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Request for Proposal for Co-sourcing of Internal Audit Services

1. SCOPE OF SERVICES REQUIRED

The scope of Internal Audit function entails but not limited to, the examination, evaluation and conclusion on the adequacy and effectiveness of the organization's governance, risk management, internal control and the quality of performance information in carrying out assigned responsibilities to achieve the organization's stated objectives.

1.1. The appointed bidder will be required to:

- 1.1.1. Develop a three-year internal audit strategic and operational plan in conjunction with MALUTI TVET's Internal Audit Team. The plans should incorporate the assurance activities of relevant internal assurance providers (e.g. risk management) and the office of the Auditor General that should form part of the Integrated Assurance Plan.
- 1.1.2. Co-source with MALUTI TVET's Internal Audit Team on executing the annual internal audit plan based on MALUTI TVET's Internal Audit Methodology.
- 1.1.3. Assist management and ARC in the effective discharge of their responsibilities by providing assurance on various organizational processes, plans and programmes thus, furnishing them with analysis, appraisals, recommendations, advice and information concerning the activities reviewed and by promoting adequate and effective controls.
- 1.1.4. Provide internal audit services in line with the IIA standards, King V on corporate governance and other best practices.
- 1.1.5. Review reliability and integrity of financial and operational information and the means used to identify, classify, and report such information.
- 1.1.6. Review systems established to ensure compliance with the policies, plans, procedures, laws, and regulations that could have significant impact on operations and reports and determining whether the organization complies.
- 1.1.7. Review the systems of internal controls to ascertain whether they are functioning as designed.
- 1.1.8. Review and appraise the economic, effectiveness and efficiency with which resources are employed.

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- 1.1.9. Review specific programmes or initiatives to ascertain whether the results are consistent with the established objectives and goals; and whether the programs or initiatives are being carried out as planned.
- 1.1.10. Perform annual risk management assessment based on the inputs from the risk management, external auditors and their evaluation of environmental factors impacting the organization, from which internal audit plans will be developed.
- 1.1.11. The abovementioned coordinated approach shall be used to maximize the internal audit resources and coverage and to ensure the bidder adds the greatest value to MALUTI TVET. Matters to be considered in developing the internal audit plans shall include:
 - 1.1.11.1. Significant areas of potential risk of fraud.
 - 1.1.11.2. The accuracy and completeness of financial reporting.
 - 1.1.11.3. Major changes in operations, organizational structures, systems, and controls.
 - 1.1.11.4. Safeguarding of assets.
 - 1.1.11.5. Compliance with laws, contracts, plans, policies, and procedures.
 - 1.1.11.6. Risk areas identified by management.
 - 1.1.11.7. Results of the previous audit reports.
 - 1.1.11.8. Significant risk areas relating to reliability and integrity of financial and operational information or negative reputation exposure.
 - 1.1.11.9. The appropriateness of the staff mix and expertise, relative to the specific engagements.
- 1.1.12. Develop a three-year rolling plan and annual internal audit operational plan with inputs from the MALUTI TVET's Internal Audit Team, based on the risk assessment results for the approval of the Audit and Risk Committee (ARC). The plan should include the cost of all the activities to be performed.
- 1.1.13. Perform risk based internal audits based on the approved plan.
- 1.1.14. Coordinate with the external auditors and ensure alignment with the external audit functions, processes and best practices.

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- 1.1.15. Attend ARC quarterly meetings and Executive Management meetings (per invite).
- 1.1.16. Report progress on monthly and quarterly basis to the Assistant Director: Audit & Quality Assurance: Audit and Risk on internal audit plan.
- 1.1.17. As required by the Combined Assurance Model, the bidder shall:
 - 1.1.17.1. Evaluate/Assess the combine assurance and submit a report to Assistant Director: Audit & Quality Assurance
 - 1.1.17.2. Review /evaluate the assurance provided by the first line of assurance and second line of assurance.
 - 1.1.17.3. Perform assessment on the independent assurance provider on whom reliance would be placed.
 - 1.1.17.4. Periodically perform ad hoc reviews as requested by EXCO and ARC.
 - 1.1.17.5. Maintain a functional quality assurance and improvement programme that covers all aspects of internal audit services and at least once during the three-year cycle or as determined by the ARC be subjected to an independent quality review.
- 1.1.18. Execute the internal audit plan with allocated resources (including MALUTI TVET staff).
- 1.1.19. Provide audit reports to the Assistant Director: Audit & Quality Assurance for reporting to the Audit and Risk Committee detailing its performance against the plan, to allow effective monitoring and possible interventions.
- 1.1.20. Ensure that an adequate professional audit staff with sufficient knowledge, skills, experience, and professional certifications are consistently available throughout the duration of the contract.
- 1.1.21. Ensure that risks are appropriately identified and managed.
- 1.1.22. Ensure that interactions with various stakeholders occur as needed and led by the Assistant Director: Audit & Quality Assurance.
- 1.1.23. Perform follow-up audits to verify all recommended remediations to prior audit findings.

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- 1.1.24. Perform IT Audits (such as General Computer Controls, Information Security Reviews, Pre and Post Implementation Reviews, Database, and Network Audits).
- 1.1.25. Perform Quality Review of Annual Financial Statements in terms of GRAP and provide practical recommendations.
- 1.1.26. Add value to MALUTI TVET's business processes through providing management with in-depth knowledge, strategic and critical thinking in their role as an advisor to achieve the organizations strategic objectives.
- 1.1.27. Assist the in-house Internal Audit unit with skills transfer.
- 1.1.28. Developed working papers and associated reports shall become the property of MALUTI TVET.
- 1.1.29. The successful Bidder will be expected to attend induction on the Safety Health Environment and Quality (SHEQ) provided by MALUTI TVET.

2. STANDARDS

Internal Audit file project and working papers must be in conformity with Standards of the IIA and acceptable best practices.

3. SPECIFICATIONS OF SKILLS REQUIRED

3.1. MALUTI TVET requires that the successful bidder shall make use of dedicated internal audit resources (corporate governance review, risk management, information system environment etc.), who has a sound understanding of internal audit methodologies and techniques with practical experience on similar assignments, as well as a strong knowledge and understanding of government processes, systems, and practices.

3.2. The key requirements for the successful bidder includes the following:

3.2.1.1. Have the necessary skills, knowledge, capacity, and resources to meet the needs of MALUTI TVET and to carry out their obligations, including the availability of:

3.2.1.2. Technology Audit skills and tools.

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- 3.3 The successful bidder must be able to demonstrate the ability to reach Maluti-A-Phofung and Dihlabeng Municipality areas where MALUTI TVET offers its service.
- 3.4 The engagement Senior Manager must be directly involved in every engagement review undertaken at MALUTI TVET. The engagement Senior Manager will regularly liaise with the Assistant Director: Audit & Quality Assurance.
- 3.5 Have quality control department/section responsible for ensuring the IIA standards are appropriately applied.
- 3.6 Demonstrate that they adhere to the IIA standards, particularly as they relate to:
- 3.6.1. The application of a risk-based approach auditing.
 - 3.6.2. The use of IT audit resources (including appropriate tools).
 - 3.6.3. The availability of resources that perform risk management and governance reviews.

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4. TECHNICAL SPECIFICATIONS

4.1.1 Expected Outcomes and Deliverables

4.1.2 Performing audit assignments

4.1.3 Each assignment should at least consist of the following but not limited to:

- Preliminary audit survey
- Audit planning memorandum/ Scoping Memorandum
- Minutes of entrance meeting
- Risk assessment/ control matrix
- System descriptions
- Audit programs
- Sampling methodology
- Mechanisms for follow up on matters previously reported and feedback to the ARC.
- Mechanism to ensure that working papers are reviewed at the appropriate level.
- Record of work performed.
- Audit findings and recommendations.
- Reporting (draft internal audit report and final internal audit report)
- Minutes of exit meeting
- Follow up on previous audit findings including the external audit findings.
- Internal Quality Assurance Review (Peer Review) quarterly.

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5. FRAUD AND IRREGULARITIES

In planning and conducting its work, the successful bidder must evaluate the potential for the occurrence of fraud and how the organization manages fraud. Any such defects must be reported immediately to the College Principal and/or ARC and/or the Council, depending on where defects were identified, without disclosing these defects to any other staff or external stakeholders. This also applies to instances where serious fraud and irregularities are detected.

6. REPORTING REQUIREMENTS

6.1. The structure of the report is to be as follows:

- Introduction
- Audit objective and scope
- Background
- Executive summary highlighting critical, major and significant findings.
- Findings, recommendations and agreed management action (including implementation dates)
- Conclusion

6.2. The Successful Bidder shall submit a monthly and quarterly progress report to the Assistant Director: Audit & Quality Assurance for reporting purposes against the planned output of the annual operational plan and approved budgeted hours.

6.3. The Successful Bidder will be required to use Audit Software such as Teammate and ACL.

6.4. The Successful Bidder shall perform all work on the MALUTI TVET server for record-keeping purposes.

6.5. The Successful Bidder will submit to the Assistant Director: Audit & Quality Assurance an electronic copy and one signed copy of the final report for record-keeping purposes.