
BW317/PIAS/22

TENDER FOR PROVISION OF INTERNAL AUDIT SERVICES FOR A PERIOD OF 3 YEARS

TENDER NOTICE AND INVITATION TO TENDER

1. Background

Bloem Water is a Water Board, with the mandate to provide water services to the Southern and Central areas of the Free State Province. Bloem Water, formerly known as the Bloem Area Water Board, was established in 1991 in terms of Section 108(2) of the Water Act, 1956. The primary reason for establishing the Water Board was to operate the Caledon/Bloemfontein Government Water Scheme, constructed to supply purified water to the Municipal areas of Bloemfontein, Bainsvlei, Bloemspruit, Botshabelo and Dewetsdorp. The name was officially changed from "Bloem Area Water Board" to "Bloem Water" in 1994.

During 1995 the Service Area of Bloem Water was extended to include the southern Free State, adding towns such as Bethulie and Phillippolis. In 1996 the Minister further extended the area of supply to include the Thaba Nchu district, which added the responsibility to supply water directly to the inhabitants of rural areas, in addition to the formal urban areas. This was a new field of operation for Bloem Water, which prior to that was purely a supplier of bulk purified water. This added responsibility included not only activities in rural areas, but also required the provision of the full range of activities necessary for the delivery of retail water services to the end consumer. More recently the service area has been extended to include parts of the eastern Free State up to the town of Ladybrand. Today Bloem Water supplies water to a population in excess of 1.2 million people in the areas referred to above.

Bloem Water derives its primary mandate from the Water Services Act, Act 108 of 1997 and is, in terms of the Public Finance Management Act (PFMA), Act 1 of 1999, Schedule 3B, a National Government business entity, which reports to the Executive Authority, represented by the Minister of Water and Sanitation through the Department of Water and Sanitation (DWS). Bloem Water is a Water Board with the mandate to provide water services to the Southern and Central areas of the Free State Province and the Northern Cape respectively to include the entire jurisdictional area that was previously serviced by Sedibeng Water as gazetted on 26 July 2022 by the minister of Water of Water and Sanitation.

2. Objectives of the Internal Audit Function

The objective of this tender is to appoint a suitable, independent service provider that can provide co-sourced internal audit services for the Accounting Authority and management of Bloem Water for a period of three (3) years commencing from 01 July 2023 to 30 June 2026 (23/24 to 25/26).

In terms of the Public Finance Management Act (PFMA), Bloem Water should establish an effective internal audit function, which should also comply with the Institute of Internal Auditors' (IIA) standards. The internal audit function should assist Bloem Water to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, governance, and internal controls.

One of the objectives of the internal audit function is to assist the Audit and Risk Committee (ARC), and through the Accounting Authority management, in the effective discharge of their responsibilities.

Bloem Water established an internal audit department internally, however minimum positions have been filled. The Internal Audit Unit is currently lacking the necessary specialised skills and expertise in certain activities (example ICT audits, engineering knowledge, forensic audits etc.) and has capacity constraints. Proposals are requested from suitably qualified Accounting and Auditing companies and firms, individuals and consortia to assist the Internal Audit Unit with the execution of the Internal Audit activities within the unit.

3. Bloem Water specific goals

In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:

Specific Goals	POINTS
Historically Disadvantaged Individuals (HOI)	(80/20
Enterprises with ownership of 51% or more by a person/s who are black Persons/s	10
Enterprises with ownership of 51% or more by a person/s who are woman	5
Enterprises with ownership of 51% or more by a person/s who are youth	3
Enterprises with ownership of 51% or more by a person/s within Bloem Water area of supply	2
	Total
	20

4. Scope of Work

The scope of the internal audit function includes the points listed below. However, should any other function be regarded as imperative by the bidder, it should be added and clearly defined.

The service provider to be appointed will be required to perform the following functions:

- The internal audit function must prepare:
 - Together with the Head of Internal Audit, assist with the preparation of the rolling three-year strategic plan based on its assessment of key areas of risk for Bloem Water.
 - An annual Internal Audit Operational Plan.
 - Plans indicating the scope, costing and timelines of each audit in the annual internal audit operational plan.
- Conduct internal audits in line with the Internal Standards for the Professional Practice of Internal Auditing.
- Enhance the Combined Assurance model by co-ordinating with other internal and external providers of assurance to ensure proper coverage and minimal duplication of effort.
- Electronic tracking tool to monitor management action plans (audit findings) and the implementation thereof.
- Auditee access to the internal audit software used as engagement file by the service provider.
- The internal audit function must assist the Accounting Authority in maintaining effective controls by evaluating those controls and developing recommendations for enhancement or improvement on:
 - The reliability and integrity of financial and operational information;
 - The effectiveness of operations;
 - The economical and efficient use of resources;
 - Safeguarding of assets;
 - Achievement of operational goals and objectives;
 - Compliance with applicable laws and regulations, internal policies and procedures; and
 - The information systems environment.
- Attend and present to ARC meetings.

Please note that Bloem Water operates from various regions throughout the Free State and Northern Cape and audit field work might need to take place in the relevant location that the audit references as deemed necessary.

Fraud and Irregularities:

In planning and conducting its work, the internal auditor should seek to identify serious defects in internal controls, which might result in possible malpractices. Any such defects must be reported immediately to the Head of Internal Audit and/or ARC without disclosing these to any other staff.

5. Organisational status of internal audit

The internal audit function will report functionally to the Audit and Risk Committee and administratively to the Chief Executive Officer.

6. Expected Outcomes and Deliverables

6.1. Performing Audit Assignments

Each assignment should at least consist of the following:

- Pre-Audit kick off meeting;
- Minutes of the kick off meeting;
- An Audit Scoping memorandum;
- A risk assessment document;
- System descriptions;
- Management control self-assessment;
- Audit Programmes;
- Sampling methodology;
- A record of work performed;
- Follow up on previous audit findings;
- Audit findings and recommendations;
- Reporting (a draft internal audit report and a final internal audit report);
- Attending Final Report discussion meetings with the CE and ARC meetings.

6.2. Reporting

The structure of the internal audit reports should be as follows:

- Introduction;
- Audit Objective and scope;
- Executive summary, highlighting the significant findings;
- Detailed findings, root cause, impact, risk ratings, recommendations and management actions plan;
- All audits as carried out according to the Internal Audit operational plan as approved by ARC;
- Conclusion.

The auditor is to deliver an electronic copy of the engagement file to Bloem Water.

7. Quality Assurance review of the work

The auditor shall ensure that all work conform to the IIA Standards for Professional Practice this may require that such work be subjected to external quality assurance, as may be considered necessary. Firms to ensure quality review processes are in place and that quality reviews are executed.

8. Monitoring the progress of assignments

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

9. Independence and Objectivity of staff

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

10. Expertise and Capacity

The key criteria to be considered for the suitability of the service provider include the following:

- Have the necessary skill, knowledge, capacity and resources to meet the needs of Bloem Water and to carry out the reviews per the audit plan, including the availability of
 - Forensic audit skills and tools
 - Information and Communication Technology (ICT) audit skills and tools
 - Engineering audit skills and tools pertaining to the Water Sector.
- Have knowledge and comprehensive understanding of the public sector.
- The service provider must be able to demonstrate the ability to reach all regions within which Bloem Water operates

11. Professional Membership

It is mandatory for the senior resources of the preferred service provider (i.e., Directors, senior managers and specialists) to have the appropriate professional qualification(s) enabling them to perform internal audit services. These must include, but is not limited to the following:

- Certified Internal Auditor (Certified by the Institute of Internal auditors of South Africa), or
- Chartered Accountant (SA) (Certified by the South African Institute of Chartered Accountants, (SAICA), and
- Certified Information Systems Auditor (certified by ISACA).

All core member of the internal audit team must belong to a professional body that regulates the services they offer.

Where bid documents can be obtained:

Tender documents are downloadable from **Thursday, 09 March 2023.**

Website: www.etenders.gov.za - National Treasury Website – eTender Publication

Website: www.bloemwater.co.za – Bloem Water Website

A compulsory briefing session will not be held.

The office coordinates are - **29°08'42.2"S 26°09'23.5"E**

Completed proposals must be addressed as below and deposited before **12:00 on Friday, 31 March 2023** at the Tender Box situated at the Bloem Water Reception Area for Attention:

Supply Chain Management Department

Bloem Water
2 Mzuzu Street
Pellissier
Bloemfontein
9322

Each proposal must be submitted in One **(1) envelope** clearly marked: **Request for Proposal (RFP): Contract No.: BW317/PIAS/22 - Tender for Provision of Internal Audit Services for a Period of 3 Years** with the bidder's name and address. Bloem Water promotes Broad-Based Black Economic Empowerment. The name of the firm submitting the tender shall be clearly shown on all correspondence. An appointment will be made in terms of the approved Supply Chain Management Policy of the Board of Bloem Water.

Service Providers who meet the specified quality criteria will be further evaluated in line with the Preferential Procurement Policy Framework Act (PPPFA) principle of 80/20. Bloem Water reserves the right not to award the tender to the highest scoring bidder.

Tenders may only be submitted on the tender documentation that has been issued. **A One-envelope system will be followed.**

Proposals which are incomplete, filled incorrectly, or telegraphic, telephonic, telex, facsimile, e-mail and late tenders will not be accepted.

Should you do not receive any feedback from Bloem Water after 60 days of submission, consider your tender unsuccessful.

Technical Queries can be directed to:

Ms Nadine Koen
Internal Auditor
Tel: 051-403 0800
Fax: 051-422 5333
E-mail: nadinek@bloemwater.co.za

Tender Administrative Queries can be directed to:

Supply Chain Management

Tel: 051 - 403 0800
Fax: 051 - 422 5333
Email: thatok@bloemwater.co.za
leratom@bloemwater.co.za
lerekos@bloemwater.co.za

NB: *Service Providers to all departments, constitutional institutions and public entities listed in schedule 2 and 3 of the PFMA are required to self-register on the Central Supplier Database.*