



TERMS OF REFERENCE

Project Description

Appointment of External Auditors To Audit on TVET CIEG Infrastructure Projects Grant Expenditure (two months exercise for May and October 2023)

- A TVET college is required to appoint an **independent** audit firm led by Chartered Accounts registered with the South African Institute of Chartered Accountants (SAICA), including registration with the independent Regulatory Board for Auditors (IRBA) to perform the stipulated minimum agreed – upon audit procedures in relation to TVET CIEG expenditure incurred.
- Due to the requirement of **independence** in this instance, it is not allowed to use the services of Internal Audit. The Auditors appointed must be independent and perceived to be independent
- from the College, and this statement must be included by the Auditors in the **AUP Report**.
- The appointed auditor may be remunerated by the College from the CIEG Grant provided by the Department.

The objective of the audit would be to test and confirm if:

- The CIEG funding has indeed been applied for repairs and maintenance and not for any operational costs; (Validity)
- If quality work has been delivered; (Existence, Occurrence and Value for Money)
- If reasonable rates have been charged by the Contractors for the work paid for; (Accuracy and Value for Money)
- If the projects were critical and of important nature to the College, linked to the maintenance plans of the College; (Valuation)
- If a Principal Agent or other Consultants have been appointed to facilitate the projects, to determine if the professional fees payable in this regard, are market related. (Accuracy and Value for Money).

Detailed Agreed-Upon Audit procedures:

- The registered auditor must sample at minimum, **5 CIEG projects** completed by the respective College, for each Bi-annual audit. Detailed procedures are as follows:
- Obtain a detailed CIEG expenditure report from the College Financial System for the audit period under review.
- Obtain a listing of completed CIEG projects from the College for the audit period under review, which must include the total value of expenditure incurred and paid for.
- Based on the listing obtained, select at minimum of 5 projects based on total costs incurred (From highest reported expenditure in descending order).
- Trace all reported expenditure per listing, per project, back to the detailed expenditure report obtained from the College financial system.
- Randomly select at minimum 5 payment transactions per project (If less than 5 transactions are applicable for a project, all payments must be selected for audit).
- Perform a detailed audit check on the payments selected:
 - Confirm what the payment was made for.
 - Confirm what rates were applied and if these rates paid for are reasonable a market related.
 - Physically inspect the work paid for, and re-measure quantities (if possible, for instance square meter tiling installed, or square meter roofs repainted);
 - Check the measured quantities to the quantities paid for.
 - Take pictures of the work conducted.
 - Assess whether quality work was performed and if value for money was obtained.

Conclude on the following audit assertions relating to:

- Occurrence.
- Existence.
- Accuracy.
- Validity.
- Completeness; and
- Valuation.

Summary and conclusion

In total, a maximum of **25 payment transactions** (or less depending on quantum of CIEG projects completed) will be applicable for each audit cycle, comprising of maximum 5 CIEG projects and 5 payment transactions per project.

The Auditor must provide a **conclusive AUP report indicating** if the projects and transactions selected

for the audit period under review, did fulfil the objectives as stated above. The auditor must raise any findings with college management, and obtain management responses when the audit management

report is concluded, clearing indicating the following:

- Audit finding,
- Potential impact,
- Root cause,
- Management response and Auditors conclusion.
- (Photos where relevant of work conducted in relation to the sample selections must also be included).

The Audit engagement must be executed in terms of **International Standards on Related Services**

(ISRS) 4400, and a college may utilise the CIEG Grant to pay for the services of the appointed audit firm.

COMPETENCIES & EXPERTISE REQUIREMENT

The service provider should meet the following competency requirements:

1. Be independent of the organization and of the internal audit activity at the time of bidding.
2. Be registered with SAICA and Independent Regulatory board for Auditors
3. Be well informed and familiar with the application of best practices of the profession and able to provide quality assured work.

A solid audit background coupled with experience and understanding of the following:

- The bidder must be registered with the South African Institute of Chartered Accountants and IRBA and provide documentary proof of their registration.
- The bidder must certify that they are independent of KHTVET and that nothing has transpired that would compromise their independence during the audit as it is required by SAICA.

POINT SCORING

EVALUATION CRITERIA

Stage 1 – Responsiveness/ Mandatory requirements

Stage 2 – Functionality

Stage 3 – Quantitative (Price n BBBEE, 80/20)

Minimum threshold for Functionality= 70 %

- Company = 30 points
- Bidders Key personnel and their CV = 30 points
- Methodology = 40points

| FUNCTIONAL ASSESSMENT – POINTS SCORING | | |
|--|--|--------------------------|
| | | Points Allocation |
| Company Experience | Years of experience | |
| Experience (Similar projects in Departments, public entities and private sector), <u>in the past 3 years.</u> | 0 reference letters = 0 points. 1 – 2 reference letters = 5 points. 3 - 5 reference letters = 10 points. More than 5 reference letters = 15 points. | 30 |
| Key Personnel and their CV | Details | 30 |
| Membership with Professional Bodies | SAICA/ IRBA = 5 points | |
| Qualifications (Engagement Manager) | CA (SA) & IRBA = 5 points | |
| 1 X Project Manager 1 X Manager 2 X Team Members | 7 years' experience = 10 points 5 + Years' experience = 5 points 3 + Years of experience = 5 points | |
| Methodology: | | 40 |
| Methodology not included = 0 points. Methodology partially in line with TOR = 20 points. Methodology fully in line with TOR = 40 points. | | |
| GRAND TOTAL | | 100 |

SCOPE OF WORK

LIST OF PROJECTS APPROVED FOR THE CIEG GRANT

| Project Name | Contract Amount | Consultant Amount | Start Date | End Date |
|---|-----------------|-------------------|------------|---|
| Construction of bulk services for the proposed development for Teko Campus | R6 866 466.35 | R854 000.00 | 06-Oct-21 | 30-Mar-22 (Project is still in progress) |
| Student Temporary Accommodation | R 7 658 828 | R355 500.00 | 15-Dec-20 | 30-Mar-21 |
| Provision of maintenance and renovations at Dutywa | R 130 460.60 | R410 000.00 | 15-Oct-22 | 15-Jan-23 (Project is still in progress) |
| Supply deliver and install a backup generator for Msobumvu. | TBA | | TBA | TBA |
| Tourism center roof and maintenance of the campus | R 582 226.00 | | 12-Jul-22 | 12-Jan-23 (Project is still in progress) |
| Roof and campus maintenance for Willowvale | TBA | | TBA | TBA |
| Provision of Temporary structures for Sick bays on all campuses and Administration centre | TBA | | TBA | TBA |
| Provision of fencing for Centane campus | TBA | R640 000.00 | TBA | TBA |
| Provision of the kitchen for Teko campus | TBA | | TBA | TBA |
| Renovations to old ablutions at Teko | TBA | | TBA | TBA |
| Student Housing at Teko campus | TBA | TBA | TBA | TBA |