

Terms of Reference: Consultancy for Development of IT Audit Manual and Conducting a Pilot IT Audit

1. Background

The Government of Lesotho (GoL) has developed a comprehensive Public Financial Management Reform Action Plan (PFMRAP) in line with the Lesotho's National Strategic Development Plan (NSDP) and the National Vision 2020 to respond to the weaknesses that were identified and confirmed by the 2012 Public Expenditure and Financial Accountability (PEFA) results in the areas of; Public procurement, Internal audit, External audit and Public scrutiny of audit reports.

The GoL, with support of three (3) Development Partners (DPs) namely; the World Bank (WB), European Union (EU) and African Development Bank (AfDB) are committed to support consolidation and improve this reform to assist Lesotho to address the weaknesses identified in the public financial management.

As part of financial support, the AfDB offered the Grant to the GoL for the Institutional Support for the Enhancement of Public Financial Management (ISEP) Project. The priority objective of the institutional capacity building agenda is to enhance the efficiency and effectiveness of the public sector in Lesotho.

The PFMRAP comprises eight (8) main components, of which the AfDB is fully covering two main areas of PFM; Procurement and Audit and oversight.

The component four (4) of the plan focuses on improvement of the functions on the Internal Audit Department (IAD). The component strategic objective is to build the institutional, organisational and operational capacity of the internal audit function and also strengthen professional, competencies and performance of the Internal Audit personnel.

PFM reforms are not sustainable unless they are rooted in robust PFM regulatory framework. Public Financial Management and Accountability (PFMA) Act, 2011, was a significant step in this direction. PFMA Act decentralised key PFM responsibilities to the line Ministries. Internal Audit Unit (IAU) is not exception to this effect. The

PFMA Act and International Best Practices requires that dedicated IAU functions should be available to the Chief Accounting Officers (CAO) in each Government Ministry to enable them to focus internal audit activity to areas of high risk and priority. Recent initiatives of Ministry of Finance (MoF) have attempted to overcome some of the disadvantages of a centrally run services of Internal Audit (IA) but resource limitations have allowed the Ministry based internal audit to cover only sixteen (16) Ministries including MoF. Furthermore, challenges of inadequate training on internal audit profession including specialised audit such as IT audit, performance audit, risk based audit approached and many others,

The Government of Lesotho in collaboration with Development Partners introduced various computerized system in an effort to improve Public Financial management. With this increase in investment and dependence on computerized systems by the auditees, it has become imperative for auditors to change the methodology and approach to audit because of the risks to data integrity, abuse, privacy issues etc. An independent IT audit is required to provide assurance that adequate measures have been designed and are operating as intended in order to minimize the exposure to various risks. Consequently, a need for adoption of IT risk based audit approach and IT audit manual and guidelines to assist auditors to discharge their mandate in an efficient and effective manner is critical.

2. Objective of the Assignment

The purpose of Technical Assistant (TA) is to assist Internal Audit functions in the Ministry of Finance to develop a comprehensive Information Technology (IT) audit manual and provide a comprehensive training on how to use the manual. This will enable Internal Audit Unit to discharge its mandate in an efficient and effective manner when auditing IT environment.

3. Scope of Services, Tasks and Expected Deliverables

The scope of TA engagement will cover three areas and will be conducted in phases as follow:

- Drafting of IT audit manual,
- Conduct comprehensive training on how to use IT audit manual

- Perform one pilot IT audit in collaboration with IAD staff.

a) List of activities

Activities to be performed by TA will include but not limited to:

- i) Review the inception report that was prepared by the previous individual consultant and other relevant background documents to prepare a work plan before field work.
- ii) Conduct preliminary interviews and consultation with different stakeholders (eg IAD staff, MIS, ICT Department, Treasury/Accountant General, Operations, IFMIS staff etc) in the Ministry of Finance, Selected Ministries, Professional Accounting and Auditing Associations and Private Sector Actors to get an understanding of GoL ICT environment, and Auditing Practices.
- iii) Develop a comprehensive Internal Audit Manual that will serve as guiding tool for conducting the IT audit engagements
- iv) The drafting of IT audit guidelines should take into considerations the following:
 - The IIA guidelines of the Information Systems Audit and Control Association (ISACA)
 - Business environment – which includes management practices and organisation controls.
 - Consider systems development and change management standards and procedures, which cover aspects such as authorization for change, independent testing and procedures for managing changes to programme libraries
 - Controls relating to Business Continuity Planning
 - Procedures for auditing application controls including-
 - Controls over input of transactions
 - Controls over processing
 - Controls over out put
 - Controls over standing data and master file
 - Audit of general controls
 - Four domains of IT controls namely:
 - Planning and organisation
 - Acquisition and implementation
 - Delivery and support
 - monitoring
- v) Provide technical assistance on the implementation of manual by organising and conducting staff training on on the use of the IT audit manual, and also carrying out a pilot audit on one of computerised system in the Ministry of Finance.

4. Duration of assignment and reporting requirement

4.1 The assignment will be undertaken in 60 non-consecutive working days over a period of 4 months starting from October 2018, and ending not later than 28th February 2019. The assignment will start with desk review, and preparation for a mission or visit to Maseru, Lesotho.

4.2 The consultant will report to The experts will report to the head of the IAD and PFMR coordinator. The consultant is expected to work with a team of internal auditors to ensure know-how transfer and sustainability. The draft IT audit manual and pilot IT audit report will be reviewed and the consultant is expected to incorporate comments and submit a final report within the agreed time frame /work plan.

5. Qualification and experience of the Experts

5.1 The team should have two key experts with the following qualifications:

Key Expert on IT Audit

Professional Qualifications

- Should have at least Certified Information System Auditor (CISA) Certification in Governance Enterprise IT (CGEIT) or Master's degree in IT Auditing.

Experience

- At least ten (10) years' Experience in providing training on IT audit in the Public Sector,
- Experience on capacity building on the use of Computer Assisted Audit Techniques (CAATS)
- Proficiency on training how to use audit software preferably ACL
- Skills in training and capacity building in IT audit,

Key Expert on Internal Audit

Professional Qualifications

- Should have at least CIA (Certified Internal Auditor) or Master's degree in the following areas:
 - Auditing
 - Accounting
 - Financial Management

- Economics
- Business Administration

Knowledge and Skills

- Knowledge of the role and work of the internal audit function in the Public Sector and/or the Institute of Internal Auditors,
- Fluent in English (speaking, reading and writing).
- Knowledge of international practices with regard to PFM systems, policies, procedures and practices.
- Working and research experience in assessing of PFM systems, policies and procedures.
- Proficiency in organisational development in the public sector,
- Experience in Public Sector Financial Management in Developing countries and particularly Africa,
- Have conducted similar assignments for reputable organisations in Africa and
- Be able to demonstrate experience of timely implementation of similar assignments.
- Knowledge of the role and work of the internal audit function in the Public Sector and/or the Institute of Internal Auditors,

6. Reporting Requirements and Deliverables

- submit a work plan within 3 days of commencement of the assignment based on the review of the inception report that was developed by the previous consultant and.
- Review and finalise the work plan including time lines to undertake stakeholders consultations, to develop the draft and final IT audit manual, and to deliver training and pilot IT audit.
- Submit a draft IA audit manual and guidelines required within 30 days of contract effectiveness. Final draft of the IT audit manual will be submitted incorporating comments from stakeholders.
- Submit a detailed work plan for Training of IAD staff and conducting pilot IT audit
- Submit a draft pilot IT audit report, and final draft IT audit report incorporating comments from stakeholders.

7. Client's Input and Counterpart Personnel

The client will provide office space with basic equipment to ensure efficient execution of the tasks of the consultant.

Professional support

A counterpart team from the IAD will be assigned to the consultant to support the delivery of the assignment and also to get experience and mentoring from the consultants in the form of know-how transfer.