

# Central Bank Of Lesotho



## REQUEST FOR PROPOSAL

**RFP TITLE:**

**REQUEST FOR PROVISION OF EXTERNAL AUDIT  
SERVICES FOR THE CENTRAL BANK OF LESOTHO**

**RFP NO:**

**CBL/FNC/TC /8/03/2019**

**Submission Location:**

Tender Box Reception area  
Central Bank of Lesotho  
Cnr. Moshoeshoe & Airport Roads  
Maseru, Lesotho

**Contact person:**

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## 1. INTRODUCTION

The Central Bank of Lesotho (the Bank or CBL) was established by the Lesotho Monetary Act of 1978, as the Monetary Authority in Lesotho. An Amendment Act elevated the Bank to the status of a Central Bank in 1982. In the year 2000, the Central Bank of Lesotho Act No. 2 of 2000 was enacted conferring autonomous status to the Bank. The Bank is fully owned by the Government of Lesotho and managed by a Board of Directors.

The principal objective of the Bank is to achieve and maintain price stability. To attain this objective, the Bank performs a number of functions in accordance with modern central banking practices. The other important function of the Bank is to formulate and execute monetary policy for Lesotho.

Other key functions of the Bank include to issue, manage and redeem the currency of Lesotho. The Bank also serves as a Banker for the Lesotho Government and the commercial banks. The Central Bank of Lesotho acts as a custodian of the country's foreign reserves, and supervises and regulates the financial institutions. It also acts as an advisor to the Government on financial issues.

In 2004, the Bank established Lehakoe Recreation and Cultural Centre (LRCC) as its strategy to develop a diverse environment, promoting healthy living and wellness through physical exercise and promotion of social interaction through highly developed hospitality services, including the sensitization of Basotho and non-Basotho alike to the cultural heritage of Lesotho. The LRCC is not a separate legal entity from the Bank.

The Bank therefore invites proposals from suitably qualified and independent service providers registered with Lesotho Institute of Accountants who can

provide appropriate external audit services in compliance with International Standards on Auditing. The contract will be for an initial period of three (3) years, renewable annually upon satisfactory performance.

The financial statements of the Bank are prepared in accordance with the requirements of the Central Bank of Lesotho Act, 2000. The Bank uses International Financial Reporting Standards as a guide on the most appropriate accounting policies to adopt and as a model for the presentation and disclosure framework followed in its financial statements.

## **2. TERMINOLOGY FOR THIS RFP**

Throughout this RFP, the terminology is used as follows:

**“Contract”** means the written agreement resulting from this RFP executed by the Bank and the Consultant;

**“Consultant”** or **“Service Provider”** means the successful Proponent to this RFP who shall enter into a written Contract with the Bank;

**“IT means”** means Information Technology

**“Must”** or **“Mandatory”** means a requirement that failure to meet shall result in disqualification;

**“The Bank”** or **“CBL”** means the Central Bank of Lesotho.

## **3. MANDATORY ELIGIBILITY REQUIREMENTS**

3.1. Only Service providers registered with Lesotho Institute of Accountants (LIA) are eligible to participate in this tender.

3.2. It is a mandatory requirement that local firms registered with LIA must collaborate with any of the top internationally ranked audit firms;

- 3.3. International Firms/ Service providers considering tendering without partnering with the local firm must familiarize themselves and ensure full compliance with the requirements of LIA.
- 3.4. The local firm must be a single legal entity and must disclose any partnerships or joint ventures entered into for purposes of this tender;
- 3.5. The Bank shall enter into a single contract with a single entity for the performance of the audit;

#### **4. SCOPE OF WORK AND TERMS OF REFERENCE**

The Service Provider shall be expected to undertake the following specific activities: -

- 4.1. Perform a financial statements audit in conformity with International Auditing Standards;
- 4.2. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error;
- 4.3. Design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for an audit opinion;
- 4.4. Provide a report on whether the financial statements of the Bank are fairly presented in accordance with International Financial Reporting Standards;
- 4.5. Assess material financial misstatements due to fraud or error and provide a report on fraud or error findings;

- 4.6. Understand the Bank's internal controls and design & plan audit procedures to assess the operating effectiveness of internal controls relevant to the audit;
- 4.7. Report identified control deficiencies to the Audit Committee and Management with clear recommendations on how to resolve the identified matters.
- 4.8. Highlight areas where controls were found to be inadequate and ineffective in the audit Report;
- 4.9. Assess the adequacy and effectiveness of the Bank's IT General Controls in IT infrastructure including IT Application controls in the financial system;
- 4.10. Evaluate the appropriateness of the Bank's accounting policies, the reasonableness of accounting estimates and related disclosures made by Management;
- 4.11. Evaluate the presentation, disclosures, structure and content of the financial statements;
- 4.12. Assess whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- 4.13. Assess the appropriateness of the use of the going concern basis of accounting disclosing any material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern;
- 4.14. Assess and report on the Bank's adherence with key compliance and regulatory requirements.

## **5. KEY DELIVARABLES AND DEADLINES**

### **5.1 Key Deliverables**

The key deliverables under this assignment are as follows:

5.1.1 Presentation of the Audit Plan to the Audit Committee, highlighting, but not limited to the following:-

5.1.1.1 Significant risks and fraud considerations;

5.1.1.2 Planned audit approach including assessment of IT General Controls in IT infrastructure and IT Application controls in the financial systems;

5.1.1.3 Assessment of compliance with key regulatory requirements;

5.1.2 Management Report;

5.1.3 Audited Financial Statements within statutory deadline;

### **5.2 Key Deadlines**

The financial year for the Bank ends on 31 December. The below deadlines must be taken into account during the planning and performance of the audit.

5.2.1 The Annual Audit Plan must be presented to the Audit Committee before the close of the financial year being audited or before the commencement of the final audit;

5.2.2 The Financial statements must be complete for submission to the Minister of Finance by 31 March;

## **6. PROPOSAL PREPARATION (Proposal Format)**

### **6.1. Technical Proposal**

The following format and sequence should be followed in order to provide consistency in proponent response and to ensure that each proposal receives full consideration:

- a) One-page letter of introduction identifying the proponent (proponent's name and physical address together with contact details; contact person, telephone number and e-mail address) and signed by the person or persons authorized to sign on behalf of, and bind the proponent to statements made in the proposal;
- b) The body of the proposal to include the following elements:

#### **i. Approach**

- Proponents are requested to propose in detail how they intend to meet the requirements of the assignment as outlined on the Terms of reference or scope of work, to achieve the stated deliverables and within the key deadlines.
- The extent of the involvement of the international firm in the audit process must be explained in detail;

#### **ii. Company Experience**

- A Proponent should provide a brief summary of suitability which outlines specifically the proponent's track record and nature of assignments relevant to this project;
- Where activities were performed as a subcontract or a joint venture, this should be clearly indicated, stating extent of involvement as well as the subcontractor's track record and experience relevant to this project;
- A list of previous implementation sites and / or any existing site/s comparable to the Bank where a proponent has rendered / ran a



similar service (s) of similar magnitude. Contact details should also be availed so that contact may be made during the selection process for this RFP;

- Proposals should be accompanied by a minimum of five (5) relevant project reference letters preferably from previous implementation sites, comparable to the Bank in the last five (5) years.
- The profile, relevant international experience and ranking of the international partner or the joint-venture arrangement must be comprehensively outlined;

### **iii. Managerial Team and Key Personnel Qualifications and Experience**

A profile of all managerial team members and key personnel should be provided. The resume of each member should clearly show the following:

- Name, Age, Nationality and Position in the Team;
- Educational Qualifications;
- Professional Qualifications (professional registration, societies, honours, publications etc.);
- Relevant experience (actual duties performed and degrees of responsibility held must be indicated) including locations, dates and duration of assignments, starting with the latest.

### **iv. A Statement of Shareholders/Directors**

The statement should be accompanied by the following:

- Certified Copies of Identity Documents of Directors
- Police Clearance of Directors

### **v. A Statement on Professional Indemnity Insurance**

The proponents shall state in their proposals the current levels of professional indemnity insurance and when required, provide evidence thereof.

## 6.2 Financial Proposal

This section deals with cost estimates for the services and must be broken down as follows:

- a) Fee Chargeable for the systems Audit
- b) Fees for the Financial Audit
- c) Disbursements
- d) Any other relevant charges
- e) All related Taxes
- f) An annual escalation fee (percentage or absolute figures)

No fees should be charged for any costs incurred in the preparation or submission of the proposals; or in the negotiations, preparation and signature of the contract; or for any other work prior to the engagement date.

## 6.3 Mandatory documents (required as part of the proposal):

The proponents should have the following documents as attachments to their proposals:

Requirement	Supported by:
Firm experience for the last five (5) years	<ul style="list-style-type: none"> <li>a) Five (5) reference letters from the Clients that were provided with similar service.</li> <li>b) The reference letters should clearly indicate the duration of association and the contact details of the client for verification.</li> </ul>
Qualifications of the proposed	Curricula Vitae (CVs) for Managerial staff and key

<p>Managerial team and Key Personnel</p>	<p>staff proposed. Each Curriculum Vitae shall be limited to 3 pages and shall give the following information.</p> <ul style="list-style-type: none"> <li>• Name, Age, Nationality and Position in the Team;</li> <li>• Educational Qualifications;</li> <li>• Professional Qualifications (professional registration, societies, honours, publications etc.);</li> <li>• Relevant experience (actual duties performed and degrees of responsibility held must be indicated) including locations, dates and duration of assignments, starting with the latest.</li> </ul>
<p>Trading and Tax compliance requirements</p>	<ul style="list-style-type: none"> <li>• <b>Certified</b>( at source) copy of the valid trader’s license / registration certificate/ certificate of Incorporation.</li> <li>• Copy of a Tax Clearance Certificate</li> </ul>
<p>LIA Registration</p>	<p>Certified at source LIA practicing Certificate</p>

**7. REQUEST FOR PROPOSAL PROCESS**

**7.1 Contact Persons**

Enquiries arising from this RFP should be directed, in writing, to;

Name: Mrs. M. Lechela

Title: Secretary, Tender Committee

Tel: (266) 22232126

Fax: (266) 22310051

E-mail: [mlechela@centralbank.org.ls](mailto:mlechela@centralbank.org.ls)

## 7.2 Clarification

Any queries relating to this RFP must be addressed in writing to the relevant person designated in 7.1 above. Responses will be sent to the enquirer and all the recipients of the RFP.

## 7.3 Eligibility

Proposals will not be evaluated if the Proponent's current or past corporate or other interests may, in the Bank's opinion, give rise to a conflict of interest in connection with this project. Only proposals that comply with all the requirements of this RFP will be considered.

## 7.4 Delivery of Proposals

Proposals must be prepared in two parts, and sealed separately, namely:

- (a) The **Technical proposal** which shall not contain any financial information or rates pertaining to the services, and
- (b) The **Financial proposal** which should be **self-addressed** to facilitate return in case technical requirements are not met.

### 7.4.1 Technical proposal

- (a) Technical Proposals, an original and one copy, shall be sealed and deposited in the tender box at the reception area at the CBL building situated at Corner Moshoeshoe and Airport Roads Maseru, and should be marked **"TEHNICAL PROPOSAL FOR FOR PROVISION OF EXTERNAL AUDIT SERVICES"**
- (b) In the event that proposals are dispatched by courier, proponents are expected to instruct their couriers to deposit proposals in the tender

box.

(c) All proposals must be delivered to the Bank **on or before the 22nd March 2019 no later than 14:30 hours**. This date shall not be extended, except at the discretion of the Bank. Late proposals shall not be considered.

#### **7.4.2 Financial proposal**

- a) Financial proposal which should be sealed and **self-addressed** shall be deposited in the tender box at the reception area at the CBL building situated at Corner Moshoeshoe and Airport Roads Maseru, and should be marked “**FINANCAIL PROPOSAL FOR PROVISION OF EXTERNAL AUDIT SERVICES**”;
- b) In the event that proposals are dispatched by courier, proponents are expected to instruct their couriers to deposit proposals in the tender box;
- c) All proposals must be delivered to the Bank **on or before the 22<sup>nd</sup> March 2019 no later than 14:30 hours**. This date shall not be extended, except at the discretion of the Bank. Late proposals shall not be considered.

#### **7.5 Opening of proposals**

Properly sealed and marked technical proposals shall be opened on the **22<sup>nd</sup> March 2019 no later than 14:30 hours**. Bidders representatives who wish to attend the opening session are welcome to attend. The financial proposals will only be opened following the technical evaluation for only those proponents who have met the technical requirements. All financial proposals for bidders not meeting the minimum technical requirement will not be opened but will be rejected.

## 7.6 Evaluation of proposals and selection

Proposals compliant with the requirements for submissions described above shall be evaluated by procedures which take into account both technical and financial considerations. Technical evaluation shall involve both submission analysis and pitch evaluation.

## 8. EVALUATION CRITERIA

### 8.1 Mandatory documents evaluation criteria

REQUIREMENT	YES	NO	REMARKS
Compliance with Mandatory Eligibility Requirements			
Submission of one original and one copy			
Certified( at source) copy of a valid traders license / registration certificate/ certificate of Incorporation			
Certified( at source) copy of a valid LIA practicing Certificate			
Copy of a valid tax clearance certificate			
Signed letter of introduction			
Technical and Financial proposals separated (The Technical proposal shall not contain any financial information or rates pertaining to the services)			

***(Proponents missing any of the above will not be considered for the next stage of evaluation.)***

### 8.2 Technical proposal evaluation criteria:

### 8.2.1 Submissions evaluation criteria

Technical proposals will be opened first and evaluated on the basis of the following criteria, scored as indicated:

<b>Evaluation Area</b>	<b>Allocated Score</b>
a) Approach	25
b) Company Experience	45
c) Qualifications, skills and experience of the managerial and key staff ( based on CV)	20
d) The profile, relevant international experience and ranking of the international partner or the joint-venture arrangement	10
<b>Total</b>	<b>100</b>

***(To qualify for pitch evaluation the proponents should score a minimum score of 80% under submission evaluation.)***

### 8.2.2 Pitch evaluation criteria

<b>Evaluation Area</b>	<b>Allocated score</b>
Clarity of the presenter and ability to answer questions appropriately	10
Demonstrated knowledge and understanding of CBL requirement	10
Consistency of the RFP and the presentation (pitch)	10
<b>Total</b>	<b>30</b>

*(To qualify for financial evaluation the proponents should score a total weighted score of 80% under both submission evaluation and pitch.)*

### **8.3 Financial evaluation**

For proposals that have scored **80%** and above under technical evaluation, their financial proposals shall be opened and evaluated based on pricing for the exercise. The lowest proposal shall be selected for award.

## **9. TERMS AND CONDITIONS OF THE RFP**

### **9.1 Proposal Validity & Firm Pricing**

Proposals should be valid for at least 90 days after the closing date and prices are to be fixed for the entire contract period.

### **9.2 Currency and Taxes**

Prices quoted are to be:

- (a) in Maloti (1 LSL = 1 ZAR);
- (b) inclusive of 15% Value Added Tax; and
- (c) In accordance to applicable Lesotho laws.

### **9.3 Ownership of Proposals**

All proposals, including supporting documents, submitted to the Bank become the property of the Bank.

### **9.4 Confidentiality of Information**

- a) All proposals submitted by proponents shall be held in strict confidence and will not be revealed to any other party.
- b) All Information pertaining to the Bank obtained by the Proponents as a result of participation in this project is confidential and must not be disclosed without written authorisation from the Bank.



### **9.5 Modification of Terms**

The Bank reserves the right to modify the terms of this RFP at any time in its sole discretion. This includes the right to cancel this RFP prior to entering into a contract with the successful proponent.

### **9.6 Costs of Responding**

Proponents are solely responsible for their own expenses incurred during the preparation of the proposal and for subsequent negotiations with the Bank including the “pitch” sessions.

If the Bank rejects all or any proposal, it shall not be liable to any Proponent for any claims, whether for costs or damages incurred by the Proponent in preparing the proposal, loss of anticipated profit in connection with any final contract, or any other matter whatsoever.

### **9.7 Background Check**

The Bank reserves the right to check and verify the background of all or any persons (firms, directors, partners, technical staff, etc.) involved in the Bid and reserves the sole right to determine whether or not to accept or reject any such Bid on any grounds.

### **9.8 Withdrawal, Substitution and Modification of bids**

Tenderers may modify or withdraw the tender prior to the submission deadline. The modification or notice of withdrawal shall be effective if it is received by the Bank prior to the Proposal Submission Deadline.

### **9.9 *Acceptance and/or Rejection of Proposals***

- a) The Bank is not bound to give reasons for declining any or all of the proposals.
- b) The Bank is neither bound to accept any of the proposals nor any financial proposal either it being the highest or the lowest.