



ALFRED NZO
DISTRICT MUNICIPALITY

TERMS OF REFERENCE

**REVIEW AND DEVELOPMENT OF RISK-BASED COMBINED ASSURANCE
MODEL FOR 2021-22**

Issued and Prepared by:

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Municipality ERF 1400

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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 Organization
- Review or develop a framework for ANDM Combined Assurance Model
- Identification and documentation of weaknesses relating to the implementation of the current combined assurance processes;
- Root cause analysis of weaknesses relating to the current combined assurance processes
- Documentation of relevant and applicable recommendations,
- Confirmation and discussion of raised observations with relevant managers in order to secure management buy in;
- Preparation of combined assurance improvement plan based on observations raised with clear corrective, preventative and detective measures, timelines and responsible persons.
- Preparation of 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 of this audit assignment shall be to examine the extent of implementation of co-ordination of assurance providers across the Alfred Nzo District Municipality for 2021/22 financial year.

3. PROJECT TIME FRAME

The project time-frame will be a two months 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

- Combined assurance improvement plan based on observations raised
- Prepare final report for tabling to management and audit committee respectively.

5. STAKEHOLDERS CONSULTATION

- MANAGEMENT
- SCM UNIT
- BUDGET AND REPORTING SECTION
- AUDIT AND PERFORMANCE COMMITTEE

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 bi weekly. The Project Manager has the right to change the frequency of reporting as and when necessary.

8. SUBMISSION OF BIDS

Quotations must be placed in a sealed envelope and clearly marked: **“Review And Development Of Risk-Based Combined Assurance Model For 2021-22”** and placed in the bid box in the Alfred Nzo District Municipality not later than 10H00 on the _____.

9. EVALUATION CRITERIA

Evaluation criteria of the quotations;

The quotations 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 award.

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

Previous Company Experience	Scoring
Note: The scoring in this section is not cumulative	
Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 3 public sector institutions or state owned entities.	50
Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 2 public sector institutions or state owned entities.	30
Traceable record for successful completion Risk Based Internal Audit Reviews and Development of Internal Audit Frameworks, and policies in 1 public sector institution or state owned entity.	10
Total Scoring	50
Note COMPULSORY attachments for verifying work done:	
1. The ANDM Assessment of Bidder Form must be completed, stamped and signed by previous employer as a means of verifying references for	

<p>each project undertaken. If 3 Projects were done, 3 Assessment bidder forms must be completed.</p> <p>2. In ADDITION to the above, a traceable record will be evaluated on the basis of:</p> <ul style="list-style-type: none"> - Appointment letter/ purchase Order 	
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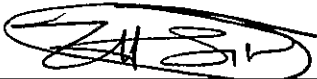
Capacity and Expertise to Undertake the Project	Scoring
<p>Note: The scoring in this section is preferably cumulative, unless justifiable to the Specification Committee</p>	[50]
<p>A Project Team with the following areas of expertise:</p>	[50]
<p>The Team Leader of the project must be a Bcom Hons (CTA) / Postgraduate Diploma in Accounting Science with minimum 5 years' experience in the Auditing/ Internal Auditing and Accounting in public sector environment.</p>	20
<p>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</p>	15
<p>A team member must be registered in one or more 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</p>	15

(CIGFARO) Attach proof of registration.	
Total Scoring [20+15+15] NB: Attach CV and certified copies of their qualifications not older than 3 months.	50


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

Approved/Not Approved 
Mr. L. Mdutyana

Comments by Chairperson:

Review and development of Risk-based Combined Assurance Model for 2021-2022