



SDT 04/2024

**APPOINTMENT OF A SERVICE PROVIDER TO FOR THE PROVISION OF INTERNAL
AUDIT SERVICE FOR THE STATE DIAMOND TRADER FOR A PERIOD OF 3 YEARS.**

1. Introduction to State Diamond Trader

The State Diamond Trader is a state-owned entity established in terms of section 14 of the Diamonds Act, 56 of 1986 as amended ("the act"). It is classified as a Schedule 3B entity of the Public Finance Management Act. The vision of the state diamond trader is to be the catalyst for the transformation and growth of the local diamond beneficiation industry. Aligned with this vision, the entity has as one of its strategic objectives is to ensure the acquisition of and equitable access to rough diamonds, with a focus on historically disadvantaged groups.

The State Diamond Trader invites certain qualified bidders to submit tenders and proposals in accordance with the rules set out in this RFP for the provision of the:

- Internal audit service for the state diamond trader

A submission of a tender by you in response to this Invitation will be deemed as your acceptance of the State Diamond Trader terms and conditions of this tender.

2. Structure of the RFP

No	Description of the document content	Document Name
1.	Documents outlining the RFP background, conditions and instructions.	Main RFP
2.	Document outlines the business requirements, technical competency requirements and any other information related to the tender requirement.	Technical specification
3.	Documents required (Standard Bidding Documents) as per National Treasury for all competitive bidding process and must be returned with bid submission.	SBD Documents
4.	Response templates. Templates that are required to form part of the Bidder's Tender response.	Pricing Schedule

3. Key Timelines & Activities

The table below highlights all the important dates and times for this bid from the time of bid publication until closing date for submission.

No	Activity	Date & Time
1	Bid Publication on National Treasury's eTender website, SDT website and other applicable media	22 November 2024 at 11h00
2	Compulsory/ Non-compulsory Bidders briefing session	Not Applicable
3	Bidders to submit written questions	23 November 2024 until 12 December close of business (15h00).
4	SDT to respond to written questions posed by bidders	23 November 2024 until 12 December 2024 close of business (15h00).
5	Tenders due ("Closing Date and time")	13 December 2024 at 11h00

4. Instructions to Bidders

4.1 General Instructions

This document constitutes a Request for Proposal (RFP) which details State Diamond Trader's requirements for service provider for internal audit services. All bidders must comply with the requirements and instructions as set out in the RFP.

Bidders must ensure that information and documentation supplied can be easily understood and thus, evaluated in a fair and consistent manner. All pricing information must be fully disclosed with all charges clearly defined.

5 Scope of work

5.1 Objectives of the Internal Audit Functions

The objective of this RFP is to appoint a suitable and independent service provider that can provide appropriate internal audit services for the Accounting Authority and management of SDT. According to the Public Finance Management Act 51 of 1999, SDT should have an effective internal audit function which should also comply with the Institute of Internal Audit (IIA) standards.

The function of internal audit is to assist SDT to achieve its objectives by bringing a systematic and disciplined approach in evaluation and improving the effectiveness of risk management control and governance processes. The risk management strategy includes the Fraud Prevention Plan which must be used to direct internal effort.

One of the objectives of the internal audit function is to assist the Audit and Risk Committee and through the Accounting Authority and management in the effective discharge of their responsibilities. This must be done through furnishing them with analysis, appraisal, recommendations, counsel and information concerning the activities that have been reviewed and regular follow-ups. Other objectives/standards/controls of the audit function, which are subject to an evaluation, are to review the following:

Internal control processes:

- The information and communication systems environment
- The reliability and integrity of financial and operational information
- The effectiveness of operations
- Compliance with policies, regulations and contracts
- The safeguarding of assets
- The economical and efficient use of resources
- The achievement of established economic and operational goals and objectives
- Compliance with laws, regulations and controls

5.2 Scope of Work

5.2.1 The audit function must in consultations with Audit and Risk Committee, prepare:

- A rolling three-year strategic Internal Audit Plan based on its assessment of key areas of risk of the SDT, having taken into consideration the entity's current operations, proposed in its corporate and strategic plan and its risk management strategy.
- An annual Internal Audit Plan
- Plans indicating the scope, costs and timelines of each audit in the annual audit plan

- Audit reports directed to ARC detailing its performance against the plan to allow for effective monitoring and intervention where necessary

5.2.2 It must coordinate with other internal and external auditors as well as other providers of assurance to ensure proper coverage and minimal duplication of efforts.

5.2.3 The internal audit must assist the Accounting Authority in maintaining effective controls by evaluating those controls and providing recommendations for enhancements and improvements.

5.2.4 It must assist the Accounting Authority to achieve the objectives of the SDT by evaluating and making recommendations for improvements and enhancements of the process through which:

- Objectives and values are established and communicated.
- The accomplishment of objectives is monitored.
- Accountability is ensured.
- Corporate values are preserved.
- The adequacy and effectiveness of the system of internal controls are reviewed and appraised.
- The relevancy, reliability and integrity of the management, financial and operating data are reported and appraised.
- Systems established to ensure compliance with policies, plans, procedures, statutory requirements and regulations which could have significant impact on operations and regularly reviewed.
- The safeguarding of assets is reviewed and deemed appropriate in verifying the existence of such assets.
- The appraisal of the economy, efficiency and effectiveness of resources employed.
- The results of operations and programmes are reviewed to ascertain whether are consistent with SDT 's established objectives and goals and whether the operations and programmes are being carried out as planned.
- The adequacy of established systems and procedures are assessed.

5.2.5 The audits that will need to be taken into account at SDT are amongst others:

- ICT Security and systems processes audit.
- Conducting special assignments and investigations on behalf of the ARC or the CEO, into any matter affecting the probity, interest and operating efficiency of the SDT.
- Audit designed to detect fraud of all SDT operations
- Audit APP, strategic plans and annual reports prior publication.

5.2.6 Fraud and irregularities

In planning and conducting its work, the internal auditor should seek to identify serious defects in internal controls, which might result into possible malpractice. Any such defects must be reported immediately to the CEO and/or ARC without disclosing these to any of the staff. This also applies to instances where serious fraud and irregularities have been discovered.

5.3 Expected Outcomes and Deliverables

5.3.1 Perform audit assignments

Each assignment should at least consist of the following:

- A pre-audit survey
- An audit planning memorandum
- Minutes of the entrance meeting
- A risk assessment document
- Systems description
- Audit programmes
- Sampling methodology
- Mechanism on following up on previously reported and feedback to ARC.
- Mechanism to ensure that working papers are reviewed at the appropriate level.
- A record of work performed.
- A review of work performed.
- Audit findings and recommendations
- Reporting (a draft and final internal audit report).
- Follow-up on previous findings.

5.3.2 Reporting Requirements

The structure of the report is to be as follows:

- Introduction
- Audit objective and scope
- Background
- Executive summary highlighting significant findings
- Findings, recommendations and management response including implementation dates
- All audits should be presented to the executive management, including the Chief Executive Officer and presented to ARC.
- All audits as carried out in the Internal Audit Plan and as approved by ARC
- Conclusion

5.3.3 Quality Assurance Reviews of Work

The auditor must ensure that all work conforms to the IIA Standards for Professional Practice. Such work may further be subjected to external quality assurance, as may be considered.

5.3.4 Monitoring the Progress of Assignments

On completion of each audit assignment, the auditor shall distribute the report to ARC and CEO. On a quarterly basis, a report on progress against the plan, significant findings and administrative matters will have to be presented to ARC.

5.3.5 Independency and Objectivity of Staff

In carrying out the work, the auditor must ensure that their staff members maintain objectivity by remaining independent of the activities they audit.

6. Evaluation Criteria

The technical evaluation will be conducted in two phases:

Phase 1: Proposals will be assessed based on the technical criteria outlined below. The minimum qualifying technical score is set at 70 points.

Bids must meet the minimum eligibility criteria in respect of functionality of 70 points out of 100 points that will be awarded for functionality before they are considered further.

- Any bid that does not meet the minimum eligibility threshold will be automatically disqualified.
- Bids must be registered on the Central Supplier Database and ensure company Tax compliant.

The functionality criteria together with the maximum points to be awarded are set out below:

No.	Criteria	Measure of Criteria	Weight
1.	Company Experience - Years of experience	Bidder must provide a company profile which details work experience in providing internal audit services. The profile should include the following: - List of Internal Auditing work conducted over the years with details on the type of audit conducted (private & public sector clients), duration of contract - Proof of company registration - CIPC related documents - Specialized skills, expertise, value added services in the field of internal audit, with an emphasis on best practices, methodology, technology, and tools used. The bidder must clearly state the number of years in providing internal audit services. The bidder must not have less than 5 years of experience. 0 to 4 years – 0 5 years to 10 years -10 11 to 15 years - 15 16 years and above – 30 points	30
2.	Company Experience Reference Letters	Bidders must provide valid, signed, contactable 3 reference letters on client's letterheads not older than 5 years where your company has provided internal audit services. The reference letter must include the following: - Description of service provided. - Duration of contract - Indication of satisfaction with the service SDT reserves the right to contact references provided to confirm the information provided. 0 to 2 reference letters -0 3 and above refence letters -10	10

		Point Allocation: 3.33 points for each letter	
3	Resource Experience Senior Internal Auditor	The Senior Internal Auditor must possess a postgraduate qualification in Accounting or Internal Auditing with a minimum of 4 years' experience in internal audit and must be registered with IIA. Documents to be submitted: • Detailed CV • Certified qualification • Proof of IIA registration CV with no qualification and proof of IIA registration will not be evaluated. Point Allocation: • Less than 4 years – 0 • 4 years and above – 10 points	10
4.	Resource Experience Manager Internal Auditor	The Manager Internal Auditor CIA/CA (SA) qualification with minimum of 5 years' experience in internal audit and must be registered with IIA. Documents to be submitted: • Detailed CV • Certified qualification • Proof of IIA registration CV with no qualification and proof of IIA registration will not be evaluated. Point Allocation: • Less than 4 years – 0 • 5 years and above – 10 points	10

5.	Resource Experience Internal Auditor	The Internal Auditor B Com Accounting / B-Tech in Internal Auditing qualification with a minimum of 3 years' experience in internal audit. Documents to be submitted: • Detailed CV • Certified qualification • Proof of IIA Registration CV with no qualification will not be evaluated. Point Allocation: • Less than 3 years – 0 • 3 years and above – 10 points	10
6.	Experience in Public Entity internal audit	The company and resources must have experience in providing internal audit services with public entities. Company: • Less than 5 years – 0 • 5 years and above – 10 points Manager Internal Audit • Less than 3 years – 0 • 3 years and above – 10 points • Senior Internal Auditor • Less than 3 years – 0 • 3 years and above – 10 points CVs and company profile will be used to evaluate these criteria.	30
Threshold			70
Total			100

7. Contract Duration

The successful service provider will render the stipulated services on behalf of the State Diamond Trader for a period of three years from the date of the signing of the contract.

8. Evaluation Process

After the closing date of the bid invitation, all received bid proposals will be evaluated for compliance and selection. The following evaluation method will be used to evaluate bids.

8.1 Gate 0 - Administration Evaluation

State Diamond Trader will be issuing the following documentation that must be fully completed and signed by the bidder in regard to the General Conditions of Contract...

Bidders must submit the following administrative standard bidding documents (SBDs) fully completed and signed.

- SBD 1 - Invitation to Bid
- SBD 4 - Declaration of Interest
- SBD 6.1 - Preferential Point Claim Form – Service providers that do not claim specific points will result into a zero score on specific points.
- General Conditions of a Contract

a. GATE 1 – Functionality Evaluation

Only bidders that have met mandatory requirements in gate 1 will be evaluated in gate 2 for functionality. In the technical analysis criteria, bidders will need to attain a minimum 70 of out of 100 points to proceed to the next stage, i.e., price and specific goals on evaluation.

b. Gate 2 – Price and Specific Goals Evaluation

- In the third stage of the evaluation, Tenders that passed the prescribed technical threshold will be evaluated in terms of the 80/20 preference points system under section 2 of the Preferential Procurement Policy Framework Act, 2000, read with the Preferential Procurement Regulations, 2022.
- Provide fixed price quotation.
- Cost must be VAT inclusive and quoted in South African Rand.

Criterion	Points
Price	80
SPECIFIC GOALS	20

Total	100
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Points will be awarded to a bidder based on specific goals on the table below:

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)

The specific goals allocated points in terms of this tender		Number of points allocated (80/20 system) (To be completed by the organ of state)		Number of points claimed (80/20 system) (To be completed by the tenderer)
Women owned (From 51%)		8		
Youth owned (51%)		5		
Black owned (51%)		4		
People living with disabilities (51%)		3		

9. Bid Validity

Bid must be valid for a minimum period of 120 days from the closing date of the tender.

10. Submission of Proposal

Bid documents will only be considered if received on or before the Closing Date and Time, regardless of the method used to send or deliver such documents to State Diamond Trader. Bids can be hand delivered to the second floor or posted using the addresses below.

No Emailed bids will be accepted.

Late bids will not be accepted.

Physical and Postal Address:

Jewellery Manufacturing Precinct, Superblock Building, 2ND Floor.
OR Tambo International Airport Special Economic Zone (ORTIA SEZ PRECINCT 1)
Bonaero Drive, ACSA Precinct
Bonaero Park
1619

11. Special Conditions

- The Bidder must be fully tax compliant. As an organ of state, State Diamond Trader cannot conduct business with a company whose tax matters are not in order as declared by SARS.
- Bidders must be registered on the National Treasury Central Supplier Database (CSD) as per National Treasury Circular No.3 of 2015/6- Central Supplier Database.
- State Diamond Trader will disqualify a bidder/s who engages in the following:
- Engages in any collusive tendering, anti-competitive conduct, or any other similar conduct, including but not limited to any collusion with any other Bidder in respect of the subject matter of this RFP.
- Seeks any assistance, other than assistance officially provided by a government entity, from any employee, advisor or other representative of a government entity in order to obtain any unlawful advantage in relation to procurement or services to be provided to a government entity.
- Makes or offers any gift, gratuity, anything of value other inducement, whether lawful or unlawful, to any of SDT official or other representatives.
- Accepts anything of value or an inducement that would or may provide financial gain, advantage or benefit in relation to the procurement or service to be provided to the entity.
- Pays or agrees to pay to any person any fee, commission, percentage, brokerage fee, gift or any other consideration, that is contingent upon or result from the award of any tender, contract, right or entitlement which is in any way related to services to be rendered to the entity.
- whose Tender contains a negligent misrepresentation which is materially incorrect or misleading
- who materially fails to comply with any conditions or requirements of this RFP.
- Bidders must provide tax Pin.

12. Enquires

SCM Enquires: Supply Chain Management Officer

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