



SOUL CITY INSTITUTE NPC

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ANNEXURE B – TERMS OF REFERENCE: PROVISION OF INTERNAL AUDIT SERVICES

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1. ORGANISATIONAL OVERVIEW

Soul City Institute (SOUL CITY) is an intersectional feminist organisation, working to ensure that girls, young women and gender minorities enjoy substantive equality, with access to resources and opportunities that enable them to live fulfilling lives.

SOUL CITY is guided by the South African Constitution, with a focus on parts such as Section 27 that outline that everyone has the right to have access to healthcare services, including reproductive healthcare. We work tirelessly to make these and other rights such as the right to freedom, dignity and equality a reality for all, particularly for those who find themselves on the margins of oppression. SCI operates according to the principles and values of human rights, using an intersectional approach to ensure that nobody is left behind in the goal of eradicating poverty and ensuring equity for all.

SOUL CITY has been successfully implementing comprehensive services across social justice and feminism across the country for the past 28 years, targeting key and vulnerable populations including girls, young women and gender minorities amongst others.

2. BACKGROUND

SOUL CITY requires the service of a suitably qualified and experienced internal audit service provider to carry out the internal audit of SOUL CITY and enter into a service level agreement for a period of a one (1) year.

3. SCOPE OF WORK

- 3.1. The purpose of internal audit (within SOUL CITY) is aligned with the definition of internal audit, which is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations.
- 3.2. The **mission of internal audit** is to enhance and protect organisational value by providing risk- based assurance, advice and insight. This internal audit charter defines the authority and independence, scope, responsibility and accountability of and within the Internal Audit Activity (IAA).
- 3.3. Internal audit helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.4. Accordingly, the scope of internal audit work entails, but is not limited to, the examination, evaluation and conclusion on the adequacy and effectiveness of the organisation's governance, risk management, internal control processes and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated objectives.
- 3.5. The appointed internal audit service provider will be required to:
 - 3.5.1. Provide effective value-adding internal audit services that are innovative and responsive to circumstances of the SOUL CITY and the environment it operates in.
 - 3.5.2. Assist management and the Audit Finance and Risk Committee (AFR) of the SOUL CITY in the effective discharge of their responsibilities by providing assurance on various organisational

processes, plans and programmes; thus, furnishing them with analyses, appraisals, recommendations, advice and information concerning the activities reviewed and by promoting adequate and effective controls.

- 3.5.3. Provide services in line with the IIA standards and King IV Report on Corporate Governance.
- 3.5.4. Review the reliability and integrity of financial and operating information and the means used to identify, classify and report such information.
- 3.5.5. Review systems established to ensure compliance with policies, plans, procedures, laws and regulations that could have significant impact on operations and reports and determining whether the organisation complies.
- 3.5.6. Review the systems of internal control to ascertain whether they are functioning as designed.
- 3.5.7. Review and appraise the economic, effectiveness and efficiency with which resources are employed.
- 3.5.8. Review specific programmes or initiatives to ascertain whether results are consistent with established objectives and goals; and whether the programmes or initiatives are being carried out as planned.
- 3.5.9. Perform annual risk assessments based on inputs from the risk and ethics business unit, the external auditors and their evaluation of environmental factors impacting the organisation, from which internal audit plans will be developed.
- 3.5.10. The above-mentioned coordinated approach shall be used to maximise internal audit resources and coverage and to ensure that the service provider provide greatest value to the SOUL CITY .
Matters to be considered in developing the internal audit plans shall include:
 - 3.5.10.1. Significant areas of potential risk of fraud.
 - 3.5.10.2. The accuracy and completeness of financial reporting.
 - 3.5.10.3. Major changes in operations, organisational structures, systems and controls.
 - 3.5.10.4. Safeguarding of assets.
 - 3.5.10.5. Compliance with laws, contracts, policies and procedures.
 - 3.5.10.6. Risk areas identified by management.
 - 3.5.10.7. Results of previous audits.
 - 3.5.10.8. Significant areas of risk related to reliability and integrity of financial and operational information or negative reputation exposure.
 - 3.5.10.9. The appropriateness of its staff mix and expertise, relative to the specific engagements.
 - 3.5.10.10. Develop a three-year strategic rolling plan and an annual audit operational plan based on the risk assessment results for approval by the AC. The plan should include costing of all activities to be performed.
 - 3.5.10.11. Perform risk-based internal audits based on the approved plans.
 - 3.5.10.12. Coordinate with the external auditors and ensuring alignment with the external audit function processes and best practice.
 - 3.5.10.13. Attend executive committee (exco) and AFR meetings, and report periodically on the internal audit plan to both these structures.
 - 3.5.10.14. As required by the SOUL CITY Combined Assurance Model, the service provider shall:

- 3.5.10.14.1. Evaluate / assess the combined assurance model and report to the AC on its effectiveness.
- 3.5.10.14.2. Review / evaluate the assurance provided by the first and second line of defense.
- 3.5.10.14.3. Perform assessments on the independent assurance providers on whom reliance would be placed on.
- 3.5.10.15. Periodically perform ad-hoc reviews as requested by exco and the AFR.
- 3.5.10.16. Maintain a functional quality assurance and improvement programme that covers all aspects of the internal audit services AND, at least once during a three-year cycle or as determined by the AFR, be subjected to an independent quality assurance review.

4. EXPERTISE AND CAPACITY

The key criteria to be considered for the suitability of the service provider include the following:

- 4.1. Has the necessary skill, knowledge, capacity and resources to meet the needs of the SOUL CITY and to carry out their obligations, including the availability of:
 - 4.1.1. Forensic audit skills and tools.
 - 4.1.2. Information technology audit skills and tools.
 - 4.1.3. Information technology security capabilities.
- 4.2. Have knowledge and a comprehensive understanding of the public sector, and an understanding of the SOUL CITY 's enabling legislations.
- 4.3. The service provider must be able to demonstrate the ability to reach all South African regions within which the SOUL CITY operates.
- 4.4. Have a minimum of one (1) director, including the engagement director. The engagement director must be directly involved in every engagement review undertaken at the SOUL CITY. As the engagement director will fill the role of the Chief Audit Executive ("CAE"), the bidder needs to cite experience that the proposed engagement director has in this role. Note: While the CAE of the winning bidder will report functionally to the AFR, and administratively to CEO.
- 4.5. Have a quality control department responsible for ensuring the IIA standards are appropriately applied.
- 4.6. Demonstrate that they adhere to the IIA standards, particularly as they relate to:

5. PROFESSIONAL MEMBERSHIP

- 5.1. It is mandatory for the senior resources of the preferred service provider (i.e., directors, senior managers and specialists) to have the appropriate professional qualification(s) enabling them to perform internal audit services. These must include, but is not limited to the following:
 - 5.1.1. Certified Internal Auditor (Certified by the Institute of Internal Auditors South Africa), or

5.1.2. Chartered Accountant (SA) (Certified by the South African Institute of Chartered Accountants (SAICA)) and

5.1.3. Certified Information Systems Auditor (Certified by ISACA).

All core members of the internal audit team must belong to a professional body that regulates the services they offer.