



TSWELOPELE
LOCAL MUNICIPALITY
A MUNICIPALITY IN PROGRESS

**TERMS OF REFERENCE
PROVISION FOR FINANCIAL EXPECT SERVICES FOR 2023/24, 2024/25
AND 2025/26**

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1. ORIGINAL ADVERT

REQUEST FOR PROPOSAL

RFP/TSW01/2023-2024: PROPOSAL FOR THE APPOINTMENT OF FINANCIAL EXPERT SERVICES FOR A PERIOD FOR FINANCIAL YEAR 2023/24, 2024/25 AND 2025/26 (3 YEARS)

Proposals are hereby invited from suitably accredited service providers to assist Tswelopele Local Municipality for the provision of financial expert services for a period of 2023/2024, 2024/2025 and 2025/2026.

Proposals must be sent for the attention of the Municipal Manager must be submitted in a sealed envelope marked **"RFP/TSW01/2023-2024: PROPOSAL FOR THE APPOINTMENT OF FINANCIAL EXPERT SERVICES FOR 2024-2026"** and be deposited in the tender box located at Tswelopele Local Municipality no later than Thursday, 30th of November 2023 at 12H00 at the following physical address: Tswelopele Local Municipality Offices, 01 Bosman Street, Civic Centre, Bultfontein, 9670.

The proposal will be evaluated and adjudicated in line with the approved Supply Chain Management Policy of the municipality using the following: Bidders will first be evaluated on Returnables to determine their responsiveness and suitability to the municipal/tender requirements and lastly, bidders will be evaluated Stage 2 - 80/20 preference point system (80 points= price and 20 points= preference points as per specified goals) in line with the Preferential Procurement Policy Framework Act.

Terms of reference are placed on the website www.tswelopele.gov.za from Thursday 16th of November 2023 Proposals which are late or submitted by facsimile or electronically will not be accepted. The municipality does not bind itself to accept the lowest or any proposal and reserves the right to accept any proposal either wholly or a part thereof or to disclose reasons for their decision.

Enquiries can be directed to C Ndlovu (Manager: AFS and Compliance) and PJ Mashiane (Manager: SCM & Expenditure) during office hours at 051 8531111.

Acting Municipal Manager
SS Rabanye

2. SCOPE OF PROPOSALS

The services required and covered in this request for proposals are:

Number	Services to be rendered
1	<ul style="list-style-type: none">▪ Financial statements review▪ Review of reconciliations and assist with the preparation of audit file▪ Provide GRAP updates training▪ Analytical reviews of revenue and receivables and reconciliations▪ Financial management procedure manuals development and reviews
2	Actuarial valuation of long service bonus and post-employment medical aid provisions

3. OVERALL OBJECTIVES

3.1. In awarding this proposal, the Tswelopele Local Municipality expects to, at minimum, achieve the following objectives:

- 3.1.1. Reviewed Annual Financial Statements for the 3 financial years that fully comply with the applicable Generally Recognised Accounting Practice (GRAP) standards;
- 3.1.2. Improved audit evidence and well-prepared audit files in line with the National Treasury guidelines;
- 3.1.3. Developed, approved and operational procedure manuals in financial management;
- 3.1.4. Skills transfer to key employees within the municipality who will be seconded to the project;
- 3.1.5. Maintain the current audit opinion (i.e., Unqualified audit opinion for 2021/2022). The audit for 2022/23 is pending.

- 3.2. Prospective service providers must demonstrate specific experience in providing the services required by Tswelopele Municipality with regard to the services required. Furthermore, prospective service providers must demonstrate that they have a proven track record in the proposed services for municipalities, more specifically local municipalities.

4. REQUIRED DOCUMENTS

- 4.1. Prospective service providers are requested to bring along the following documents to the presentation:
 - 4.1.1. Certified copy of the company registration certificate / CK Forms/ Certificate of Incorporation (certified by SAPS or a duly authorised person / body) reflecting active members (except for sole-traders and partnerships) must be attached;
 - 4.1.2. Valid tax clearance certificate or SARS pin;
 - 4.1.3. An account showing that municipal rates and taxes are not in areas for more than three months (this should be for any registered office, not necessarily within Tswelopele municipality i.e. if you have a registered office in Bloemfontein, submit an account from Mangaung Metro);
 - 4.1.4. Certified copies of ID of all Director (s) not older than 3 months
 - 4.1.5. A company profile including details and reference of where similar work has been undertaken, in Municipalities of the similar capacity;
 - 4.1.6. Certified copies of membership with SAICA and CaseWare Champion for the services of Financial Statements review;
 - 4.1.7. Certified copy of membership with the Actuarial Society of South Africa for the Actuarial valuation services
 - 4.1.8. Proven experience of working with the Munsoft system for the provision of reconciliations for revenue and receivables and skills transfer in this area.
 - 4.1.9. Reference letters that confirm that the officials to be seconded

to the project have been involved in compilation or review of annual financial statements for municipalities more specifically local municipalities for the purpose of claiming points for functionality.

- 4.2. It is the intention of the Municipality to finalise the evaluation / adjudication processes and issue an appointment letter by 25 January 2024. As such the presentation must be considered from this date. However, Prospective Service Provider must indicate the time frame for each deliverable;
- 4.3. Prospective Service Provider must indicate the team that will be seconded to this project by at least indicating their names; qualifications and relevant experience in terms of similar assignments / projects. Summarised Curriculum Vitae of officials to be seconded to this project must be submitted together with the above required documents;
- 4.4. Assessment will be done on an individual basis as far as experience is concerned (i.e. the employee to be assigned to the project to eliminate the instances where a company with a good track record on this assignment, assign individuals/employees with limited experience to the municipality). Experience of a company (as a juristic person) will also be considered as methodologies used by the company in previous similar work maybe vested in the company.

5. OTHER IMPORTANT MATTERS

- 5.1. Only one proposal per PSP will be considered
- 5.2. A copy of the audit report for the 2021/22 financial year is available on the municipality's website, www.tswelopele.gov.za.
- 5.3. If your company is successful, it will be expected to enter into a service level agreement with the Municipality, prior to commencement of the work. The Municipality reserves the right to cancel the any appointment made with a Service Provider who is not willing to conclude a Service Level Agreement with the Municipality in this regard;
- 5.4. The municipality is not bound to accept the lowest proposal and reserves the right to accept the proposal wholly or partially;
- 5.5. No faxed proposals will be accepted.

- 5.6. PSPs who are not registered on the Central Supplier Database are urged to urgently register as such (non-registration will lead to disqualification) and should further update their status on regular basis (especially regarding tax matters).
- 5.7. Failure to comply with the above mentioned conditions may invalidate your proposal.

6. SCOPE OF WORK

- 6.1. Review of the financial statements to ensure full compliance with GRAP standards. Review of the financial statements must be done using CaseWare software.
- 6.2. Review of reconciliations prepared by the municipality and assist with preparation of audit files. Preferably, the individual seconded for the revenue, receivables and rental reconciliations should be the same person to assist with the preparation of the audit file and review of the supporting schedules and reconciliations performed by the municipality. Therefore it is important that the individual to be seconded demonstrate experience in all these areas.
- 6.3. Recommendation of adjustments on the financial statements where necessary.
- 6.4. Be available for any technical assistance during the preparation of financial statements including CaseWare.
- 6.5. Ad hoc technical assistance on matters of financial management, policies and procedures as well as best practices.
- 6.6. The municipality has a service provider for the compilation of the asset register, the prospective service provider for the financial statements review will be required to perform a high level review of the asset register/schedules to ensure accuracy and completeness.

- 6.7. Assist with addressing technical audit queries raised by Auditor General during audit when needed.
- 6.8. Performance of revenue and receivables reconciliations including rentals ensuring completeness and accuracy in the billing system on a monthly basis. This will include computations of debt impairment and all necessary disclosures in the AFS. The PSP will be expected to do skills transfer in this section therefore the expectation of the municipality is that the costs in this area should decrease over the 3 years if the skills transfer is being effectively done.
- 6.9. Developing and review of the operating standard procedure manuals for financial management.
- 6.10. Provide training to municipal finance officials for any GRAP updates.
- 6.11. Actuarial valuation for long service awards and post-employment medical aid provisions on an annual basis.

7. COSTING AND EVALUATION OF THE PROPOSAL

- 7.1. The municipality has noted instances of Service Providers allocating very limited hours (which results in lower costing for the project at the submission stage) on projects of this nature. However, such hours get exhausted during the implementation phase and Service Providers raise additional invoices based on the extra hours. The extra hours result in the tendered amount (which was used to determine the lowest acceptable tender) being exceeded. Thus the probability of irregular expenditure exists.
- 7.2. Thus it is important that PSPs focus on the total costs of providing the service. For example, with a submission at a cost of R500,000. PSP will be expected to provide the required services at a cost of up to R500,000 (irrespective of the number of hours utilised)

7.3. PSPs are requested to follow the model below so that proposals can easily be comparable;

No	Service to be rendered	Amount excluding VAT Year 1	Amount excluding VAT Year 2	Amount excluding VAT Year 3	VAT	Amount including VAT
1	Financial statements review					
2	Review of reconciliations and assistance with the preparation of the audit file					
3	GRAP updates training					
4	Analytical reviews and reconciliations of service charges revenue and receivables and rentals					
5	Development of procedure manuals					
6	Actuarial valuations					
	Total					

Disbursements/travelling costs shall be kept to actual costs (up to maximum of 10% of the total). The onus rests with the PSP to provide original proof of expenditure. Failure to prove actual expenditure may result in the claim being rejected.

- 7.4. Travelling/claim for kilometres travelled must be quoted at the rate as provided by the Department of Transport on a month-to-month basis for 'private vehicles'.
- 7.5. All invoices will be accompanied by a Progress Report and the municipality has up to 30 days to make payment (from date of receipt of invoice and not from invoice date as Service Providers sometimes fail to submit invoices on time);
- 7.6. PSP will be subjected to functionality and technical capability/ ability of the PSP to perform/render the required services successfully. PSPs who score less than 70% at this stage will not qualify for the next stage;

8. FUNCTIONALITY REQUIREMENT

8.1. The following is the evaluation criteria for functionality;

EVALUATION CRITERIA ON FUNCTIONALITY FOR ANNUAL FINANCIAL STATEMENTS COMPILATION				
CRITERIA	OBJECTIVE	POINTS ALLOCATION	WEIGHT	MAX. SCORE
<p>1. Review of the annual financial statements by a qualified Chartered Accountant, provision of GRAP updates training and any technical assistance/consultations during AFS preparation</p> <p><i>NB: Membership number will be verified on SAICA website</i></p>	<p>To ensure that AFS are reviewed by an independent financial expert to minimise material errors; reduce adjustments during audit; ensuring full compliance with GRAP standards and thereby ensuring or promoting quality AFS</p>	<p>CA (SA) registration/ membership certificate</p>	<p>15</p>	<p>15</p>
<p>2. Reference to similar work / general experience in compilation or review of AFS for local municipality in the last five years.</p> <p><i>[NB: Attach reference letters which confirm that the official to be seconded to the project have has compiled or reviewed AFS for municipality in concern [contact</i></p>	<p>To ensure that the appointed Service Provider/Individual has adequate track record/experience in preparation or review of AFS for local municipalities</p>	<ul style="list-style-type: none"> - 1 Point: 1 reference letter for the preparation or review of annual financial statements - 2 Points: 2 reference letters for the preparation or review of annual financial statements - 3 Points: 3 reference letters for the preparation or review of annual financial statements 	<p>5</p> <p>10</p> <p>15</p>	<p>20</p>

EVALUATION CRITERIA ON FUNCTIONALITY FOR ANNUAL FINANCIAL STATEMENTS COMPILATION

CRITERIA	OBJECTIVE	POINTS ALLOCATION	WEIGHT	MAX. SCORE
<p><i>details must be provided for the relevant municipality].</i></p> <p><i>NB: Documents provided will be confirmed with the government institution if the municipality deems necessary</i></p>		<ul style="list-style-type: none"> - 4 Points: 4 reference letters for the preparation or review of annual financial statements 	20	
<p>3. Knowledge and experience in using the information technology systems [CaseWare System]</p> <p><i>NB: Attach proof of CaseWare Champion certification for the individual who will assist with any technical CaseWare queries during the preparation of the AFS</i></p>	<p>To ensure that companies/individuals with knowledge ito of using the Munsoft Financial System and CaseWare System as these are critical.</p>	<ul style="list-style-type: none"> - 0 Point: No CaseWare Champion certification attached - 5 Points: CaseWare Champion certification attached 	0 10	10
<p>4. Knowledge and experience in using the information technology systems [Munsoft System].</p> <p><i>NB: The CV of the individual to be seconded to perform this function should indicate where similar work was performed for a municipality that uses Munsoft system. Also to indicate experience in preparation of AFS</i></p>	<p>To ensure that companies/individuals with knowledge in respect of of using the Munsoft Financial System as this critical for the preparation of the revenue, receivables and rental reconciliations and skills transfer.</p>	<ul style="list-style-type: none"> - 1 Point: For similar work performed on a different financial management system other than Munsoft - 2 Points: For similar work performed on Munsoft for 1 year - 3 Points: For similar work performed on Munsoft for 2 years 	5 10 15	25

EVALUATION CRITERIA ON FUNCTIONALITY FOR ANNUAL FINANCIAL STATEMENTS COMPILATION

CRITERIA	OBJECTIVE	POINTS ALLOCATION	WEIGHT	MAX. SCORE
<i>and/or audit files and where such work was performed.</i>		<ul style="list-style-type: none"> - 4 Points: For similar work performed on Munsoft for 3 years - 5 Points: For similar work performed on Munsoft for 4 years 	<p>20</p> <p>25</p>	
5. Development/review of procedure manuals <i>NB: Attach CV of the individual with experience in developing procedures manuals</i>	To ensure that procedures manuals for financial management are developed, approved and operational.	<ul style="list-style-type: none"> - 5 Points: Experienced individual with more than 3 years' experience - 3 Points: Individual with less than 3 years' experience. - 	<p>5</p> <p>10</p>	10
6. Actuarial Valuations <i>NB: Confirmation of membership with the Actuarial Society of South Africa should be attached and at reference letters or appointments letters where similar work has been performed.</i>	To provide the valuation reports for long service bonuses and post-employment medical aid benefits on an annual basis.	<ul style="list-style-type: none"> - Membership with the Actuarial Society of South Africa - At least 3 local municipalities where similar work has been done - Less than 3 local municipalities where similar work has been performed 	<p>10</p> <p>10</p> <p>5</p>	<p>10</p> <p>10</p>

9. CLOSING DATE AND TIME

- 9.1. Closing date and time of submission of proposals will be Thursday, 30 November 2023 at 12H00.
Failure to adhere to the time frame indicated above will invalidate your proposal.
- 9.2. No forms of electronic submission shall be accepted (fax, drop box link, download via data sticks, etc.) All submissions should be hard copies.
- 9.3. Proposals marked 'Financial expert services RFP/TSW01/2023-2024' for the attention of the Municipal Manager must be submitted in a sealed envelope and be deposited in the tender box located at Tswelopele Local Municipality's offices situated at 01 Bosman Street, Civic Centre, Bultfontein, 9670
- 9.4. The tender box is accessible between 08H00 – 16H00 during the week days (submission over the weekends and public holidays is discouraged)
- 9.5. No acknowledgement of receipt shall be done as proposals must be deposited into the tender box (do not submit to municipal officials)

10. CONTRACTUAL AND REPORTING ARRANGEMENTS

- 10.1. Management of the tasks listed above will be managed as per the description in the relevant Service Level Agreement to be concluded and signed between the municipality and the successful service provider;
- 10.2. With respect to the project, the successful service provider will work with designated Project Sponsor from the municipality including municipal officials involved in the project;
- 10.3. Service providers must identify a Project Manager that will be duly mandated to represent the successful service provider during the duration of the contract, who will serve as liaison between the Service Provider and the municipality.

Note should be taken that the municipality is the one appointing the Service Provider and that such appointment is subjected to the successful Service Provider concluding a Service Level Agreement with the municipality. The terms and conditions of appointment (including consequence management) will be discussed with the successful Service Provider (and where there is no agreement in this regard, the municipality reserves the right to consider appointing an alternative Service Provider who will undertake provision of these services under the same terms and conditions).

11. REPORTS

- 11.1. Progress reports will be submitted monthly from the date of appointment until the end of May 2024;
- 11.2. Progress reports will then be submitted on a weekly basis from June 2024 till the submission of the Annual Financial Statements and performance information to AGSA;
- 11.3. Progress will be measured against the agreed project plan and deliverables on aspects / scope of the project;
- 11.4. Ad hoc reports may be requested by the Municipal Manager / Chief Financial Officer at given time during the duration of the project;
- 11.5. Final project close-out report for each financial year will be required as determined in Service Level Agreements. This report should highlight the risk areas identified during the financial period and recommendations on how such should be managed. The report should also recommend areas noted for improvement to enable effective planning of each financial year project executions with the aim of improving the financial management processes of the municipality.

12. CONTRIBUTION BY THE MUNICIPALITY

- 12.1. The municipality will provide working space for the successful Service Provider;
- 12.2. Provide the relevant information and access to key officials to enable the successful Service Provider to complete their tasks;

12.3. Make available staff to be seconded to the project.

12.4. The municipality will not be making available the Management Report to any of the PSPs due to risk factors associated with such documents being in the public domain. Only the signed audit report and audited annual financial statements will be made available. The latter are already in the public domain on the municipality's website. Final Management report will only be shared with the successful Service Provider.

(NB: full details regarding the obligations of the successful service provider and that of the municipality will be included in the Service Level Agreement).

SS Rabanye
Acting Municipal Manager

Date