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TERMS OF REFERENCE

EXTERNAL AUDITING SERVICES FOR KOBWA

TENDER NO. KOB/MD/02/2024

CLOSING DATE OF SUBMISSIONS: 02 August 2024

TENDERS MUST BE HAND DEPOSITED AS FOLLOWS:

Komati Basin Water Authority
Maguga Dam
Pigg's Peak
ESWATINI
Telephone +268 2437 1463/4

OR

Komati Basin Water Authority
R570 Driekoppies Dam Offices
Schoemansdal
Republic of South Africa
Telephone 013 7810 317/8



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BACKGROUND

The Komati Basin Water Authority (KOBWA) was established as a bi-national agency in terms of the Treaty for the purpose of implementing Phase 1 of the development. Phase 1 comprises the design, construction, operation and maintenance of the Driekoppies Dam on the Lomati River in RSA (phase 1a), and the Maguga Dam on the Komati River in Eswatini (phase 1b).

The Treaty provides for the development and utilisation of the water resources of the Komati River Basin from its headwaters in RSA to the confluence with the Crocodile River at Komatipoort. The Komati River Basin is an international drainage basin that is a source of water for the Republic of South Africa, the Kingdom of Eswatini and the Republic of Mozambique. The Basin comprises a total area of 11,087 km² up to the confluence of the Komati and the Crocodile rivers at Komatipoort, with a mean annual run-off of 1,438 million cubic meters.

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SECTION 1: REQUEST FOR PROPOSAL

INTRODUCTION

Interested, competent and experienced consulting companies are invited to submit a Technical proposal (A) and, in a separately sealed envelope, a financial proposal (B) for external Audit Services for the Komati Basin Water Authority (KOBWA). Proposals would form the basis for negotiations and an agreement between the successful bidder and KOBWA. The purpose of the services requested is to render comprehensive External Audit Services to KOBWA which comply with Generally Recognized Accounting Practices. KOBWA in particular requires services to suit the nature of its corporate business being a bi-national agency for Eswatini and South Africa on Water Management.


To assist bidders in preparing proposals, the following are enclosed:

Supplementary Information (Section 2),

Scope of Services (Sections 3),

Additional Information (Appendix A)

Proposals should be submitted in the format provided for in Section 2 to be evaluated in two (2) stages. Initially the services proposal will be evaluated and rated. Should a rating of less than 70% be achieved in the technical proposal, the proposal will not be acceptable and the financial proposal will not be opened. The financial proposal will only be considered and evaluated should a rating of 70% or higher be achieved for the services proposal.

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1. Proposal Evaluation

Proposals should be submitted in duplicates of the format provided in Section 3 and responding to the evaluation criteria in 6.1 and 6.2. These will be evaluated in two stages, the Functionality (Technical) and the Financial proposal respectively as per below rating;

Proposals will be evaluated using the two-stage process as follows:

Item	Proposal Weighting	Points (sub)	Points
Phase 1:	Technical/Functionality		70
Phase 2:	Financial		30
	Price	80	
	B-BBEE status level of contribution	20	
Total			100


2. Technical Evaluation;

Phase 1 – Technical/Functionality Evaluation

Technical proposals will be evaluated first. A minimum score of 70% must be achieved. 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 not be taken to the phase 2 of the evaluation, therefore the Financial Proposal will not be opened.

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


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3. Evaluation

3.1 Stage 1 – Mandatory Requirements

All bidders are required to sign the attached Annexure A document which list mandatory documentation that should be included in the Tender Proposal. Failure to provide gate pass information will result in disqualification. The form entails the following:


#	Minimum Requirement
1	Table of Content, bid proposal
2	BEE certificate (<i>Only for RSA companies</i>) or +50% Swati Ownership (Eswatini Companies)
3	Valid Tax Clearance Certificate
4	Company registration documents
5	Abridged CV's of personnel with copies of qualification
6	Accreditation with Johannesburg Stock Exchange (JSE) – Managing Partner/Project Leader
7	Five (5) endorsed reference letters from previous clients, for similar work(Auditing of GRAP compliant Financial Statements)
8	Self-designed declaration of interest
9	Proof of Payment for Tender
10	Technical Proposal separate from Financial Proposal

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3.2 Stage 2 – Technical Evaluation (70%)

Stage 2 of evaluation will only be resumed if stage 1 mandatory requirements are met. Technical proposal will have a total weight of 70% of the overall evaluation.

CRITERIA FOR FUNCTIONALITY	RATINGS	WEIGHT
Company Experience in the Industry	Between 0 – 5 years: max.5 Between 6-10 years: max. 10	10
Competency of Key Personnel <ul style="list-style-type: none"> • Accounting & Auditing (minimum degree) • Accredited Professional Registrations • Registered with JSE 	Project Leader/Partner (JSE Accredited): 10 Other Professional Staff (x3): 15	25
Proposed plan, Organogram and Operational plan	Technical Aspect Understanding of TORs: 5 Proposal project plan: 15 Illustration of risk management and internal control measures: 10	30
References / Testimonials	Provide a minimum of 5 Contactable references and brief testimonials bearing a date of not more than 12 months.	10
GRAP Experience (Accounting & Auditing)	Between 0 – 5 years: 5 Between 5-10 years : 10 Greater than 10 years: 15	15
Financial Stability	Provide recent consecutive financial statements (audited or certified by a qualified professional)	5
Safety Policy	Provide a safety statement or policy for organisation signed by Top Management.	5
Total		100

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3.3. Stage 3- Financial Evaluation

Should a rating of less than 70% be achieved, the Technical Proposal will not be acceptable and the financial proposal will not be opened. The financial proposal will only be considered and evaluated should a rating of 70% or higher be achieved for the services proposal.

The financial proposal will be evaluated as follows:

The financial proposal with the lowest Total Designated Cost (TDC) will be assigned the maximum of 100. The TDC is defined as the total of all costs directly related to personnel allowances (salary, social benefits, transport of personnel and effects), fees and directly reimbursable expenses for project items such as vehicles, computers etc. The financial proposals will be scored as:

$$Px = 100Cm/Cx$$

Where:

Px = Rating assigned to a financial proposal,


Cm = Cost of the lowest TDC

Cx = TDC of proposal being assessed.

The 80/20 preference point system will be considered.

The points for the Financial Evaluation will be split as follows: A maximum of 80 points representing price and 20 points representing Broad-Based Black Economic Empowerment for South Africa. **Only bidders who meet the minimum requirements of the Technical Evaluation will be considered in this phase.**

The following points will be allocated for Broad-Based Black Economic Empowerment (B-BBEE) status level:

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B-BBEE Statuses Level of Contributor	Number of Points (80/20 System)
1	20
2	18
3	16
4	14
5	12
6	10
7	8
8	4
Non-Compliant Contributor	0
Eswatini Companies	+50% Eswatini Ownership

All components of the technical services must be clearly shown in the financial proposal.

The following formula will be used for the preference point system:

$$Ps = 80 \left[1 - \frac{Pt - Pmin}{Pmin} \right]$$

Where:

Ps = Points scored for comparative price of offer under consideration.


Pt = R value of offer under consideration.

Pmin = R value of lowest acceptable offer.

The final rating will be the total of the technical proposal (functionality) multiplied by 0.7 plus the rating for the financial proposal multiplied by 0.3.

The final rating will be the total of the technical proposal multiplied by 0.8 plus the rating for the financial proposal multiplied by 0.2

5. Costs for preparing the proposal and for any negotiations are not reimbursable. If tender is awarded only the bid price will be applicable.

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6. Proposals including costs should be valid for each of the year of service, and should cover the 3year duration of the contract.

7. VAT registered companies must clearly state the VAT amount in their Financial Proposal.

8. Proposals must be submitted on or before 12:00 midday on 02 August 2024 into a tender box at the following addresses:

Komati Basin Water Authority

Komati Basin Water Authority

Maguga Dam Offices

R570 Driekoppies Dam Offices

Pigg's peak

Schoemansdal, Nkomazi

H108

1331

9. Proposals should be submitted in two separate, sealed envelopes as follows:

Technical Proposal – Ref: **KOB/MD/02/2024a**; and

Financial Proposal – Ref: **KOB/MD/02/2024b**


Any request for more information or clarifications should be made in writing to the Finance Director, not later than (5) days before the tender closing date at the following contact details:

Mr Juan De Wet – Finance Director

Tel: (+27) 13 591 2644/2633

E-mail: juan.dewet@kobwa.co.za

Copy: maguga.office@kobwa.co.za

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1. General

1.1 Preparation and submission of proposal

(i) The proposal should be an accurate and complete response to the request for services

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(ii) The proposal must be for the complete scope of services.

(iii) An original plus one copy of the proposal must be submitted.

(iv) Submit a Technical proposal (A) and, in a separately sealed envelope, a financial proposal (B)

(v). KOBWA reserves the right to reject or to accept any one of the proposals in full or in part.

1.2 Schedule for submission, evaluation, negotiation, and award (tentative).

Submission/Closing date 02 August 2024

Commencement of services: Appointment Date

Review periods: 2024/2025

2025/2026

2026/2027

1.3 Specialist support

The successful bidder accepts full responsibility for the services provided by outside specialist supporters provided for in the bid.


1.4 Negotiations

The required negotiations to reach agreement on all components of the required services will result in a contract. Negotiations may commence with the services proposal and proceed to the financial proposal focusing on underlying or unit cost rates.

2. Services Proposal.

2.1 This section provides for the clear and concise description of the services

proposed. The scope of services and time-frames are to be defined in

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Complete detail.

2.2 Company Experience in the Industry

Bidders are to provide concise information on relevant experience on External Audit Services.

2.3 Implementation.

- (i). Bidders should specify their work approach, referring specifically to components of the services requested.
- (ii). Tasks and subtasks by components should be specified.
- (iii). Involvement of key personnel should clearly be indicated and required resources.

2.4 Work program and manpower schedule


- (ii). Proposals should include an estimate of man-days proposed to provide the services for each task and sub-task. This projection will be used for the financial proposal.
- (iii). Following negotiations man-days estimates will be the basis for services to be rendered and can only be exceeded with the prior approval of KOBWA.

2.5 Abridged Curriculum Vitae of professional staff

- (i). Proposals should include abridged curriculum vitae for the key professional staff.
- ii). KOBWA, having great importance on the relevant experience and qualifications of staff proposed, should at all times be kept assured on staff being assigned as proposed.

2.6 Facilities and resources

All facilities, equipment and supplies necessary for the services (office space, furnishings, equipment and supplies; vehicles; telephone,) should be described in the services proposal. The costs should be specified in the financial proposal.

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3. Financial Proposal

General

An agreement will be awarded on the basis of staff and reimbursable costs to be established during negotiations.

The financial proposal must provide an estimate of the total cost to provide the services, specifying

Staff costs (in person/days)

Reimbursable costs

During negotiations KOBWA will require historical information demonstrating the basis of proposed staff costs, and reserves the right to audit the details presented.


Staff Costs

The bidder shall provide tabulated schedules (cost breakdown) of staff cost estimates (for professional and non-professional staff) based on the work program and estimated man-days in the Services Proposal.

Other Costs

Any other costs to provide the services, excluding staff costs, will be billed separately as reimbursable costs .i.e. accommodation etc.

Bidders should note that there is an estimated 30 days payment period for all invoices submitted.

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SECTION 3: SCOPE OF SERVICES

1. OBJECTIVES.

The objectives with the services rendering request therefore are –

- To annually test that risk management and internal control measures are adequate and adhered to.
- To provide information to management and the board regarding compliance or non-compliance with internal control measures.
- Express audit opinion on Financial Statement (**GRAP compliant**)
- Advice on efficiency and effectiveness of internal controls through audit recommendations.
 - Advise on the appropriateness of the action plan addressing the audit outcomes.

2. SCOPE OF WORK


The services must test that KOBWA's policies and procedures are in compliance with GRAP and any legislation applicable in both countries, appropriate governance principles and Treaty requirements.

3. EXPECTED OUTPUT / DELIVERABLES

Compile a scoping report at inception to ensure mutual agreement regarding outputs, deliverables and time frames;

A detailed report of the audit process which includes consultations;

A proposed implementation plan including timeframes and cost implication for all proposed activities.

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4. DURATION

The services rendering mandate is expected to be undertaken annually; the auditing period being three financial years beginning (1st April 2024 to 31st March 2027).

5. MANAGEMENT AND ADMINISTRATION PROCESS

KOBWA Finance Director will be the contact person for this project.

Board will be responsible for the final approval of all documents and reports.

6. INFORMATION NEEDS

The Service Provider will consult management and Members of the Board directly to ensure that desired objectives are met.


7. ADDITIONAL CRITERIA

Corporate bidders must be registered in Eswatini or South Africa;

Bidders must submit proof of knowledge of legislation pertaining to both countries;

Bidders must provide –

- A Certificate of incorporation or registration (if applicable);
- Tax clearance certificate;
- Proof of experience working within the water or other relevant sectors;
- Institutional Development experience;
- Capacity to evaluate internationally recognized Corporate Governance Practices and Systems.

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8. IRREVOCABILITY OF BIDS

All bids submitted are irrevocable after the due submission date until the expiry of the bid validity period indicated below, and as such the bidder binds himself that he will enter into negotiations with KOBWA based on the submitted bid.

9. BIDDING COSTS

KOBWA's Invitation to Bid document is obtainable at a fee of **R/E 500.00**. However, bidders are solely responsible for their own expenses in preparation and submission of bids and any other costs relating to subsequent negotiations with the KOBWA. If KOBWA elects to reject a proposal, the KOBWA will also not be liable to any bidder for any claims relating to this bid whatsoever.


10. BID VALIDITY AND PRICING

Bids will be valid for at least 90 days after the closing date and prices will be firm for the entire implementation period.

11. CURRENCY AND TAXES

Prices quoted are to be:

In either Emalangi or Rand (1 Lilangi = 1 SA Rand).

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APPENDIX A- ADDITIONAL INFORMATION

Acceptance of Bids

This Invitation to Bid should not be construed as an agreement to supply the required solution. KOBWA is not bound to enter into a contract with the bidder who submits the lowest priced bid. Bids will only be assessed in terms of the evaluation criteria.

Modification of Terms

KOBWA reserves the right to modify the terms of this Invitation to Bid at any time in its sole discretion. This includes the right to cancel this Invitation to Bid at any time prior to entering into a contract with the successful bidder; notice to that effect shall be given to all bidders.


Ownership of Bids

All documents, including bids, submitted to the KOBWA become the property of the KOBWA.

Confidentiality of Information

All bids submitted by bidders shall be held in strict confidence and will not be revealed to any other party.

All Information pertaining to the KOBWA obtained by the bidder as a result of participation in this project is confidential and must not be disclosed without written authorisation from the KOBWA.

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Acceptance of Terms

All terms and conditions of this Invitation to Bid are deemed to be accepted by the bidders and incorporated by reference in their bids, except such conditions and provisions that are expressly excluded. There will be an opportunity to review these conditions upon selection of the successful bidder and during subsequent negotiations.

The proposal or sections thereof of the successful bidder will form part of the final contract.

