



# **ALFRED NZO**

DISTRICT MUNICIPALITY

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## **TERMS OF REFERENCE**

### **INFORMATION COMMUNICATION AND TECHNOLOGY ASSURANCE VIEWS**

### **FOR**

**2023/24 FINANCIAL YEAR**

**Issued and Prepared by:**

**Alfred Nzo District Municipality**

**ERF 1400 Ntsizwa Street**

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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 Council 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 III 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 operating environment the corporate governance of ICT places a very specific responsibility on the Council and Management within a municipality 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 municipality to align the delivery of ICT services with the municipality's Integrated Development Plans and strategic goals.

The Council and Management of municipalities 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 municipality, from Council 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

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 ANDM 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, follow ups 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 internal audit manager, and discuss key observations
- Prepare final report for tabling to management and audit 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 (SW, HW & NW) 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.

## **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 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.

## **7. 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.

## **8. SUBMISSION OF BIDS**

Quotations must be placed in a sealed envelope and clearly marked: **"INFORMATION COMMUNICATION AND TECHNOLOGY ASSURANCE VIEWS 2023-24"** and placed in the tender box in the Alfred Nzo District Municipality not later than 10H00 on the\_\_\_\_\_.

## **9. CAPACITY TO EXECUTE THE WORK**

Evaluation criteria of the quotations;

**The quotations will be evaluated in two stages, namely:**

- Stage 1- Capacity to Execute Work
- Stage 2- Price and Specific Goal

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

ITEM	Scoring
<b>STAGE 1 OF EVALUATION – CAPACITY TO EXECUTE THE WORK</b>	<b>100</b>
• <b>Previous Experience</b>	50
• <b>Capacity and Expertise</b>	50
<b>Total Scoring</b>	<b>100</b>

### Price and Preference

Quotations will be evaluated according to the 80/20 Point System in compliance with Preferential Procurement Policy Act (5/2000) and Preferential Procurement Regulations 2022.

Preferential Procurement Goals	Proof to be Attached to Claim full Points	Points
Price	N/A	80
Specific Goal		20
<b>Bidders will score Specific Goals as follows</b>		
Empowerment of Women	Attach ID Certified Copies of Directors Claiming Specific Goals; for Bidders to obtain full points the percentage of equity held must be 51% or more	6
Youth	Attach ID Certified Copies of Directors Claiming Specific Goals; for Bidders to obtain full points the percentage of equity held must be 51% or more	4
Disabled	Attach a Signed Letter from Health Practitioner	5
Black Owned Companies	Attach CK and ID Certified Copies of Directors Claiming Specific Goals; for Bidders to obtain full points the	5

	percentage of equity held must be 51% or more	
<b>Total Scoring</b>		<b>100</b>
<b>Previous Company Experience</b>		
<b>Note: The scoring in this section is not cumulative</b>		
Traceable record for successful completion Information System Auditing: 4 or more in municipalities or government entities to the minimum value of R150 000.00 per project.		50
Traceable record for successful completion Information System Auditing: 3 municipalities or government entities to the minimum value of R150 000.00 per project		40
Traceable record for successful completion Information System Auditing: 2 municipalities or government entities to the minimum value of R150 000.00 per project		30
Traceable record for successful completion Information System Auditing: 1 municipality or government entity to the minimum value of R150 000.00.		20
<b>Total Scoring</b>		<b>50</b>
<b>Note COMPULSORY attachments for verifying work done:</b>		
<p>1. The ANDM Assessment Bidder Form must be completed, stamped, and signed by the previous employer as a means of verifying 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"> <li>- An Appointment Letter or Official Purchase Order</li> </ul>		

<b>Capacity and Expertise to Undertake the Project</b>	<b>Scoring</b>
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<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>	
The Team Leader of the project must have NQF Level 8 ICT qualification and be Certified as Information System Auditor (CISA) with 7 years' experience.	30
Team member must have NQF Level 7 Qualification in Accounting, or Auditing or Internal Audit with a minimum of 5 years of experience in Auditing or Accounting.	20
<b>Total Scoring [30 + 20]</b>	<b>50</b>

For any queries regarding this tender, please contact Mr S Nelani – Chief Audit Executive on (039) 254 5108 for project related queries; and for Supply Chain Management contact Mr V. Cita on (039) 254 5134 during office hours.

**Alfred Nzo district Municipality**

**Erf 1400 Ntsizwa Street**

**Mount Ayliff**

**4735**

Yours in municipal administration



**Mr. M. Vakalisa**

**IDP and PMS Manager**

**Recommendation by Specification Chairperson:**

**Approved/Not Approved**



**Mr. L. Mdutyana**

**BSC Chairperson**

**Comments by Chairperson:**

*Co-sourcing of ICT Internal Audit  
Assignment 2023-24*