



TERMS OF REFERENCE

APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT A RISK MATURITY ASSESSMENT

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1. Background

The Council for the Built Environment (CBE) is a schedule 3A Public Entity established by the Council for the Built Environment Act (Act no 43 of 2000). Through the Act, the CBE is tasked with overseeing the six built environment professional councils, which are responsible for regulating the following built environment professionals: Architects, Engineers, Landscape Architects, Quantity Surveyors, Project and Construction Managers and Property Valuers.

Section 51(a)(i) of the PFMA on General responsibilities of accounting authorities states that an accounting authority for **a public entity** must ensure that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

Furthermore section 3.2.1, Internal controls and internal audit, requires that the accounting officer must facilitate a risk assessment to determine the material risks to which the institution may be exposed and to evaluate the strategy for managing those risks. Such a strategy must include a fraud prevention plan. The strategy must be used to direct internal audit effort and priority, and to determine the skills required to manage these risks.

2. Objectives of the project

The CBE is one of the National entities and it is bound by its Constitutional mandate to provide services or products in the interest of the public good. CBE should establish objectives that are consistent with the Institution's Constitutional mandate and ensure that its services are appropriate, economical, efficient and equitable.

National Treasury has developed a Financial Management Capability Maturity Model (FMCMM). The model provides the basis for a consistent assessment methodology to determine the capability of government institutions to discharge their financial management responsibilities. Institutions are encouraged to assess their risk management maturity level at least once per financial year.

The CBE invites proposals from suitable service providers to conduct a risk maturity assessment based on the National Treasury Risk Management Questionnaire.

The following needs to be assessed at the CBE:

1. Does the institution have a Risk Management Policy, approved by the Accounting Officer?
2. Is the Risk Management Policy reviewed regularly to ensure continued relevance in the context of the institution's aims and objectives?
3. Has the Risk Management Policy formally been communicated to all officials of the institution?
4. Does the institution have a Fraud Prevention Policy, approved by the Accounting Officer?
5. Is the Fraud Prevention Policy reviewed regularly to ensure continued relevance in the context of the institution's aims and objectives?
6. Has the Fraud Prevention Policy been communicated to all officials of the institution?
7. Does the institution have a Risk Management Implementation Strategy/Plan, approved by the Accounting Officer?
8. Does the Risk Management Implementation Strategy address the capacity and infrastructure required to implement risk management (people, cost, systems, institutional structures, governance arrangements, etc)?
9. Have the risk management key success factors been put in place?
10. Is the Risk Management Implementation Strategy reviewed regularly to ensure continued relevance?
11. Have the key responsibilities for risk management been established and formally communicated to the respective officials?
12. Is there a process in place that ensures all new officials responsible for risk management related functions receive orientation and training to perform their respective functions?
13. Do key officials receive ongoing training to perform their respective risk management related functions?
14. Have the responsibilities for risk management been incorporated in the performance agreements of the relevant officials?
15. Has the responsibility for supporting and co-ordinating the institution's risk management (including providing support and guidance to the respective role players) been assigned to a specific individual?
16. Is the Risk Management Support function appropriately staffed in terms of the number of people required, as well as their experience and qualifications?
17. Is the Chief Risk Officer (CRO) accountable to the Accounting Officer?
18. Does the Chief Risk Officer (CRO) or equivalent person have unrestricted access to management, management platforms (such as meetings, planning sessions and committees), and documents?
19. Has the responsibilities of the Risk Management Unit (or equivalent) been established, documented and communicated throughout the institution?

20. Has a strategic risk assessment been performed?
21. Has a process been undertaken to assess the risks in each of the business functions (operational risks)?
22. Has a risk register been compiled?
23. Is a risk assessment done for each major project?
24. Is the timing of the institution's risk assessment aligned to allow consideration thereof in the annual strategic planning process and budget process review?
25. Has an appropriate budget been allocated to perform the functions of risk management, including funds to address risks at each programme?
26. Has the institution's main risks been identified and are the executive managers actively monitoring these risks on an ongoing basis?
27. Have all business functions taken ownership of their (sub) risk registers?
28. Have the main institutional risks been isolated, prioritised and communicated to the respective risk owners for monitoring and management?
29. Have action plans been developed to address the key risks?
30. Do business unit managers and senior managers support the risk management initiative, both in appearance and fact?
31. Does the Accounting Officer demonstrate his/her accountability for risk management in the institution, both in appearance and fact?
32. Does risk management feature as a standing item on the management agenda of all business functions?
33. Is the risk register of each business function revised and updated at least annually?
34. Is there a mechanism in place to communicate any changes to the business unit risk registers to the Chief Risk Officer?
35. Are the operational risks reviewed at least annually?
36. Has the institution established a Risk Management Committee?
37. Is the functioning of the Risk Management Committee regulated by the terms of reference approved by the Accounting Officer?
38. Is the risk management committee chaired by an independent person who is not in the employ of the institution?
39. Does the institution provide orientation and training to induct members of the Risk Management Committee?
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41. Does the committee hold meetings at least twice a year to review whether the process of risk management functions effectively?

42. Has the information needs of the Risk Management Committee been established and is information provided in accordance with their requirements?
43. Has the institution established a method to collate information from various committees in the institution for reporting to the risk management committee?
44. Has the risk register been rigorously scrutinised to identify patterns, aggregations, correlations and other useful intelligence?
45. Is the risk management activity audited by Internal Audit at least annually?
46. Does the audit committee provide assurance to the institution on risk management?
47. Have performance indicators been developed to assess the value add of risk management?
48. Are the performance targets referred to above cascaded into the targets of the risk management function, management and Risk Management Committee?
49. Do the performance agreements of the executive managers include specific risk management performance targets?
50. Has the institution evolved from using workshops and group discussions to more sophisticated methods of identifying risks and/or opportunities?
51. Has the institution developed risk tolerance levels for each of its major risk categories?
52. Do risk occurrences trigger a revision of the risk assessment for that particular risk?
53. Is a library of risk incidents maintained?
54. Does the institution actively look for opportunities when engaging in risk management?
55. Is the institution's risk assessment process integrated to address the requirements that are cross-cutting its environment?
56. Has the risk management process contributed to an improvement in the performance of the institution?
57. Is the Risk Assessment intrusive (does it include a broad spectrum of participants)?
58. Have Risk Assessments been enriched by advanced techniques to enhance decision making relating to management of risk?
59. Are risks in the institution monitored against the approved risk tolerance levels?
60. Does the institution encourage a culture of innovation and risk taking within approved tolerance levels?

3. Scope of Work

The scope of the project is described above. The service provider is expected to provide a detailed report on the above criteria. The report should point out the areas of compliance and non-compliance as well as appropriate detailed recommendations on areas where improvement is needed.

4. Evaluation Process

The following evaluation process shall be followed:

4.1 Basic Compliance:

- a) Potential service providers must ensure that they are registered on the National Treasury Central Supplier Database (CSD). The CSD registration report must be submitted. Prospective bidders must be tax compliant. **This proposal will not be awarded to any bidder who is not registered on the CSD, whose tax matters are not in order and is a restricted supplier.**
- b) All Supply Chain Management compliant (required) documents must be completed in full and submitted. These include: SBD 1, 4, 6.1, 8 & 9. Failure to fully complete these documents and failure to return one or more with your quotation will result in the disqualification of your proposal. **The onus is on bidders to make sure that all SBD forms are completed in full and returned with your proposal.**
- c) The General Conditions of Contract are to be acknowledged and returned with your proposal.
- d) An original or certified copy of the B-BBEE certificate or sworn affidavit must be submitted to substantiate claims for preference points with respect to SBD 6.1. Failure to submit the relevant document will result in the forfeiture of preference points.
- e) The CBE reserves the right to disregard a bidders' proposal should it be found that work was previously undertaken for the entity to which poor performance was noted during the execution of such contract.

4.2 Evaluation Phases:

- Phase 1: Technical Evaluation

The service provider's proposal will be evaluated against the set criteria indicated under paragraph 4.3 below. A form will be used which will reflect the name of the service provider, the different criteria, with space provided to record the points awarded and motivation for points awarded. The allocation of points will not be effected on a basis of consensus.

The following scoring matrix will be used:

Very poor	Poor	Fair	Good	Very good	Excellent
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0	1	2	3	4	5
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The following formula will be used to convert the points scored against the weight:

$$P_s = \left(\frac{S_o}{M_s} \right) \times 100$$

Where:

Ps = Percentage scored for functionality by proposal under consideration
 So = Total score of proposal under consideration
 Ms = Maximum possible score

Service providers will be expected to achieve a minimum threshold score of 60% in order to proceed to the due diligence process.

A due diligence process will be conducted in respect of all short-listed bidders to determine the capability and ability of short-listed bidders to execute this contract. This may include a presentation by bidders with pre-determined questions being posed by the CBE or an investigation by the CBE of the bidder's previous contracts carried out, availability of skills or knowledge, existing work load, etc. Should the bidder fail to meet the requirements of due diligence, their proposal will be disregarded at this point and they will not proceed to Phase 2.

- Phase 2: Calculation of points

Please note that the proposals will be evaluated using the 80/20 preference point system where 80 points are allocated for price and 20 points are allocated for the service provider's B-BBEE Level of Contribution.

During phase 2, points for price will be calculated for all shortlisted service providers in accordance with the following formula:

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where:

Ps = Points scored for price of proposal under consideration

Pt = Rand value of proposal under consideration

Pmin = Rand value of lowest acceptable proposal

- The final points will be calculated as follows:

Points for price: 80 points

B-BBEE Status Level of Contribution: 20 points

Final points: 100 points

A recommendation for award will then be formulated for approval by the relevant delegated authority.

4.3 Evaluation Criteria

The following criteria and weights shall apply when considering the proposals:

CRITERIA FOR FUNCTIONALITY	WEIGHT
Experience relevant to assignment Provide detailed information on the background of the company in undertaking this type of project. Provide a minimum of two signed referee letters wherein similar projects have been undertaken. Minimum of 5 years proven experience in conducting risk maturity assessment	60
Competency of Key Personnel Provide short CV's of the key personnel involved in the project and certified copies of qualifications.	40
Total	100
Threshold Score	60

IMPORTANT CONDITIONS

- Pricing must be **firm** and clearly outlined.
- Pricing must be inclusive of VAT (if VAT registered).
- Bidders are required to submit their proposals in **an** envelope

- Bids must be hand delivered to 169 Corobay Avenue, Corobay Corner (Block A – 2nd Floor), Menlyn, Pretoria and deposited into the bid box.
- It is the responsibility of prospective bidders to ensure that their bid documents are submitted before the closing date and time of the bid.
- Proposals received after the closing time and date will not be considered for evaluation.
- The CBE reserves the right not to award this contract.
- Any change of information provided in the bid document that may affect delivery by the successful bidder must be brought to CBE's attention as soon as possible. Failure to comply may result in the contract being terminated.
- Should the bidder present information intentionally incorrectly/fraudulently, they will be disqualified.
- Although adequate care has been given in the drafting of this document, errors such as those of a typographical nature may occur which the CBE will not be responsible for.
- The closing date for submission of proposals is **08 April 2019 at 11:00am**.

Enquiries:

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