



ALFRED NZO
DISTRICT MUNICIPALITY

TERMS OF REFERENCE

ANDA/MM- ICT 01/2021-22
INFORMATION COMMUNICATION AND TECHNOLOGY ASSURANCE REVIEWS
2021-22

Issued and Prepared by:

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1. BACKGROUND AND OVERVIEW OF THE PROJECT

1.1 INTRODUCTION

Information Communication Technology (ICT) Governance has been described as the effective and efficient management of ICT resources and processes to facilitate the achievement of Municipal goals and objectives. The ICT Governance Institute describes ICT Governance as, "...the responsibility of the Board of Directors and executive management."

ICT Governance has risen in importance because of the widening gulf between what the organization expects and what ICT delivers. ICT has grown to be seen as a cost centre with growing benefits to the organisation ICT serves. A Governance of ICT framework is meant to align ICT functions to the organisational goals, minimise the risk ICT introduces and ensure that there is value in the investment made in ICT.

The view that ICT should be governed and managed at all levels within a given organisational structure is supported by internationally accepted good practice and standards. These practices and standards are defined in the King IV Code of Good Governance, ISO 38500 Standard for the Corporate Governance of ICT and other best practice ICT Process Frameworks, which forms the basis of this document.

Translated into a municipal entity operating environment the corporate governance of ICT places a very specific responsibility on the Board and Management within a municipal entity to ensure that the decision making process for ICT related investments and the operational efficiencies of the municipalities ICT environments remain transparent and are upheld. This accountability enables the municipal entity to align the delivery of ICT services with the municipality's Multi-Year Business Plan strategic goals.

The Board and Management of municipal entities need to extend their governance functions to include the Corporate Governance of ICT. In the execution of the Corporate Governance of ICT, they should provide the necessary strategies, architectures, plans, frameworks, policies, structures, procedures, processes, mechanisms and controls, and culture which are in compliance with the best practise ICT Governance Frameworks.

To strengthen the Corporate Governance of ICT further, responsibility for the decision making of ICT programmes and projects should be placed at a strategic level in the municipality. The Corporate Governance of ICT is a continuous function that should be embedded in all operations of a municipal entity, from Board and Management level to all areas within a municipality including ICT service delivery.

Furthermore section 165 (1), provides that each municipality and each municipal entity must have an internal audit unit, subject to subsection 3. Section 2 of the same Act, states that the Internal Audit Unit of a Municipality or Municipal Entity must-

- (a) Prepare a risk based audit plan and an internal audit program for each financial year;
- (b) Advise the Accounting Officer and report to the Audit Committee on the implementation of Internal Audit Plan and matters relating to-
 - (i) Internal Audit
 - (ii) Internal controls
 - (iii) Accounting procedures and practises
 - (iv) Risk and risk management
 - (v) Performance management
 - (vi) Loss controls; and
 - (vii) Compliance with this Act, the annual Division of Revenue Act, and any other applicable legislation;

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 controls relating to ANDA ICT environment, and also document recommendations to address any weakness identified during the execution of the internal audit. For the purpose of sustainable and continuous improvement, follows will also be performed.

1.2.2 Specific Objectives

- Raised audit observations, along with recommendations, through communication of audit findings pertaining to ICT environment.
- Solicit Management Comments / responses
- Analyse 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 and performance committee respectively.

2. SCOPE & EXTENT OF WORK

2.1. General Controls

It must include:

- ❖ Application access – Segregation of duties, Database & Application access etc.
- ❖ Maintenance access – Vendor engineers.
- ❖ Physical access – Permissions, logging, exception reporting & alerts.
- ❖ Environmental controls – Fire protection, AC monitoring etc.
- ❖ Fault resolution mechanism.
- ❖ Folder sharing and Back-up controls – Safeguard critical information on local desktops
- ❖ Incidences of violations in last year & corrective actions taken

2.2. Software Change Control

It must include:

- ❖ User awareness
- ❖ Processing of new feature request
- ❖ Fault reporting / tracking mechanism & process for resolutions
- ❖ Testing of New releases / Bug-fixes – Testing process (automation level)
- ❖ Version Control – History, Change Management process etc.
- ❖ Development / Test/ Production environment – Segregation
- ❖ New release in Production – Promotion, Release note approvals
- ❖ Production issues / disruptions reported during last year & corrective actions taken

2.3. Data communication / Network controls

It must include:

- ❖ Network Administration – Redundancy, Monitoring, breakdown resolution etc.
- ❖ WAN Management – Connectivity provisions for business continuity.
- ❖ Encryption - Router based as well as during transmission
- ❖ Connection Permissions – Restriction on need to have basis
- ❖ Fallback mechanism – Dial-up connections controls etc.
- ❖ Hardware based Signing Process
- ❖ Incidences of access violations in last year & corrective actions taken

2.4. Security Controls – General office infrastructure

It must include:

- ❖ Security Policy & quality of implementation of the same
- ❖ LAN security control and monitoring
- ❖ OS & Database Security controls & monitoring
- ❖ Internet connection controls – Firewall protection, Intrusion Detection System, Access rights and privileges.
- ❖ Virus protection – Controls to mitigate the Virus attacks / Outbreaks.
- ❖ Secured (digitally signed)
- ❖ Incidences of security violations in last year & corrective actions taken

2.5. Access policy and controls

2.6. Electronic Document controls

2.7. General Access controls

2.8. Business Continuity / Disaster Recovery Facilities

It must include:

- ❖ BCP manual, including Business Impact Analysis, Risk Assessment and DR process
- ❖ Implementation of policies
- ❖ Back-up procedures and recovery mechanism using back-ups.
- ❖ Storage of Back-up (Remote site, DRS etc.)
- ❖ Redundancy – Equipment, Network, Site etc.
- ❖ DRS installation and Drills - Management statement on targeted resumption capability (in terms of time required & extent of loss of data)
- ❖ Evidence of achieving the set targets during the DRS drills in event of various disaster scenarios.
- ❖ Debrief / review of any actual event when the DR/BCP was invoked during the year

2.9. IT Support & IT Asset Management

It must include:

- ❖ Utilization monitoring– including report of prior year utilization
- ❖ Capacity planning – including projection of business volumes
- ❖ IT (S/W, H/W & N/W) Assets, Licenses & maintenance contracts
- ❖ Insurance
- ❖ Disposal – Equipment, Media, etc.

2.10. Entity Specific Software

2.11. Performing Post implementation system reviews (new system installed: MUNSOFT)

2.12 Follow up

Sustaining Improvement & Re-Audit

- ❖ The auditor is required to audit if the previous audit results and recommendations of the audit were implemented successfully by making a follow up audit, the follow ups will cover Asset Management.

3. PROJECT TIME FRAME

The project time frame will be 30 days from the date of appointment of the service provider.

4. KEY OUTPUTS/PROJECT MILESTONES/DELIVERABLES

- Raised audit observations, along with recommendations, through communication of audit findings
- Solicit Management Comments / responses
- Management responses
- Internal audit report with management responses
- Prepare final report for tabling to management and audit and Performance 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

REPORTING MECHANISM

It is expected that regular 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.

7. SUBMISSION OF BIDS

Proposals must be placed in a sealed envelope and clearly marked: "Information Communication and Technology Assurance Reviews 2021-22" and placed in the Bid box in the Alfred Nzo District Municipality not later than 10H00.

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.

EXAMPLE:

STAGE 1 OF EVALUATION – FUNCTIONALITY	100
• Previous Experience	50
• Capacity and Expertise	50
STAGE 2 OF EVALUATION – PRICE & PREFERENTIAL POINTS	100
BBBEE POINTS	20
Price	80

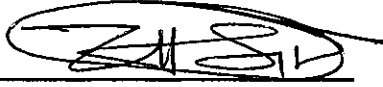
Previous Company Experience:	Scoring
Note: the scoring in this section is not cumulative	
Traceable record for successful completion of 4 ICT Assurance Reviews in municipalities or organs of state to value of R 100 000.00 each and above.	50
Traceable record for successful completion of 3 ICT Assurance Reviews in municipalities or organ of state to value of R 100 000.00 each	40
Traceable record for successful completion of 2 ICT Assurance Reviews in municipalities or organ of state to value of R 100 000.00 each.	35
Traceable record for successful completion of 1 ICT Assurance Reviews in municipalities or organ of state to value of R 100 000.00	25
Maximum Weighting	50
<p>Note COMPULSORY attachments for verifying work done:</p> <ol style="list-style-type: none"> 1. The ANDM Assessment Bidder Form must be completed, stamped and signed by previous employer as a means of verifying references for each project undertaken. If 4 Projects were done , 4 Assessment bidder forms must be completed. 2. In ADDITION to the above, a traceable record will be evaluated on the basis of: <ul style="list-style-type: none"> - Appointment letter/ purchase Order 	

Capacity and Expertise to Undertake the Project Note: The scoring in this section is preferably cumulative, unless justifiable to the Specification Committee	Scoring [50]
A Project Team with the following areas of expertise:	[50]
The Team Leader of the project must be a CTA / BCom Hons. In Accounting Science with minimum of 5 years' experience in the Auditing/ Internal Auditing and Accounting in municipal environment.	25
Team member with NQF Level 7 Qualification in Accounting, Auditing/ Internal Audit or equivalent , couple with minimum of 3 years' experience in the Auditing/ Internal Auditing and Accounting in municipal environment	15
All Team members be registered with anyone of the following professional bodies: SAICA, Institute of Internal Auditors, ACCA or CIGFARO Proof of registration be attached.	10
Total Scoring (25+15+10) NB: Attach CV and certified copies not older than 3 months for all qualifications.	50

For any queries regarding this Bid, 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:

Approved - Information Communication & Technology assurance reviews.