



SPECIFICATION FOR THE INTERNAL AUDIT SERVICES

1. Introduction

As a vibrant, multicultural and dynamic institution, the University of Johannesburg (UJ) shares the pace and energy of cosmopolitan Johannesburg, the city whose name it carries. Proudly South African, the university is alive down to its African roots, and well-prepared for its role in actualising the potential that higher education holds for the continent's development. UJ has transformed into a diverse, inclusive, transformational and collegial institution, with a student population of over 50 000, of which more than 3 000 are international students from 80 countries. This makes UJ one of the largest contact universities in South Africa.

UJ offers world-class, internationally recognised academic programmes based on curricula informed by cutting-edge developments in both undergraduate and postgraduate education and are designed to prepare students for the world of work and for global citizenship. Our curriculum is increasingly reflective of previously marginalised scholarship that talks to a transformation and decolonisation agenda, with Africa as its core.

The University has 4 campuses and houses 7 faculties and a college namely, Education, Law, Humanities, Art, Design and Architecture, Health Sciences, Science, Engineering and the Built Environment as well as the College of Business and Economics, and the newly established Johannesburg Business School. The staff compliment is approximately 8 650.

Being an institution that prides itself in its accessible excellence, UJ has established itself as an institution of global excellence and world-class stature.

In the next ten years, UJ has set six strategic goals, namely:

- i. Excellence in Research and Innovation.
- ii. Excellence in Teaching and Learning.
- iii. An International Profile for Global Excellence and Stature;
- iv. Enriching Student-Friendly Learning and Living Experience.
- v. Active National and Global Reputation Management; and
- vi. Fitness for Global Excellence and Stature.

The University is committed to:

- Complying with the Higher Education Act, 1997 (Act No.101 of 1997, as amended) which includes the reporting requirements stipulated by the Department of Higher Education and Training;
- Complying with the International Standards for the Professional Practice of Internal Auditing (Standards) and Code of Ethics and the requirements of the Public Audit Act where applicable;
- Complying with the King Report on Corporate Governance (King IV) where applicable;
- Effective management and leadership, transparency, accountability, responsibility, accuracy and mitigating exposure to losses by responsible risk taking and well defined risk strategies; and
- Adhering to ethical values and standards in all aspects of business.

2. Partnership Desired

The University of Johannesburg seeks to appoint a suitable, independent service provider that can provide an appropriate internal audit service to the University. The service provider will assist the Audit and Risk Committee of Council and the University management in the effective discharge of their responsibilities regarding evaluating and improving the effectiveness of risk management and governance processes, including the promotion of effective internal controls. The successful firm will demonstrate specialised expertise in evaluating risks and subsequently developing audit scopes and plans based on risk assessments in order to conduct internal audits for various processes including IT Processes.

3. Management Arrangement

The service is fully outsourced, and the successful service provider would be required to provide the best possible management structure, which would serve the interest of both parties.

The successful service provider should ensure that all staff in the audit team have the necessary and relevant training and experience to perform audits in this field adequately and on time. Prior experience in internal audit services in the higher education sector would be preferable.

The university does not have a resident internal audit department, but we provide administrative support to the outsourced audit function.

- The Internal Audit Services reports directly to the Audit and Risk Committee of Council, the report back will cover progress on projects, risks and internal control

deficiencies identified, recommendations to address identified deficiencies, problems encountered, issues requiring management's urgent attention, feedback from operations, follow up on agreed action plans, project priorities and budget analysis;

- On an annual basis a risk based annual audit plan is prepared and submitted to the Audit and Risk Committee for approval.
- Reporting is made to the Audit and Risk Committee three to four times a year, on all activities highlighting major findings and management's plan of action.

Each audit assignment should include, but not be limited to, the following:

- a) A pre-audit surveys.
- b) An audit planning memorandum.
- c) Minutes of the kick-off meeting.
- d) An approved Statement of Work / Engagement Letter including agreed scope and timelines.
- e) A risk assessment document.
- f) System descriptions.
- g) Audit programmes.
- h) Sampling methodology.
- i) Mechanisms for follow-up on matters previously reported.
- j) Processes to ensure that working papers are reviewed at the appropriate level.
- k) A record of work performed.
- l) Audit findings and recommendations.
- m) Engagement sessions with stakeholders to align on findings.
- n) Engagement with various levels of Management to present and discuss findings.
- o) Reporting (a draft internal audit report and a final internal audit report).

4. Scope of Work

The successful service provider will be entrusted with the responsibility to appraise the policies and procedures, internal controls, financial systems and processes as well as the management processes and ICT systems, of the University of Johannesburg to ensure that the activities are properly managed to promote effective controls at reasonable cost.

The existence of internal audit in no way diminishes the responsibility of the University of Johannesburg's Council and management from implementing and maintaining effective systems of internal control.

Internal Audit will not implement or perform control procedures, as this will compromise its independence. However, it can and will provide advice on the design and implementation of internal controls, including the alignment of policies and procedures with industry best practice. Internal audit staff has neither direct responsibility for, nor

authority over, any of the activities that they audit, but the audit service should assist management in their role.

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.

- 4.1. Develop and maintain a rolling three year strategic internal audit plan based on its assessment of key areas of risk for the university, having taken into consideration current operations and risk management strategy, and submit the plan to the Audit and Risk Committee of Council for approval
- 4.2. Develop and maintain an annual risk based internal audit coverage plan, in line with the three-year rolling plan, and submit the plan to the Audit and Risk Committee of Council for approval; Plans should indicate the scope, cost and timelines of each audit in the annual internal audit.
- 4.3. Evaluate business risk in order to focus Internal Audit effort.
- 4.4. Evaluate fraud risk in order to focus Internal Audit effort.
- 4.5. Audit reports directed to the University detailing its performance against the plan to allow effective monitoring and intervention, when necessary.
- 4.6. It must co-ordinate with other internal and external providers of assurance to ensure proper coverage and minimal duplication of effort.
- 4.7. The internal audit function must assist the University in maintaining effective controls by evaluating those controls and developing recommendations for enhancement or improvement.
- 4.8. It must assist the University in achieving its objectives by evaluating and developing recommendations for the enhancement or improvement of the processes through which:
 - 4.8.1. Objectives and values are established and communicated.
 - 4.8.2. The accomplishment of objectives is monitored.
 - 4.8.3. Accountability is ensured.
 - 4.8.4. Corporate values are preserved.
 - 4.8.5. The adequacy and effectiveness of the system of internal control are reviewed and appraised.
 - 4.8.6. The relevance, reliability and integrity of management, financial and operating data and reports are appraised.
 - 4.8.7. Systems established to ensure compliance with policies, plans, procedures, statutory requirements and regulations, which could have a significant impact on operations, are reviewed;
 - 4.8.8. The means of safeguarding assets are reviewed and deemed as appropriate in verifying the existence of such assets;
 - 4.8.9. The results of operations or programmes are reviewed to ascertain whether they are consistent with the University's established objectives and goals and whether the operations or programmes are being carried out as planned; and
 - 4.8.10. The adequacy of established systems and procedures are assessed.

- 4.9. Review systems and operations to assess the extent to which departmental objectives are achieved, and the adequacy of controls over activities leading to such achievements.
- 4.10. Evaluate the relevance, reliability and integrity of management and financial information.
- 4.11. Appraise utilisation of resources with regard to economy, efficiency and effectiveness;
- 4.12. Test the general and supervisory controls in all ICT systems the University may use;
- 4.13. Conduct continuous engagement with the University and the University's external auditors regarding the annual requirements of the Auditor General in terms of the Public Audit Act;
- 4.14. Provide quality internal audit services, with focus on the provision of internal audit services in the areas of routine and specialized systems, as well as other high risk areas;
- 4.15. Provide assurance to the Management Executive Committee and the Audit and Risk Committee of Council of the university internal control and governance processes in a cost-effective manner;
- 4.16. Evaluate compliance with the relevant statutes and regulations in respect of financial disciplines and reporting;
- 4.17. Highlight, and provide guidance on the mitigation of any potential areas of risk, that may be identified within current processes and procedures;
- 4.18. Monitor the risk management system and procedures at the University and make recommendations as considered necessary to the Management Executive Committee and the Audit and Risk Committee of Council;
- 4.19. Monitor, engage on, retest and report on the progress and resolution of previously reported findings; and
- 4.20. Carry out any ad hoc appraisals, inspections, investigations examinations or reviews requested by the Audit and Risk Committee of Council or by senior management.

5. Methodology

The successful service provider will apply modern risk-based auditing techniques when performing the internal audit services to the University of Johannesburg. The successful service provider will utilise its resources in a manner that will allow for cost effective auditing to be conducted in all instances.

6. Involvement in fraud prevention and detection

Internal audit will play an important role in fraud prevention and detection within the University of Johannesburg. Specifically, it will:

- Through its regular presence at the University of Johannesburg's operations, act as a deterrent to would-be fraudsters.
- Assist management to prevent fraud by increasing their awareness of the threat and why it occurs, by evaluating the adequacy and effectiveness of their internal controls, and where appropriate, by obtaining agreement to take corrective action.
- Highlight, and provide guidance on the mitigation of any potential areas of fraud risk, that may be identified within current processes and procedures; and
- Increase the probability of detecting the incidence of fraud during audit projects.

6.1 Ethics Hotline

In line with the UJ values and in order to ensure effective fraud management and maintain honest, safe, and ethical working environment, the University provides a platform for the reporting of unethical behaviour to its staff, students and service providers.

The Internal Audit service provider will be expected to:

- Provide the University of Johannesburg with professional services to assist management with a 24-hour Ethics Hotline service.
- The service should be operated in a manner that reporting remains confidential and independent.
- Individual reports should be made available to the University immediately once reported and facility should be able to provide ad-hoc summary reports on a regular basis.

7. Co-ordination with External Auditors

Internal audit will meet regularly with the external auditors of the University of Johannesburg to ensure:

- Internal and external audit activities are properly coordinated and planned.
- Audit work is not duplicated.
- External audit can rely on the work carried out by internal audit; and
- Issues of mutual concern are resolved.

8. Authority

The internal audit staff have authority to access and examine all information, both paper-based documents and electronic information residing on computer systems, and to inspect all physical assets. However, they must safeguard any assets or

information that they examine and maintain the confidentiality of all information according to the Protection of Personal Information (POPI) Act.

9. Content of RFP Proposal

The proposal should at least include the following:

- 9.1. Deliverables that can be expected.
- 9.2. A proposed audit approach to be adopted to achieve the internal audit function objectives.
- 9.3. An organisational structure and/or list of partners, managers and specialist who will form the audit team, together with their curriculum vitae and professional body affiliations. (Proof of registration with the Institute of Internal auditors is required)
- 9.4. Demonstrate the knowledge and understanding of the applicable laws and regulations e.g., Higher Education Act, Corporate Governance etc.
- 9.5. Quality control processes in place at the firm and how these will be implemented on the audit.
- 9.6. Details of staff training and development policies.
- 9.7. Indicate which document management system is in place to ensure efficient and effective tracking of evidence submissions.
- 9.8. Reference to the experience base especially with regard to Higher Education clients.
- 9.9. An estimation of professional fees to be charged.
- 9.10. A breakdown of the hourly tariff for service to be rendered.
- 9.11. In so far as possible, a comprehensive budget, showing the service activities proposed, with charge-out rate and budgeted hours per activity, detailing all assumptions made in arriving at a proposed budget. (Client Service Plan).

10. Broad Based Black Economic Empowerment

In the adjudication of the contract, points will be given for empowerment in line with Government policies and guidelines. Certificates of rating should be attached as proof.

11. Company Profile

A profile containing references, detail of ownership etc. should accompany this proposal.

12. 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 commence planning processes and engagements as from August 2023.

13. Additional Conditions of RFP

- 13.1. Proposals must be valid for a period of ninety (90) days from the date on which they are submitted and may be accepted at any time during that period of ninety (90) days.
- 13.2. The University of Johannesburg may not necessarily accept the lowest, or any proposal and reserves the right to accept a proposal in full or no proposal at all.
- 13.3. Tender documents must be submitted electronically as per tender procedures provided.
- 13.4. The terms of the agreement to be entered into will be negotiated and agreed upon with the successful contractor.
- 13.5. Only electronic submissions will be accepted. Service Providers that are interested to submit a proposal for the above services, please use the address link provided to access the specification requirements pertaining to this RFP) - <https://www.uj.ac.za/tender>