



ALFRED NZO
DISTRICT MUNICIPALITY

TERMS OF REFERENCE

**INTERNAL AUDIT RISK-BASED: ENVIRONMENTAL AND CLIMATE CHANGE MANAGEMENT
PROCESSES AUDIT 2022-23**

Issued and Prepared by:
Alfred Nzo District Municipality
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1. BACKGROUND AND OVERVIEW OF THE PROJECT

1.1 BACKGROUND

Global Risk Perception Survey (GRPS) respondents identify "climate action failure" as the top long-term threat to the planet and the risk that could have the most serious effects over the following ten years. Droughts, fires, floods, shortages of resources, and the extinction of species are just a few of the repercussions of climate change that are already being seen. Cities all across the world witnessed severe temperatures in 2020, including a record high of 42.7°C in Madrid and a 72-year low of -19°C in Dallas. Areas like the Arctic Circle also had summertime temperatures that were 10°C higher on average.

Over 80 notable hydro-meteorological "weather related" disasters were recorded in SA over the past 40 years. Significant evidence from throughout the world demonstrates that the frequency and severity of these extreme weather events have grown. There is also compelling evidence that similar trends in SA, particularly weather-related disasters like heat waves, floods, droughts, wildfires, and storm surges, would be amplified in the future by the anticipated climate scenarios.

Alfred Nzo District Municipality also identified Climate Change as risk that warrant Council and Senior Management attention. Therefore, Internal Audit Risk Based Coverage Plan also prioritized internal audit of Environmental process, focusing on Climate Change process.

1.2 INTRODUCTION

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.

1.3 OVERALL AND SPECIFIC OBJECTIVES OF THE PROJECT

1.2.1 Overall objective

The purpose and primary objective of this project is to test the extent of implementation of Environmental Management Measures in relation to Climate Change

1.2.2 Specific Objectives

The Risk Based Internal Audit processes will focus on the following:

- Evaluation of the extent of management risks relating to climate change
- Evaluate extent of adherence to Environmental laws and regulation with Climate Change
- Assess the extent of alignment of Alfred Nzo District Municipality Climate Change policy and procedures with national strategies in respect Climate Change.
- 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 of this audit assignment shall be to examine the compliance of the Alfred Nzo District Municipality, Climate Change Strategy and to provide assurance on whether ANDM adequately complies with Environmental Law and Regulation. Further, the service provider will assess management responses in terms of risks raised on the Alfred Nzo District Municipality Risk Register relating to Climate Change.

3. PROJECT TIME FRAME

The project time-frame will be a month from the date of appointment of the service provider.

4. KEY OUTPUTS/PROJECT MILESTONES/DELIVERABLES

- Working papers with conclusions
- Informal Audit queries
- Raised audit observations, along with recommendations, through communication of audit findings
- Prepare final report for tabling to management and Audit and Performance Committee respectively.
- Transfer of skills.

5. PROJECT MANAGEMENT

Chief Audit Executive will interact directly with the appointed service provider with regard to the entire project. Should there be sub-contractors; the Chief Audit Executive will deal directly with the appointed service provider.

6. REPORTING MECHANISM

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

7. SUBMISSION OF BIDS

Quotations must be placed in a sealed envelope and clearly marked: "**Internal Audit Risk-Based: Environmental and Climate Change Management Processes Audit 2022-23**", placed in the bid box in the Alfred Nzo District Municipality not later than 10H00 on the _____.

8. EVALUATION CRITERIA

Evaluation criteria of the quotation

The quotation 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	Scoring
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 Risk Based Internal Audit and Compliance reviews projects in 4 or more municipalities or public entities or departments to the value of not less than R100 000.00 each.	50
Traceable record for successful completion of Risk Based Internal Audit and Compliance reviews projects in 3 or more municipalities or public entities or departments to the value of not less than R100 000.00 each	40
Traceable record for successful completion of Risk Based Internal Audit and Compliance reviews projects in 2 or more municipalities or public entities or departments to the value of not less than R100 000.00 each	30
Traceable record for successful completion of Risk Based Internal Audit and Compliance reviews project in 1 or more municipality or public entity or department to the value of not less than R100 000.00 each	20
Total scoring	50
Note COMPULSORY attachments for verifying work done:	
1. The ANDM Assessment Bidder Form must be completed, stamped and signed by previous employer as a means of verifying	

<p>references for each project undertaken. If 4 Projects were done, 4 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 or official purchase Order 	
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Capacity and Expertise to Undertake the Project	Scoring
Note: The scoring in this section is preferably cumulative	[50]
A Project Team with the following expertise:	[50]
The Team Leader of the project must have Bcom Hon. Degree or Postgraduate Diploma in Accounting Science with minimum of 3 years post qualification experience.	30
Team member with NQF Level 7 Qualification in Accounting, Auditing/ Internal Audit, with a minimum of 2 years post qualification experience.	15
One or more personnel must be registered with anyone of the following professional bodies: South African Institute of Chartered Accountants (SAICA) or Institute of Internal Auditors (IIA) or Association of Certified Chartered Accountants (ACCA) or Chartered Institute of Governance, Finance, Audit and Risk Officers (CIGFARO) or South African Institute of Professional Accountants (SAIPA)	5
Total scoring (30+15+5)	50
NB: Attach CV and certified copies of all qualifications not older than 3 months.	

For any queries regarding this quotation, 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 efficient and effective municipal administration



Mr. S. Nelani
CHIEF AUDIT EXECUTIVE

Approved/Not Approved



Mr. L. Mdutyana
BSC Chairperson

Comments by Chairperson:

*Internal Audit Risk-Based; Environmental
and climate change Management*
