
REQUEST FOR PROPOSAL
RFP: No. 6 of 2013/14
COMPILATION OF 2013/14 ANNUAL FINANCIAL STATEMENTS

Tswelopele Local Municipality hereby invites suitably qualified service providers to submit proposals for the compilation of 2013/14 Annual Financial Statements (AFS) in compliance with Generally Recognised Accounting Practice standards and any guidelines and/or requirements of National Treasury, the Accountant General and Auditor General. Prospective service providers are requested to download the specifications/terms of reference from the municipality's website (www.tswelopele.gov.za) with effect from the 17th of March 2014.

Bids marked for the attention of the Municipal Manager must be submitted in a sealed envelope marked "RFP: No. 6 of 2013/14: COMPILATION OF 2013/14 ANNUAL FINANCIAL STATEMENTS" must be deposited in the tender box located at Tswelopele Local Municipality no later than Friday, 04 April 2014, 12H00 at the following physical address:

Tswelopele Local Municipality Offices
No. 1 Bosman Street
Bultfontein
9670

The proposals will be evaluated and adjudicated in line with the approved Supply Chain Management Policy of Tswelopele Local Municipality using 80/20 preference point system in line with the Preferential Procurement Policy Framework Act.

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 Manager: SCM & Expenditure, Ms. Ndlovu at (051) 853 1111 during office hours. Prospective Service Providers will be evaluated on functionality and short listed bidders may be invited to make presentations to the municipality.

Mr. L. Mkhwane
Municipal Manager

TERMS OF REFERENCE / SCOPE FOR THE PROPOSALS

1. OVERALL OBJECTIVES

- 1.1. In awarding this proposal, the Tswelopele Local Municipality expects to, at minimum, achieve the following objectives:
 - 1.1.1. Compile Annual Financial Statements for the 2013/14 financial year that fully complies with the applicable Generally Recognised Accounting Practice (GRAP) standards;
 - 1.1.2. Improved audit evidence and well prepared audit files in line with the National Treasury guidelines;
 - 1.1.3. Skills transfer to key employees within the Budget & Treasury Office who will be seconded to the project;
 - 1.1.4. Maintain the current audit opinion (i.e. Unqualified audit opinion for 2012/13).
- 1.2. Prospective service providers must demonstrate specific experience in providing the services required by Tswelopele Municipality with regard to Annual Financial Statements preparation. Furthermore, prospective service providers must demonstrate that they have a proven track record in compiling Annual Financial Statements for municipalities, more specifically local municipalities.

2. REQUIRED DOCUMENTS

- 2.1. Prospective service providers are requested to submit the following documents together with the proposals:

- 2.1.1. 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;
- 2.1.2. Original valid company Tax Clearance Certificate must be attached;
- 2.1.3. A valid Broad Based Black Economic Empowerment Certificate;
- 2.1.4. An account showing that municipal rates and taxes are not in arrears for more than three months (this should be for any registered office, not necessarily within Tswelopele municipality .e.g. if you have a registered office in Bloemfontein, submit an account from Mangaung Metro);
- 2.1.5. A company profile including details and contactable reference of where similar work has been undertaken, in Municipalities of the similar capacity;
- 2.1.6. Draft service level agreements that will be entered into with the Municipality should your company be successful
- 2.2. Proposals submitted must include a project plan in the form of a Gantt Chart detailing key activities and tasks with key milestones and projected dates of delivery, taking into account legislated dates;
- 2.3. It is the intention of the Municipality to finalise the evaluation / adjudication processes and issue an appointment letter by 25 April 2014. As such project plan must be considered from this date. However, Prospective Service Provider must indicate the time frame for each deliverable;

- 2.4. 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 (please take note that this team must be available on full time basis from date of appointment till conclusion of the audit). Summarised Curriculum Vitae of officials to be seconded to this project must be submitted together with the proposal, furthermore their roles on the project must be detailed/indicated;
- 2.5. Detailed skills transfer program for the purpose of skills transfer to municipal officials who will be seconded to this project.
- 2.6. The Municipality has appointed a Service Provider for supply of electronic Asset Management Software. Prospective Service Providers are required to provide a detailed methodology in this regard to ensure that the Asset Register is complete and accurate. Terms of Reference in this regard will be made available upon request.

3. OTHER IMPORTANT MATTERS

- 3.1. Only one proposal per Prospective Service Provider will be considered;
- 3.2. Your company will also be expected to present its proposal to the Municipality (should the need arise) at the date, time and place which will be determined by the municipality should your company be short-listed. Travelling cost to this effect will be borne by the Prospective Service Provider;
- 3.3. The Municipality will make available the Management Report and audit report for 2012/13 upon request to assist you with your proposal (note should be taken that this documents are strictly confidential and are provided to assist prospective service providers with their proposal and should be used for this purpose only);

- 3.4. 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;
- 3.5. No faxed or e-mailed proposals will be accepted and the municipality is not bound to accept the lowest proposal and reserves the right to accept the proposal wholly or partially;
- 3.6. Prospective Service Providers who are not registered on the database of service providers of Tswelopele Municipality must promptly apply by completing the vendor / database registration form which is obtainable from the municipality's website (www.tswelopele.gov.za) and submit it together with their proposal;
- 3.7. Failure to comply with the above mentioned conditions may invalidate your proposal.

4. SCOPE OF WORK

- 4.1. Review of the financial records/transaction, preparation of reconciliations not in place and assistance with adjustment journals to ensure accuracy / correctness of the Trial Balance figures;
- 4.2. Review the asset register to ensure accuracy and completeness. Note should be taken that the Municipality has/will appoint a Service Provider for provision of an Electronic Asset Management Software. The AFS Service Provider will have an obligation to advise the municipality on any gaps / discrepancies identified in the Asset Register that can lead to a qualification / disclaimer;

- 4.3. Assist with the year-end stock count (including Game / Livestock which is situated in both Bultfontein and Hoopstad);
- 4.4. Compile the Annual Financial Statements for 2013/14 for submission to Auditor General of South Africa by the 29 August 2014. Draft set of Annual Financial Statements must be ready by 15th August 2014 for submission to the Audit Committee; service providers should take note that the financial statements submitted to the Audit Committee must be the close set of representation of the financial set to be submitted on the 29th August 2014 to the Auditor General of South Africa.
- 4.5. Annual Financial Statements (including notes, workings and schedules) will have to be compiled / done on CaseWare software which will be provided by the municipality. Therefore, it is essential that Prospective Service Providers are well conversant with this software;
- 4.5. Compilation of audit files for 2013/14 in line with National Treasury guidelines;
- 4.6. Addressing audit queries raised by Auditor General during audit (that is on the 2013/14 AFS) and adjust accordingly where necessary / as agreed upon with the AG;
- 4.7. Detailed skills transfer program for the purpose of skills transfer to municipal officials who will be seconded to this project.

5. COSTING AND EVALUATION OF THE PROPOSAL

- 5.1. Prospective service providers **need not indicate costs** of their proposals at this stage;

- 5.1.1. Upon receipt of the proposal, a shortlisting will be done and Prospective Service Providers who are found to be responsive (in terms of compliance to the conditions set in here and the necessary experience) will be invited to make a presentation.
- 5.2. The next stage will be a prequalification stage where prospective service providers will be invited to make presentation to Bid Evaluation Committee and Bid Adjudication Committee members to determine their technical capability and functionality to perform / render the required services;
- 5.3. Evaluation at this stage will be limited to functionality and technical capability / ability of the Prospective Service Provider to perform / render the required services successfully. Prospective Service Providers who scores less than 70% at this stage will not qualify for the next stage;
- 5.4. The top three prospective service providers (up to the top a maximum of five at the discretion of the Bid Evaluation Committees) who are responsive in terms of the technical capability and functionality to perform / render the required services successfully will then be requested to submit costing of the proposal;
- 5.5. At this stage, the terms of reference will be standardised to ensure that all shortlisted Prospective Service Providers cost their proposal for the same deliverable;
- 5.6. Proposal will then be evaluated and adjudicated in line with the Preferential Procurement Policy Framework Act; Preferential Procurement Regulations and the approved Supply Chain Management policy of Tswelopele Local Municipality, using 80/20 point system;
- 5.7. It is the view of the municipality that this project can be executed successfully at a cost of less than R1 million hence the use of 80/20 Point System;

5.8. Furthermore, Prospective Service Providers must note that 'Disbursements' will be at cost to the municipality. It will be the responsibility of the successful Service Provider to submit original documentation to this effect;

5.9. The municipality reserves the right to curb Disbursements at a particular percentage (i.e. Disbursement being claimed at actual cost up to a maximum of 10% of the project value). For example, ...

Total cost	R400 000.00
Plus: VAT	<u>R 56 000.00</u>
Project Value	R456 000.00
Plus: Disbursement @ 10%	<u>R 45 600.00</u>
Total payable by the Municipality	R501 600.00

5.10. 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);

5.11. For each and every invoice submitted, the Municipality will retain 10% of the invoice value. This amount will be paid out accordingly after submission of the 'close-out report'. This will exclude services which the successful Service Provider would have assisted municipality in outsourcing (i.e. having outsourcing the calculation of Post-employment benefits / impairment of debtors, calculation of provision for rehabilitation sites/ long service awards etc), which will be paid at cost.

6. CLOSING DATE AND TIME

6.1. Closing date and time will be as per the "Request for proposals" as advertised in the newspapers / website / attached to this document;

- 6.2. Proposals submitted after the closing date and time, will automatically be disqualified.

7. CONTRACTUAL AND REPORTING ARRANGEMENTS

- 7.1. 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;
- 7.2. With respect to the project, the successful service provider will work with designated Project Sponsor from the municipality including municipal officials who will be seconded to the project for the purpose of skills transfer;
- 7.3. 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.

8. REPORTS

- 8.1. Progress reports will be submitted fortnightly from the date of appointment until the end of May 2014;
- 8.2. Progress reports will then be submitted on a weekly basis from June 2014 till the submission of the Annual Financial Statements and performance information to AGSA;
- 8.3. Progress will be measured against the agreed project plan and deliverables on aspects / scope of the project;

- 8.4. Ad hoc reports may be requested by the Municipal Manager / Chief Financial Officer at given time during the duration of the project;
- 8.5. Final project close out report will be required as determined in Service Level Agreements.

9. CONTRIBUTION BY THE MUNICIPALITY

- 9.1. The municipality will provide working space for the successful Service Provider;
- 9.2. Provide the relevant information and access to key officials to enable the successful Service Provider to complete their tasks;
- 9.3. Make available staff to be seconded to the project for skills transfer purposes.

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