APPOINTMENT OF A PANEL OF CONSULTANTS COMPRISING OF SPECIALIST SKILLS TO ASSIST THE INTERNAL AUDIT DIVISION OF THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA) FOR A PERIOD OF THREE (3) YEARS.

1. Purpose of the Submission

The purpose of this submission is to request the Bid Adjudication Committee to approve the terms of reference/specifications for the appointment of a panel of 15 consultants (i.e., a panel of 15 consultant comprising of 5 for Compliance, 5 for Regulatory and Engineering (Core Business) and 5 for Information Technology) comprising of specialist skills to assist the Internal Audit division of ICASA for a period of three years.

2. Background and Scope

2.1 The Internal Audit Division provides objective and independent assurance to management and the Audit Risk Ethics and Disclosures Committee (AREDC) on the adequacy and effectiveness of the governance, risk management and internal control processes within ICASA. In pursuing this activity, the Internal Audit Division subscribes to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (ISPPIA) and is guided by a fully functional AREDC which operates in terms of an approved charter.

2.2 Internal Audit through engagement with stakeholders formulated a comprehensive annual audit plan and the three-year rolling audit plan that is approved by the AREDC. Each year Internal Audit is required to execute all the audits as per annual audit plan, subject to approved changes by the AREDC.

2.3 Due to the limited resources within Internal Audit, AREDC and Management has approved for the appointment of a panel of 15 consultants (i.e., a panel of 15 consultant comprising of 5 for Compliance, 5 for Regulatory and Engineering (Core Business) and 5 for Information Technology) as specialist service providers to assist with the necessary knowledge, skills, expertise and tools as and when required for specific compliance review, Regulatory and Engineering review (Core Business), Information Technology reviews and Data Analytics when deemed necessary, for a period of three years.

2.4   The Internal Audit Division require the panel of services providers in the following areas for assurance, consulting and data analytics reviews, including any ad hoc requests aligned to the audit methodology. The work to be performed by the service provider must be aligned as per the ISPPIA and the approved annual audit plan of ICASA.

2.4.1 Assurance

Assurance services consist of the independent reviews on the adequacy and effectiveness of the governance, risk management and internal control processes within ICASA. Independent reviews include a continuous review of compliance, by management and staff, to relevant legislation, regulations, approved policies and procedures and best industry practices, where applicable.

The following Compliance, Regulatory and Engineering (Core Business) audits are on the approval Internal Audit plan and deemed necessary to be performed by a service provider.

a. Review of the Draft Quarterly Financial Statements;
b. Review of the Draft Annual Financial Statements;
c. Review of the Draft Annual Performance Report;
d. Review of the Draft 2023/24 Annual Performance Plan;
e. Revenue Management; and
f. Spectrum Licensing and Management.

The following Information Technology audits are on the approved Internal Audit plan and deemed necessary to be performed by a service provider.

a. IT Network Security Audit
   The IT network security audit will cover vulnerability assessments of the firewalls, operating systems, and databases of high-risk systems. The audit will include the IT network switches, bridges and routers. In addition, the IT network penetration testing is also expected to be performed every alternate year.

b. MS Exchange Server Audit
   The review of the MS Exchange Server and applications to manage communications internally and externally from a user access, privacy,

confidentiality, integrity, availability and security perspective. It includes the review of applications that manage the flow of Exchange transactions from a data confidentiality, integrity and availability perspective, and the recording and monitoring of system and database administrator activities within this environment.

2.4.2 Consulting

Consulting services are advisory in nature and are intended to add value and improve the ICASA's operations. The scope is agreed upon with management prior to the commencement of the engagement. The consulting engagements undertaken are of an informal (ad-hoc unplanned request from management or AREDC) and formal (added on the annual audit plan) nature depending on the need of the organisation.

The following are planned consulting engagements:

a. IT backup and disaster recovery management.
   This review includes project governance and the policies, procedures, systems/tools to manage the IT backup and disaster recovery management processes on-site and the cloud, testing the capabilities, data access, confidentiality, integrity, availability, security, recording and monitoring of system and database administrator activities.

b. Software Defined Wide Area Network (SD WAN) implementation.
   This review includes project governance, data confidentiality, integrity, availability and security of information within the SD WAN.

2.4.3 Data analytics

Data analytics resources are required for the integrated audits of business processes and applications. These include but are not limited to the revenue and payroll audits where analysis of the data is required to test for the integrity of information against policies, procedures, legal and or regulatory requirements.

2.5   The deliverables at the end of the project should be aligned to the ISPPIA and Internal Audit methodology as follows:

2.5.1 A detailed audit report using the Internal Audit template inclusive of control implications based on the findings, recommendations to correct identified control weaknesses and management actions with assigned ownership and target date to address the risks.

2.5.2 The audit file must be provided in electronic format, preferably on TeamMate. The file must contain:

planning (audit planning memo, risk and control matrix, test strategies, process documentations, etc.);

fieldwork (link work paper risk, controls, tests, evidence, conclusions, findings, etc.);

reporting (draft findings, draft report, final report distribution); and

documentation that demonstrates that supervisor/manager had reviewed the work to ensure quality.

3.   **Reporting Requirements**

Based on the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and ICASA reporting methodology.

4.   **Work Plan and Methodology**

The service provider must provide:

4.1   A project proposal that demonstrates comprehension and competence to deliver on what is required in line with the scope of work under section 2.4 above.

4.2   A preliminary project plan outlining key activities and timeframes.

4.3   A schedule of resources to be committed to the project.

4.4   The key milestones which will be used as a measure of performance in the project.

4.5   The role, location and commitment of each member in the team during the assignment must be clearly specified.

5. **Role and Responsibility**

To be outlined on the terms of reference to each approved engagement and the SLA.

6. **Confidentiality of Information**

6.1 The names, qualifications, and experience of all the members of the service provider team must be disclosed for the prior approval of ICASA. Any changes, replacements and additions should be submitted for prior approval of ICASA.

6.2 All members will have to sign a Non-Disclosure Agreement before project commencement and may be required to undergo security screening and tests as deems necessary.

6.3 All the working papers and reports remain the property of ICASA and must not be disclosed without the approval of the Chief Audit Executive.

7. **Payment**

Payments will only be made in accordance with the delivery of service that both parties will be agreed upon and after final deliverables. This should be followed by a receipt of an original invoice which shall be paid within 30 working days from date of receipt. There will be no advance payment to a successful service provider.

A fair and reasonable remuneration framework for consultants as stipulated in the National Treasury Instruction No. 02 of 2016/2017 Cost Containment Measures, taking into account:
- The "Guideline on fees for Audits done on behalf of the Auditor-General of South Africa (AGSA)" as issued by the South African Institute of Chartered Accountants (SAICA);
- The "Guide on Hourly Fee Rates for Consultants", as issued by the Department of Public Service and Administration (DPSA); and/or
- Remuneration guidelines issued by professional service organisations or regulatory bodies, as may be relevant.

NB: Payment terms will be applicable at Request for Quotation stage.

8. **Specifications**

The background and terms of reference are in Annexure A.

9. **Briefing Session**

There will be no briefing session required.

10. **Company Experience**

10.1   Service providers should have at least five (5) years of recent experience in the Internal Auditing (Assurance and Consulting) split within each key focus area separately to demonstrate knowledge, skills expertise and tools viz:

a. Compliance audits, including Finance; Performance Information etc.

b. Regulatory and Engineering (Core Business); and

c. Information Communication and Technology.

10.2   Bidders can respond on any of the area of expertise listed above. However, there should be enough compliment of the experience on the above work packages.

10.3   Having conducted Internal Audit assurance and consulting in the areas mentioned in 10.1 above in the public sector, specifically with experience in a constitutional entity.

10.4   Written proof on a signed company letterhead must be provided from five (5) contactable references indicating that similar audit projects were successfully executed.

10.5   Project leader, Manager and team members must have the relevant qualifications (refer to the functional criteria in 11.2), skills, experience in conducting internal audit assurance and consulting service and membership to professional bodies for each of the members listed, particularly for the project leader and manager.

10.6   With regard to the number of staff/team members that will be required per level, the service providers should also provide CVs for all individuals required. Clear

separation of Compliance, Regulatory and Engineering (Core Business) and ICT audits must be demonstrated for each key area.

11. <u>Evaluation of the Bids</u>

11.1   The received bids will be evaluated on the 80/20 procurement principle as per the Supply Chain Management Policy and the relevant Treasury Regulations. The following evaluation approach will be applied:

- Phase 1 will be the screening of mandatory documents, ensuring compliance thereof and evaluation of specific goals.
- Phase 2 evaluation of functionality criteria.
- Phase 3 will be an evaluation of price and BBBEE.

11.2   Phase 2: Service providers will be evaluated based on functionality.

The minimum threshold for functionality is 70 out of 100 points for either Compliance review, Regulatory and Engineering (Core business) review, and Information Communication and Technology review. Service providers who fail to meet the minimum threshold for any of the three areas of review competency will be disqualified and will not serve on the panel of consultants.

Evaluation for Compliance review:

CRITERIA	SCORE	WEIGHT
Company experience on conducting similar projects:		**40**
i. The service provider should provide proof that they have successfully performed similar project(s) in the public sector over a number of years covering Compliance review. Such proof should include date of creation of the organisation until current year and supporting letters from organisations where such reviews were successfully completed for each year claimed.	10 years or more= 5 points 7 - 9 years=4 points 5 - 6 years=3 points 3 - 4 years=2 points Below 3 years=1 point	20
Testimonials/references ii. Provide contactable and signed reference letters with company letterheads from companies where the proposed or similar projects/services that were provided.	5 letters or more = 5 points 4 letters = 4 points 3 letters = 3 points 2 letters = 2 points 1 or no letter = 1 point	20

Qualifications and experience of the Team Leader, project manager and team members		30
Team Qualifications & Skills for Compliance audits: CV's for: Project leader, Manager and team members detailing the qualifications, skills and membership to professional bodies for each of the members listed.	**Rating of 5** • Project leader has a Certified Internal Auditor (CIA) with a valid Institute of Internal Auditors (IIA) membership. • Manager/s that has a CIA with a valid IIA membership or a Chartered Accountant (CA(SA)) or Registered Government Auditor (RGA) or South African Institute of Professional Accountants (SAIPA) qualification with a valid SAICA membership. • 3 and more of the staff members possess financial and auditing related skills. **Rating of 3** • Project leader has a Certified Internal Auditor (CIA) with a valid Institute of Internal Auditors (IIA) membership. • Manager/s that has a CIA with a valid IIA membership or a Chartered Accountant (CA(SA)) or Registered Government Auditor (RGA) or SAIPA qualification with a valid SAICA membership. • 2 to 3 of the staff members possess financial and auditing related skills. **Rating of 1** • Project leader has a Certified Internal Auditor (CIA) with a valid Institute of Internal Auditors (IIA) membership. • Manager/s that has a CIA with a valid IIA membership or a Chartered Accountant (CA(SA)) or Registered Government Auditor (RGA) or SAIPA qualification with a valid SAICA membership. • 1 staff member possess financial and auditing related skills.	

Proposed methodology	Presentation should be rendered.	**30**
Proposed Methodology	Methodology outlining management of project = 5 points 1. Auditing and Consulting standard to be used 2. Approach to conduct audit/consulting 3. Description of documentation (planning, fieldwork, reporting) 4. Demonstrate quality assurance process 5. Project implementation plan Methodology with less than 5 or none of the items listed above = 1 point	30
Total		**100**
Minimum Threshold		**70**

Evaluation for Regulatory and Engineering review:

CRITERIA	SCORE	WEIGHT
Company experience on conducting similar projects:		**40**
i. The service provider should provide proof that they have successfully performed similar project(s) in the public sector over a number of years covering Regulatory and Engineering review (Core Business). Such proof should include date of creation of the organisation until current year and supporting letters from organisations where such reviews were successfully completed for each year claimed.	10 years or more= 5 points 7 - 9 years=4 points 5 - 6 years=3 points 3 - 4 years=2 points Below 3 years=1 point	20
Testimonials/references ii. Provide contactable and signed reference letters with company letterheads from companies where the proposed or similar projects/services that were provided.	5 letters or more = 5 points 4 letters = 4 points 3 letters = 3 points 2 letters = 2 points 1 or no letter = 1 point	20

| Team Qualifications & Skills for Regulatory and Engineering audits (Core Business): CV's for: Project leader, Manager and team members detailing the qualifications, skills and membership to professional bodies for each of the members listed. | **Rating of 5**
• Project leader has an Electrical Engineering qualifications and valid Engineering Council of SA membership.
• Manager/s that has a Electrical Engineering qualification with a valid Engineering Council of SA membership.
• 3 and more of the staff members possess Electrical Engineering and auditing related skills.

Rating of 3
• Project leader has an Electrical Engineering qualifications and valid Engineering Council of SA membership.
• Manager/s that has a Electrical Engineering qualification with a valid Engineering Council of SA membership.
• 2 to 3 of the staff members possess Electrical Engineering and auditing related skills.

Rating of 1
• Project leader has an Electrical Engineering qualifications and valid Engineering Council of SA membership.
• Manager/s that has a Electrical Engineering qualification with a valid Engineering Council of SA membership.
• 1 staff member possess Electrical Engineering and auditing related skills. | 30 |

Proposed methodology	Presentation should be rendered.	**30**
Proposed Methodology	Methodology outlining management of project = 5 points 1. Auditing and Consulting standard to be used 2. Approach to conduct audit/consulting 3. Description of documentation (planning, fieldwork, reporting) 4. Demonstrate quality assurance process 5. Project implementation plan Methodology with less than 5 or none of the items listed above = 1 point	30
Total		**100**
Minimum Threshold		**70**

Evaluation for Information Communication and Technology review:

CRITERIA	SCORE	WEIGHT
Company experience on conducting similar projects:		**40**
i. The service provider should provide proof that they have successfully performed similar project(s) in the public sector over a number of years covering Information Communication Technology review. Such proof should include date of creation of the organisation until current year and supporting letters from organisations where such reviews were successfully completed for each year claimed.	10 years or more= 5 points 7 - 9 years=4 points 5 - 6 years=3 points 3 - 4 years=2 points Below 3 years=1 point	20
Testimonials/references ii. Provide contactable and signed reference letters with company letterheads from companies where the proposed or similar projects/services that were provided.	5 letters or more = 5 points 4 letters = 4 points 3 letters = 3 points 2 letters = 2 points 1 or no letter = 1 point	20

| Team Qualifications, Skills and Tools for Information Communication and Technology audits: CV's for: Project leader, Manager and team members detailing the qualifications, skills, membership to professional bodies for each of the members listed and available tools for IT security and vulnerability assessment. | **Rating of 5**
• Project leader has a CIA with a valid IIA membership.
• Manager/s that has a CISA/CISSP/CISM qualification with a valid ISACA membership.
• 3 and more of the staff members possess IT and auditing related skills.
• Use of IT Security Tools that are relied upon by the AGSA.

Rating of 3
• Project leader has a CIA with a valid IIA membership.
• Manager/s that has a CISA/CISSP/CISM qualification with a valid ISACA membership.
• 2 to 3 of the staff members possess IT and auditing related skills.
• Use of IT Security Tools that are relied upon by the AGSA.

Rating of 1
• Project leader has a CIA with a valid IIA membership.
• Manager/s that has a CISA/CISSP/CISM qualification with a valid ISACA membership.
• 1 the staff member possess IT and auditing related skills.
• Use of IT Security Tools that are relied upon by the AGSA. | 30 |

Proposed methodology	Presentation should be rendered.	**30**
Proposed Methodology	Methodology outlining management of project = 5 points 1. Auditing and Consulting standard to be used 2. Approach to conduct audit/consulting 3. Description of documentation (planning, fieldwork, reporting) 4. Demonstrate quality assurance process 5. Project implementation plan Methodology with less than 5 or none of the items listed above = 1 point	30
Total		**100**
Minimum Threshold		**70**

For purpose of evaluating functionality, the following values will be applicable:

1=	Very poor	Does not understand the requirements
2=	Poor	Will not be able to fulfil the requirements
3=	Average	Will partially fulfil the requirements
4=	Good	Will be able to fulfil the requirements
5=	Excellent	Will fully fulfil the requirements

11.3 Phase 3: Pricing and BBBEE

Only bidders who passed the threshold of 80/100 for functionality will be evaluated further for price and BBBEE.

NB: Pricing and BBBEE will be applicable at RFQ stage once a panel of consultants is appointed.

11.3.1 Bids will be evaluated on the 80/20 preference point system as outlined in the Procurement Preferential Regulation of 2017. Bidder that scores the highest points in this phase will be awarded the tender.

CRITERIA	WEIGHT
Price	80
B-BBEE Status level contributor	20

11.3.2 Cost / Pricing

a.   The service provider will be requested to provide a quoted proposal regarding the work to be undertaken.

b.   The total cost must be VAT inclusive and should be quoted in South African Rand (i.e. ZAR).

c.   The service provider should provide hourly rates as prescribed by the Department of Public Service and Administration (DPSA), Auditor- General (AG) or the body regulating the profession of the consultant.

d.   The service provider should provide (Subsistence &Travel (S&T)) rates that are in aligned to the National Treasury instruction note as follows:

   i)   Hotel Accommodation – R1550 per night per person, including breakfast, dinner and parking.
   ii)   Air travel must be restricted to economy class.
   iii)   Claims for kilometres may not exceed the rates approved by the Automobile Association of South Africa.

11.4 Broad-Based Black Economic Empowerment

11.4.1 Provisions of the Preferential Procurement Policy Framework Act (PPPFA) of 2000 and its regulation of 2017 will apply in terms of awarding points.

11.4.2 Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.

11.4.3 Bidders who do not submit their B-BBEE status level verification certificates or are non-compliant contributors to B-BBEE will not qualify for preference points for B-BBEE.

11.4.4 Accounting Officers must ensure that the B-BBEE Status level Verification Certificates submitted are issued by the following agency:

- Verification agencies accredited by SANAS.

11.4.5 Bidders who qualify as EMEs and QSEs must submit:

- Sworn affidavit signed by the EME or QSE representative and attested by a Commissioner of oath.

11.5 The table below depicts the B-BBEE status level of contribution:

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

B-BBEE Status Level of Contributor	Number of points (80/20 system)
Non-compliant contributor	0