

## TENDER 19-14/15

### THE PROVISION OF AN INTERNAL AUDIT SERVICE FOR THE MOSSSEL BAY MUNICIPALITY

CLOSING DATE: 10 OCTOBER 2014	CLOSING TIME: 12:00
-------------------------------	---------------------

NAME OF BIDDER\* : .....

ADDRESS\* : .....  
: .....  
: .....  
: .....

TEL NUMBER\* : .....

FAX NUMBER\* : .....

MBM DATABASE REG NO\* : .....

B-BBEE LEVEL OF CONTRIBUTION\* : .....

TENDER AMOUNT (VAT INCLUDED)\* : .....see page 18.....

(\* - TO BE COMPLETED BY BIDDER)

Prepared by:  
Mossel Bay Municipality  
PO Box 25  
Mossel Bay  
6500

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## SECTION 1.1: INVITATION TO TENDER

**CLOSING TIME: 12:00**

**CLOSING DATE: 10 OCTOBER 2014**

### **TENDER 19-14/15: THE PROVISION OF AN INTERNAL AUDIT SERVICE FOR THE MOSSEL BAY MUNICIPALITY**

Tenders are hereby invited from registered professional auditors for the provision of an internal audit service for the Municipality for a period of three (3) years from the period 1 December 2014 to 30 November 2017.

Tenders must be submitted on the original documents and remain valid for ninety (90) days after the closing date of the tender. Enquiries pertaining to the specifications can be addressed to Mr Hennie le Roux at telephone (044) 606-5267. Enquiries pertaining to the completion of the documents can be addressed to Ms Juanita Schutte at telephone (044) 606-5198.

A set of tender documents can be obtained at a non-refundable cost of R174,00 per set from Ms Juanita Schutte at telephone (044) 606-5197 **OR** it can be obtained on our website at [www.mosselbay.gov.za](http://www.mosselbay.gov.za) free of charge (follow the procurement-link on the left hand side). Payments must be made at the cashiers at the **Mossel Bay Municipality's Main Building, 101 Marsh Street on the Lower Ground Floor (seaside)** prior to collecting the tender document and proof of payment must be submitted when collecting the tender document from the Supply Chain Management Offices, Plaza Aquada Building, 55 Marsh Street, Mossel Bay.

Fully completed tender documents must be placed in a sealed envelope and placed in the **tender box on the Lower Ground floor (seaside) at the Mossel Bay Municipality Main Building, 101 Marsh Street, Mossel Bay by not later than 12:00 on Friday, 10 October 2014** or be mailed to reach the **Tender Box, Mossel Bay Municipality, PO Box 25, Mossel Bay, 6500** before the specified closing date and time. The envelopes must be endorsed clearly with the number, title and closing date of the tender as above.

Bids will be pre-evaluated on following criteria and bids that score less than 32 out of 40 points will be considered as not responsive:

Pre-evaluation criteria and weight:

1. Project management methodology carrying a weight of 5 points.
2. Project governance framework carrying a weight of 5 points.
3. Relevant experience carrying a weight of 15 points.
4. Qualifications and level of experience of Project team carrying a weight of 15 points.

The tender will be evaluated on the 90/10 Preference Points system as prescribed by the Preferential Procurement Regulations, 2011.

Receipts will be issued on request only for tenders handed in during office hours from Mondays to Fridays. Receipts will not be issued for tenders placed in the tender box after hours or which are received by mail.

The tender box will be emptied just after 12:00 on the closing date as above, hereafter all bids will be opened in public. Late tenders or tenders submitted by e-mail or fax will under no circumstances be accepted.

The Municipality reserves the right to withdraw any invitation to tender and/or to re-advertise or to reject any tender or to accept a part of it. The Municipality does not bind itself to accepting the lowest tender or award a contract to the bidder scoring the highest number of points.

It is expected of all Bidders who are not yet registered on the Municipality's Accredited Supplier Database to register without delay on the prescribed form. The Municipality reserves the right not to award tenders to Bidders who are not registered on the Database.

**DR M GRATZ**  
**MUNICIPAL MANAGER**

## **SECTION 1.2: TENDER CONDITIONS AND INFORMATION**

### **1.2.1 General and Special Conditions of Contract**

The General Conditions of Contract (GCC) as well as Special Conditions of Contract (SCC) forming part of this set of tender documents will be applicable to this tender in addition to the conditions of tender. Where the GCC and SCC are in conflict with one another, the stipulations of the SCC will prevail.

### **1.2.2 Acceptance or Rejection of a Tender**

The Municipality reserves the right to withdraw any invitation to tender and/or to re-advertise or to reject any tender or to accept a part of it. The Municipality does not bind itself to accepting the lowest tender or the tender scoring the highest points.

### **1.2.3 Validity Period**

Bids shall remain valid for ninety (90) days after the tender closure date.

### **1.2.4 Cost of Tender Documents**

Payment for tender documents, if specified, must be made by a crossed cheque payable to the Municipality of Mossel Bay. These costs are non-refundable.

### **1.2.5 Registration on Accredited Supplier Database**

It is expected of all prospective service providers who are not yet registered on the Municipality's Accredited Supplier Database to register without delay on the prescribed form. The Municipality reserves the right not to award tenders to prospective suppliers who are not registered on the Database.

### **1.2.6 Completion of Tender Documents**

(a) The original tender document must be completed fully in black ink and signed by the authorised signatory to validate the tender. Section 5: DECLARATION must be completed and signed by the authorised signatory and returned. Failure to do so will result in the disqualification of the tender.

(b) Tender documents may not be retyped. Retyped documents will result in the disqualification of the tender.

(c) The complete original tender document must be returned. Missing pages will result in the disqualification of the tender.

(d) No unauthorised alteration of this set of tender documents will be allowed. Any unauthorised alteration will disqualify the tender automatically. Any ambiguity has to be cleared with contact person for the tender before the tender closure.

## **1.2.7 Compulsory Documentation**

### **1.2.7.1 Tax Clearance Certificate**

(a) A valid original Tax Clearance Certificate must accompany the bid documents unless the bidder is registered on the Accredited Supplier Database of the Municipality and the Municipality has a valid original Tax Clearance Certificate for the bidder on record. The onus is on the bidder to ensure that the Municipality has an original Tax Clearance Certificate on record. If the South African Revenue Services (SARS) cannot provide a valid original Tax Clearance Certificate; the bidder must submit a letter from SARS on an original SARS letterhead that their tax matters are in order.

(b) In the case of a Consortium/Joint Venture every member must submit a separate Tax Clearance Certificate with the bid documents unless the member is registered on the Accredited Supplier Database of the Municipality and the Municipality has a valid original Tax Clearance Certificate for the member on record.

(c) If a bid is not supported by a valid original Tax Clearance Certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the Supplier Database of the Municipality, the Municipality reserves the right to obtain such document after the closing date to verify that the bidder's tax matters are in order. If no such document can be obtained within a period as specified by the Municipality, the bid will be disqualified.

## **1.2.8 Other Documentation**

### **1.2.8.1 Construction Industry Development Board (CIDB) (If applicable)**

When applicable, the bidder's CIDB registration number must be included with the tender. The Municipality will verify the bidder's CIDB registration during the evaluation process.

### **1.2.8.2 Municipal Rates, Taxes and Charges**

(a) A certified copy of the bidder's and those of its directors municipal accounts (for the Municipality where the bidder pays his account) for the month preceding the tender closure date must accompany the tender documents. If such a certified copy does not accompany the bid document of the successful bidder, the Municipality reserves the right to obtain such documents after the closing date to verify that their municipal accounts are in order.

(b) Any bidder which is or whose directors are in arrears with their municipal rates and taxes or municipal charges due to any Municipality or any of its entities for more than three months and have not made an arrangement for settlement of same before the bid closure date will be unsuccessful.

(c) If a bidder rents their premises, proof must be submitted that the rental includes their municipal rates and taxes or municipal charges and that their rent is not in arrears.

### **1.2.9 Authorised Signatory**

(a) A copy of the recorded Resolution taken by the Board of Directors, members, partners or trustees authorising the representative to submit this bid on the bidder's behalf must be attached to the Bid Document on submission of same.

(b) A bid shall be eligible for consideration only if it bears the signature of the bidder or of some person duly and lawfully authorised to sign it for and on behalf of the bidder.

(c) If such a copy of the Resolution does not accompany the bid document of the successful bidder, the Municipality reserves the right to obtain such document after the closing date to verify that the signatory is in order. If no such document can be obtained within a period as specified by the Municipality, the bid will be disqualified.

### **1.2.10 Site / Information Meetings**

(a) Site or information meetings, if specified, are compulsory. Bids will not be accepted from bidders who have not attended compulsory site or information meetings. Bidders that arrive 15 minutes or more after the advertised time the meeting starts will not be allowed to attend the meeting or to sign the attendance register. If a bidder is delayed, he must inform the contact person before the meeting commence and will only be allowed to attend the meeting if the chairperson of the meeting as well as all the other bidders attending the meeting, give permission to do so.

(b) All partners or the leading partner of a Joint Venture must attend the compulsory site or information meeting.

### **1.2.11 Samples**

Samples, if requested, are to be provided to the Municipality with the tender document or as stipulated.

### **1.2.12 Quantities of Specific Items**

If tenders are called for a specific number of items, the Municipality reserves the right to change the number of such items to be higher or lower. The successful bidder will then be given an opportunity to evaluate the new scenario and inform the Municipality if it is acceptable. If the successful bidder does not accept the new scenario, it will be offered to the second-placed bidder. The process will be continued to the Municipality's satisfaction.

### **1.2.13 Submission of Tender**

(a) The tender must be placed in a sealed envelope, or envelopes when the two-envelope system is specified, clearly marked with the tender number, title as well as closing date and time and

placed in the **tender box on the Lower Ground floor (seaside) at the Municipality by not later than 12:00 on Friday, 10 October 2014.**

OR

- be mailed to reach the **Tender Box, Mossel Bay Municipality, PO Box 25, Mossel Bay, 6500** before the specified closing date and time.

(b) Faxed, e-mailed and late tenders will not be accepted. Tenders may be delivered by hand, by courier, or posted at the bidder's risk and must be received by the deadline specified above, irrespective of how they are sent or delivered.

#### **1.2.14 Expenses Incurred in Preparation of Tender**

The Municipality shall not be liable for any expenses incurred in the preparation and submission of the tender.

#### **1.2.15 Contact with Municipality after Tender Closure Date**

Bidders shall not contact the Mossel Bay Municipality on any matter relating to their bid from the time of the opening of the bid to the time the contract is awarded. If a bidder wishes to bring additional information to the notice of the Mossel Bay Municipality, it should do so in writing to the Mossel Bay Municipality. Any effort by the firm to influence the Mossel Bay Municipality in the bid evaluation, bid comparison or contract award decisions may result in the rejection of the bid.

#### **1.2.16 Opening, Recording and Publications of Tenders Received**

(a) Tenders will be opened on the closing date immediately after the closing time specified in the tender documents. If requested by any bidder present, the names of the bidders, and if practical, the total amount of each bid and of any alternative bids will be read out aloud.

(b) Details of tenders received in time will be recorded in a register which is open to public inspection.

(c) Faxed, e-mailed and late tenders will not be accepted.

#### **1.2.17 Evaluation of Tenders**

Tenders will be evaluated in terms of their responsiveness to the tender specifications and requirements as well as such additional criteria as set out in this set of tender documents.

#### **1.2.18 Procurement Policy**

Bids will be awarded in accordance with the Preferential Procurement Regulations, 2001 pertaining to the Preferential Procurement Policy Framework Act, No 5 of 2000 and its amendments as well as the Municipality's Supply Chain Management Policy.

#### **1.2.19 Contract**

(a) The successful bidder will be expected to sign the agreement in Section 6 of this bid document. The signing of both Parts of Section 6 of this bid document signifies the conclusion of the contract. The Municipality, at its discretion, may request the signing of an additional Service Level Agreement which, together with the signed tender document, will constitute the full agreement between the Municipality and the successful bidder.

#### **1.2.20 Subcontracting**

- (a) The Contractor shall not subcontract the whole of the Contract.
- (b) Except where otherwise provided by the Contract, the Contractor shall not subcontract any part of the Contract without the prior written consent of the Municipality, which consent shall not be unreasonably withheld.
- (c) The contractual relationship between the Contractor and any subcontractors selected by the Contractor in consultation with the Municipality in accordance with the requirements of and a procedure contained within the Scope of Work, shall be the same as if the Contractor had appointed the subcontractor in terms of paragraph (b) above.
- (d) Any consent granted in accordance with paragraph (b) or appointment of a subcontractor in accordance with paragraph (c) shall not imply a contract between the Municipality and the subcontractor, or a responsibility or liability on the part of the Municipality to the subcontractor and shall not relieve the Contractor from any liability or obligation under the Contract and he shall be liable for the acts, defaults and neglects of any subcontractor, his agents or employees as fully as if they were the acts, defaults or neglects of the Contractor, his agents or employees.
- (e) The Contractor shall not be required to obtain such consent for –
  - (i) the provision of labour, or
  - (ii) the purchase of materials which are in accordance with the Contract, or
  - (iii) the purchase or hire of Construction Equipment.

#### **1.2.21 Language of Contract**

The contract documents will be compiled in English and the English versions of all referred documents will be taken as applicable.

#### **1.2.22 Extension of Contract**

The contract with the successful bidder may be extended should additional funds become available.

#### **1.2.23 Stamp and Other Duties**

The successful bidder will be liable for all duties and costs on legal documents resulting in the establishment of a contract and for the surety and retentions.



#### **1.2.24 Wrong Information Furnished**

Where a contract has been awarded on the strength of the information furnished by the bidder which, after the conclusion of the relevant agreement, is proved to have been incorrect, the Municipality may, in addition to any other legal remedy it may have, recover from the contractor all costs, losses or damages incurred or sustained by the Municipality as a result of the award of the contract.

#### **1.2.25 Past Practices**

(a) The bid of any bidder may be rejected if that bidder or any of its directors have abused the municipality's supply chain management system or committed any improper conduct in relation to such system.

(b) The bid of any bidder may be rejected if it is or has been found that that bidder or any of its directors influenced or tried to influence any official or councillor with this or any past tender.

(c) The bid of any bidder may be rejected if it is or has been found that that bidder or any of its directors offered, promised or granted any official or any of his/her close family members, partners or associates any reward, gift, favour, hospitality or any other benefit in any improper way, with this or any past tender.

#### **1.2.26 Validity of BEE certificates:**

- (a) **If the certificate was issued by a verification agency the following must be on the face of the certificate:**

SANAS logo, unique BVA number, must be an original certificate or certified copy of the original, the name and physical location of the bidder, the registration number and, where applicable, the VAT number of the bidder, the date of issue and date of expiry of the certificate, the certificate number for identification and reference, the scorecard that was used (for example EME, QSE or Generic), the name and / or logo of the Verification Agency, the certificate must be signed by the authorized person from the Verification Agency and the B-BBEE Status Level of Contribution obtained by the bidder.

- (b) **If certificate was issued by an Auditor/ Accounting Officers:**

The Accounting Officer's or Registered Auditor's letter head with full contact details, the Accounting Officer's or Registered Auditor's practice numbers, the name and the physical location of the bidder, the registration number and, where applicable, the VAT number of the bidder, the date of issue and date of expiry, the B-BBEE Status Level of Contribution obtained by the measured entity, the total black shareholding and total black female shareholding, the B-BBEE Status Level of Contribution obtained by the bidder and must be an original certificate or certified copy of the original.

- (c) **If the certificate was issued by registered auditors approved by IRBA**

Clearly identify the B-BBEE approved registered auditor by the auditor's individual registration number with IRBA and the auditor's logo, clearly record an approved B-BBEE Verification Certificate identification reference in the format required by the SASAE, reflect relevant information regarding the identity and location of the measured entity, identify the Codes of Good Practice or relevant Sector Codes applied in the determination of the scores, record the weighting points (scores) attained by the measured entity for each scorecard element, where applicable, and the measured entity's overall B-BBEE Status Level of Contribution, reflect that the B-BBEE Verification Certificate and accompanying assurance report issued to the measured entity is valid for 12 months from the date of issuance and reflect both the issuance and expiry

date, and the B-BBEE Status Level of Contribution obtained by the bidder and must be an original certificate or certified copy of the original.

**FAILURE TO COMPLY WITH THE ABOVEMENTIONED WILL RESULT IN NO PREFERENCE POINTS BEING AWARDED**

**1.2.27 Letter of Good Standing from the Commissioner of Compensation**

(a) A valid Letter of Good Standing from the Compensation Commissioner or a copy thereof, must accompany the bid documents unless the bidder is registered on the Accredited Supplier Database of the Municipality and the Municipality has a valid Letter of Good Standing from the Compensation Commissioner or a copy thereof for the bidder on record. The onus is on the bidder to ensure that the Municipality has a valid Letter of Good Standing from the Compensation Commissioner or a certified copy thereof on record.

(b) In the case of a Consortium/Joint Venture every member must submit a separate valid Letter of Good Standing from the Compensation Commissioner or a copy thereof with the bid documents unless the member is registered on the Accredited Supplier Database of the Municipality and the Municipality has a valid Letter of Good Standing from the Compensation Commissioner or a copy thereof on record for all members of the Consortium/Joint Venture.

(c) If a bid is not supported by a valid Letter of Good Standing from the Compensation Commissioner or a copy thereof, either as an attachment to the bid documents or on record in the case of suppliers registered on the Supplier Database of the Municipality, the Municipality reserves the right to obtain such document after the closing date. If no such document can be obtained within a period as specified by the Municipality, the bid will be disqualified.

(d) If a bid is accompanied by proof of application for valid Letter of Good Standing from the Compensation Commissioner, the original or copy thereof must be submitted on/or before the final date of award.

(e) Should a bidder's Letter of Good Standing from the Compensation Commissioner expires during the contract period, a valid certificate must be submitted within an agreed upon time.

(f) The right is reserved to not award a tender if a valid Letter of Good Standing from the Compensation Commissioner or a copy thereof is not submitted within the requested time.

**1.2.28 Enquiries**

Enquiries in connection with this tender, prior to the tender closure date, may be addressed to Mr Hennie le Roux at telephone (044) 606-5267.

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### 1.3 GENERAL CONDITIONS OF CONTRACT

#### 1. Definitions

1. The following terms shall be interpreted as indicated:

- 1.1 "Closing time" means the date and hour specified in the bidding documents for the receipt of bids.
- 1.2 "Contract" means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- 1.3 "Contract price" means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.
- 1.4 "Corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official in the procurement process or in contract execution.
- 1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidized by its government and encouraged to market its products internationally.
- 1.6 "Country of origin" means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognized new product results that is substantially different in basic characteristics or in purpose or utility from its components.
- 1.7 "Day" means calendar day.
- 1.8 "Delivery" means delivery in compliance of the conditions of the contract or order.
- 1.9 "Delivery ex stock" means immediate delivery directly from stock actually on hand.
- 1.10 "Delivery into consignees store or to his site" means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the goods are so delivered and a valid receipt is obtained.
- 1.11 "Dumping" occurs when a private enterprise abroad markets its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.
- 1.12 "Force majeure" means an event beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.
- 1.13 "Fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.
- 1.14 "GCC" means the General Conditions of Contract.
- 1.15 "Goods" means all of the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.
- 1.16 "Imported content" means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the goods covered by the bid will be manufactured.
- 1.17 "Local content" means that portion of the bidding price, which is not included in the imported content provided that local manufacture does take place.
- 1.18 "Manufacture" means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.
- 1.19 "Order" means an official written order issued for the supply of goods or works or the rendering of a service.
- 1.20 "Project site," where applicable, means the place indicated in bidding documents.
- 1.21 "Purchaser" means the organization purchasing the goods.
- 1.22 "Republic" means the Republic of South Africa.
- 1.23 "SCC" means the Special Conditions of Contract.
- 1.24 "Services" means those functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.
- 1.25 "Supplier" means the successful bidder who is awarded the contract to maintain and administer the required and specified service(s) to the State.
- 1.26 "Tort" means in breach of contract.
- 1.27 "Turnkey" means a procurement process where one service provider assumes total responsibility for all aspects of the project and delivers the full end product / service required by the contract.
- 1.28 "Written" or "in writing" means hand-written in ink or any form of electronic or mechanical writing.

## **2. Application**

- 2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services (excluding professional services related to the building and construction industry), sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.
- 2.2 Where applicable, special conditions of contract are also laid down to cover specific goods, services or works.
- 2.3 Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply.

## **3. General**

- 3.1 Unless otherwise indicated in the bidding documents, the purchaser shall not be liable for any expense incurred in the preparation and submission of a bid. Where applicable a non-refundable fee for documents may be charged.
- 3.2 Invitations to bid are usually published in locally distributed news media and on the municipality/municipal entity website.

## **4. Standards**

- 4.1 The goods supplied shall conform to the standards mentioned in the bidding documents and specifications.

## **5. Use of contract documents and information inspection**

- 5.1 The supplier shall not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only so far as may be necessary for purposes of such performance.
- 5.2 The supplier shall not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1 except for purposes of performing the contract.
- 5.3 Any document, other than the contract itself mentioned in GCC clause 5.1 shall remain the property of the purchaser and shall be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.
- 5.4 The supplier shall permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

## **6. Patent Rights**

- 6.1 The supplier shall indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.
- 6.2 When a supplier developed documentation / projects for the municipality / municipal entity, the intellectual, copy and patent rights or ownership of such documents or projects will vest in the municipality / municipal entity.

## **7. Performance security**

- 7.1 Within thirty (30) days of receipt of the notification of contract award, the successful bidder shall furnish to the purchaser the performance security of the amount specified in SCC.
- 7.2 The proceeds of the performance security shall be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.
- 7.3 The performance security shall be denominated in the currency of the contract, or in a freely convertible currency acceptable to the purchaser and shall be in one of the following forms: (a) a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser; or (b) a cashier's or certified cheque.
- 7.4 The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance obligations under the contract, including any warranty obligations, unless otherwise specified.

## **8. Inspections, tests and analyses**

- 8.1 All pre-bidding testing will be for the account of the bidder.
- 8.2 If it is a bid condition that goods to be produced or services to be rendered should at any stage be subject to inspections, tests and analyses, the bidder or contractor's premises shall be open, at all reasonable hours, for inspection by a representative of the purchaser or organization acting on behalf of the purchaser.
- 8.3 If there are no inspection requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections shall be carried out, the purchaser shall itself make the necessary arrangements, including payment arrangements with the testing authority concerned.
- 8.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the goods to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.
- 8.5 Where the goods or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such goods or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.
- 8.6 Goods and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.

- 8.7 Any contract goods may on or after delivery be inspected, tested or analysed and may be rejected if found not to comply with the requirements of the contract. Such rejected goods shall be held at the cost and risk of the supplier who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with goods, which do comply with the requirements of the contract. Failing such removal the rejected goods shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute goods forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected goods, purchase such goods as may be necessary at the expense of the supplier.
- 8.8 The provisions of clauses 8.4 to 8.7 shall not prejudice the right of the purchaser to cancel the contract on account of a breach of the conditions thereof, or to act in terms of Clause 22 of GCC.
- 9. Packing**
- 9.1 The supplier shall provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case size weights shall take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.
- 9.2 The packing, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the contract, including additional requirements, if any, and in any subsequent instructions ordered by the purchaser.
- 10. Delivery and documents**
- 10.1 Delivery of the goods and arrangements for shipping and clearance obligations, shall be made by the supplier in accordance with the terms specified in the contract.
- 11. Insurance**
- 11.1 The goods supplied under the contract shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified.
- 12. Transportation**
- 12.1 Should a price other than an all-inclusive delivered price be required, this shall be specified.
- 13. Incidental Services**
- 13.1 The supplier may be required to provide any or all of the following services, including additional services, if any:
- (a) performance or supervision of on-site assembly and/or commissioning of the supplied goods;
  - (b) furnishing of tools required for assembly and/or maintenance of the supplied goods;
  - (c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
  - (d) performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the supplier of any warranty obligations under this contract; and
  - (e) training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.
- 13.2 Prices charged by the supplier for incidental services, if not included in the contract price for the goods, shall be agreed upon in advance by the parties and shall not exceed the prevailing rates charged to other parties by the supplier for similar services.
- 14. Spare parts**
- 14.1 As specified, the supplier may be required to provide any or all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:
- (a) such spare parts as the purchaser may elect to purchase from the supplier, provided that this election shall not relieve the supplier of any warranty obligations under the contract; and;
  - (b) in the event of termination of production of the spare parts: (i) advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and (ii) following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.
- 15. Warranty**
- 15.1 The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract shall have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission of the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.
- 15.2 This warranty shall remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise.
- 15.3 The purchaser shall promptly notify the supplier in writing of any claims arising under this warranty.

- 15.4 Upon receipt of such notice, the supplier shall, within the period specified and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.
- 15.5 If the supplier, having been notified, fails to remedy the defect(s) within the period specified, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.
- 16. Payment**
- 16.1 The method and conditions of payment to be made to the supplier under this contract shall be specified.
- 16.2 The supplier shall furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfilment of other obligations stipulated in the contract.
- 16.3 Payments shall be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.
- 16.4 Payment will be made in Rand unless otherwise stipulated.
- 17. Prices**
- 17.1 Prices charged by the supplier for goods delivered and services performed under the contract shall not vary from the prices quoted by the supplier in his bid, with the exception of any price adjustments authorized or in the purchaser's request for bid validity extension, as the case may be.
- 18. Variation orders**
- 18.1 In cases where the estimated value of the envisaged changes in purchase does not vary more than 15% of the total value of the original contract, the contractor may be instructed to deliver the goods or render the services as such. In cases of measurable quantities, the contractor may be approached to reduce the unit price, and such offers may be accepted provided that there is no escalation in price.
- 19. Assignment**
- 19.1 The supplier shall not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.
- 20. Subcontracts**
- 20.1 The supplier shall notify the purchaser in writing of all subcontracts awarded under this contracts if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the supplier from any liability or obligation under the contract.
- 21. Delays in the supplier's performance**
- 21.1 Delivery of the goods and performance of services shall be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.
- 21.2 If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier shall promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser shall evaluate the situation and may at his discretion extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of contract.
- 21.3 The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier's point of supply is not situated at or near the place where the goods are required, or the supplier's services are not readily available.
- 21.4 Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations shall render the supplier liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 22.2 without the application of penalties.
- 21.5 Upon any delay beyond the delivery period in the case of a goods contract, the purchaser shall, without cancelling the contract, be entitled to purchase goods of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.
- 22. Penalties**
- 22.1 Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

**23. Termination for default**

- 23.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part:  
(a) if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2; (b) if the supplier fails to perform any other obligation(s) under the contract; or (c) if the supplier, in the judgement of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.
- 23.2 In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner, as it deems appropriate, goods, works or services similar to those undelivered, and the supplier shall be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier shall continue performance of the contract to the extent not terminated.
- 23.3 Where the purchaser terminates the contract in whole or in part, the purchaser may decide to impose a restriction penalty on the supplier by prohibiting such supplier from doing business with the public sector for a period not exceeding 10 years.
- 23.4 If a purchaser intends imposing a restriction on a supplier or any person associated with the supplier, the supplier will be allowed a time period of not more than fourteen (14) days to provide reasons why the envisaged restriction should not be imposed. Should the supplier fail to respond within the stipulated fourteen (14) days the purchaser may regard the supplier as having no objection and proceed with the restriction.
- 23.5 Any restriction imposed on any person by the purchaser will, at the discretion of the purchaser, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first-mentioned person, and with which enterprise or person the first-mentioned person, is or was in the opinion of the purchaser actively associated.
- 23.6 If a restriction is imposed, the purchaser must, within five (5) working days of such imposition, furnish the National Treasury, with the following information:  
(i) the name and address of the supplier and / or person restricted by the purchaser;  
(ii) the date of commencement of the restriction  
(iii) the period of restriction; and  
(iv) the reasons for the restriction. These details will be loaded in the National Treasury's central database of suppliers or persons prohibited from doing business with the public sector.
- 23.7 If a court of law convicts a person of an offence as contemplated in sections 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Tender Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website

**24. Antidumping and countervailing duties and rights**

- 24.1 When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidized import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference shall on demand be paid forthwith by the supplier to the purchaser or the purchaser may deduct such amounts from moneys (if any) which may otherwise be due to the supplier in regard to goods or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

**25. Force Majeure**

- 25.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure. 25.2 If a force majeure situation arises, the supplier shall promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.

**26. Termination for insolvency**

- 26.1 The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy, which has accrued or will accrue thereafter to the purchaser.

**27. Settlement of Disputes**

- 27.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

- 27.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.
- 27.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.
- 27.4 Notwithstanding any reference to mediation and/or court proceedings herein, (a) the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and  
(b) the purchaser shall pay the supplier any monies due the supplier for goods delivered and / or services rendered according to the prescripts of the contract.
- 28. Limitation of Liability**
- 28.1 Except in cases of criminal negligence or willful misconduct, and in the case of infringement pursuant to Clause 6; (a) the supplier shall not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and (b) the aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, shall not exceed the total contract price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.
- 29. Governing language**
- 29.1 The contract shall be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties shall also be written in English.
- 30. Applicable law**
- 30.1 The contract shall be interpreted in accordance with South African laws, unless otherwise specified.
- 31. Notices**
- 31.1 Every written acceptance of a bid shall be posted to the supplier concerned by registered or certified mail and any other notice to him shall be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting shall be deemed to be proper service of such notice.
- 31.2 The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, shall be reckoned from the date of posting of such notice.
- 32. Taxes and duties**
- 32.1 A foreign supplier shall be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.
- 32.2 A local supplier shall be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.
- 32.3 No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid SARS must have certified that the tax matters of the preferred bidder are in order.
- 32.4 No contract shall be concluded with any bidder whose municipal rates and taxes and municipal services charges are in arrears.
- 33. Transfer of contracts**
- 33.1 The contractor shall not abandon, transfer, cede assign or sublet a contract or part thereof without the written permission of the purchaser
- 34. Amendment of contracts**
- 34.1 No agreement to amend or vary a contract or order or the conditions, stipulations or provisions thereof shall be valid and of any force unless such agreement to amend or vary is entered into in writing and signed by the contracting parties. Any waiver of the requirement that the agreement to amend or vary shall be in writing, shall also be in writing.
- 35. Prohibition of restrictive practices**
- 35.1 In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder(s) is / are or a contractor(s) was / were involved in collusive bidding.
- 35.2 If a bidder(s) or contractor(s) based on reasonable grounds or evidence obtained by the purchaser has / have engaged in the restrictive practice referred to above, the purchaser may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in section 59 of the Competition Act No 89 Of 1998. 35.3 If a bidder(s) or contractor(s) has / have been found guilty by the Competition Commission of the restrictive practice referred to above, the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid(s) for such item(s) offered, and / or terminate the contract in whole or part, and / or restrict the bidder(s) or contractor(s) from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder(s) or contractor(s) concerned.



## SECTION 2.1: SPECIFICATIONS

### 2.1.1 DESCRIPTION OF MUNICIPALITY

The Municipality of Mossel Bay was established in December 2000, following the amalgamation of the former municipal structures of Mossel Bay, Great Brak River, Herbertsdale and Friemersheim. It covers an area of 2007 s.q km along the coast from the Gourits River in the west to the Maalgate River in the east and the Outeniqua Mountains to the north.

### 2.1.2 PROPOSAL REQUEST

2.1.2.1 Mossel Bay Municipality hereby invites written proposals from suitably qualified institutions to provide an Internal Audit Service. The objective of internal auditing is to assist the Accounting Officer in the effective discharge of his/her duties and responsibilities. To this end, internal auditing is a management tool that furnishes the Accounting Officer with analyses appraisals, recommendations and information concerning the activities reviewed.

2.1.2.2 The prospective service provider is required to submit written proposals in respect of the scope of work set out below:

(a) Provide internal audit services that are independent, objective assurance and consulting activity to add value and improve Mossel Bay Municipality's operations.

In particular the internal audit should:

- i. Co-ordinate all reviews, evaluations and/or investigation of activities within Mossel Bay Municipality.
- ii. Liaise with the external auditors and ensure that the audit programmes are complementary;
- iii. Act as advisors to the audit committee; and
- iv. Comply with standards, codes of conduct and ethics that are promulgated from time to time by the relevant professional bodies.

(b) An effective internal audit function should in all respects comply with the provisions of the MFMA, adhere to the principles of good corporate governance and relevant statutory requirements as stipulated in the King Report on Corporate Governance for South Africa, 2009 (King III), the Standards for Professional Practice of Internal Auditing as promulgated by the IIA as well as the NT MFMA circular 65/2012 which *inter alia* provides;

- i. Assurance that the management processes are adequate to identify and monitor significant risks;
- ii. Confirmation of the effective operation of the established internal systems;
- iii. Credible processes for feedback on risk management and assurance; and
- iv. Objective confirmation that the Council receives the right quality of assurance and information from management and that this information is reliable.

(c) The internal audit plan should be based on the risk assessment as well as on issues highlighted by the audit committee and senior management.

(d) Internal audits should be conducted in accordance with the standards for Professional Practice of Internal Auditing as promulgated by the IIA. The internal audit service must prepare, in consultation with and for approval by the audit committee:

- i. a rolling three year strategic internal audit plan based on its assessment of key areas of risk for the Mossel Bay Municipality, having regard to its current operations, those proposed in its strategic plan and its risk management strategy;
  - ii. an annual internal audit plan for the first year for the rolling three year strategic internal audit plan; and
  - iii. plans indicating the proposed scope of each audit in the annual internal audit plan.
  - iv. Reports to the audit committee detailing its performance against the plan, to allow effective monitoring and intervention when necessary.
- (e) The total process of risk management, which includes a strategy to manage the risks, is the responsibility of the accounting officer and senior management. The internal audit function should assist management in monitoring, evaluating and assessing significant departmental risks, and by providing assurance as to the effectiveness of related internal controls.
  - (f) The internal audit function must report directly to the accounting authority and shall report at all audit committee meetings. The functions must be independent of activities that are audited, with no limitations on its access to information.
  - (g) The internal audit function should co-ordinate with other internal and external providers of assurance to ensure proper coverage of financial, operation and compliance controls and to minimize duplication of effort.
  - (h) The internal audit function must assist the accounting authority in maintaining effective controls by evaluating those control to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.
  - (i) The internal audit function must assist the accounting authority in achieving the objectives of the Mossel Bay Municipality by evaluating and developing recommendations for the enhancement or improvement of the processes through which :
    - a. objectives and values are established and communicated;
    - b. the accomplishment of objectives is monitored;
    - c. accountability is ensured and
    - d. corporate values are preserved
  - (j) In terms of treasury regulation 3.2.8 the internal audit service should assess the operational procedures and monitoring mechanisms over all transfers made and received, including transfers in terms of the annual division of revenue act.

### **2.1.3 EVALUATION OF PROPOSAL**

- (a) Proposals will be pre-evaluated on the criteria as set out under section 2.2.3.1.1;
- (b) Proposals that do not score the minimum of 32 points or more for functionality will be deemed not responsive; and
- (c) Only those bids who score more than 32 out of 40 points will be evaluated further on the 90/10 preference points system.

#### 2.1.4 COST OF PROPOSAL AND NEGOTIATIONS

The costs of preparing the proposal and of negotiating the contract are not reimbursable as a direct cost of the service.

#### 2.1.5 CLARIFICATION OF THE PROPOSAL REQUEST (RFP)

(a) No briefing session will be held.

All enquiries concerning the RFP should be addressed to:

**The Deputy Town Treasurer (Financial Administration)**  
**Municipality of Mossel Bay**  
**101 Marsh Street**  
**Mossel Bay**  
**6506**

**Telephone: (044) 606-5267**

**Email: hleroux@mosselbay.gov.za**

(b) At any time before the submission of the Proposal, the Municipality may, for any reason, whether at its own initiative or in response to a clarification requested by an invited firm, modify the tender document by amendment. The amendment will be sent in writing by facsimile or electronic mail to all bidders that requested proposal documents. The amendment will be binding on them.

(c) The Municipality may at its discretion extend the deadline for the submission of Proposals.

(d) The Municipality is not bound to accept any of the proposals submitted.

#### 2.1.6 PREPARATION OF PROPOSAL

##### (a) Functional Proposal

In preparing the functional proposal of the document bidders are expected to examine the documents comprising the proposal request in detail. Material deficiencies in providing the information requested may result in the rejection of a proposal as non-responsive. The bidders must also consider the functionality criteria in 2.2.3.1.1 carefully and ensure that the functional proposal of the document provides enough supporting information in order to assess the bid. The functionality proposal will be used as evaluating methodology in order to measure the bidder.

##### (b) Pricing Proposal

In preparing the pricing proposals bidders are expected to use the pricing schedule as prescribe in the document, the schedule must be completed in detail, if not completed it may result in the rejection of a proposal as non-responsive. It is important to note that the **rates quoted** will be used as the basis of appointment. The estimated hours and number of visits, will be negotiated with the successful bidder.

## **2.1.7 ADDITIONAL CONDITIONS OF BID**

- 2.1.7.1 Bids are to remain open for acceptance for a period of hundred and twenty (120) days from the date on which they are to be lodged and may be accepted at any time during the said period of hundred and twenty (120) days.
- 2.1.7.2 All prices and details must be legible to ensure the bid will be considered for adjudication.
- 2.1.7.3 The bidder must submit a comprehensive company profile, including a detailed exposition of comparable work performed previously.
- 2.1.7.4 The bidder must submit the Curriculum Vitae of professionally qualified personnel that will be assigned to the project as well as a detailed summary of relevant experience of each person, especially in order to assess the functionality.
- 2.1.7.5 No advance payments will be made for any reason whatsoever. Accounts shall be based on hours completed to date and must be structured in such a manner that it is easy to reconcile. A supporting document must be completed with each invoice similar to the pricing schedule providing at least the detail as included in the pricing schedule. **Any fees or remuneration is inclusive of Value Added Tax.**

## **SECTION 2.2: TERMS OF REFERENCE**

### **2.2.1 OBJECTIVES**

- (a) The internal Audit Activity is an independent appraisal function established within the Mossel Bay Municipality to examine and evaluate the economy, effectiveness and efficiency of its activities as a service to management and the Council.
- (b) According to the Municipal Finance Management Act (Act No 56 of 2003) Chapter 14 Section 165, each Municipality must have an internal audit unit.
- (c) To have access to different specialized expertise it was decided to outsource the internal audit function to an audit service provider.
- (d) The service provider will assist the Municipality to accomplish the internal audit service objectives, and to assist in complying with the MFMA.
- (e) The audit activity will report directly to the Municipal Manager and the Audit Committee (or his nominee).

### **2.2.2 SCOPE OF WORK**

- (a) This tender will be for a minimum period of three years from the 1<sup>st</sup> January 2014 till 31<sup>st</sup> December 2017.
- (b) The internal audit service will perform and execute, with the assistance of management where necessary, the following:
  - i. Risk Assessment;
  - ii. A risk based Annual Audit plan;
  - iii. Executive Audit Engagements, follow up reviews and compliance reviews;
  - iv. Assessments of key drivers of internal control;
  - v. Reviews of the performance management system; and
  - vi. Assisting in any forensic or ad hoc investigations.
- (c) All reviews must meet the International Standards for the Professional Practice of Internal Auditing and Code Ethics of the Institute of Internal Auditors.

### **2.2.3 EVALUATION**

#### **2.2.3.1 PROPOSAL EVALUATION**

- (a) The pre-evaluation of the Functional Proposal will be based on its responsiveness to Section 2.2.3.1.1 and will be scored out of 40 points.
- (b) Proposals that do not score the minimum of 32 points or more for functionality will be not responsive and only those bidders who score more than 32 out of 40 points will be evaluated further on the 90/10 preference points system.
- (c) The Bid Evaluation Committee of the Municipality will determine whether the technical and pricing proposals are complete, i.e. whether all the items as required have been priced. If not the proposal may be rejected as non-responsive.
- (d) Full details of the functional areas mentioned below must be supplied:

### 2.2.3.1.1 Functionality

The following criteria and formula will be used to calculate points for the functionality of the proposal:

	CRITERIA	Maximum Score																		
1	<b>Project management methodology (5)</b> Audit methodology is aligned with COSO principles and meet the standards of the IIA <table> <tr> <td>None compliance</td> <td>0</td> </tr> <tr> <td>Partially compliance</td> <td>3</td> </tr> <tr> <td>Full compliance</td> <td>5</td> </tr> </table>	None compliance	0	Partially compliance	3	Full compliance	5													
None compliance	0																			
Partially compliance	3																			
Full compliance	5																			
2	<b>Project governance framework (5)</b> Service provider's proposal has a detailed plan to meet the objectives and scope of work required as per section 1.4.2.2; 2.1.1 and 2.1.2 of this bid documentation. <table> <tr> <td>None compliance</td> <td>0</td> </tr> <tr> <td>Partially compliance</td> <td>3</td> </tr> <tr> <td>Full compliance</td> <td>5</td> </tr> </table>	None compliance	0	Partially compliance	3	Full compliance	5													
None compliance	0																			
Partially compliance	3																			
Full compliance	5																			
3	<b>Relevant experience of company or legacy companies</b> <table> <tr> <td>=&gt;3 - 5 years</td> <td>1</td> </tr> <tr> <td>=&gt;6 - 10 years</td> <td>3</td> </tr> <tr> <td>10+ years</td> <td>5</td> </tr> </table> <div> <b>a) Municipal Internal Audit experience (5)</b> <table> <tr> <td>=&gt;3 - 5 years</td> <td>1</td> </tr> <tr> <td>&gt;6 - 10 years</td> <td>3</td> </tr> <tr> <td>10+ years</td> <td>5</td> </tr> </table> </div> <div> <b>b) Previous municipal clients list/references (5)</b> <table> <tr> <td>2 - 3 clients</td> <td>1</td> </tr> <tr> <td>3 - 6 clients</td> <td>3</td> </tr> <tr> <td>7+ clients</td> <td>5</td> </tr> </table> </div>	=>3 - 5 years	1	=>6 - 10 years	3	10+ years	5	=>3 - 5 years	1	>6 - 10 years	3	10+ years	5	2 - 3 clients	1	3 - 6 clients	3	7+ clients	5	
=>3 - 5 years	1																			
=>6 - 10 years	3																			
10+ years	5																			
=>3 - 5 years	1																			
>6 - 10 years	3																			
10+ years	5																			
2 - 3 clients	1																			
3 - 6 clients	3																			
7+ clients	5																			

	CRITERIA	Maximum Score
4	<b>Qualifications and level of experience of Project team</b> <b>a) Relevant qualifications and experience of project leader (Director) (8)</b> i) Qualifications of Project Leader: B Com Hons 1 CIA 3 CA (SA) and (CIA) 4 ii) Experience: =>3 - 5 years 1 =>6 - 10 years 2 10+ years 4 <b>b) Relevant qualifications and experience of the Senior Manager for the project (6)</b> i) Qualification of Senior Manager: B Com Hons 1 CIA 2 CA (SA) and (CIA) 3 ii) Experience: =>1 - 3 years 1 =>4 - 5 years 2 5+ years 3 <b>c) Capacity of top management in Company (1)</b> Core engagement leadership within the company is 3 (three) or more 1	
	<b>TOTAL</b>	<b>40</b>

2.2.3.2 For purposes of comparison and in order to ensure a meaningful pre-evaluation bidders are requested to furnish detailed information in substantiation of compliance to the pre-evaluation criteria mentioned in paragraph 2.2.3.1.1 above.

Note: Tender will be considered non-responsive if service provider does not score at least one point on each of the expertise fields in the specialist functions mentioned in point 3 of the functionality criteria (**Relevant experience of company or legacy companies**).

2.2.3.3 For the purpose of completing the pricing schedule the mix of staff during the audits, the titles are classified by Mosselbay Municipality as follow:

- Partner/Directors - CA with at least 10 year experience;
- Senior Manager - Qualified Auditor with at least 10 year experience;
- Manager - Qualified Auditor with at least 8 year experience;
- Assistant Manager - Qualified auditor with at least 5 year experience;
- Accountant 1 - a Clerk in his/her 1st year of articles;
- Accountant 2 - a Clerk in his/her 2nd year of articles;
- Accountant 3 - a Clerk in his/her 3rd year of articles; and
- Accountant 4 - a Qualified auditor (completed his/her articles) with less than 5 year experience.

2.2.3.4 The designated project leader and Senior Manager may not be changed without the prior approval of the accounting officer or his/her nominated person.

2.2.3.5 **A bidder that scores less than 32 points out of 40 in respect of functionality will be regarded as submitting a non-responsive proposal and will be disqualified.**



## **SECTION 2.3: PRICING SCHEDULE – FIRM PRICES**

- 2.3.1 The price must be tendered in total including VAT which states an hourly tariff for the different staff components, kilometer traveling tariff and subsistence tariff that includes accommodation and meals.
- 2.3.2. A template for pricing has been developed to assist with a fair process of adjudication.
- 2.3.3 The estimated number of hours will be used for evaluating the price as well as negotiating the hours with the successful bidder after award. The award of the tender and the signing of the Service Level Agreement is subject to agreement by the Municipality on the estimated number of hours as well as the mix of staff to be used during the audit process.
- 2.3.4 Although the tender will be adjudicated on the total cost as per the bid document pricing schedule, the appointment of the successful tenderer will be made based on the hourly rates, kilometer traveling tariffs and the tariff for subsistence.
- 2.3.5 All invoices for services rendered by the successful tenderer must detailed accordingly per project member.

**MOSSEL BAY MUNICIPALITY INTERNAL AUDIT SERVICES**  
**Year 1 (1 January 2015 – 30 December 2015)**

	<b>Per hour Tariff</b>	<b>Per kilometer tariff</b>	<b>Per day Subsistence tariff</b>	<b>Distance from Mossel Bay (One Way)</b>
Partner				
Senior Manager				
Manager				
Assistant Manager				
Accountant 1				
Accountant 2				
Accountant 3				
Accountant 4				

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*f	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
<b>Audit planning and reporting</b>														
Initial risk assessment: -6 Directorate -1 Strategic	Annually													
		Partner	24	8			3				3			
		Senior Manager	24	16			3				3			
Strategic and operational internal audit plan	Annually													
		Partner	8	4			1				1			
		Senior Manager	0	4							0			
Audit committee preparation and reporting	Quarterly													
		Partner	24	6			6				3			
		Senior Manager	16	30							2			
Risk Committee attendance and preparation	Quarterly													
		Partner	8	4			4				1			
Project management and administration	Ongoing	Partner	96	40			4				12			
		Senior Manager	128	40			5				16			
		Manager	56	0			5				7			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
<b>COMPLIANCE REVIEW (COMPULSARY)</b>														
Performance management	Quarterly													
		Partner	16	4			1				2			
		Senior Manager	16	4			1				2			
		Accountant 2	48	0			2				6			
		Accountant 3	96	0			3				12			
		Accountant 4	48	0			3				6			
Division of Revenue Act	Annually													
		Partner		6			0				0			
		Senior Manager	16	4			1				2			
		Accountant 3	64	0			1				8			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
Risk based audits according to audit plan (excluding Audit and Risk Committee meetings)	Ongoing													
		Partner	96	36			3				12			
		Senior Manager	160	28			4				20			
		Manager	80	8			4				10			
		Assistant Manager	72	8			3				9			
		Accountant 1	160	16			4				20			
		Accountant 2	240	24			6				30			
		Accountant 3	280	32			7				35			
		Accountant 4	160	18			4				20			
Follow-up Review on implementation	Ongoing													
		Partner	8				1				1			
		Senior Manager	8				1				1			
		Manager	8				1				1			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
		Assistant Manager	16				2				2			
		Accountant 1	40				3				5			
		Accountant 2	40				3				5			
		Accountant 3	32				3				4			
Provide a Rate per hour for potential ad hoc costs in respect of Forensic and other Auditing projects that may be sourced in periodically e.g. VAT investigation, etc		Partner	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Senior Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Assistant Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 1	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 2	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
		Accountant 3	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 4	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
Total						R	Total			R	Totals			R

**\* Staff Mix**

For classification of the staff mix, refer to section 2.2.3.3 of the bid document.

**\*\* Estimate no. of visits**

The estimated number of visits is related to the number of days spend on site at the Municipality. It is requested that the number of trips is limited. The number of visits is not per person due to the aforementioned. The number of visits can be changed but must have some relationship with the hours on site and the subsistence allowances. An explanation is required if the estimated no. of visits is changed.

**\*\*\* Subsistence Allowances**

The tariff for subsistence allowances must include the total cost in other words the cost of accommodation and meals, no actual or other cost will be paid. Subsistence allowance is only applicable and payable if more than 4 hours is spend on site

**MOSSEL BAY MUNICIPALITY INTERNAL AUDIT SERVICES**  
**Year 2 (1 January 2016 – 31 December 2016)**

	<b>Per hour Tariff</b>	<b>Per kilometer tariff</b>	<b>Per day Subsistence tariff</b>	<b>Distance from Mossel Bay (One Way)</b>
Partner				
Senior Manager				
Manager				
Assistant Manager				
Accountant 1				
Accountant 2				
Accountant 3				
Accountant 4				



Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*f	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
<b>Audit planning and reporting</b>														
Initial risk assessment: -6 Directorate -1 Strategic	Annually													
		Partner	8	8			3	0			1			
		Senior Manager	8	16			3	0			1			
Strategic and operational internal audit plan	Annually													
		Partner	8	4			1	0			1			
		Senior Manager	0	4							0			
Audit committee preparation and reporting	Quarterly													
		Partner	24	6			6	0			3			
		Senior Manager	12	30				0			1.5			
Risk Committee attendance and preparation	Quarterly													
		Partner	8	4			4	0			1			
Project management and administration	Ongoing	Partner	96	40			4	0			12			
		Senior Manager	132	40			5	0			16.5			
		Manager	52	0			5	0			6.5			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
<b>COMPLIANCE REVIEW (COMPULSARY)</b>														
Performance management	Quarterly													
		Partner	16	4			1	0			2			
		Senior Manager	16	4			1	0			2			
		Accountant 2	48	0			2	0			6			
		Accountant 3	96	0			3	0			12			
		Accountant 4	48	0			3	0			6			
Division of Revenue Act	Annually													
		Partner		6			0	0			0			
		Senior Manager	16	4			1	0			2			
		Accountant 3	64	0			1	0			8			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
Risk based audits according to audit plan (excluding Audit and Risk Committee meetings)	Ongoing													
		Partner	96	36			3	0			12			
		Senior Manager	160	28			4	0			20			
		Manager	80	8			4	0			10			
		Assistant Manager	72	8			3	0			9			
		Accountant 1	160	16			4	0			20			
		Accountant 2	240	24			6	0			30			
		Accountant 3	280	32			7	0			35			
		Accountant 4	160	18			4	0			20			
Follow-up Review on implementation	Ongoing													
		Partner	8				1	0			1			
		Senior Manager	8				1	0			1			
		Manager	8				1	0			1			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
		Assistant Manager	16				.2	0			2			
		Accountant 1	40				3	0			5			
		Accountant 2	40				3				5			
		Accountant 3	32				3				4			
Provide a Rate per hour for potential ad hoc costs in respect of Forensic and other Auditing projects that may be sourced in periodically e.g. VAT investigation, etc		Partner	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Senior Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Assistant Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 1	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 2	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
		Accountant 3	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 4	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
Total						R	Total			R	Totals			R

**\* Staff Mix**

For classification of the staff mix, refer to section 2.2.3.3 of the bid document.

**\*\* Estimate no. of visits**

The estimated number of visits is related to the number of days spend on site at the Municipality. It is requested that the number of trips is limited. The number of visits is not per person due to the aforementioned. The number of visits can be changed but must have some relationship with the hours on site and the subsistence allowances. An explanation is required if the estimated no. of visits is changed.

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The tariff for subsistence allowances must include the total cost in other words the cost of accommodation and meals, no actual or other cost will be paid. Subsistence allowance is only applicable and payable if more than 4 hours is spend on site

**MOSSEL BAY MUNICIPALITY INTERNAL AUDIT SERVICES**  
**Year 3 (1 January 2016 – 30 December 2017)**

	<b>Per hour Tariff</b>	<b>Per kilometer tariff</b>	<b>Per day Subsistence tariff</b>	<b>Distance from Mossel Bay (One Way)</b>
Partner				
Senior Manager				
Manager				
Assistant Manager				
Accountant 1				
Accountant 2				
Accountant 3				
Accountant 4				

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*f	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
<b>Audit planning and reporting</b>														
Initial risk assessment: -6 Directorate -1 Strategic	Annually													
		Partner	24	8			3	0			3			
		Senior Manager	24	16			3	0			3			
Strategic and operational internal audit plan	Annually													
		Partner	8	4			1	0			1			
		Senior Manager	0	4				0			0			
Audit committee preparation and reporting	Quarterly													
		Partner	24	6			6	0			3			
		Senior Manager	16	30				0			2			
Risk Committee attendance and preparation	Quarterly													
		Partner	8	4			4	0			1			
Project management and administration	Ongoing	Partner	96	40			4	0			12			
		Senior Manager	128	40			5	0			16			
		Manager	56	0			5	0			7			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
<b>COMPLIANCE REVIEW (COMPULSARY)</b>														
Performance management	Quarterly													
		Partner	16	4			1	0			2			
		Senior Manager	16	4			1	0			2			
		Accountant 2	48	0			2	0			6			
		Accountant 3	96	0			3	0			12			
		Accountant 4	48	0			3	0			6			
Division of Revenue Act	Annually													
		Partner		6			0	0			0			
		Senior Manager	16	4			1	0			2			
		Accountant 3	64	0			1	0			8			



Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
Risk based audits according to audit plan (excluding Audit and Risk Committee meetings)	Ongoing													
		Partner	96	36			3	0			12			
		Senior Manager	160	28			4	0			20			
		Manager	80	8			4	0			10			
		Assistant Manager	72	8			3	0			9			
		Accountant 1	160	16			4	0			20			
		Accountant 2	240	24			6	0			30			
		Accountant 3	280	32			7	0			35			
		Accountant 4	160	18			4	0			20			
Follow-up Review on implementation	Ongoing													
		Partner	8				1	0			1			
		Senior Manager	8				1	0			1			
		Manager	8				1	0			1			

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
		Assistant Manager	16				2	0			2			
		Accountant 1	40				3	0			5			
		Accountant 2	40				3				5			
		Accountant 3	32				3				4			
Provide a Rate per hour for potential ad hoc costs in respect of Forensic and other Auditing projects that may be sourced in periodically e.g. VAT investigation, etc		Partner	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Senior Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Assistant Manager	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 1	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 2	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only

Audit Activity	Frequency	Staff mix *	Labour Cost				Estimated no of visits p/a **	Travelling cost			Subsistence costs			Annual Cost (Incl VAT)
			Estimated Hours on site	Estimated Hours off site	Rate per Hour	Sub-total Labour cost		Distance	Tariff per km	Sub-total Travelling cost	No. of days	Subsistence tariff ***	Sub-Total Subsistence cost	
A	B	C	D	E	F	G (D+E)*F	H	I	J	K (I*J)	L	M	N (L*M)	O (G+K+N)
		Accountant 3	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
		Accountant 4	Rate only	Rate only		Rate only	Rate only	Rate only		Rate only	Rate only		Rate only	Rate only
Total						R	Total			R	Totals			R

**\* Staff Mix**

For classification of the staff mix, refer to section 2.2.3.3 of the bid document.

**\*\* Estimate no. of visits**

The estimated number of visits is related to the number of days spend on site at the Municipality. It is requested that the number of trips is limited. The number of visits is not per person due to the aforementioned. The number of visits can be changed but must have some relationship with the hours on site and the subsistence allowances. An explanation is required if the estimated no. of visits is changed.

**\*\*\* Subsistence Allowances**

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**SECTION 3.1: MBD1: BID FOR THE REQUIREMENTS OF THE MUNICIPALITY OF MOSSEL BAY**

TENDER 19-14/15	
THE PROVISION OF AN INTERNAL AUDIT SERVICE FOR THE MOSSEL BAY MUNICIPALITY	
CLOSING DATE: 10 OCTOBER 2014	CLOSING TIME: 12:00

Bid documents, placed in a sealed envelope and clearly marked with the bid number on the outside, may be posted to:

The Tender Box  
Mossel Bay Municipality  
Private Bag X29  
MOSSEL BAY  
6500

or

deposited in the tender box situated on the Lower Ground Floor, Municipal Building, 101 Marsh Street, Mossel Bay

Please note:

- **Bidders must ensure that bids are delivered timeously to the correct address. If the bid is late, it will not be accepted for consideration.**
- All bids must be submitted on the official forms. Forms may not be retyped.
- This bid is subject to the General Conditions of Contract (GCC) and, if applicable, any other special conditions of contract included in this document.
- The successful bidder will be required to fill in and sign a written Contract Form (MBD7).

**THE FOLLOWING PARTICULARS MUST BE FURNISHED. FAILURE TO DO SO MAY RESULT IN YOUR BID NOT BEING ACCEPTED.**

MUNICIPAL SUPPLIER DATABASE REGISTRATION NO: .....

NAME OF BIDDER: .....

POSTAL ADDRESS: .....

.....

STREET ADDRESS : .....

.....

TELEPHONE: AREA CODE: ..... NUMBER.....

FACSIMILE: AREA CODE: ..... NUMBER.....

E-MAIL ADDRESS (IF AVAILABLE): .....

NAME OF CONTACT PERSON: .....

CELL PHONE NUMBER OF CONTACT PERSON: .....

VAT REGISTRATION NUMBER.....

HAS AN ORIGINAL AND VALID TAX CLEARANCE CERTIFICATE BEEN ATTACHED? YES/NO

HAS A VALID ORIGINAL OR A VALID CERTIFIED COPY OF B-BBEE STATUS LEVEL VERIFICATION  
CERTIFICATE BEEN SUBMITTED? (MBD 6.1) YES/NO

IF YES, WHO WAS THE CERTIFICATE ISSUED BY?.....

AN ACCOUNTING OFFICER AS CONTEMPLATED IN THE CLOSE CORPORATION ACT (CCA)

A VERIFICATION AGENCY ACCREDITED BY THE SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM  
(SANAS)

A REGISTERED AUDITOR  
(Tick applicable box)

**(A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE MUST BE SUBMITTED IN ORDER TO QUALIFY FOR  
PREFERENCE POINTS FOR B-BBEE)**

ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS/SERVICES/WORKS  
OFFERED? YES/NO  
**(IF YES ENCLOSE PROOF)**

SIGNATURE OF BIDDER .....

DATE.....

CAPACITY UNDER WHICH THIS BID IS SIGNED .....

TOTAL BID PRICE.....

TOTAL NUMBER OF ITEMS OFFERED .....

**DELIVERY BASIS:**

Is the delivery period firm?	YES / NO
Period required for delivery after receipt of order (days)	
Is the price (inclusive of VAT) firm?	YES / NO
Discount offered:	Conditional/Unconditional
If conditional, state condition:	
Is offer strictly to specification/terms of reference	YES / NO
If not to specification/terms of reference. Please state deviation(s) if any: .....	
.....	

**BANK DETAILS (IF APPLICABLE):**

BANK NAME:	
BRANCH:	BRANCH CODE:
ACCOUNT HOLDER:	
ACCOUNT NUMBER:	ACCOUNT TYPE:

**OFFICIAL STAMP FROM BANK AN OFFICIAL LETTER FROM THE BANK**

<p>.....</p> <p><b>AUTHORISED BANK OFFICIAL</b></p>
---

AUTHORISED SIGNATURE: .....

NAME: .....

CAPACITY: .....

DATE: .....

## SECTION 4.1 MBD4: DECLARATION OF INTEREST

1. No bid will be accepted from persons in the service of the state\*.
2. Any person, having a kinship with persons in the service of the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons connected with or related to persons in service of the state, it is required that the bidder or their authorised representative declare their position in relation to the evaluating/adjudicating authority.
3. **In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**
  - 3.1 Full Name of bidder or his or her representative: .....
  - 3.2 Identity Number:.....
  - 3.3 Position occupied in the Company (director, trustee, shareholder<sup>2</sup>):.....
  - 3.4 Company registration number:.....
  - 3.5 Tax Reference Number: .....
  - 3.6 VAT Registration Number: .....
  - 3.7 The names of all directors / trustees / shareholders members, their individual identity numbers and state employee numbers must be indicated in paragraph 4 below.
  - 3.8 Are you presently in the service of the state? **YES / NO**
    - 3.8.1 If so, furnish particulars.  
.....

\* MSCM Regulations: "in the service of the state" means to be –

- (a) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the national Assembly or the national Council of provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature.

3.9 Have you been in the service of the state for the past twelve months? **YES / NO**

3.9.1 If so, furnish particulars.

.....

3.10 Do you, have any relationship (family, friend, other) with persons in the service of the state and who may be involved with the evaluation and or adjudication of this bid? **YES / NO**

3.10.1 If so, furnish the following particulars:

.....

3.11 Are you, aware of any relationship (family, friend, other) between a bidder and any persons in the service of the state who may be involved with the evaluation and or adjudication of this bid? **YES / NO**

3.11.1 If so, furnish particulars

.....

3.12 Are any of the company's directors, managers, principal shareholders or stakeholders in service of the state? **YES / NO**

3.12.1 If so, furnish particulars.

.....

3.13 Are any spouse, child or parent of the company's directors, managers, principal shareholders or stakeholders in service of the state? **YES / NO**

3.13.1 If so, furnish particulars.....

3.14. Do you or any of the directors, trustees, managers, principle shareholders, or stakeholders of this company have any interest in any other related companies or business whether or not they are bidding for this contract? **YES / NO**

3.14.1 If yes, furnish particulars:.....



4. Full details of directors / trustees / members / shareholders.

Full Name	Identity Number	State Employee Number	Income Tax Number

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

## SECTION 4.2 MDB 6.1: PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2011

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

**NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011.**

### 1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to all bids:

- the 80/20 system for requirements with a Rand value of up to R1 000 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R1 000 000 (all applicable taxes included).

1.2 The value of this bid is estimated to not exceed R1 000 000 (all applicable taxes included) and therefore the 80/20 system shall be applicable.

1.3 Preference points for this bid shall be awarded for:

- (a) Price; and
- (b) B-BBEE Status Level of Contribution.

1.3.1 The maximum points for this bid are allocated as follows:

	<b>POINTS</b>
<b>1.3.1.1 PRICE</b>	90
<b>1.3.1.2 B-BBEE STATUS LEVEL OF CONTRIBUTION</b>	MAXIMUM OF 10
<b>Total points for Price and B-BBEE must not exceed</b>	<b>100</b>

1.4 Failure on the part of a bidder to fill in and/or to sign this form and submit a valid original or a valid certified copy of a B-BBEE Verification Certificate from a Verification Agency accredited by the South African Accreditation System (SANAS) or a Registered Auditor approved by the Independent Regulatory Board of Auditors (IRBA) or an Accounting Officer as contemplated in the Close Corporation Act (CCA) together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

1.5. The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the purchaser.

## 2. DEFINITIONS

- 2.1 **“all applicable taxes”** includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;
- 2.2 **“B-BBEE”** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- 2.3 **“B-BBEE status level of contributor”** means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- 2.4 **“bid”** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive bidding processes or proposals;
- 2.5 **“Broad-Based Black Economic Empowerment Act”** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- 2.6 **“comparative price”** means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration;
- 2.7 **“consortium or joint venture”** means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;
- 2.8 **“contract”** means the agreement that results from the acceptance of a bid by an organ of state;
- 2.9 **“EME”** means any enterprise with an annual total revenue of R5 million or less .
- 2.10 **“Firm price”** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
- 2.11 **“functionality”** means the measurement according to predetermined norms, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;
- 2.12 **“non-firm prices”** means all prices other than “firm” prices;
- 2.13 **“person”** includes a juristic person;
- 2.14 **“rand value”** means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties;
- 2.15 **“sub-contract”** means the primary contractor’s assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;

- 2.16 **“total revenue”** bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the *Government Gazette* on 9 February 2007;
- 2.17 **“trust”** means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and
- 2.18 **“trustee”** means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

### 3. ADJUDICATION USING A POINT SYSTEM

- 3.1 The bidder obtaining the highest number of total points will be awarded the contract.
- 3.2 Preference points shall be calculated after prices have been brought to a comparative basis taking into account all factors of non-firm prices and all unconditional discounts;.
- 3.3 Points scored must be rounded off to the nearest 2 decimal places.
- 3.4 In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.
- 3.5 However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality.
- 3.6 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

### 4. POINTS AWARDED FOR PRICE

#### 4.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

$$\begin{array}{ccc}
 \mathbf{80/20} & \mathbf{or} & \mathbf{90/10} \\
 \\
 P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right) & \text{or} & P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)
 \end{array}$$

Where

- $P_s$  = Points scored for comparative price of bid under consideration
- $P_t$  = Comparative price of bid under consideration
- $P_{\min}$  = Comparative price of lowest acceptable bid

## 5. Points awarded for B-BBEE Status Level of Contribution

- 5.1 In terms of Regulation 5 (2) and 6 (2) of the Preferential Procurement Regulations, preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (80/20 system)</b>	<b>Number of points (90/10 system)</b>
1	20	10
2	18	9
3	16	8
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1
Non-compliant contributor	0	0

- 5.2 Bidders who qualify as EMEs in terms of the B-BBEE Act must submit a certificate issued by an Accounting Officer as contemplated in the CCA or a Verification Agency accredited by SANAS or a Registered Auditor. Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates.
- 5.3 Bidders other than EMEs must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.
- 5.4 A trust, consortium or joint venture, will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 5.5 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.
- 5.6 Tertiary institutions and public entities will be required to submit their B-BBEE status level certificates in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.
- 5.7 A person will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.

- 5.8 A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract.

## 6. BID DECLARATION

- 6.1 Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:

## 7. B-BBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.3.1.2 AND 5.1

- 7.1 B-BBEE Status Level of Contribution:..... = ..... (maximum of 10 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 5.1 and must be substantiated by means of a B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or an Accounting Officer as contemplated in the CCA).

## 8 SUB-CONTRACTING

- 8.1 Will any portion of the contract be sub-contracted? YES / NO (delete which is not applicable)

- 8.1.1 If yes, indicate:

- (i) what percentage of the contract will be subcontracted? .....%
- (ii) the name of the sub-contractor? .....
- (iii) the B-BBEE status level of the sub-contractor? .....
- (iv) whether the sub-contractor is an EME? YES / NO (delete which is not applicable)

## 9 DECLARATION WITH REGARD TO COMPANY/FIRM

- 9.1 Name of firm : .....
- 9.2 VAT registration number : .....
- 9.3 Company registration number : .....

### 9.4 TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
- ☐ One person business/sole propriety
- ☐ Close corporation
- ☐ Company
- ☐ (Pty) Limited

[TICK APPLICABLE BOX]

### 9.5 DESCRIBE PRINCIPAL BUSINESS ACTIVITIES

.....

.....

.....

9.6 COMPANY CLASSIFICATION

- ☐ Manufacturer
  - ☐ Supplier
  - ☐ Professional service provider
  - ☐ Other service providers, e.g. transporter, etc.
- [TICK APPLICABLE BOX]

9.7 MUNICIPAL INFORMATION

Municipality where business is situated .....

Registered Account Number .....

Stand Number .....

9.8 TOTAL NUMBER OF YEARS THE COMPANY/FIRM HAS BEEN IN BUSINESS? .....

9.9 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contribution indicated in paragraph 7 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

- (i) The information furnished is true and correct;
- (ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form.
- (iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 7, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;
- (iv) If the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –
  - (a) disqualify the person from the bidding process;
  - (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
  - (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
  - (d) restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the audi alteram partem (hear the other side) rule has been applied; and
  - (e) forward the matter for criminal prosecution

**WITNESSES:**

1. ....

.....  
SIGNATURE(S) OF BIDDER(S)

2. ....

DATE:.....

ADDRESS:.....

.....

.....

.....



**SECTION 4.3: MUNICIPAL RATES AND SERVICES**

Names of Directors/Partners/Senior Managers	Physical residential address of the Director/Partner/Senior Manager	Residential Municipal Account number(s)	Name of Municipality

**NB: Please attach copy/copies of Municipal Account(s)**

**DECLARATION**

**I, THE UNDERSIGNED (NAME) .....**

**CERTIFY THAT THE INFORMATION FURNISHED ABOVE IS CORRECT. I ACCEPT THAT THE STATE MAY ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.**

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

#### SECTION 4.4: AUTHORITY FOR SIGNATORY

We, the undersigned, hereby authorize Mr / Mrs ..... acting in his/her capacity

as ..... of the business trading as ..... to sign all

documentation in connection with Tender .....

NAME OF MEMBERS / DIRECTORS	SIGNATURE	DATE

Note: If bidders attached a copy of their Authorised Signatory is it not necessary to complete this form.

#### SECTION 4.5: MBD8: DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

- 1 This Municipal Bidding Document must form part of all bids invited.
- 2 It serves as a declaration to be used by municipalities and municipal entities in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.
- 3 The bid of any bidder may be rejected if that bidder, or any of its directors have:
  - a. abused the municipality's / municipal entity's supply chain management system or committed any improper conduct in relation to such system;
  - b. been convicted for fraud or corruption during the past five years;
  - c. wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - d. been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- 4 In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

Item	Question	Yes	No
4.1	<p>Is the bidder or any of its directors listed on the National Treasury's database as a company or person prohibited from doing business with the public sector?</p> <p><b>(Companies or persons who are listed on this database were informed in writing of this restriction by the National Treasury after the audi alteram partem rule was applied).</b></p> <p><b>The Database of Restricted Suppliers now resides on the National Treasury's website(<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) and can be accessed by clicking on its link at the bottom of the home page.</b></p>	<p>Yes</p> <p><input type="checkbox"/></p>	<p>No</p> <p><input type="checkbox"/></p>
4.1.1	If so, furnish particulars:		
4.2	<p>Is the bidder or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)?</p> <p><b>The Register Tender Defaulters can be accessed on the National Treasury's website (<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) by clicking on its link at the bottom of the home page.</b></p>	<p>Yes</p> <p><input type="checkbox"/></p>	<p>No</p> <p><input type="checkbox"/></p>

4.2.1	If so, furnish particulars:		
4.3	Was the bidder or any of its directors convicted by a court of law (including a court of law outside the Republic of South Africa) for fraud or corruption during the past five years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.3.1	If so, furnish particulars:		
4.4	Does the bidder or any of its directors owe any municipal rates and taxes or municipal charges to the municipality / municipal entity, or to any other municipality / municipal entity, that is in arrears for more than three months?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.4.1	If so, furnish particulars:		
4.5	Was any contract between the bidder and the municipality / municipal entity or any other organ of state terminated during the past five years on account of failure to perform on or comply with the contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.7.1	If so, furnish particulars:		

### CERTIFICATION

**I, THE UNDERSIGNED (FULL NAME) .....CERTIFY THAT THE  
INFORMATION FURNISHED ON THIS DECLARATION FORM TRUE AND CORRECT.**

**I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST  
ME SHOULD THIS DECLARATION PROVE TO BE FALSE.**

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

## **SECTION 4.6     MBD 9: CERTIFICATE OF INDEPENDENT BID DETERMINATION**

1. This Municipal Bidding Document (MBD) must form part of all bids<sup>1</sup> invited.
2. Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).<sup>2</sup> Collusive bidding is a *pe se* prohibition meaning that it cannot be justified under any grounds.
3. Municipal Supply Regulation 38 (1) prescribes that a supply chain management policy must provide measures for the combating of abuse of the supply chain management system, and must enable the accounting officer, among others, to:
  - a. take all reasonable steps to prevent such abuse;
  - b. reject the bid of any bidder if that bidder or any of its directors has abused the supply chain management system of the municipality or municipal entity or has committed any improper conduct in relation to such system; and
  - c. cancel a contract awarded to a person if the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract.
4. This MBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.
5. In order to give effect to the above, the attached Certificate of Bid Determination (MBD9) must be completed and submitted with the bid:

<sup>1</sup> Includes price quotations, advertised competitive bids, limited bids and proposals.

<sup>2</sup> Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.

# CERTIFICATE OF INDEPENDENT BID DETERMINATION

I, the undersigned, in submitting the accompanying bid:

(Bid Number and Description)

in response to the invitation for the bid made by:

(Name of Municipality / Municipal Entity)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of: \_\_\_\_\_ that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign, the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:
  - (a) has been requested to submit a bid in response to this bid invitation;
  - (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
  - (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder
6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium<sup>3</sup> will not be construed as collusive bidding.

7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
  - (a) prices;
  - (b) geographical area where product or service will be rendered (market allocation)
  - (c) methods, factors or formulas used to calculate prices;
  - (d) the intention or decision to submit or not to submit, a bid;
  - (e) the submission of a bid which does not meet the specifications and conditions of the bid; or
  - (f) bidding with the intention not to win the bid.
  
8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.
  
9. The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.
  
10. I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No. 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No. 12 of 2004 or any other applicable legislation.

.....  
Signature

.....  
Date

.....  
Position

.....  
Name of Bidder

<sup>3</sup> Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

## SECTION 5: DECLARATION

1. I hereby declare that I have read, understood, agree and comply with all of the sections below, if included, that it shall be deemed to form and be construed as part of this agreement:

- (i) Bidding documents, viz
  - Invitation to bid;
  - Tax clearance certificate;
  - Pricing schedule(s);
  - Technical Specification(s);
  - Preference claims for Broad Based Black Economic Empowerment Status Level of Contribution in terms of the Preferential Procurement Regulations, 2011;
  - Declaration of interest;
  - Declaration of bidder's past SCM practices;
  - Certificate of Independent Bid Determination
  - Special Conditions of Contract;
- (ii) General Conditions of Contract; and
- (iii) Other (specify)

2. I confirm that I am duly authorised to sign this document.

NAME (PRINT) .....

CAPACITY .....

SIGNATURE .....

NAME OF FIRM .....

DATE .....

### WITNESSES

1 .....

2. ....

DATE: .....



**SECTION 6: CONTRACT FORM: PART 1 (TO BE FILLED IN BY THE BIDDER)**

**BOTH THE SERVICE PROVIDER (PART 1) AND THE PURCHASER (PART 2) MUST FILL THIS FORM IN DUPLICATE. BOTH FORMS MUST BE SIGNED IN THE ORIGINAL SO THAT THE SERVICE PROVIDER AND THE PURCHASER WOULD BE IN POSSESSION OF ORIGINALLY SIGNED CONTRACTS FOR THEIR RESPECTIVE RECORDS.**

1. The following documents shall be deemed to form and be read and construed as part of this agreement:

- (i) Bidding documents, viz
  - Invitation to bid;
  - Tax clearance certificate;
  - Pricing schedule(s);
  - Technical Specification(s);
  - Preference claims for Broad Based Black Economic Empowerment Status Level of Contribution in terms of the Preferential Procurement Regulations, 2011;
  - Declaration of interest;
  - Declaration of bidder's past SCM practices;
  - Certificate of Independent Bid Determination
  - Special Conditions of Contract;
- (ii) General Conditions of Contract; and
- (iii) Other (specify)

2. I confirm that I have satisfied myself as to the correctness and validity of my bid; that the price(s) and rate(s) quoted cover all the goods and/or works specified in the bidding documents; that the price(s) and rate(s) cover all my obligations and I accept that any mistakes regarding price(s) and rate(s) and calculations will be at my own risk.

I accept full responsibility for the proper execution and fulfilment of all obligations and conditions devolving on me under this agreement as the principal liable for the due fulfillment of this contract.

3. I declare that I have no participation in any collusive practices with any bidder or any other person regarding this or any other bid.

4. I confirm that I am duly authorised to sign this contract.

NAME (PRINT) .....

CAPACITY .....

SIGNATURE .....

NAME OF FIRM .....

DATE .....

**WITNESSES**

1 .....

3. ....

DATE: .....

**SECTION 6: CONTRACT FORM: PART 2 (TO BE FILLED IN BY THE PURCHASER)**

1. I..... in my capacity as **Director: Financial Services**  
accept your bid under reference number **19-14/15** dated.....for the supply of  
goods/works indicated hereunder and/or further specified in the annexure(s).
2. An official order indicating delivery instructions is forthcoming.
3. I undertake to make payment for the goods/works delivered in accordance with the terms and conditions of the contract, within 30 (thirty) days after receipt of an invoice accompanied by the delivery note.

ITEM NO	PRICE (ALL APPLICABLE TAXES INCLUDED)	BRAND	DELIVERY PERIOD	B-BBEE STATUS LEVEL OF CONTRIBUTION	MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT (if applicable)

4. I confirm that I am duly authorized to sign this contract.

SIGNED AT .....ON.....

NAME (PRINT) .....

SIGNATURE .....

OFFICIAL STAMP

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WITNESSES

1. ....

2. ....

DATE .....