TERMS OF REFERENCE FOR THE
APPOINTMENT OF A SERVICE PROVIDER FOR
THE PROVISION OF RISK MANAGEMENT
TRAINING AND FACILITATION OF THE REVIEW
OF STRATEGIC RISK
RFP/2019-039
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<td>1.</td>
<td>Assignment</td>
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<td>2.</td>
<td>Name of the responsible office</td>
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<td>3.</td>
<td>Address for Submitting Proposals &amp; Other Correspondence</td>
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<td>4.</td>
<td>Closing Date &amp; Time For Submission of Bid Proposals</td>
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<td>5.</td>
<td>Bid Description:</td>
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<td>Bid Number:</td>
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1. BACKGROUND

The National Lotteries Commission (NLC) is a public entity established by the Lotteries Act No. 57 of 1997 (as amended) to regulate the National Lottery and other lotteries and to administer the National Lottery Distribution Trust Fund (NLDTF). Through the NLDTF, the NLC has distributed more than R23 billion for various projects in the country since 2001.

In terms of the Public Finance Management Act No. 1 of 1999 (PFMA) and the best practice code such as King IV report on good governance, the Board of Directors (Board) in conjunction with the Commissioner are required to maintain an effective, efficient and transparent system of risk management within the organisation.

In line with the requirements of the PFMA and Treasury Regulations, the NLC seeks to appoint a duly qualified service provider to provide risk management training and facilitate to review the NLC’s strategic risks for the 2020/2021 financial year.

2. OBJECTIVES

The primary objectives of the service required are as follows:

- To ensure that Board and Exco are equipped with relevant information to be able to discharge their risk management roles and responsibilities efficiently and effectively;
- To ensure that strategic risks that may impede the NLC from achieving its strategic objectives efficiently and economically are identified and assessed in line with NLC Enterprise Risk Management framework and methodology;
- To ensure that uncertainties and untapped opportunities that may affect an organisation’s strategy and strategy execution are explored; and
- To ensure that risk appetite and tolerance levels for NLC are reviewed and updated.
3. **SCOPE OF SERVICE/ PROCESS**

   The workshop will address the following phases:

**PLANNING**

- Preparatory meeting with key stakeholders;
- Identification of key documents that will be needed for the workshops (e.g. ERM Framework, policy);
- Review and confirmation of the NLC’s Risk Management Methodology including amongst others: risk rating, categorisation and control rating etc.;
- Review the current organisational strategic risk universe;
- Research and discuss the strategic risks and mitigating strategies with key stakeholders and executive management;
- Formulate a high-level risk improvement plan;
- Review and update of NLC’s risk appetite and tolerance statements;
- Prepare a consolidated report to be work-shopped to the Board; and
- Prepare enterprise-wide risk management training material for Board and EXCO.

**EXECUTION**

- Conduct enterprise-wide risk management training for the Board and EXCO;
- Facilitate, review and update the strategic risks of the organisation with the Board and EXCO.

**REPORTING**

- Provide an updated strategic risks and opportunities' register;
- Provide a report on the updated risk appetite statements and tolerance levels.

4. **PARTICIPANTS/STAKEHOLDERS**

   The following are key stakeholders of the workshop:
   - Board Members; and
5. **FOCUS AREAS**

The risk assessment workshop will be conducted in two phases. Phase 1 will include the review and updating of the 2019/2020 strategic risk register (workshop to be held in September 2019) and Phase 2 will include the review and updating of the 2020/2021 strategic risk register (Workshop to be held in January 2020).

The workshop should cover/include amongst others the following:

- **Phase 1** - Review and update of the 2019/2020 strategic risks in September 2019;
- **Phase 2** – Review and update of the 2020/2021 strategic risk assessment in January 2020;
- Identification of all possible strategic risks and opportunities that may impede NLC from achieving its strategic objectives together with their sources/root causes and consequences/impact;
- Assessment of risks and opportunities;
- Identification and evaluation of controls;
- Selection of appropriate risk responses;
- Allocation of risk owners to risks; and
- Review of NLC risk appetite and tolerance levels in line with the best business practice and norms.

6. **DELIVERABLES**

The service provider should produce the following:

- Participants pack for each attendee to be circulated before the actual date of the workshop;
- Revised strategic risk register as per the prescribed format of NLC. The service provider may provide additional value add information over and above the minimum required information;
- Revised risk appetite statements and tolerance levels;
- A final report that reflect the results of the workshop.
7. REPORTING REQUIREMENTS

The service provider shall report to the Chief Audit Executive.

8. DURATION OF THE PROJECT

The project is expected to be completed within three weeks after appointment.

9. EVALUATION CRITERIA

The NLC will evaluate all proposals in terms of the Preferential Procurement Regulation of 2017 and Preferential Procurement Policy Framework Act. No.5 of 2000 (PPPFA). A three (3) phase evaluation process will be considered in evaluating the proposals, being:

**Phase 1: Pre-Qualification Criteria (Mandatory Requirements)**

Bidders must submit all the mentioned below requirements. The following mandatory requirements must be met to qualify for this evaluation in phase 2;

- Bidders must be Level 3 or Better in terms of the B-BBEE Codes of Good Practice.
- Bidders must be an Exempted Micro Enterprise (EME) or Qualifying Small Enterprise (QSE) in terms of the B-BBEE Act 53 of 2003.
- Proof of membership or registration with The Institute of Risk Management South Africa and Institute of Internal Auditors for the lead consultant and team members.
- Company Registration Certificates (CK)

- In the case of the bidder being in partnership, close corporation or a company, company certificates reflecting the names, identity numbers and address of the partners, members or directors must be submitted with proposal.
- A valid joint venture agreement must be submitted in a case of bidders being in a joint venture.
Phase 2: Functional/technical Evaluation

Only bidders that have met the pre-qualification criteria will be evaluated for functional evaluation. In this phase the evaluation will be based on the bidders’ responses in respect of the bid proposal (evaluated on the minimum functional specifications). Prospective bidders who score a minimum of 70% points or more will be considered for the next phase 3 (Price and B-BBEE status level contributor).

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>WEIGHT</th>
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<tr>
<td><strong>Company Experience</strong></td>
<td>30%</td>
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<td>The bidder must demonstrate that they have the capacity to render the required service by submitting a company profile detailing risk management projects that were successfully completed within the past 5 years.</td>
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<td>The bidder must provide three (3) references from the clients where risk management training or strategic risk review was provided in an official letter head of their clients.</td>
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<td>Company experience = 15%</td>
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<td>Reference Letters = 15%</td>
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<th><strong>Team Leader &amp; Members Experience</strong></th>
<th>30%</th>
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<td>Considers the technical and professional skills of the project team. Abbreviated Curriculum Vitae (CV’s) of personnel</td>
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involved on the implementation of the project, not longer than one page each, shall be included in an Appendix.

**Project Plan / Methodology**

The Bidder must provide a project implementation plan which details how the service will be carried out. The project plan must have deliverables (As per point 3 and 5 above) and time frames.

| Total | 100% |

### Phase 3: The 80/20 Principle based on Price and B-BBEE status level contributor.

*Points will be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the table below:*

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<thead>
<tr>
<th>B-BBEE Status Level of Contributor</th>
<th>Number of Points (80/20 system)</th>
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<tbody>
<tr>
<td>1</td>
<td>20</td>
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<tr>
<td>2</td>
<td>18</td>
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<td>14</td>
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<td>7</td>
<td>4</td>
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<tr>
<td>8</td>
<td>2</td>
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<tr>
<td>Non-Compliant contributor</td>
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### Other Conditions:

i. Only bidders who obtain at least 70% under Functional/Technical Evaluation will be considered for further evaluation on phase 3;

ii. Bidders are further requested to provide separate financial and technical proposals;
iii. Bidders are requested to provide a clear agreement regarding joint venture/consortia. The percentage involvement of each company in the joint venture agreement should be indicated on the agreement. A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid;

iv. Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or Affidavits together with their bids, to substantiate their B-BBEE rating claims;

v. 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;

vi. 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;

vii. Fraudulent practices shall result in immediate disqualification and

viii. NLC is under no obligation to accept any bid and reserves its right not to proceed with the appointment of any service provider that responded to the invitation to submit proposals, for whatever reasons it may consider appropriate.

10. GENERAL GUIDELINES

10.1 Submission Instruction

The bid should be *hand delivered to the address specified below* in THREE (3) sets each. One original plus two (2) copies of the proposal (i.e. THREE (3) sets in total) should be clearly marked:

“BOARD ERM TRAINING AND STRATEGIC RISK ASSESSMENT FOR 2020/21, REFERENCE NUMBER RFP/2019-039:”

Please note that the Technical and Financial proposals should be submitted in two (2) separate sealed envelopes.

The submission of proposals should be as follows:

<table>
<thead>
<tr>
<th>Technical</th>
<th>Financial</th>
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Bidders are requested to indicate on the cover of each document whether it is the original document or a copy.

**Take note of the following:**

- No costs have been prescribed for the Bidding Document;
- All proposals must be priced in South African Rand, inclusive of VAT;
- If the bid does not include all the information required, or is incomplete, this will mean non-compliance and therefore invalidate the bid;
- Any submission received after the deadline will not be considered and
- The costing must remain valid and open for evaluation for a period of at least three (3) months from the time of submission.

### 10.2 Late Bids

Bids received late shall not be considered. A bid will be considered late if it arrived one second after 11:00am or any time thereafter. The tender (bid) box shall be locked at exactly 11:00am and bids arriving late will not be considered under any circumstances. Bidders are therefore strongly advised to ensure that bids are dispatched allowing enough time for any unforeseen events that may delay the delivery of the bid.

The official Telkom time (Dial 1026) will be used to verify the exact closing time.

### 10.3 Costs to be borne by Bidders

All costs and expenses incurred by the bidders in any way associated with the development, preparation and submission of responses and providing any additional information required by the NLC, will be borne entirely and exclusively by the bidders.
10.4 No Legal Relationship
No binding legal relationship will exist between any of the bidders and the NLC until the execution of a signed contractual Service Level Agreement (SLA). The Terms of Reference (ToR) document will not form part of any such contract or arrangement.

10.5 Evaluation of Offers
Each bidder acknowledges and accepts that the NLC may, at its absolute discretion, apply selection criteria specified in this document for the evaluation of proposals for short listing/selecting the eligible bidder(s).

10.6 Format of your Proposal
The proposal should be presented in two sections i.e. Technical Proposal and Financial Proposal.

Technical Proposal format
Bidders are at liberty to structure their Proposals according to any format, as long as it covers all areas specified in this document. The Technical proposals will be evaluated against the criteria detailed below.

Technical Approach
The bidders should adhere to the Terms of Reference (ToR) by elaborating on the services required, and demonstrating whether the proposed process meets the requirements.

Disclosures
The bidder should demonstrate adherence to the Terms of Reference (ToR) by elaborating on the services required, and demonstrating whether the proposed process meets the requirements.

10.7 Disclosures
The bidder must disclose:
If they are or have been the subject of any proceedings or other arrangements relating to bankruptcy/insolvency.

If they have been convicted of, or are the subject of any proceedings, relating to:
- A criminal offence or other offence, involving the activities of a criminal nature in its organisation or found by any regulator or professional body to have committed professional misconduct.
- Corruption, including the offer or receipt of any inducement of any kind in relation to obtaining any contract with any contracting authority.
- Failure to fulfil any obligation in any jurisdiction relating to the payment of taxes and other legal obligations.

If a bidder or related company or any individual discloses details of any previous misconduct or complaint, the NLC will seek an explanation and background details from them. At the sole discretion of the NLC, an assessment as to whether the bidder will be allowed to continue to the next phase of the evaluation phase will then be made.

Disclosure extends to any company in the same group of the bidder, including but not limited to parent, subsidiary and sister companies, companies with common shareholders (whether direct or indirect) and parties with whom the bidder is associated in respect of this tender.

10.8 Disclaimer

The NLC reserves the right not to appoint a service provider.

The NLC also reserves the right to:
- Award the contract or any part thereof to one or more service providers;
- Reject all bids;
- Decline to consider any bids that do not conform to any aspect of the bidding requirements;
- Request further information from any bidder after the closing date for clarity purposes;
- Cancel this tender or any part thereof at any time; and
- Should any of the above occur, it will be communicated in writing to the bidders.

10.9 Confidentiality
• Bids submitted will not be revealed to any other bidders and will be treated as contractually binding;
• All information pertaining to the NLC obtained by the bidder as a result of participation in this RFP is confidential and must not be disclosed without written authorisation from the NLC;
• The successful bidder will be expected to sign a Service Level Agreement with the NLC.

10.10 Disqualification

• Any form of canvassing/lobbying/influence regarding the short listing will result in disqualification;
• Any non-disclosure of any other information pertaining to this bid will result in disqualification;
• Non-compliance with the bid requirements will invalidate the bid; and
• Non-compliance with all the applicable Acts, Regulations and by-laws will result in the disqualification of the bid.

10.11 Prices

• All services’ pricing should be inclusive of all taxes etc. and payment shall be made in South African Rand;
• Service Provider to provide rates per person, per hour on human resources that will be providing services to NLC;
• The NLC may require a breakdown of rates on any of the items priced and the bidders are to provide same without any additional cost and also provide a “Pricing Grid” or “Transaction Fee Schedule”; and
• The total amount should be carried out on the Standard Bidding Form (SBD1).

10.12 Payment Terms

• The NLC undertakes to pay valid tax invoices in full within thirty (30) days from statement date for services rendered;
• All supporting documents for services rendered should be submitted together with the tax invoices by the twentieth (20th) of every month;
• Valid Tax Invoices for all services rendered are to be submitted to the Chief Financial Officer (CFO) at the NLC’s Finance Division at the address on page 2 above.

10.12 Validity

• A Proposal shall remain valid for ninety (90) days after the closing date of the submission for proposals. A Proposal which is valid for a shorter period may be rejected by the NLC for non-responsiveness.
• In exceptional circumstances, the NLC may solicit the bidder’s consent to an extension of the period of the validity of the bid. The request and responses thereto shall be made in writing. A bidder that has been granted the request will neither be required nor permitted to modify the Proposal.

10.13 Signatories

All responses to this RFP should be signed off by the authorised signatories of the bidder.

10.14 Special Terms and Conditions

• The NLC reserves the right to accept or reject any submission in full or in part, and to suspend this process and reject all proposals or part thereof, at any time prior to the awarding of the contract, without thereby incurring any liability to the affected bidders;
• This bid and the contract will be subject to the General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the PFMA. The special terms and conditions of contract are supplementary to that of the general conditions of the contract;
• Where, however, the special conditions of contract are in conflict with the general conditions of contract, the general conditions of contract will prevail.
• The NLC is the sole adjudicator of the suitability of the venue for the purpose for which it is required. Therefore, the NLC’s decision in this regard will be final.
• No bids sent by the facsimile or email will be accepted.
• Bids must only be submitted at the NLC Head Office Tender Box in Pretoria by the specified date and time.
• Bidders are welcome to be present at the opening of bids.
• The annexures are part of the bid documentation and must be signed by the bidder and attach to the bid document.
• The bid forms must not be re-typed or re-drafted, but copies may be used. Additional offers may be made but only photocopies of the original documents. Additional offers/submissions are regarded as separate and must be treated as such by the bidder. The inclusion of various offers as part of a single submission in one envelope is not allowed and will not be considered. Additional bid offers must be submitted separately in separate sealed envelopes.
• The original valid Tax Clearance Certificate should be submitted together with the completed bid.
• Failure to comply with the above-mentioned conditions will invalidate the bid.
• Certified copies of the company registration documents or proof of ownership of the company or agency i.e. Shareholders Certificates.
• Certified copy of 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 must be submitted.

11. CLARIFICATIONS / ENQUIRIES

Telephonic request for clarification will not be considered. Any clarification required by a bidder regarding the meaning or interpretation of the Terms of Reference or any other aspects concerning the bid is to be requested in writing (letter, facsimile or e-mail) from the below contact persons. The bid reference number should be mentioned in all correspondence.

Bid Enquiries

Name and Surname: Tshepiso Mahlake
E-mail: TOR1@nlcsa.org.za
Fax: 086 568 7857

Name and Surname: Patricia Tjale
E-mail: patricia@nlcsa.org.za
Tel: 012 432 1303

Enquiries received will be responded to within one (1) working day of receipt.

THE NLC IS NOT OBLIGED TO ACCEPT THE LOWEST OR ANY BID AND RESERVES THE RIGHT TO ACCEPT ANY BID IN WHOLE OR PART.