology (ICT),
- c) Performance on predetermined objectives
- d) Supply Chain Management
- e) Annual Financial Statements
- f) Internal Financial Controls
- g) Human Resource
- h) Risk
- i) Compliance
- j) Operational audits
- k) Governance and Ethics

l) Business continuity management audits.

- Audit approach:

Develop a risk-based, Three-Year Rolling Internal Audit Plan taking into consideration NMM's current operations, risk management strategy and assessments, as well as the strategies, operations, programmes and projects proposed and/or contained in NMM's Five-Year Strategic Plan and Annual Performance Plan as projected over the Three-Year MTREF.

Prepare an Annual Audit Plan for each year of the Three-Year Rolling Internal Audit Plan indicating the detailed audit scope, audit procedures, cost and timelines of each internal audit to be undertaken. The Annual Audit Plans must as a minimum provide for the systematic review of the relevant audit areas and their Pricing Schedule for over the three-year period.

In addition to the Three-Year Rolling Internal Audit Plan and the Annual Audit Plans, the internal auditor shall from time to time be required to provide ad hoc advisory services and technical opinions on a range of business-related matters at the request of management, the Council and/or ARC. The ad hoc advisory services shall be scoped, prioritised, and resourced in agreement with the relevant governance structure.

In carrying out the scope of work (planned, advisory and/or ad hoc), the following shall apply:

- m) To ensure the independence and objectivity of the internal auditor, the planned scope of work is not limited to the minimum scope set out above. Should the internal auditor consider it necessary to audit any other aspect of

NMM's business, it should be clearly defined, added to the pricing schedule, and costed.

- n) The final Three-Year Rolling Internal Audit Plan and the Annual Audit Plan shall be subject to approval by the ARC and may be varied depending on budget availability ,NMM's strategic and operational priorities, plans and outlook.
- o) Once approved, any significant variation from the Three-Year Rolling Internal Audit Plan and the Annual Audit Plan shall be communicated to or by the ARC on a quarterly basis and be subject to ARC approval.
- p) All audit assignments must be completed by the end of each financial year. All prior year findings should as far as reasonably and practicably possible, be resolved by the end of the ensuing financial year. If there is a possibility of an adverse external Audit Report / Opinion, the matter must be brought to the attention of the ARC as soon as possible.
- q) In terms of quality assurance, the internal auditor shall ensure that all work conforms to the Institute of Internal Auditor's (IIA's) International Standards for the Professional Practice of Internal Auditing (revised January 2017)) and that the internal auditor adheres to the IIA's Code of Ethics.
- r) The internal auditor shall ensure that each audit assignment consist of at least the following:
  - A pre-audit survey and an audit planning memorandum. The document must set out the objectives, scope, budget, resource allocation, cost (at an hourly rate) and timing of the assignment and contain a summary risk assessment.
  - System descriptions, sampling methodology and audit programmes (testing).
  - Mechanisms for follow-up on matters previously reported and feedback to the ARC.
  - Mechanisms to ensure that working papers are reviewed at the appropriate level.

- A record of work performed.
  - Audit findings and recommendations.
  - Reporting (a draft internal audit report and a final internal audit report) by the internal auditor at the relevant meetings.
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- The internal auditor must prepare and present:
    - a) A Quarterly Internal Audit Report to the ARC on the performance against the Three-Year Rolling and Annual Audit Plans, which should include reports on internal audits conducted, highlighting any areas of concern and making recommendations for improvement. Management comments must always be obtained on areas of concern before the report is presented to the ARC.
    - b) An Internal Audit Progress Report to management on the performance against the Three-Year Rolling and Annual Audit Plans, highlighting any areas of concern and seeking management comments thereon before the Quarterly Internal Audit Report or any completed, routine internal audit is presented to the ARC.
- 1.1.3. Internal Audit should act independently of the external auditors (the Auditor General of South Africa), but interact with it on matters of mutual concern and in areas of their work that overlap to ensure efficiencies in the overall audit of NMM.
- a) To this end the internal auditor shall upon request make available all working papers, draft, and final reports.
  - b) The external auditor shall in its discretion decide whether to place reliance on the work of the internal auditor and consequently whether to reduce the scope and/or coverage of their own work based on this assessment. This assessment by the external auditor shall be taken into consideration by NMM in its assessment of the

effectiveness of the internal auditor / internal audit function.

- Performing audit assignments
  - Each assignment will consist of the following:
    - Entrance meeting
    - Minutes of entrance meeting
    - System description(s)
    - Risk assessment document
    - Audit programme
    - Sampling methodology
    - Record of work performed
    - Follow up on previous audit findings
    - Audit findings and recommendations
    - Reporting (draft internal audit report and final internal audit report).
    - Attending EXCO and Audit & Risk Committee meetings

- s) The bidder(s) must formally make available all working papers, data, documents, reports and evidence collected or prepared during the planning, execution and reporting audits.
- t) As a value-added service, the service provider must provide Internal Audit Awareness at least annually through presentations.

- Quality Assurance Reviews of the Work

i The service provider shall ensure that all work performed conforms to the Standards for the Professional Practice of the Institute of Internal Auditors (IIA). Such work may further be subject to an external quality assurance as may be considered necessary.

- INDEPENDENCE AND OBJECTIVITY OF STAFF

- i. In carrying out the work, the auditor must ensure that their staff maintain their objectivity by remaining independent of the activities they audit.
- ii. The resources presented in the proposal must be utilised for this project. In case a resource needs to be replaced, NMM must be presented with a similarly qualified and experienced resource. The NMM reserves the right to accept such replacement.

iii.

a) The appointed service provider shall:

- Have no executive or managerial powers, functions, or duties except those relating to Internal Audit.
- Not be involved in the day-to-day operation of NMM.
- Not be responsible for the detailed development or implementation of new systems and procedures.
- Provide declaration of independence for each team member.



- Monitoring Progress of Assignments

- i. On completion of each assignment, the auditor shall distribute the reports to the Internal Audit Manager.
  - ii. On quarterly basis submit a report/meet the Internal Audit Manager on progress against the plan, significant findings and administrative matters will be presented.
  - iii. The hours allocated will be utilised as and when required in terms of the Audit Plan.
- Security Vetting and Clearance

i. The service provider and staff allocated to the project must agree to be subjected to a Security vetting process, if required. Oaths of non-disclosure may also be required where client-based work that is to be audited requires such.

- EXPERTISE

- i. Except for members providing specialised services below, all team members should be registered with either or both of the Institute of Internal Auditors (IIA) or South African Institute of Chartered Accountants (SAICA) and attach proof. All members providing specialised services, must be registered with the relevant bodies they belong to and attach proof.
- ii. It is essential that the service provider have knowledge, experience and provide evidence of working with public entities.
- iii. Knowledge and practical understanding and implementation of the PFMA, PPPFA, Treasury Regulations, GRAP & King IV

- Confidentiality Note

i. All content/material supplied or developed on behalf of NMM remains the property of the Authority and should be treated as confidential.

- Meetings

- i. The frequency of administrative and technical meetings will be agreed upon with the successful service provider and will be determined by the specific

requirements of the solution being provided.

- **Accountability**

- i. The service provider will be accountable to and will work under the direction of the relevant NMM official.

- Institutional Arrangements

- i. Timeframe

- a) The appointment period is THREE (3) years, to be effective after the bid award. Audits will be conducted on a quarterly basis.

- Virtual/Remote Working

- i. The service provider is expected to conduct audit engagements, attend meetings virtually and remotely as when required.

- **TERMS AND CONDITIONS**

- All costs and expenses incurred by the potential service providers relating to their project proposal will be borne by each respective service provider. NMM is not liable to pay such costs and expenses or to reimburse or compensate service providers in the process under any circumstances, including the rejection of any proposal or the cancellation of this project.

- NMM reserves the right to request new or additional information regarding each bidder and any individual or other persons associated with its proposal.
- NMM may require responsive bidders to present and discuss their proposals in person.
- NMM reserves the right not to make any appointment from the proposals submitted.
- Bidders shall not issue any press release or other public announcement pertaining to details of their project proposal without the prior written approval of NMM.
- Bidders are required to declare any conflict of interest they may have in the transaction for which the bid is submitted or any potential conflict of interest. It is important that bidders declare their conflict of interest through completion of relevant attached forms.
- NMM reserves the right not to consider further any bid where such a conflict of interest exists or where such potential conflict of interest may arise.
- Any and all project proposals shall become the property of NMM and shall not be returned.
- The bid offers and proposals should be valid and open for acceptance by NMM for a period of 120 days from the date of submission.
- NMM reserves the right not to award the bid to the bidder that scores the highest points. Disputes that may arise between NMM and a bidder must be

settled by means of mutual consultation, mediation (with or without legal representation) or, when unsuccessful, in a South African court of law.

- In addition to adherence to the specific terms and conditions of proposals, provided in this document, the bidder shall be bound by the provisions of the General Conditions of Contract, an original signed copy of which must be submitted together with all other bid documentation.
- All returnable bid documents must be completed in full and submitted together with the bidder's proposal. Should the returnable documents not be completed, the bid will not be considered any further.
- The successful bidder will be subject to supplier clearance process as prescribed by the National Treasury. This process includes, verification of supplier and its shareholders/directors/members' status on the list of defaulters and restricted suppliers.
- After the successful service provider has received the appointment letter, they must be able to deliver in full compliance with South African approved standards and in compliance to the specifications provided.
- No tender shall be awarded to a bidder whose name (or any of its directors or partners or associates and/or attorneys) appears on the Register of Defaulters kept by the Treasury, or who have been placed on the National Treasury's List of Restricted Supplies. The NMM reserves the right to withdraw an award or cancel the Service Level Agreement concluded with the bidder should it be established, at any time, that a bidder has been blacklisted with the National Treasury by any Government Institution
- No tender shall be awarded to a bidder whose tax affairs are not in order. NMM reserves the right to withdraw an award made, or cancel the Service Level Agreement concluded with the successful bidder(s) should it be

established that such bidder was in fact not tax compliant at the time of the award, or has submitted a fraudulent Tax Clearance Certificate to the NMM

➤ **ACCOUNTABILITY**

The service provider will be accountable to and under the direction of the CEO of the NMM in the performance of the assignment duties.

➤ **PRICING INSTRUCTION**

The provision of internal auditing services for the NMM, and it must be invoiced on completion;

- The bid and the total price for the provision of internal auditing services may not be exceeded;
- Amounts due to the Service Provider shall be paid by the NMM within thirty (30) days of receipt of the invoice.
- The NMM reserves the right by giving written notice to the service provider to stop the works' progress at any time. Should the client exercise this right, the NMM will pay the service provider for work done and expenses incurred only up to the time that the notice was given.

➤ **VALIDITY PERIOD**

- Bid submissions **must** be valid for a period of 120 days.

## ➤ **RETURNABLE DOCUMENTS**

Service providers are required to submit all the returnable documents together with their quotations. ***Failure to provide all the Compulsory Returnable Documents at the closing date and time of this RFQ will result in a respondent's disqualification. Respondents are therefore urged to ensure that all these Documents are returned with their Quotations***

### **Compulsory Returnable Documents**

- Duly signed & completed SBD 1: Invitation to Bid
- Duly signed & completed SBD 3.3 Pricing Schedule Firm Prices
- Duly signed & completed SBD 4 Bidder's Disclosure
- Duly signed & completed SBD 6.1 Preference Points Claims
- Duly signed & completed SBD 7.2 Rendering of Service
- Proof of CSD registration
- Proof of registration with SAICA and other relevant body e.g IRBA, IIA,

### **Supporting Returnable Documents (for functionality scoring)**

- Signed reference letters.
- Proof of qualifications
- Project Plan
- Proof of registration SSA

### **Essential Supporting Documents**

Specific goals verification documents on or before the closing date and time ***(failure to submit on or before the closing date will result in an automatic score of zero for preference***



➤ **APPLICABLE PREFERENCE POINT SYSTEM**

(1) Points for this shall be awarded for:

- (a) Price; and
- (b) Specific Goals.
- (c) Where 80 points will be allocated for price and 20 points allocated for specific goals

(2) The following specific goals are applicable to all procurements of a transaction value above R2 000 and up to R50 000 000

- a. The NMM will utilize the following preference criteria ;
  - i. Service providers within the OR Tambo region & Eastern Cape
  - ii. Historically Disadvantaged Individuals ( Women, Youth and People living with disabilities)
  - iii. SMMEs

b.

Category		Sub-categories	Specific points	goals	Verification documents
Local Supplier	5	OR Tambo supplier	5		CIPC Registration Certificate (CK) or Proof of residence
		Eastern Cape Supplier	4		
		Anywhere in South Africa	3		
		Non-South African	0		
	4	Black African Women	4		

Category		Sub-categories	Specific goals points	Verification documents
Women-owned supplier		Non-Black African Women	2	CIPC Registration Certificate (CK) and CSD Report
Youth Owned Supplier	4	Youth Owned (< 35-year-old persons)	4	CIPC Registration Certificate (CK) and CSD Report
		Non-Youth Ownership (> 35-year-old persons)	2	
People living with disabilities	3	People living with disabilities	3	CSD Report
Small Micro, Medium & Enterprises	4	SME – Owned by people with disability	4	CSD Report
		SME – Black owned	3	Sworn Affidavit (BBBEE Affidavit)
		SME – Other		

➤ **EVALUATION PROCESS**

The bid will be evaluated and adjudicated using the 80/20 system (80 for Price and 20 for Specific Goals). Bids will be evaluated on an **80/20 preference points system** as prescribed in the Preferential Procurement Regulations of 2022. Functionality will be scored at a maximum of 100 points whereby the

bidder must obtain a **minimum of 75 points** to qualify for the financial evaluation according to the criteria captured in the table below:

<b>EVALUATION CRITERIA</b>	<b>WEIGHT</b>	<b>BREAKDOWN OF POINTS</b>
<p><b>Experience of the firm internal audit of public sector in projects</b> of a similar nature (attach signed reference letters in the recommending company's letterhead)</p> <p><b>NB: Points for reference letters will only be allocated when a reference the reference letter Purchase orders and appointment letters will not be accepted</b></p>	<b>30</b>	<p>6 or More than Reference letters=<b>30 points</b></p> <p>5 reference letters=<b>25 points</b></p> <p>4reference letters=<b>20 points</b></p> <p>3reference letters = <b>15 points</b></p> <p>2reference letters=<b>10 points</b></p> <p>1 reference letter=<b>5 points</b></p> <p>Failure to submit= <b>No points allocated</b></p>
<p><b>Engagement Partner's Experience</b></p> <p>Partner to have CA (SA) and CIA qualification with relevant qualification.</p> <p>CV to be attached including relevant certified copies of qualification.</p> <p><b>No proof of qualification will score zero points</b></p>	<b>20</b>	<p>15 years' experience or more = <b>20 points</b></p> <p>10 – 14 years' experience = <b>15 points</b></p> <p>9 -5 years' experience = <b>10 points</b></p> <p>3 years' experience = <b>5 points</b></p> <p>Less than 3 years' experience = <b>0 points</b></p>
<b>Internal Audit Manager's</b>	<b>15</b>	10 or more years' experience = <b>15 points</b>

EVALUATION CRITERIA	WEIGHT	BREAKDOWN OF POINTS
<p><b>Experience</b></p> <p>Minimum qualification of CA(SA) or CIA qualification with relevant experience.</p> <p>CV to be attached including relevant certified copies of qualification.</p> <p><b>No proof of qualification will score zero points</b></p>		<p>9-5 years' experience = <b>10 points</b></p> <p>2-4 years' experience = <b>5 points</b></p> <p>Less than 4 years' experience = <b>0 points</b></p>
<p><b>Internal Audit Supervisor</b></p> <p>Minimum qualification of an accounting degree (NQF level 7) with relevant experience. CV to attached including relevant certified copies of qualification.</p> <p><b>No proof of qualification will score zero points</b></p>	<p><b>5</b></p>	<p>4 years' experience = <b>5 points</b></p> <p>1 – 2 years, experience = <b>3 points</b></p> <p>Less than 2 years' experience = <b>0 points</b></p>
<p><b>Internal Audit Methodology</b></p> <p>Submission of a detailed internal audit methodology:</p>	<p><b>20</b></p>	<p>Excellent = <b>20 points</b></p> <p>Good = <b>15 points</b></p> <p>Average = <b>10 points</b></p>

EVALUATION CRITERIA	WEIGHT	BREAKDOWN OF POINTS
<ul style="list-style-type: none"> <li>• Risk Assessment Methodology and link to development of the Risk Based Internal Audit Plan <b>(8)</b></li>   <li>• Detailed Quality Assurance and Improvement Program (QA&amp;IP) (Including processes for individual audit file quality reviews, and internal/external quality assurance reviews) <b>(4)</b></li>   <li>• Reporting methods <b>(4)</b></li>   <li>• Relevant 3 year rolling audit plan with milestones including the minimum business processes/auditable areas as per the audit deliverable below <b>(4)</b></li> </ul>	<b>10</b>	<p>Poor= <b>5 points</b></p> <p>Failure to submit = <b>0 points</b></p>
<b>IT Specialist Experience</b>	<b>10</b>	5 years or more = 10 points

EVALUATION CRITERIA	WEIGHT	BREAKDOWN OF POINTS
Minimum qualification of CISA certification and membership with ISACA with relevant experience.CV to be attached including relevant copies of qualification.		3-5 years' experience =5 points  Less than 3 years = No points allocated
<b>TOTAL</b>	<b>100</b>	

## 6. SUBMISSION OF TENDERS

The bid submissions must be returned to the **Nelson Mandela Museum, Bhunga Building, Corner Nelson Mandela Drive & Owen Street, Mthatha.**

- Service providers are requested to furnish the NMM with two copies of their submissions (an original and a copy).
- Submissions are to be deposited in the allocated Tender Box clearly marked with reference and this bid's title.
- NMM will not be responsible for any submissions placed in an incorrect box and submissions left with the security officers or any employee of the NMM, which may lead to the submission not deposited into the tender box by the closing date.
- The appointed service provider will be expected to comply with NMM prescripts.
- NO LATE, FAXED OR EMAILED QUOTATIONS SHALL BE ACCEPTED.
- **CLOSING DATE FOR THE SUBMISSION OF PROPOSALS IS**  
**14 August 2024@ 12:00**

## 7. DISCLAIMERS

The NMM is not committed to any course of action as a result of its issuance of this bid document and/or its receipt of a bid in response to it. Please note that the NMM reserves the right to:

- modify the bid document's service(s) and request Respondents to re-quote on any changes;
- reject any bid submission which does not conform to instructions and specifications which are detailed herein;
- disqualify bids submitted after the stated submission deadline;
- not necessarily accept the lowest priced bid;
- cancel the tender

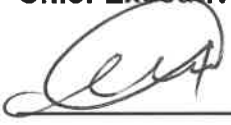
## 8. ENQUIRIES

All communications and enquiries/requests for clarification relating to this proposal should be directed to the contact person:

FOR BID ADMINISTRATION & SERVICE PROVIDER SPECIFICATIONS
Ms M Mputa
Tel: 047 501 9504
Email: <a href="mailto:mihlali@nelsonmandelamuseum.org.za">mihlali@nelsonmandelamuseum.org.za</a>
Supply Chain Management Specialist
<i>Technical Enquiries:</i>
Mr M Msongelwa
Tel: 047 501 9507
Email: <a href="mailto:mandisi@nelsonmandelamuseum.org.za">mandisi@nelsonmandelamuseum.org.za</a>
Chief Finance Officer

**All enquiries must be forwarded to the relevant NMM personnel by no later than 5 August 2024 @ 16:30.**

**Dr Vuyani Boo**  
**Chief Executive Officer**



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