PIXLEY KA SEME DISTRICT MUNICIPALITY

TENDER NO. TD 04/2022

PROCUREMENT OF AN AUTOMATED RISK MANAGEMENT AND INTERNAL AUDIT SOFTWARE SYSTEM

PART B: SPECIFICATIONS AND CONTRACT

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B1 SPECIFICATIONS

The Risk Management and Internal Audit units is embarking on a formal tender process for the appointment of a service provider to provide an **Automated Risk Management and Internal Audit Software System for the period of 3 years** effective from the date of appointment.

Current State

The current state of the Municipality is as follows;

1. We are currently using a manual system:
   - Excel for Risk Management and Word for Internal Audit
   - Teammate AM 12.5 TeamEWP

2. The current ICT environment includes the following;
   - Windows Server 2012
   - SQL 2016 Server available for Database
   - Full back up and Disaster Recovery infrastructure
   - Owns Public IP's for publishing and hosting

Scope of Work

It is the intention of the Pixley ka Seme District Municipality to appoint the successful bidder for a contract period of three years in order to ensure the success of the project and to provide the municipality with the necessary business continuity and the building of institutional knowledge and capacity.

The successful tenderer is to provide the necessary electronic tools and support to assist with the management of risks and internal audit and any related activities.

It is critical that the service provider to be appointed should have extensive experience in all the items listed in Annexure A and must therefore be able to provide references/written confirmation of all such projects successfully undertaken in the past, for each of the items listed. Failure to provide sufficient evidence as well as contactable referees may exclude tenderers from earning points for functionality criteria as listed hereunder.

A detailed SLA will be concluded between the Municipality and the successful tenderer upon successful award of this tender.

The following officials have been delegated to handle all correspondence relating to this project:

Rachelle Sors - Chief Audit Executive

INVITATION TO BID FOR PIXLEY KA SEME DISTRICT MUNICIPALITY AUTOMATED RISK MANAGEMENT & INTERNAL AUDIT SOFTWARE SYSTEM

BACKGROUND

In this current climate demands for governance and transparency, the challenges to Internal Audit and Risk Management have never been greater. To cost-effectively address these increasing demands, a need has arisen for comprehensive, easy-to-use tools and systems that streamline Audit and Risk Management processes, to improve productivity, increase coordination throughout governance participants and ensure efficiency and accurate reporting. This integration within a comprehensive and unified set of integrated software solution helps to ensure that Internal Audit and Risk Management can work together, to fully leverage each other's strengths and also foster combined assurance. The current processes are manual, making it difficult for Risk Management and Internal Audit to execute their functions optimally. Risk Management is also still in its infant stage and is still limited to the Pixley ka Seme District Municipality. In such circumstances Internal audit is better positioned to assist Risk Management in reaching/achieving the required maturity level.

It is against this background that **Pixley ka Seme District Municipality's** Internal Audit department sought to procure an automated integrated Internal Audit and Risk Management software solution.

Pixley ka Seme District Municipality is also looking into procuring a system that can be used for the District Municipality and its Local municipalities as part of Shared Services. This will help in improving our coordination efforts as a district. A uniform system will also allow sharing of information, challenges and efficiencies amongst the Municipalities with our district.

It is therefore requested that service providers tender on the basis that the system will be used by the District Municipality as part of Shared Services, rendering the service to the eight local municipalities as well namely:

1. Emthanjeni Local Municipality (De Aar)
2. Thembelihle Local Municipality (Hopetown)
3. Umsobomvu Local Municipality (Colesburg)
4. Siyancuma Local Municipality (Douglas)
5. Siyathemba Local Municipality (Prieska)
6. Kareeberg Local Municipality (Carnavon)
7. Ubuntu Local Municipality (Victoria West)
8. Renosterberg Local Municipality (Petrusville)

Technical ICT Requirements:

Our ICT functionality is as follows:

- Windows Server 2012
- SQL 2016 Server available for Database
- Full back up and Disaster Recovery infrastructure

- Owns Public IP's for publishing and hosting

***The service provider is also required to submit with the tender documents their IT requirements for their respective system.**

USER REQUIREMENTS

The Integrated software should include the following outputs:

Service providers must provide an ERM software solution (preferably on-site) to support the documenting, tracking, measurement, management, and reporting of enterprise risks. The solution must also develop Risk Assessments and Internal Audit plans in the required format and the service provider provide training on the use of the software. The solution must be web-based. The supplied software must be the latest version on the general release. Installation of software for all licensed users and access for all other employees in the organisation to do the following:

- Capturing and updating of risks
- Rating of risks
- Capturing and updating of controls
- Capturing action plans against identified risks, audit findings, incidents etc.
- Update progress on action plans
- View all risks and actions allocated to the user
- Risk Dashboard for Senior Management

Pixley ka Seme District Municipality will use the system to help assess enterprise risk quantitatively and qualitatively, as well as all internal audit related processes. In addition to the broad array of risk (financial, legal, operational, etc.) for measurement in the system, Pixley ka Seme District Municipality may wish to use the system to help manage its compliance e.g., Financial, Legal and Health, Safety & Environment (HSE) risks / exposures.

For Internal Audit, the system will be used to facilitate Internal Audit activities to be performed in compliance with the Audit Methodology of Pixley ka Seme District Municipality which is based on the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors.

Tenderers must be prepared to give a demonstration of the proposed solution, at no cost to Council, when requested to do so.

System Requirements:

- Tried and tested automated integrated Risk Assessment and Internal Audit software solution
- The system should be based on universally accepted best practice methodology, to enable **Pixley ka Seme District Municipality** to adopt and be compliant with frameworks such as the institute of Internal Auditors' IPPF audit standards etc.

- Combined planning of all Internal Audit and Risk Management assurance activities within **Pixley ka Seme District Municipalities.**
- Automated update of legislation and best practices.

SYSTEM REQUIREMENTS: ANNEXURE A

1. Risk Management

No	Description	Comply	Do Not Comply
1	Generate a comprehensive risk register at all levels of the organisation incorporating Key Risk Indicators, Risk Appetite, Capacity and Threshold levels. Such register must also have the functionality of control self-assessments & surveys. It must accommodate different types of risk registers.	✓	
2	Incident reporting on newly identified/emerging risks	✓	
4	Escalation function from all levels not limited to the following: • Non achievement of deadlines • Risk above acceptable tolerance • Incidents	✓	
5	Colour indicating against action plans, Inherent and Residual ratings, appetite settings	✓	
6	Provides a system-wide view of the risk universe at a strategic and operational, business unit, processes and procedures level.	✓	
7	Functionality to keep risk oversight function and risk owners aware of a changing risk environment to improve insight of existing and emerging risk exposures at all levels.	✓	
8	Enable **Pixley ka Seme District Municipality** to manage its enterprise-wide risk and specific risk universe	✓	
9	The system should be able to provides various assessment methods including but not limited to surveys and workshops	✓	
10	The system should be flexible enough to be aligned with **Pixley ka Seme District Municipality** approved Risk Management Framework and strategies.	✓	
11	Provides standardise Risk Management templates for risk monitoring and reporting.	✓	
12	Enables the effective implementation of the Risk Management Framework with functionality to manage, monitor and track risks at all levels including Risk Control Self Assessments.	✓	
13	Automating risk identification, assessment and monitoring reports with flexible filter options	✓	

No	Description	Comply	Do Not Comply
14	Must have functionality to allow the controls to be captured at every level and linked to risks and contributing factors and allow for rating of controls	✓	
15	Provide proactive monitoring, including status tracking, automated reminders and progress updates	✓	
16	System to be able to hold a risk library for all users to access and administrators to modify	✓	
17	The system must be able to capture/import existing risk register (excel documents)	✓	
18	Linking risks to objectives identified in the SDBIP	✓	
19	System must allow capturing and management of contributing factors for each risk	✓	
20	System must provide risk dashboard for monitoring of risks by Executive Management	✓	
21	The system must be able to provide Combined Assurance model	✓	

2. **Internal Audit:**

No	Description	Comply	Do Not Comply
1	Electronically facilitate risk-based audit planning through risk assessments and results thereof (audit module must be integrated to the risk module)	✓	
2	Audit Execution: facilitates internal auditing (template based), compliance auditing as well as risk and control-based auditing in accordance with applicable standards.	✓	
3	Electronic working papers covering all phases of internal audit assignment (planning, execution, etc) – individually assigned, sign-off, review, ability to extract customisable reports for managing/reviewing of audit assignment	✓	
4	Allows for incorporation of scanned images/documents, emails and digital pictures into the file as audit evidence.	✓	
5	Option to use data analytics for auditing purposes	✓	
6	Facilitates review and sign off of audit work including email notification.	✓	
7	Issues tracking and action plan management functionality.	✓	
8	Functionality to escalate task/actions to various authority levels.	✓	
9	Facilitates audit planning across sites and processes by resource, keeping track of planned hours and actual hours.	✓	
10	Communication of Audit findings via the system	✓	

3. Other:

No	Description	Comply	Do Not Comply
1	Enables seamless dashboard reporting and trends	✓	
2	Ensure the integrity of data and provides an audit trial of all changes to records and changes to user access rights in the system	✓	
3	Accurate, integrated and customizable reporting functionality.	✓	
4	Data Migration assistance	✓	
5	Contain user audit trails to monitor the activity of users	✓	
6	System to be used by multiple users at the same time and ensure real-time updating	✓	
7 *	Successful bidder must be willing for the system to integrate with major systems currently used by **Pixley ka Seme District Municipality** (PMS and Teammate)	✓	
8	End User Training and User support - to be provided by the successful bidder	✓	
9	Maintenance and user support	✓	
10	User testing and acceptability testing	✓	
11	User and procedure manuals provided by service provider	✓	
12	Indicate whether the system will be available after the 1-year period to still be used by the Municipality, regardless of whether upgrade fees are paid. ***(The municipality would like to own the system and only pay for license/maintenance/upgrade fees beyond 1 year should we decide to continue to use the system.)***	✓	

* using the BarnOwl import templates.

4. **Reporting Requirements**

No	Description	Comply	Do Not Comply
1	The proposed solution must have the ability to report summary data at any level in the hierarchical model. Provides list of standard management reports with the ability to configure and draw custom reports from the system	✓	
2	Have the ability to automatically generate visual reports, charts, and/or dashboards without any coding or report writing skills, ability to export customizable ad hoc reports as and when required.	✓	
3	Have the ability to create risk summary reports with a description of the risk, its current status, trends, exceptions, how it is being managed, and monitored.	✓	
4	Have the ability to export reports into PDF files and /or MS Office files.	✓	
5	Ability to stratify risks, i.e., high level risks may be made up of several smaller risks.	✓	
6	Automatic trigger reporting for risk that exceed a certain criterion.	✓	
7	Automatic updates for risks owners to review progress.	✓	
8	Alert profile via email notifications	✓	

This page concludes Annexure A

5. **License requirements: Pixley ka Seme District Municipality**

	Pixley Ka Seme District Municipality
Full licenses RM	12
Full license for Internal Audit	11
License to update	11
License for the following: • Capturing and updating of risks • Rating of risks • Capturing and updating of controls • Capturing action plans against identified risks, audit findings, incidents etc. • Update progress on action plans • View all risks and actions allocated to the user	11 officials

A full proposal must accompany all tenders.

Service providers will be requested to do a live presentation of their product.

Bid Evaluation Criteria

All proposals will be evaluated to determine compliance with requirements and conditions of the Bid documents. The evaluation process will consist of a four-phase approach and will be as follows

1. Self-Evaluation on functionality
2. Functionality Evaluation
3. Confirmation of Self Evaluation by the panel from the Municipality
4. Evaluation of Price and B-BBEE

Phase I: Self Evaluation

Bidders will be required to evaluate themselves by indicating whether or not their system meets the criteria or requirements as outlined on the above table. Should the potential system provider score 80% or more on self-evaluation then the bidder will move to the next phase of evaluation process. The bidders that scored less than 80% will not be further evaluated.

Phase II: Awarding of points for functionality

The Service provider will further be evaluated on its technical capacity to deliver on this tender. The bidder must get 80% in order to qualify for the next stage of the evaluation process. The onus is on the bidder to provide evidence for the criteria. ***Please note the below information must form part of the service provider proposal**

CRITERIA	POINTS		
1. Relevant practical *Service provider experience in the implementation of Risk and Audit system at an organisation of 150+ employees *Provide signed reference letters indicating period, scope, project and contactable reference	20	• 1-2 years =1 • 3-4 years=2 • 5-6 years=3 • 7-10 years=4 • 10 and above =5	18
	10	• 1 Company =1 • 2 Companies=2 • 3 Companies=3 • 4 Companies=4 • More than 4 Companies =5	12
Capacity of the service provider to provide a team **(MUST BE TEAM THAT WILL BE AVAILABLE THROUGHOUT THE PROJECT)** with the following skills: Include CV of team			
Relevant IT technical skills – Developer/Development	10	At least one of the team must possess the experience. • 1-2 years =1 • 3-4 years=2 • 5-6 years=3 • 7-10 years=4 • 10 and above =5	8
Relevant IT technical skills – Database Administrator	10	At least one of the team must possess the experience. • 1-2 years =1 • 3-4 years=2 • 5-6 years=3 • 7-10 years=4 • 10 and above =5	8
Total	50		46

Phase III: Panel evaluation

The service provider will be required to make a presentation to the Municipal panel. The panel will confirm that the system can actually perform the functions that have been claimed on self-evaluation. In essence the panel will rate the compliance of the system to confirm scoring on self-evaluation. As per **Annexure A**, the service providers will be required to present the functionality of the system to a panel from the municipality. All service providers scoring the same or more than their self-evaluation will proceed to the next phase. Any service provider who scores less than 80% on panel evaluation or confirmation of self-evaluation will be regarded as non-responsive.

CRITERIA	POINTS	
Service provider ability to respond to functional and non-functional requirements as per Annexure A - Live System demonstration. (For Risk Management component: use of PKSDM data)	63	One point per function listed in Annexure A (minimum of 51 out of 63 = 80%):

Bidders must score equal or more than 80% from the table in Phase III to proceed to Phase IV

Phase IV

Only bidders that have passed phases I to III will be evaluated in terms of the 80/20 preference points system.

Pricing Schedule

*All prices should include VAT, if a VAT Vendor.

*All prices to be quoted in Rand Value

*If quoted in foreign exchange, it must be fixed at date of submission

Option – Pixley ka Seme District Municipality

Pricing element	2022/23		
		Pixley Ka Seme District Municipality	
Core software fee			75 000
Full licenses RM	x1	12	15,000
Full license for Internal Audit	x11	11	206,250
User license (Capturing, Updating - Executive Managers and Risk Champions)		11	—
Access for the following • Rating of risks • Capturing and Updating of controls • Capturing action plans against identified risks, audit findings, incidents etc. • Update progress on action plans • View all risks and actions allocated to the user		11	—
Implementation – once off			330,344
Provide detailed costing for all other costs			—
Training			50,750
Travel and Subsistence			0,00
Additional costs not included above BI warehouse module			112,500
Annual license fee Year 1			131,500
*Annual license fee Year 2 (2022/2023) (maintenance/upgrade fee) (Upgrade fee)			142,020
*Annual license fee Year 3 (2024/2025) (maintenance/upgrade fee) (Upgrade fee)			153,382
VAT 15% (if a VAT vendor)			182,511
TOTAL			R1,399,257

- **Please indicate whether it is upgrade fees or license fees**

* Please see the attached quotation for detailed costing breakdown.

Technical Enquiries

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