



# **ALFRED NZO**

**DISTRICT MUNICIPALITY**

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## **TERMS OF REFERENCE**

**ANDM/MM - IAS 01/2025-2026  
INTERNAL AUDIT SOFTWARE  
2025-2026**

**Issued and Prepared by:**

**Alfred Nzo District Municipality**

**ERF 1400 Ntsizwa Street**

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**Mount Ayliff**

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

### **1.1 INTRODUCTION**

The Alfred Nzo District Municipality requires an internal audit management software (solution) that supports planning, management, execution, monitoring and reporting of activities in the Internal Audit Function. The internal audit management software (solution) modernize the audit profession, moving away from manual, paper-based processes toward digital, efficient, and data-driven methodologies, and reliability of audits, particularly in the public sector (supported by the Auditor-General of South Africa's "culture shift 2030" strategy) and private sector.

An internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The objective of the Internal Audit is to assist in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes. The primary role of the Internal Audit Function is to assist management in effectively discharging their responsibilities, furnishing them with analysis, appraisals, recommendations, and information concerning Alfred Nzo District Municipality activities that were reviewed.

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

To acquire a comprehensive, secure, and user-friendly internal audit software solution (or cloud-based SaaS) to automate audit processes, improve efficiency, and enhance risk management.

The primary purpose of Audit Management:

### 1.2.2 Specific Objectives

#### ➤ **DYNAMIC AUDIT UNIVERSE & STRATEGIC PLANNING**

The system must provide a comprehensive planning module that moves away from static spreadsheets to a dynamic, risk-driven environment.

- **Configurable Audit Universe:** The solution must allow the creation of a hierarchical audit universe (e.g., by department, business unit, or process) with the ability to tag entities with specific metadata (e.g., financial volume, strategic importance).
- **Support Risk Based Auditing**
- Users must be able to configure risk formulas (Impact x Likelihood) and apply them to the audit universe. The system must automatically suggest a risk rating (High, Medium, Low) and prioritize audits based on these scores.
- **Resource Allocation**
- The planning interface must allow for the allocation of budgeted hours versus actual hours per audit engagement, including the assignment of specific auditors based on skills or availability.
- **Digital Fieldwork Execution & Electronic Working Papers**

- The solution must facilitate a paperless audit execution process that enforces standardization and data integrity.
- **Standardized Testing Templates:** The system must include a library of customisable audit programs and test steps. It must enforce a workflow where each test step requires a documented result (Pass/Fail/N/A) before completion.
- **Evidence Management:** Users must be able to upload and embed evidence files (PDF, Excel, Images) directly into specific testing steps. The system must support version control and audit trails for all uploaded documents.
- **Real-time Review Workflow:** The platform must support a preparer-reviewer workflow, allowing managers to raise "review notes" on specific working papers that subordinates must clear before the paper can be finalized.
- **Regulatory Compliance & Framework Integration**
- The system must be framework-agnostic but capable of supporting specific regulatory requirements through configuration.
- **Library of Standards:** The solution must allow users to import and map specific regulatory frameworks (such as King IV, MFMA, PFMA, or COSO) to audit tests.
- **Gap Analysis Mapping:** The system must possess the functionality to link individual audit findings to specific sections of legislation or standards, enabling the automatic generation of compliance gap analysis reports.
- **Regulatory Updates:** The architecture should support the easy updating of compliance checklists without requiring hard-coded software changes, ensuring adaptability to changing legislation.

#### 4. Integrated Reporting & Action Tracking

The solution must automate the reporting phase to reduce administrative burden and enhance oversight.

- **Automated Report Generation:** The system must compile data from the fieldwork phase (findings, root causes, management comments) into a stylised final report format (e.g., DOCX or PDF) with a single click, adhering to the organization's corporate identity.
- **Interactive Management Dashboards:** The solution must offer role-based dashboards that visualize key metrics, such as "percentage of audit plan completed," "risk distribution," and "aging of open findings."
- **Remediation Tracking:** There must be a dedicated portal for auditees (management) to update the status of action plans. The system must automatically trigger email reminders for overdue actions and escalate unaddressed risks to senior oversight bodies.
- graduating from subsistence to commercial farmers and joining the main stream economy

## **SCOPE & EXTENT OF WORK**

Quotations are invited from suitably qualified professional service providers to prepare and submit proposals to undertake the implementing the internal audit management software (solution) modernize the audit profession, moving away from manual, paper-based processes toward digital, efficient, and data-driven methodologies, and reliability of audits, particularly in the public sector (supported by the Auditor-General of South Africa's "culture shift 2030" strategy) and private sector.

### **Internal Audit Requirements**

The software tool should:

- Assist with the easy co-ordination of Internal Audit work
- Support the standard Internal Audit Process consisting of sub-processes, strategic planning, assignment planning, assignment execution, assignment reporting, assignment follow-up and reporting to stakeholders.

- Incorporate the municipality's customised Internal Audit methodology and templates include a facility to capture individual staff member timesheets and record time booked to various projects.
- Provide summary reports on time booked per individual staff member and per project Have online and offline access with the ability to synchronize back to the system at a later stage.
- Have the ability to generate reports automatically drawn from pre-populated information on the audit file
- Ability to customise various reports (follow-up report, consulting report, assurance report)
- Enable Internal Audit to capture additional risks and controls for consideration by Risk Management
- Enable Internal Audit to rate the risks for consideration by Risk Management
- Manage electronic working papers
- Enable the attachment of supporting documents to the audit file
- Produce email notification to reviewer when audit sections are ready for review
- Enable the raising and clearing of review notes
- Send reports or findings by email to the process owner for comment
- Enable tracking of the implementation of action plans in response to Internal Audit reports
- Enable archiving of internal audit project files
- Licenses required for 4 internal auditors (Internal auditors license should allow access to the Risk Management module as well)

#### Specification

Number	Description	Quantity	Unit Price	Amount
1	internal audit management software (solution) modernize the audit profession, moving away from manual, paper-based processes toward digital, efficient, and data-driven methodologies, and	1		

	reliability of audits, particularly in the public sector (supported by the Auditor-General of South Africa's "culture shift 2030" strategy) and private sector.			
<b>Total Exclusive VAT</b>				
<b>VAT @ 15%</b>				
<b>Total Inclusive VAT</b>				

## 2. PROJECT TIME FRAME

The project time frame will be 1 month from the date of appointment of the service provider.

## 3. 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.

## 4. STAKEHOLDERS CONSULTATION

- MANAGEMENT
- SCM UNIT
- BUDGET AND REPORTING SECTION

## 5. PROJECT MANAGEMENT

The entire project will be managed by the Internal Audit Technical Team.

Ongoing progress will be communicated to the Chief Audit Executive.

## 6. 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

Quotations must be placed in a sealed envelope and clearly marked: **"INTERNAL AUDIT SOFTWARE"** and placed in the Bid box in the Alfred Nzo District Municipality. ERF 1400 NTSIZWA STREET, EMAXESIBENI, 4735

## CAPACITY TO EXECUTE THE WORK

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

## Price and Preference

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

Preferential Procurement Goal	Proof to be attached to the Claim full Points	
Price	N/A	80
Specific Goal		20

Bidders will Score Specific Goals as follows:

Empowerment of Women	Attached ID Certificate Copies of Directors Claiming	7
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	Specific Goals; for Bidders to obtain full points the percentage of equity held must 51% or more	
Youth	Attached ID Certificate Copies of Directors Claiming Specific Goals; for Bidders to obtain full points the percentage of equity held must 51% or more	6
Rural	Attach Proof of Residence of the Business or Lease Agreement	3
Black Owned Companies	Attached ID Certificate Copies of Directors Claiming Specific Goals; for Bidders to obtain full points the percentage of equity held must 51% or more	4
Total Scoring		100

<b>Previous Company Experience</b>	<b>SCORING</b>
<b>The scoring in this section is noncumulative</b>	
Traceable record for successfully completed 2 Audit Management software/ system in public sector to the value R44000.00 Each or more	50
Traceable record for successfully completed Audit Management software/ system in public sector to the value R44000.00 or more	40
<b>Total Scoring</b> Note <b>COMPULSORY</b> attachments for verifying work done: 1. The ANDM Assessment Bidder Form (available on our website <a href="http://www.andm.gov.za">www.andm.gov.za</a> ) must be completed, stamped and signed by previous	<b>50</b>

<p>employer as a means of verifying references for each project undertaken. If 2 Projects were done, 2 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>- Appointment letter/ purchase Order</li> </ul>	
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<b>Capacity and Expertise to Undertake the Project</b>	<b>Scoring</b>
<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 7 and be registered as Information System Auditor (CISA) with 7 years' experience in the Auditing/ Internal Auditing or Accounting in Public sector.	15
Team member with NQF Level 7 Qualification in Computer Science with minimum of 5 years' experience in the software design or system design	10
All Team members must be registered with relevant professional body: IITPSA or ACCA/SAICA Proof of registration be attached.	5
<b>Total Scoring</b> <b>NB: Attach CV and certified copies not older than 3 months for all qualifications.</b>	<b>30</b>
<b>Resources to execute the work</b> <b>Note: The scoring in this section is cumulative</b>	<b>[20]</b>
Team members be on site and to work with internal Audit Team to transfer skills, Education and skills transfer plan of the project (To be included at no cost to the project). Attach Skill Transfer Plan	
<b>scoring</b>	<b>[20]</b>
<b>Total scoring [30 + 20]</b>	<b>50</b>

For any queries regarding this tender, please contact Mr. M. Ngqika-Acting CAE 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**

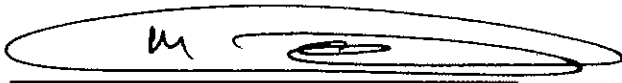
**Erf 1400 Ntsizwa Street**

**Mount Ayliff**

**4735**

Yours in municipal administration,

**Recommended/ ~~Not Recommended~~**




**MR. M. KHAMBULA**

**ACTING DIRECTOR STRATEGIC GOVERNANCE**

DATE .....

**Approved/Not Approved**



**ZAMILE .H. SIKHUNDLA**

**MUNICIPAL MANAGER**

Date of Approval .....

**Comments:**

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