

## TERMS OF REFERENCE



**ALFRED NZO**  
DISTRICT MUNICIPALITY

**ANDM/MM- RBC 01/2020-21**  
**RISK-BASED COMBINED ASSURANCE MODEL AND DEVELOPMENT OF INFRASTRUCTURE**  
**2020-21**

**Issued and Prepared by:**  
**Alfred Nzo District Municipality**  
**ERF 1400 Ntsizwa Street**  
**P/Bag x 511**  
**Mount Ayliff**  
**5735**

**Senior Manager: Municipal Manager – Mr. Z.H. Sikhundla**  
**Contact Person: Mr. S. Nelani**  
**Tel: 039 254 5108**  
**Fax: 039 254 0343**

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## **1. BACKGROUND AND OVERVIEW OF THE PROJECT**

### **1.1 INTRODUCTION**

For each organization, various assurance providers either directly or indirectly provide certain assurances over the effectiveness of the controls that mitigate the risks identified during the risk assessments. The King IV Code (principle 15) which states that the governing body should ensure that assurance services and functions enable an effective control environment, supporting the integrity of information for internal decision-making and of the organization's external reports supports the concept of combined assurance.

Section 165 of the MFMA requires that each municipality and each municipal entity must have an internal audit unit. The internal audit unit of a municipality or municipal entity must:

Prepare a risk based audit plan and an internal audit program for each financial year; Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:

- Internal audit;
- Internal controls;
- Accounting procedures and practices;
- Risk and risk management;
- Performance management;
- Loss control;
- Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and
- Perform any such other duties as may be assigned to it by the accounting officer.

### **1.2 OVERALL AND SPECIFIC OBJECTIVES OF THE PROJECT**

#### **1.2.1 Overall objective**

The purpose and primary objective of this project is to test extent of implementation of Risk Based Combined Assurance Model and adequacy of the relevant infrastructure pertaining to Combined Assurance Model.

### **1.2.2 Specific Objectives**

The Risk Based Combined Assurance Modality and Infrastructure will focus on the following specific matters:

- Evaluate the extent of application of Combined Assurance Model across the Organizations
- Confirmation of Combined Assurance Model infrastructure for guiding the existence and operation of the Model.
- Comment of the extent of Maturity of the implementation current model
- Raised observations, along with recommendations,
- Confirm Accuracy of the raised observation with the relevant managers
- Analyze and evaluate submitted management responses
- Prepare draft internal audit report with management responses
- Table draft internal audit report to the Chief Audit Executive, and discuss key observations
- Prepare final report for tabling to management and audit committee respectively.

## **2. SCOPE & EXTENT OF WORK**

The scope audit assignment shall examine the extent of implementation of co-ordination of assurance providers across the Alfred Nzo District Municipality.

It should be noted that it is the responsibility of the service provider to ensure that upon submission of proposals, a valid entity registration document, Tax Clearance Certificate/pin and BBBEE Certificate/affidavit is included.

## **3. PROJECT TIME FRAME**

The project time-frame will be one four weeks from the date of appointment of the service provider,

#### **4. KEY OUTPUTS/PROJECT MILESTONES/DELIVERABLES**

- Combined Assurance Policy Framework
- Raised audit observations, along with recommendations, through communication of audit findings
- Prepare final report for tabling to management and audit committee respectively.

#### **5. STAKEHOLDERS CONSULTATION**

- MANAGEMENT
- SCM UNIT
- BUDGET AND REPORTING SECTION

#### **6. PROJECT MANAGEMENT**

The entire project management exercise will be performed by Chief Audit Executive- Alfred Nzo District Municipality. Ongoing progress reports will be forwarded to the Chief Audit Executive. All invoices pertaining to the work done will also be submitted to the Chief Audit Executive.

#### **7. REPORTING MECHANISM**

The progress reports will be submitted to Chief Audit Executive of Alfred Nzo District Municipality. The Project Manager has the right to change the frequency of reporting as and when necessary.

#### **8. SUBMISSION OF BIDS**

Proposals must be placed in a sealed envelope and clearly marked: "Project proposal – Name of Project **Risk-Based Combined Assurance Model and Development of Infrastructure and** placed in the tender box in the Alfred Nzo District Municipality not later than 10H00 on the 06 October 2020. Bidders are requested to ensure that their proposals include; Company Registration, a Tax Clearance Certificate/pin and BBBEE Certificate/affidavit.

**9. EVALUATION CRITERIA**

Evaluation criteria of the tenders;

The bids will be evaluated in two stages, namely:

- Stage 1- Functionality
- Stage 2- Price and BBBEE Points

Only Bidders who score 70% or more on stage 1 would be evaluated further and therefore eligible for the award.

**EXAMPLE:**

<b>STAGE 1 OF EVALUATION – FUNCTIONALITY</b>		<b>100</b>
• Previous Experience		50
• Capacity and Expertise		50
<b>STAGE 2 OF EVALUATION – PRICE &amp; PREFERENTIAL POINTS</b>		<b>100</b>
<b>BBBEE POINTS</b>		20
<b>Price</b>		80

Previous Company Experience	Weighting
Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 5 municipalities.	50
Traceable record for successful completion Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 4 municipalities.	40

Traceable record for successful completion Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 3 municipalities.	30
Traceable record for successful completion Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 2 municipalities	20
Traceable record for successful completion Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 1 municipalities	10
<p style="text-align: right;"><b>Maximum Weighting</b></p> <p><b>50</b></p> <p>Note COMPULSORY attachments for verifying work done:</p> <ol style="list-style-type: none"> <li>1. The ANDM Assessment of Bidder Form must be completed, stamped and signed by previous employer as a means of verifying references for each project undertaken. If 5 Projects were done, 5 Assessment bidder forms must be completed.</li> <li>2. In ADDITION to the above, a traceable record will be evaluated on the basis of: <ul style="list-style-type: none"> <li>- Appointment letter/ purchase Order</li> </ul> </li> </ol>	

<b>Capacity and Expertise to Undertake the Project</b>	<b>Weighting</b>
<b>Note: The scoring in this section is preferably cumulative, unless justifiable to the Specification Committee</b>	<b>[50]</b>
<b>A Project Team with the following areas of expertise:</b>	<b>[30]</b>
The Team Leader of the project must be a Chartered Accountant (CA)/ Certified Internal Auditor with minimum 7 years' experience in the Auditing/ Internal Auditing and Accounting in municipal environment.	15

Team member with NQF Level 7 Qualification in Accounting, Auditing/ Internal Audit or equivalent , couple with minimum of 5 'years' experience in the Auditing/ Internal Auditing and Accounting in municipal environment	10
All Team members be registered with anyone of the following professional bodies: South African Institute of Chartered Accountants (SAICA), Institute of Internal Auditors (IIA), Association of Certified Chartered Accountants (ACCA) or Chartered Institute of Governance, Finance, Audit and Risk Officers (CIGFARO) Attach proof of registration.	5
<b>Maximum Weighting</b> NB: Attach CV and certified copies of their qualifications not older than 6 months.	<b>30</b>
<b>Resources to execute the work</b>	<b>[20]</b>
2 Team members be on site along with their tools of trade (attached affidavit stating possession of tools of trade)	20
Team members be on site and work internal Audit Team in order to transfer skills. (Attached Transfer skills plan with timeframes)	10
<b>Maximum Weighting</b>	<b>20</b>
<b>Total Maximum Weighting</b> <b>[30 + 20]</b>	<b>50</b>



For any queries regarding this tender, please contact Mr S. Nelani: Chief Audit Executive for project related queries; on (039) 254 5108 or; Supply Chain Management contact for SCM related queries at telephone number 039-254-5134 during office hours.

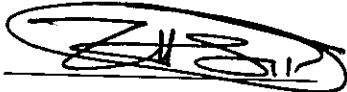
**Alfred Nzo district Municipality**

**Erf 1400 Ntsizwa Street**

**Mount Ayliff**

**4735**

Yours in municipal administration,

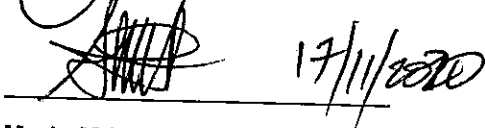


**Mr. Z.H. Sikhundla**

**MUNICIPAL MANAGER**

**Recommendation by Specification Chairperson:**

Approved/Not Approved



**Mr. L. Mdutyana**

**Comments by Chairperson:**

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