

169 Main Street
Private Bag 53
Umzimkhulu
3297



Email: info@umzimkhulum.gov.za
Tel: (039) 259 5000/5300
Fax: (039) 259 0427

BUDGET & TREASURY OFFICE

PROVINCE OF KWAZULU-NATAL
KZN 435

RE: MANAGEMENT OF EXPANSION OR VARIATION ORDERS AGAINST THE ORIGINAL CONTRACT

MFMA Section 116(3) for the Proposed Amendment of Existing Contract: Professional Services for INTERNAL AUDIT-ICT SERVICE PROVIDER (ULM MM—IA002/22) 36 MONTHS CONTRACT – Open for Comments

20 FEBRURY 2024

Notice is hereby given in terms of Section 116 (3) (a) and (b) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) that it is the intention of uMzimkhulu Local Municipality to amend the following existing contract:

TENDER NUMBER:

ULM-MM-IA002/22

DESCRIPTION:

Provision of Internal audit-ICT service provider to be Established for uMzimkhulu local Municipality.

SUPPLIER NAME:

UMNOTHO BUSSINESS CONSULTING

AMENDMENT:

As per Memorandum which was served at the Council Meeting held on 30 January 2024.

Notice is hereby further given in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendment of the existing contract with **Umnotho business consulting**.

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The reasons for the amendment and variation of the existing contract have been considered and accepted by the Municipal Council at its Council meeting held on 30 JANUARY 2024 under annexure A of which a copy will be made available to all interested parties on request via the e-mail address indicated below.

Such comments or representations must be submitted by no later than 30 March 2024 at 12:00.

Comments or representations must be submitted in a sealed envelope clearly endorsed "COMMENTS ON NOTICE OF AMENDMENT OF EXISTING CONTRACT" and be physically submitted at the uMzimkhulu local Municipality Reception located at no.169 main street, Umzimkhulu, 3297

No faxed or e-mailed comments will be considered.

For any information about the above, please contact Mlungisi Gumede via e-mail at mgumede@umzimkhululm.gov.za or at telephone number 039-2595094.

Closing date: 30 March 2024

Read more and download the Official Notice here:

<https://www.umzimkhululm.gov.za/2023/06/29/29-july-2023-public-notice-mfma-section-1163-for-the-proposed-amendment-of-existing-contract-professional-services-for-Internal-audit-ICT-service-provider-open-for-comment>

Regards

Mr. C.A NGQONYI
MUNICIPAL MANAGER-UMZIMKHULU MUNICIPALITY

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OFFICE OF THE MUNICIPAL MANAGER

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EXTRACT FROM THE MINUTES OF THE ORDINARY COUNCIL MEETING HELD ON 30 JANUARY 2024

**ORDCL200/30.01.2024 - 5 EXTENSION OF SCOPE ON PROJECT
INTERNAL AUDIT OF ICT SERVICE PROVIDER (ULM-MM-IA002/22):
UMNOTHO BUSINESS CONSULTING**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It 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. The internal audit activity provides assurance to management and the audit committee that risks to the organization are understood and managed appropriately.

In terms 2023/2024 internal audit risk based annual plan, internal audit unit is supposed to audit Budget and Treasury Office on the following areas, i.e. Accounting Services, Supply Chain Management, Revenue Management, Asset Management and Budget Management. However, currently UMzimkhulu Municipality internal audit unit has a shortage of the capacity, since the Internal Auditor with vast experience on the mentioned focus areas left municipality.

Office of the municipal manager through internal audit unit appointed Umnotho Business consulting to perform internal audit engagement on ICT for the period of three years, which started in 2021/2022 financial year and will end in 2023/24 financial year. Due to of insufficient experience human resource capital within the internal audit unit, as well as available hours as versus required hours on the plan, and the volume of financial transaction that happen in the municipality per financial year. The internal audit unit will not be able to do necessary transaction in order to provide reasonable assurance whether municipal financial controls are working effectively or not.

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Therefore, for internal audit unit to maintain its objectivity and add value to the municipality, it is advisable that a extension of scope be approved on the Service Provider that is performing Internal audit of ICT, the service provide will perform the audit Supply Chain Management and Asset Management as they have a huge impact in Annual Financial Statement and external auditing.

Legal Implications

Service provider and accounting officer to sign extension of scope contract/ agreement.

Financial Implication

R 343 368.00

RESOLUTION

Council Resolved:

- To approve the extension of scope of Umnotho Business Consulting at a value of R 343 368.00 vat inclusive. It was proposed by Cllr S Sibeni and seconded by Cllr L Ndzimande.

Approved and Signed by

.....
Mr C A Ngqoyiya

Municipal Manager

30/01/2024...
Date

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MEMO

To : Budget and Treasury Office: Contract Management

From : Office of the Municipal Manager: Internal Audit

Subject : Request for the extension of scope on project Internal Audit of ICT service provider (ULM-MM-IA002/22): UMNOTHO BUSINESS CONSULTING

Date : 08 February 2024

Background

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It 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. The internal audit activity provides assurance to management and the audit committee that risks to the organization are understood and managed appropriately.

In terms 2023/2024 internal audit risk based annual plan, internal audit unit is supposed to audit Budget and Treasury Office on the following areas, i.e. Accounting Services, Supply Chain Management, Revenue Management, Asset Management and Budget Management. However, currently UMzimkhulu Municipality internal audit unit have lost one Internal Auditor with vast experience on the mentioned focus areas.

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Office of the municipal manager through internal audit unit appointed Umnotho Business consulting to perform internal audit engagement on ICT for the period of three years, which started in 2021/2022 financial year and will end in 2023/24 financial year. Due to of insufficient experience human resource capital within the internal audit unit, as well as available hours as versus required hours on the plan, and the volume of financial transaction that happen in the municipality per financial year. The internal audit unit will not be able to do necessary transaction in order to provide reasonable assurance whether municipal financial controls are working effectively or not. Therefore, for internal audit unit to maintain its objectivity and add value to the municipality, it is advisable that a extension of scope be approved on the Service Provider that is performing Internal audit of ICT, the service provide will perform the audit Supply Chain Management and Asset Management as they have a huge impact in Annual Financial Statement and external auditing.

Extension of scope

Extension of scope will include mainly the following.

- Audit of SCM to ensure the adequacy and effectiveness of governance, risks and controls over supply chain management. This shall include
 - SCM Processes
 - Quotations
 - Bidding Processes
 - Payment of Creditors

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- Compliance with Laws and Regulations
- Contract Management
- Audit of asset management to ensure the adequacy and effectiveness of governance, risks and controls over management of municipal assets. This shall include:
 - Additions and disposals of fixed assets
 - Safeguarding of assets and physical verification
 - Completeness and compliance of Fixed asset register
 - Maintenance & Control
 - Asset Impairment
 - Compliance with laws & regulations

Legal Implications

Service provider and accounting officer to sign extension of scope contract/agreement

Financial Implication

R343368.00

Recommendation

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To ensure full implementation of 2023/2024 risk based internal audit plan approved by audit committee, it is recommended that the council approve the extension of scope of Umnotho Business Consulting.

Requested by

A handwritten signature in blue ink, consisting of a stylized 'M' and 'G', is written over a horizontal line.

Mr MD Gumede

Chief Internal Auditor

Approved by

A handwritten signature in blue ink, consisting of a stylized 'C' and 'N', is written over a horizontal line.

Ms CA Ngqoyiya

Municipal Manager



UMZIMKHULU MUNICIPALITY

Segment Enquiry

Financial Year	2024	Opening Balance	<u>0.00</u>
		Closing Balance	<u>1,047.50</u>
Function	Function:Executive and Council:Core Function:Municipal Manager, Town Secretary and Chief Executive:Municipal Manager's Office		
Item	Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Accounting and Auditing		
Project	Operational:Municipal Running Cost		
Costing	Costing:Default		
Funding	Fund:Operational:Revenue:General Revenue:Equitable Share		
Regional	Regional:Regional Identifier:Local Government by Province:KwazuluNatal:District Municipalities:DC43 Hary Gwala:Municipalities:KZN435 Umzimkhulu:Administrative or Head Office (Including Satellite Offices)		
Segment	Accounting and Auditing - 200		

Previous Budget	500,000.00	<u>DRAFT BUDGET</u>	
Current Budget	1,020,000.00	2024 - 2025	1,069,980.00
Amended Budget	0.00	2025 - 2026	1,120,272.00
Current Budget - Virements	0.00		
Bulk Budget	0.00		
Total Budget	<u>1,020,000.00</u>	2026 - 2027	0.00
Total Spent	1,047.50	2027 - 2028	0.00
Pending	0.00	2028 - 2029	0.00
Available	<u>1,018,952.50</u>		

Confirmed By: _____ Signature: _____ Date: _____

Confirmed For: _____ Signature: _____ Date: _____