



TERMS OF REFERENCE

INTERNAL AUDIT OF ICT

ENVIRONMENT

MBIZANA LOCAL MUNICIPALITY

2019-20

INTRODUCTION AND BACKGROUND

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 objective. 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 organisation expects and what ICT delivers. ICT has grown to be seen as 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 IV 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, 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 practice 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 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.

PURPOSE AND OBJECTIVE OF THE PROJECT

The purpose and primary objective of this project is to test controls relating to Mbizana Local Municipality ICT environment, and also document recommendations to address any weakness identified during the execution of the internal audit. For the purpose sustainable and continuous improvement, follow up reviews will also be performed.

ROLE OF A SERVICE PROVIDER

Mbizana Local Municipality seeks to appoint a Service provider with a proven track record in the field of Information Communication and Technology (ICT) Auditing to perform Test Controls relating to Mbizana Local Municipality ICT environment.

The internal audit must focus on the following key areas:

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. Software Change Control

It must include:

- ❖ User awareness
- ❖ Processing of new feature requests
- ❖ 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.

3. Data Communication / Network controls

It includes:

- ❖ 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
- ❖ Fall back mechanism - Dial-up connections controls etc.

- ❖ Hardware based Signing Process.
- ❖ Incidences of access violation in last year & corrective actions taken.

4. Security Controls – General office infrastructure

- ❖ 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.

5. Access policy and controls

- 6. Electronic Document controls
- 7. General Access control

8. Performance Audit

It must include:

- ❖ Comparison of changes in transaction volumes since previous audit
- ❖ Review of systems (hardware, software, and network) performance over period
- ❖ Review of the current volumes against the last Performance Test performed

9. 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 and extent of loss of data
- ❖ Evidence of achieving the set targets during the DRS drills in ovont of various disaster scenarios
- ❖ Debrief / review of any actual event when the DR / BCP was invoked during the year

10. IT Support & IT Asset Management

It must include:

- ❖ Utilization monitoring – including report of prior year utilization
- ❖ Capacity planning – including projection of business volumes
- ❖ IT (S/W, H/W & N/W) Assets, Licenses & maintenance contracts
- ❖ Insurance
- ❖ Disposal – Equipment, Media, etc

11. Follow up on AGSA findings:

Sustaining improvement

The auditor is required to audit if the previous audit results by Internal Audit and AGSA and recommendations of the audit were implemented successfully by making a follow up audit, the follow ups will cover Asset Management.

As can be seen from the above, the service provider must possess the following:

- The service provider must have knowledge and experience on COBIT 5 and ISACA framework.
- The service provider must have experience and knowledge of performing an ICT risk assessment in order to identify weaknesses and provide appropriate remedial actions.

1. Auditor Selection Norms

Auditor must have minimum 3 years of experience in IT audit within the public sector space. The experience should have covered all the Major Areas mentioned under Mbizana 's Audit Terms of Reference (TOR).

The Auditor should have at least, 1 Certified Information System Auditor, 1 CobiT 5 Foundation Implementer and 1 CobiT 5 Moderator for quality assurance purposes.

Member of relevant professional body ISACA

The Auditor must have experience in / direct access to experienced resources in the areas covered under TOR. It is recommended that resources employed shall have relevant industry recognised certifications e.g, CobiT 5 Foundation and Implementation from ISACA the governing body for systems audit.

The Auditor should have IT audit / governance frameworks and processes conforming to industry leading practices like CobiT.

The Auditor must not have any conflict of interest in conducting fair, objective and independent audit.

The Auditor must not have any cases pending against its previous auditees, which fall under Alfred Nzo's jurisdiction, which point to its incompetence and / or unsuitability to perform the audit task.

2. The project timelines

The project time frame is one (1) month from the date of appointment of the service provider.

3. CRITERIA FOR SELECTION

In terms of the approved SCM policy, the project will follow a quotation process of 80/20.

4. EVALUATION CRITERIA

The proposals will be evaluated in two stages, namely:

- Stage 1- Functionality
- Stage 2- Price and BBEE Points

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

ITEM	Weight
STAGE 1 OF EVALUATION – FUNCTIONALITY	
Functionality	100
• Previous Experience	30
• Capacity and Expertise	40
• Methodology	30
STAGE 2 OF EVALUATION – PRICE & PREFERENTIAL POINTS	
BBBEE POINTS	20
Price	80
TOTAL	100

Breakdown for Functionality:

Functionality	Weight
Previous Company relevant experience	30
At least 3 records of previous experience in the public sector carrying out similar engagements NB: Please attach letter of reference confirming that the job has been successfully done.	30
Capacity and expertise to undertake the project	40
- Proof of registration of the Directors to relevant Professional Body.	20
- Proof of registration of the Company with professional Body.	10
NB: Attach proof of Professional Registration Body / Certificates in order to claim the above points.	10
Methodology	30
Brief and clear proposal indicating clear understanding of the requirements set out in Terms of Reference (specification)	20

5. SUBMISSION OF PROPOSALS

Proposals must be enclosed in a sealed envelope clearly marked proposal number and addressed to the Municipal Manager. Proposals must be deposited in the tender box at the offices of Mbizana Local Municipality at 51 Winnie Madikizela Street, Bizana, 4800 on or before the closing date and time. Faxed, Emailed and late submissions will not be considered. Proposals will not be opened in public.

6. CLOSING DATE

Closing date for the proposals is Friday, 13th December 2019 at 12:00pm.

7. CONDITIONS OF ACCEPTANCE

Mbizana Local Municipality is under no obligation to accept any proposal and reserves the right to accept the whole or any part of the proposals. No proposals will be considered from persons in the service of state.
Enquiries should be directed to Mr N. Mgxiva at (039) 251 0230/082 370 2948 during office normal hours from 8H00 to 16H30.

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Mr. L. Mahlaka
Municipal Manager