



C3 SCOPE OF WORK

INTRODUCTION AND BACKGROUND

DR JS Moroka local municipality invites suitably qualified and experienced service providers to bid for the appointment of panel of three service providers for the provision of internal audit services for the period thirty-six months (3 years).

Consultant

Witness 1

Witness 2

Employer

Witness 1

Witness 2



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INTRODUCTION AND BACKGROUND

DR JS Moroka local municipality invites suitably qualified and experienced service providers to bid for the appointment of panel of three service providers for the provision of internal audit services for the period thirty-six months (3 years).

The internal Audit Activity is an independent appraisal function established within DR JS Moroka local municipality to examine and evaluate the economy, effectiveness, and efficiency of its activities as a service to management and the Council. The primary role of the internal audit function is to assist the municipality in the effective discharge of its responsibilities, by furnishing it with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed.

According to the Municipal Finance Management Act No. 56 of 2003 Section 165(3), each Municipality must have an internal audit unit. This service may be outsourced if the municipality requires assistance with its capacity. To have access to different specialized expertise it was decided to co-source the internal audit function with an internal audit service provider. The service provider will assist the Municipality to accomplish the internal audit service objectives, and to assist in complying with the relevant legislation such as the MFMA, MSA, DoRA, MFPFA, updated versions of King Reports, etc.

The scope includes the following:

Internal Audit will provide the appointed service providers with the audit plans approved by Audit committee and Council detailing all the proposed audit projects that would be required to be executed. The appointed service provider(s) would be appointed on a panel for internal audit services on tendered rates. Prices/rates must be market related.

The appointed service provider(s) will report directly to the Chief Audit Executive and the audit committee. The service provider will be required to review DR JS Moroka municipality's risk management and governance processes, and perform the following functions listed below, however should any other function be regarded as imperative by the tenderer, it would be added and clearly defined.

- Compliance Audits
- Financial Auditing
- Performance Management Auditing
- Project Assurance
- Combined Assurance Audits
- Computer (IT) Auditing including General IT Control reviews, Application Control reviews, Computer Aided Auditing Technique (CAATs) reviews, cyber security, and business continuity reviews.
- Review of draft Annual Financial Statements
- Forensic Audits
- Special Audits

The service provider(s) will be further required to do the following:

- Perform risk-based internal audit control and compliance reviews in terms of the proposed internal audit plan.
- Ensure that line management is fully aware of the implications of the audit findings on business operations and the subsequent recommendations.
- Provide a final report on the outcome and findings of audits, including recommendations and agreed management corrective action for internal audit follow-up.
- Provide risk mitigation and control advice to management regarding the management of risks, with a summarised report to both executive management and the audit committee.

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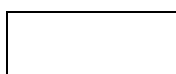
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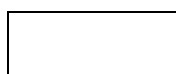
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- Ensure that line management is fully aware of the implications of the audit findings on business operations and the subsequent recommendations.
- Provide a final report on the outcome and findings of audits, including recommendations and agreed management corrective action for internal audit follow-up.
- Provide risk mitigation and control advice to management regarding the management of risks, with a summarised report to both executive management and the audit committee.
- Provide summary reports to the audit committee on high-risk findings.
- Attend relevant audit committee and executive management meetings and provide feedback on audits completed and the management of risks.
- Provide an overall annual conclusion for the audit committee on the audited control environment.



Consultant



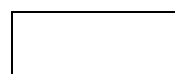
Witness 1



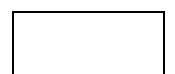
Witness 2



Employer



Witness 1



Witness 2



- In planning and conducting its work, the consultant should seek to identify serious defects in the internal controls, which might result in possible malpractices. Any such defects must be reported immediately to the Municipal Manager or, alternatively, to the audit committee, without disclosing these to any other staff member.
- Work closely with the external auditors and other assurance providers to ensure that there is synergy of approach with little duplication of effort.
- Provide and implement formal skills transfer process to relevant municipal staff.
- Have the capacity to deal with any special internal audit projects.
- Provide value-added services to management on how to improve the municipalities internal control environment.

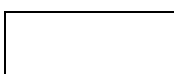
STANDARDS

All reviews must meet the International Standards for the Professional Practice of Internal Auditing and Code Ethics of the Institute of Internal Auditors. Internal audit reports must be compiled in consultation with the approved reporting framework in the municipal's methodology.

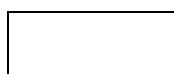
TECHNICAL SPECIFICATIONS

Expected Outcomes and Deliverables when performing the audit assignments should at least consist of the following:

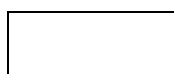
- Pre-audit survey
- Audit planning memorandum
- Minutes of entrance meeting
- Risk assessment document
- System descriptions
- Audit programs
- Sampling methodology
- Mechanisms for follow up on matters previously reported and feedback to the Audit Committee
- Mechanism to ensure that working papers are reviewed at the appropriate level.
- Record of work performed.
- Audit of work performed.
- Audit finding and recommendations.
- Reporting (draft internal audit report and final internal audit report)
- Follow up of previous audit findings.



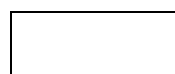
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