

APPOINTMENT OF A SERVICE PROVIDER TO ASSIST THE DEPARTMENT WITH RISK MANAGEMENT SERVICES FOR THE DEPARTMENT OF ENERGY FOR A PERIOD OF 3 YEARS

1. BACKGROUND

1.1 RISK MANAGEMENT

- 1.1.1** Risk management is an integral part of the Department's strategic management. It is the process whereby the risk exposures attached to the activities of the Department are addressed, both methodically and intuitively, by way of risk identification, risk assessment and the development of mitigation strategies to enhance the control environment.
- 1.1.2** The Department has a Risk Management Committee in place comprising of heads of branches as well as a Risk Management Subcommittee comprising risk champions from various directorates, to ensure the implementation and maintenance of risk management processes within the various units of the Department.
- 1.1.3** Risk Management reports are presented at the executive committee, management committee, risk management committee and the audit committee for oversight, monitoring and evaluation of the risk management system. Risk assessments are conducted on an annual basis to identify the risk exposures against the Department and to develop the mitigation strategies to improve the control environment.
- 1.1.4** The Department has developed the risk management strategy to assist management and employees to identify measure, evaluate, treat, monitor and communicate risks associated with an activity or project. It also provides a climate for additional opportunities for the activity once risks have been adequately counteracted. These counteracted risks present positive opportunities for the Department and its programmes to determine if the identified risk exposures are adequately controlled and mitigated.
- 1.1.5** A risk response action plan with relevant risk owners and mitigation strategies to address residual risk exposures and update the risk registers by risk owners on a continuous basis, is in place. A progress report for the monitoring and implementation of risk mitigation strategies are being presented at the relevant management oversight structures for monitoring and evaluation.

1.2 FRAUD AND CORRUPTION

- 1.2.1** The Department has developed a fraud prevention plan setting out actions to prevent fraud and corruption. Furthermore the fraud prevention plan is intended to set down the stance of the Department to fraud and corruption and to reinforce existing systems, policies and procedures aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption. The risk management implementation plan is in place to give effect to the implementation of risk management policy, risk management strategy and anti-fraud and -corruption strategy.
- 1.2.2** All employees are encouraged to immediately report all allegations of fraudulent practices to their immediate supervisors. All managers are responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the Accounting Officer. All cases of alleged irregular or fraudulent practices received from the Presidential Hotline, members of the public and media are investigated, responded to and resolved accordingly.
- 1.2.3** Management, employees and members of the public are encouraged to report all suspected irregular and fraudulent practices to the National Public Service Anti-Corruption Hotline Number (0800 701 701). Anti-fraud and –corruption posters have been posted in visible areas within the Department to encourage staff and members of the public to report fraud and corruption.
- 1.2.4** Presentations to educate and train new employees are conducted during the induction and orientation programmes. Risk management workshops are conducted within various branches of the Department to inculcate and embed a culture of risk management in their day-to-day activities. Training and awareness focusing on corruption and fraud, as well as to what constitute fraud and how to deal with it, is being conducted during the fraud risk assessment workshops.

2. SCOPE OF WORK

- 2.1** Service providers will be required to assist the Department -
- 2.1.1** to identify, assess and rate risks exposures (Annual Risk Assessments) including fraud risk assessments;

- 2.1.2 with the development of response strategies to mitigate the identified risks;
 - 2.1.3 in evaluating the effectiveness of the implementation of mitigating strategies by various branches to address the material risks of the department (Control Self Risk Assessments);
 - 2.1.4 to evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement;
 - 2.1.5 on the review and updating of risk management regulatory frameworks and risk governance structures;
 - 2.1.6 to conduct quality assurance reviews and Control Self Risk Assessments (CRSA);
 - 2.1.7 to conduct project risk assessments in various branches;
 - 2.1.8 to develop and implement the Disaster Recovery Plan.
 - 2.1.9 to develop and implement the Business Continuity Plan.
 - 2.1.10 to conduct the risk management maturity assessments within the department.
- 2.2. The Department of Energy reserves the right to allocate only certain phases of the project to the selected service provider.
- 2.3. The selected Service Provider will be required to assign suitable, experienced and qualified staff to manage and execute the Project.
- 2.4. The Department will, where possible, assign suitable and qualified staff to assist the selected Service Provider for the purpose of skills transfer.

3. PAYMENT

- 3.1 The Department will not make an upfront payment to the selected service provider.
- 3.2 Payment will only be made within 30 days in accordance to the delivery of services that will be agreed upon by both parties and upon receipt of an original invoice.
- 3.3 The Department will make payments on a time-and-cost basis as the milestones in Paragraph 2. are achieved.

4. REPORTING REQUIREMENT AND PROGRESS MEETINGS

- 4.1 It is envisaged that the Department of Energy will require an initial meeting with the successful bidder to agree on the project process.
- 4.2 Regular meetings for feedback on progress shall be held, as and when necessary, but at least once a week. The venue for these meetings will

be the Department's offices in Pretoria. The service provider's Project Manager will be obliged to attend.

5. COMPLETION DATE

- 5.1. The consulting firms/service providers will serve on the panel of consultants for a period of three (3) years and will be utilized as and when required.
- 5.2. Where firms are contracted on specific services, they will be contracted for a period not exceeding twelve (12) months and the contract may be renewable based on performance.
- 5.3. The Department reserves the right to terminate the contract should the appointed service provider misrepresented itself and will not be in a position to fulfil the requirements as contained in the contract (which might result in the Department failing to deliver on its mandate).

6. COMPULSORY INFORMATION SESSION

- 6.1. A compulsory information session will be held on 19 February 2014 at the Department of Energy, 192 Corner Visagie and Paul Kruger, Pretoria, 0001.

7. TAX CLEARANCE CERTIFICATE

- 7.1. The bidder is required to submit an original and valid Tax Clearance Certificate issued by the South African Revenue Services, together with the bid documents before the closing date and time of the bid. **Failure to comply with this condition will invalidate the bid.**

8. CONFIDENTIALITY OF INFORMATION

- 8.1. The names of all the members of the team must be disclosed for the prior approval of the Department of Energy. Any changes, replacements and/or additions should be submitted for prior approval of Department of Energy.
- 8.2. A declaration of interest will be required if a bidder or a member of its staff is affiliated with an employee of the Department of Energy.

9. EVALUATION METHODOLOGY

9.1. Cost

- 9.1.1 The service provider will be required to provide a quote regarding the work to be undertaken for this project.

9.1.2 The service provider should provide hourly rates as prescribed by Department of Public Service and Administration (DPSA) as the work will be as and when required.

9.2 Broad-Based Black Economic Empowerment (B-BBEE)

9.2.1 Provisions of the Preferential Procurement Policy Framework Act (PPPFA) 2011 and its regulation will apply in terms of awarding points.

9.2.2 Bidders are required to submit original and valid B-BBEE status level Verification to substantiate their B-BBEE rating claims.

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

9.2.4 In a case of Exempted Micro Enterprise (EMEs), AO/AA must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

- a. Verification agencies accredited by SANAS
- b. Registered auditors approved by IRBA

9.3. Bidders who qualify as EMEs

- (a) Accounting officers as contemplated in the CCA; or
- (b) Verification agencies accredited by SANAS; or
- (c) Registered auditors (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).

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

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2

Non-compliant contributor	0
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9.4 COMPANY EXPERIENCE

9.4.1 Service providers should have at least have three (3) years' experience in years in the strategic and corporate planning environment. Supported by proof from three (3) contactable referees indicating that similar project/s was/were executed.

9.5 EXPERIENCE AND KNOWLEDGE OF TEAM MEMBERS AND TEAM LEADERS

9.5.1.1 Team leader must have at least five (5) years in the strategic and corporate planning environment.

9.5.2 Team members must have three (3) years' experience in the strategic and corporate planning environment.

9.5.3 CV's with three (3) contactable references must be attached as proof.

9.6 PROJECT PLAN

9.6.1. A detailed project plan with intermediate and final outputs and identified Timeframes/milestones.

9.6.2. Proposed Methodology.

9.6.3 Management of the project.

9.7 TEAM LEADER AND TEAM MEMBERS' QUALIFICATIONS

9.7.1 Team leader and team members must have a recognisable qualification National Diploma or Degree in Public or Business Management or equivalent qualifications.

Copies of certified certificates must be attached as proof. Failure to attach, bidders will forfeit functionality points.

9.7.2

9.8. REGISTRATION WITH PROFESSIONAL BODIES

9.8.1. Original or certified copies must be attached to the proposal. Failure to attach, bidders will forfeit functionality points.

10. EVALUATION CRITERIA

10.1. Bids will be evaluated on 80/20 point system as outlined in the PPPFA of 2011.

The proposals will be evaluated in two phases:

Phase 1: Bidders will be evaluated based on functionality. The minimum threshold for functionality is **70 out of 100 points**. Bidders who fail to meet minimum threshold will be disqualified and will not be evaluated further for price and BBBEE points.

No.	Criteria	Weights
1	<p>Company Experience:</p> <ul style="list-style-type: none"> ❖ Service providers should have at least have three (3) years' experience in years in risk management and corporate governance environment. ❖ Proof from three (3) contactable referees indicating that similar project/s was/were executed. 	<p>15</p> <p>10</p> <p>5</p>
2	<p>Team leader and team members experience:</p> <ul style="list-style-type: none"> ❖ Team leader must have at least five (5) years in risk management and corporate governance environment. ❖ Team members must have three (3) years' experience in risk management and corporate governance environment. ❖ CV's with three (3) contactable references must be attached as proof. 	<p>30</p> <p>10</p> <p>10</p> <p>5</p>
3	<p>Team leader and team members' qualifications:</p> <ul style="list-style-type: none"> ❖ Team leader must have a recognisable qualification National Diploma or Degree in (Public or Business Management or equivalent qualifications). ❖ Team members must have a recognisable qualification National Diploma or Degree in (Public or Business Management or equivalent qualifications). ❖ Copies of certified certificates must be attached as proof. Failure to attach, bidders will forfeit functionality points. 	<p>20</p> <p>5</p> <p>5</p> <p>10</p>
4	<p>Project Plan:</p> <ul style="list-style-type: none"> ❖ A detailed project plan with intermediate and final outputs and identified timeframes/milestones. ❖ Proposed Methodology. ❖ Management of the project. 	<p>30</p> <p>15</p> <p>15</p> <p>10</p>
	Total	100

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

0=	Very Poor	Do not meet the requirements
1=	Poor	Will not be able to fulfil the requirements
2=	Average	Will partially fulfil the requirements
3=	Good	Will be able to fulfil the requirements
4=	Very Good	Will be able to fulfil better in terms of the requirements adequately
5=	Excellent	Will fulfil the requirements exceptionally

Phase 2:

Price	80
B-BBEE compliance	20

11. FORMAT AND SUBMISSION OF THE PROPOSAL

11.1 All the official standard bidding documents (SBD) must be completed in all respects by bidders. **Failure to comply will invalidate a bid.**

12. CLOSING DATE

12.1. Proposals must be submitted on **06 March 2014 at 11H00** at the Department of Energy, 192 Corner Visagie and Paul Kruger Streets, Pretoria in the bid box marked Department of Energy. **No late bids will be accepted.**

13. ENQUIRIES

TECHNICAL ENQUIRIES: Lucas Mulaudzi and Hendrik Kruger

Email dress: lucas.mulaudzi@energy.gov.za and hendrik.kruger@energy.gov.za

Tel: 012 406 7852/7466

ALL BID ENQUIRIES: Ms Rachel Moerane or Ms Daisy Maraba

Email: rachel.moerane@energy.gov.za or daisy.maraba@energy.gov.za

Tel: 012 406 7747/ 7748