

## **TERMS OF REFERENCE**



**ALFRED NZO**  
DISTRICT MUNICIPALITY

### **Conduct Strategic and Operational Risk Assessment- Alfred Nzo Development Agency**

**2021/2022 FINANCIAL YEAR**

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

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

### **.1 INTRODUCTION**

Section 95 of the MFMA stipulates that: "The Accounting Officer of an agency is responsible for managing the financial administration of the agency, and must for this purpose take all reasonable steps to ensure that, the agency has and maintains an effective, efficient and transparent system of:-

- (i) financial and risk management and internal control"
- (ii) Internal audit operating in accordance with any prescribed norms and standards.

In fulfilling the above statutory requirement, ANDM seeks to obtain the services of suitably service provider to assist with facilitation of the strategic and operational risk assessment for the **agency** in line with existing methodology, Risk Management Strategy, Risk Management Policy and Framework. The service provider is also expected to transfer skills to **ANDA** staff in relation to the development and implementation of the strategic risk mitigating plans.

The service provider will work with the Risk and Compliance Manager in relation to the coordination, facilitation and compilation of risk registers.

### **.1 OVERALL AND SPECIFIC OBJECTIVES OF THE PROJECT**

#### **1.2.1 Overall Objective**

Bids are invited from suitably qualified professional service providers to prepare and submit proposals to facilitate the strategic and operational risk assessment and compile risk profiles for the municipality.

#### **1.2.2 Specific Objectives**

A well- managed and coordinated project that will deliver the following:

- Identification of threats and risks hindering the achievement of objectives;
- Identification of opportunities that will enhance the delivery of services to ANDM communities;
- Formulation of strategies to manage risks to be within acceptable levels.

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

In terms of assisting the entity in conducting Strategic and Operational risk assessment, the service provider is expected to:

- a) Achieve a deep understanding of the entity mission, vision, strategic goals and objectives and long term development plans as reflected in the Corporate Plan ;
- b) A thoroughly understanding of the district and goal statements, strategies, systems capabilities and readiness as reflected in the 2021/2022 Board Strategic Plan Abridged Report;
- c) Gather views and data on Strategic and Operational risks;
- d) Review and update the current risk registers i.e. Covid-19, fraud, and ICT and Strategic risk to ensure harmonisation;
- e) Facilitate a session of identifying inherent risks that pose a threat to the entity
- f) Facilitate a session of assisting management, councillors to identify the current controls in place to mitigate possible strategic risks identified;
- g) Facilitate a session of identifying current and desired residual risks and their possible impacts on the entity;
- h) Facilitate a session for the municipal agency to put in place sound controls to mitigate the risks to be within the entity's risk appetite and risk tolerance levels;
- i) Prepare a preliminary risk profile;
- j) Validate and finalize the strategic risk profile;
- k) Develop a risk management action plan;
- l) Communicate the risk profile

## **3. PROJECT CONTRACT PERIOD**

The project period will be one month from the date of appointment of the service provider, which is anticipated to take place at the end of June 2021.

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

- a) Top ten strategic risks and their mitigating plans,

- b) Detailed operational risk profiles for each business unit;
- c) Submit the progress and a close out report to the CEO and the Risk Manager.
- d) A well- managed and coordinated project that will deliver credible Strategic and Operational risk registers.

## **5. GENERAL CONDITIONS**

Interested parties should note the following:

- a) In-depth knowledge and understanding of the Local Government Sector Legislation and public sector institutions;
- b) Intellectual property and ownership of all materials and products developed in the execution of the contract will be vested in the municipal entity;
- c) Materials and products may not be made available to any unauthorized person or institution or sold for profit without prior written consent from the entity;
- d) On completion or termination of the agreement, all materials and products must be handed over to the municipal entity;

No information concerning the bid or award of the bid may be made available by the bidder to other parties without prior consultation and written approval from the entity.

## **6. REPORTING MECHANISM**

The successful service provider will work with the Risk Management Unit. The service provider will have to develop a methodology and project plan that will clearly outline the deliverables, key milestones, and project management arrangements

## **7. SUBMISSION OF BIDS**

- Quotations must be placed in a sealed envelope and clearly marked: "**ANDA Strategic and Operational Risk Assessment**" and placed in the tender box in the Alfred Nzo District Municipality not later than 10H00 on the\_\_\_\_\_

## 8. EVALUATION CRITERIA

Evaluation criteria of the bids;

**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.

ITEM	Weight
<b>STAGE 1 OF EVALUATION – FUNCTIONALITY</b>	<b>100</b>
• <b>Previous Experience</b>	<b>40</b>
• <b>Capacity and Expertise</b>	<b>40</b>
• <b>Methodology</b>	<b>20</b>
<b>STAGE 2 OF EVALUATION – PRICE &amp; PREFERENTIAL POINTS</b>	<b>100</b>
<b>BBBEE POINTS</b>	<b>20</b>
<b>Price</b>	<b>80</b>

Previous Company Experience	Weighting
<b>Note: The scoring in this section is not cumulative.</b>	
Traceable record for successful carrying out 5 or more projects of strategic and operational risk assessments in municipal environment or any public sector institution to a minimum value of R75 000.00 each.	40
Traceable record for successful carrying out 3 to 4 projects of strategic and operational risk assessment in municipal environment or any public sector institution to a minimum value of R75 000.00 each.	25
Traceable record for successful carrying out 1 to 2 projects of strategic and operational risk assessment in a municipal or any public sector institution to a minimum value of R75 000.00 each.	15
<b>Maximum Weighting</b>	<b>40</b>
<b>Note COMPULSORY attachments for verifying work done:</b>	
<b>1. The ANDM Assessment of Bidder Form must be completed,</b>	

<p><b>stamped and signed by previous employer as a means of verifying references for each project undertaken. If 5 Projects were done, 5 Assessment of bidder forms must be completed.</b></p> <p><b>2. OR , a traceable record will be evaluated on the basis of:</b></p> <p><b>- An appointment letter or official purchase order specifying the contract amount for each project completed.</b></p>	
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<p><b>Capacity and Expertise to Undertake the Project</b></p> <p><b>Note: The scoring in this section is preferably cumulative, unless justifiable to the Specification Committee</b></p>	<b>Weighting</b>
	<b>[40]</b>
<p><b>A Project Team with the following areas of expertise:</b></p>	<b>[40]</b>
<ul style="list-style-type: none"> <li>• A team member must have a minimum of National Diploma (NQF Level 6) in Risk Management/Auditing/Internal Auditing/ Auditor General Articles with a minimum of five years' experience.</li> </ul>	20
<ul style="list-style-type: none"> <li>• One or more of people assigned to this project must be registered to relevant Professional Body or Proof of registration of the company with Professional Body; i.e. IRMSA,, SAICA, IIA ;</li> </ul>	20
<p><b>Maximum Weighting</b></p> <p><b>NB: Attach certified copies not older than 3 months for all qualifications</b></p>	<b>40</b>
<p><b>Methodology</b></p>	<b>[20]</b>
<ul style="list-style-type: none"> <li>• List 10 key risk and their mitigating strategies that are generally found in a municipal risk universe.</li> </ul>	20
<p><b>Maximum Weighting</b></p>	<b>20</b>
<p><b>Total Scoring</b></p>	<b>[40 + 20]</b>
	<b>60</b>

For any queries regarding this tender, please contact Mr M. Khambula for project related queries; on (039) 254 5294;


<b>Maximum Weighting</b>	<b>20</b>
<b>Total Maximum Weighting</b> <b>[40 + 20]</b>	<b>60</b>

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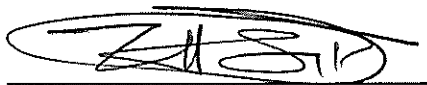
Supply Chain Management contact for SCM related queries at telephone number 039-254-5134 during office hours.

**Alfred Nzo District Municipality**  
**Erf 1400 Ntsizwa Street**  
**Mount Ayliff**  
**4735**

Yours in municipal administration,



**M KHAMBULA**  
**MANAGER: RISK MANAGEMENT**

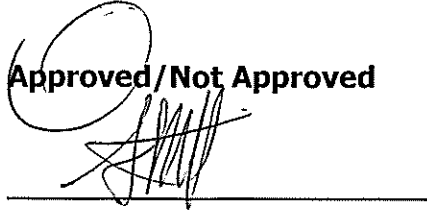


**Z.H SIKHUNDLA**  
**MUNICIPAL MANAGER**



**Recommendation by Specification Chairperson:**

**Approved/Not Approved**



**Mr. L. Mdutyana**

**Comments by Chairperson:**

*Approved "Strategic and Operational Risk Assessment ANDM"*

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