



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



WATERBERG
TVET COLLEGE

Together ensuring success

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TERMS OF REFERENCE FOR INTERNAL AUDIT SERVICE

1. BACKGROUND

Waterberg TVET College is one of the 7 TVET colleges in Limpopo is established in terms of the CET ACT NO 16 of 2006 as amended. The college operates in 2 Districts, Waterberg district where it has three (3) Campuses and a Central Office in Mokopane, (IT Centre; Business Studies Centre, and Thabazimbi Campus) and Capricorn District where we have one (1) Engineering and skills Centre.

The IT and computer science is based in Mahwelereng with two (2) practical sites, the Hotel school in Mokopane and Farm in Rooivaal near Sterkrivier. The Business studies centre is also in Mahwelereng and Engineering Centre is in Lebowakgomo.

The internal Audit unit of the college consist of only one employee at Assistant director level and intern thus we require services of external provider's who will be expected to work together with the Internal Auditor and the Interns to capacitate the Unit and transfer skill. The Service provider should assist the Accounting Authority and Management to maintain effective controls and recommend improvement on processes.

2. OBJECTIVES OF THE INTERNAL AUDIT FUNCTION

The objective of this bid is to appoint a suitable, independent service provider that can support our internal audit unit and provide an appropriate internal audit service for the Accounting Authority and management of the Waterberg TVET college. In terms of the Public Finance Management Act (PFMA) and the CET ACT, they should have an effective internal audit function, which should also comply with the Institute of Internal Auditors' (IIA) standards. The internal audit function should assist the Waterberg TVET college to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management control and governance processes.

One of the objectives of the internal audit function is to assist the Audit and Risk Management Committee (ARMCO), and through it the Accounting Officer and management, in the effective discharge of their responsibilities. This has to be done through furnishing them with analyses, appraisals, recommendations, counsel and information concerning the activities that have been reviewed as well as regular follow-ups. Other objectives/standards/controls of the audit function, which are subject to an evaluation, are to review the following:

- ✓ Internal control processes;
- ✓ The information systems environment;
- ✓ The reliability and integrity of financial and operational information;
- ✓ The effectiveness of operations;
- ✓ Compliance with policies, regulations and contracts;
- ✓ The safeguarding of assets;
- ✓ The economical and efficient use of resources;
- ✓ The achievement of established operational goals and objectives;
- ✓ and Compliance with laws, regulations and controls.

Background information on the structure of the Waterberg TVET college can be found in the latest Annual Report, which is available on our website (www.waterbergtvetcollage.co.za)

3. SCOPE OF THE WORK

The scope of the internal audit function includes the points listed below. However, should any other function be regarded as imperative by the bidder, it should be added and clearly defined.

- The internal audit function must, in consultation with ARMCO, prepare:
- A rolling three-year strategic Internal Audit Plan based on its assessment of key areas of risk for the Waterberg TVET College, having taken into consideration the college 's current operations, the operations proposed in its strategic plan and its risk management strategy.
- An annual Internal Audit Plan.
- Plans indicating the scope, cost and timelines of each audit in the annual internal audit plan. Audit reports directed to ARMCO detailing its performance against the plan to allow effective monitoring and intervention, when necessary.
- It must co-ordinate with other internal and external providers of assurance to ensure proper coverage and minimal duplication of effort.
- The internal audit function must assist the Accounting Authority in maintaining effective controls by evaluating those controls and developing recommendations for enhancement or improvement.
- It must assist the Accounting Officer in achieving the objectives of the Waterberg college by evaluating and developing recommendations for the enhancement or improvement of the processes through which:
 - ✓ Objectives and values are established and communicated;
 - ✓ The accomplishment of objectives is monitored;
 - ✓ Accountability is ensured;
 - ✓ Corporate values are preserved;
 - ✓ The adequacy and effectiveness of the system of internal control are reviewed and appraised;
 - ✓ The relevance, reliability and integrity of management, financial and operating data and reports are appraised;
 - ✓ Systems established to ensure compliance with policies, plans, procedures, statutory requirements and regulations, which could have a significant impact on operations, are reviewed;
 - ✓ The means of safeguarding assets are reviewed and deemed as appropriate in verifying the existence of such assets;
 - ✓ The economy, efficiency and effectiveness with which resources are employed are appraised;
 - ✓ The results of operations or programmes are reviewed to ascertain whether they are consistent with the Waterberg TVET college established objectives and goals and whether the operations or programmes are being carried out as planned;
 - ✓ The adequacy of established systems and procedures are assessed
- The audits that will need to be taken into account at the Waterberg TVET College are, among others:
 - ✓ IT security and systems processes audit.
 - ✓ Conducting special assignments and investigations, on behalf of ARMCO or the Management, into any matter or activity affecting the probity, interest and operating efficiency of the Waterberg TVET College.
 - ✓ Audit designed to detect fraud
 - ✓ Perform operational audits within different units and campuses according to the audit plan.

Fraud and Irregularities

In planning and conducting its work, the internal auditor should seek to identify serious defects in internal controls, which might result in possible malpractices. Any such defects must be reported immediately to the Accounting Officer (Principal) and/or ARMCO without disclosing these to any other staff. This also applies to instances where serious fraud and irregularities have been uncovered.

4. EXPECTED OUTCOMES AND DELIVERABLES

Performing Audit Assignments

Each assignment should at least consist of the following:

- ✓ A pre-audit survey;
- ✓ An audit planning memorandum;
- ✓ Minutes of the entrance meeting;
- ✓ A risk assessment document;
- ✓ System descriptions;
- ✓ Audit programmes; Sampling methodology;
- ✓ Mechanisms for follow-up on matters previously reported and feedback to ARMCO;
- ✓ Mechanisms to ensure that working papers are reviewed at the appropriate level;
- ✓ A record of work performed;
- ✓ A review of work performed;
- ✓ Audit findings and recommendations;
- ✓ Reporting (a draft internal audit report and a final internal audit report); and
- ✓ Follow-up on previous audit findings.

Reporting Requirements

The structure of the report is to be as follows:

- ✓ Introduction;
- ✓ Audit objective and scope;
- ✓ Background;
- ✓ Executive summary,
- ✓ highlighting significant findings;
- ✓ Findings, recommendations and management response (including implementation dates);
- ✓ All audits as carried out according to the Internal Audit Plan and as approved by ARMCO; and
- ✓ Conclusion.

5. QUALITY ASSURANCE REVIEWS OF THE WORK

The auditor shall ensure that all work conforms to the IIA Standards for Professional Practice. Such work may further be subjected to external quality assurance, as may be considered necessary.

6. MONITORING THE PROGRESS OF ASSIGNMENTS

On completion of each assignment, the auditor shall distribute the reports to Management and ARMCO

On a quarterly basis, a report on progress against the plan, significant findings and administrative matters will have to be presented to ARMCO.

7. INDEPENDENCE AND OBJECTIVITY OF STAFF

In carrying out the work, the auditor must ensure that their staff members maintain objectivity by remaining independent of the activities they audit.

8. DURATION OF CONTRACT

The contract is expected to run for three years, commencing on the date of signing the Service Level Agreement. It will, however, be renewable annually and this will be subject to a review of the previous year's performance against the Internal Audit Plan.

The successful bidder should be able to start from January 2024.