



TERMS OF REFERENCE (TOR) FOR BANKING SERVICES FOR KGATELOPELE LOCAL MUNICIPALITY

1. PURPOSE

The kgatelopele Local Municipality invites suitable service providers to send proposal for providing banking services for the period of 3 years with an option to extend for another 2 years.

2. BACKGROUND

2.1. In terms of Section 7(1) and (2) of the Municipal Finance Management Act No. 56 of 2003 states: -

- Every municipality must open and maintain at least one bank account in the name of the municipality.
- All money received by a municipality must be paid into its bank account or accounts, and must be done promptly and in accordance with this chapter and any requirements that may be prescribed.

2.2. These terms of reference set in motion such a bidding process.

3. REQUIREMENTS FOR APPOINTING A BANK FOR KGATELOPELE

3.1. To guarantee an objective and fair evaluation process, all bid offers submitted must be in accordance with format as described in **paragraph 6**. Failure to provide all or part of the requested information in the required format may result in a proposal being excluded from the evaluation process.

3.2. Kgatelopele Municipality requires the following services:

- Cheque (operational) accounts
- Investment (Call deposit accounts)
- Fuel Card
- Internet Banking Services
- Cash in transit services
- Drop box

4. CONTRACT PERIOD

Kgatelopele Municipality wishes to appoint a bank to meet its needs and its operational activities for a period of three years with the option to extend or discontinue.

5. SCOPE OF WORK / SPECIFICATIONS

- 5.1. It is important that bidders are able to demonstrate their competence to provide the basic commercial banking needs of the institution as well as working closely with officials of kgatelopele as banking requirements evolve.
- 5.2. The bidders must present a set of electronic and other banking products and services to the municipality.
- 5.3. The bidders should provide the pricing information for cash deposit fees, cash management fees, stop payment fees, electronic transfer fees, and other fees as applicable for the period it will be effective.
- 5.4. The systems that will be able to inference into the municipality accounting systems
- 5.5. Merchant devices for revenue enhancement for the Municipality
- 5.6. A stable amount for all bank charges monthly for the period of the contract
- 5.7. Have a Branch with a dedicated team and also working ATMs in and around the Municipality.
- 5.8. CDI with the post office where people can deposit money straight into the desired bank
- 5.9. With regard to handling of cash and cheques the bidders must demonstrate:
 - Procedures and authorisation requirements for cash deposits, withdrawals, cheque payments, stop payment instructions, etc with associated costs;
 - On-line photographic images of all cashed cheques, and if not, in what format this information will this be available;
 - Provide cheque retention facilities;
 - Identify cheques that have been tampered with or fraudulently negotiated and rectification of such fraudulent actions at the earliest possible time;
 - Verify the authenticity of all cheques issued; Verify cheques issued with cheques cashed;
 - Investigate and recover losses arising from fraudulent negotiation of cheques by personnel form financial institutions; and Advice on fraud prevention methods of detecting fraud.
 - Cash in-transit facility to do collections at the municipality;
 - Drop box facility to deposit funds during the day with the risk being transferred to the bank
- 5.10. Electronic banking services required by kgatelopele include daily payments from current accounts, electronic funds transfer and deposit identification when payment is received or made. The bidders must indicate whether it has:

- An electronic payment setup with standard payment details for both third-party payments and internal transfers;
- An ad hoc electronic payment for third party payments and internal transfers;
- A direct on-line stop payment facility and the reversal thereof;
- A direct on-line function to enquire on the status of cashed cheques;
- A postdated electronic transfer system;
- Updates and upgrades;
- The ability to provide cheque matching facilities;
- The ability to assist kgatelopele municipality in applying limits to transactions and accounts and the monitoring thereof;
- The ability to handle transactions online, and the thresholds;
- The capacity to provide electronic identification and reconciliations of counter deposits;
- The capacity to download bank statements and for which previous periods they are available;
- The capacity to provide automatic confirmations systems with kgatelopele's accounting system;
- Direct on-line function to enquire on the status of all the relevant bank accounts;
- A deposit identification system for electronic transfers and deposits (the number and type of characters should also be supplied);
- The capacity to provide real time cash management information to optimise kgatelopele Municipality's fund management;
- The ability to interface with commercial procurement systems, and what existing interfaces are in place;
- The ability to transact electronically via the bank with suppliers of goods and services as and when required;
- The capacity to immediately inform kgatelopele municipality in writing of unusual, suspicious or duplicated transactions;
- The capacity to record the cost per transaction for electronic account payments, stop payments and downloading of statements both provisionally and historically;
- Back-up system in case of system failure/breakdown due to a bank problem, and contingency measures which will be in place without kgatelopele municipality incurring any cost;
- The electronic system to inform releasing agents via e-mail and sms to release funds on the system; and
- Support and Maintenance plan for the banking system.

5.11. The bidders must provide information regarding interest calculations to demonstrate:

- On what day interest is calculated for which period;
- When and how interest is capitalised;
- What ability does the bidder has to facilitate the reconciliation of interest calculations by Kgatelopele Municipality;
- Proposed debit and credit interest rates applicable to balances;
- Provide an indication of timeframes for the transaction to be affected e.g. when it is affected intra-day, overnight or the next day; and
- Provide information on types of transactions permitted as previous day's value and which are not and the associated consequences.

5.12. In terms of reporting, audit trails and queries the bidder must:

- Give an indication of the ability to provide daily and monthly cash management reports and statements;
- Provide information on types of audit trails will be available, in what form and how ad hoc and daily queries will be addressed, response time to supply statements should be stated;
- Indicate any additional costs that may incurred by Kgatelopele Municipality due to the supply of the information;
- Indicate the period of historic information available; and
- Demonstrate executive reporting facilities to assist in the control and monitoring of accounts and exceptions reporting for amounts that exceed a specific limit and an unusual pattern of spending.
- Indicate any technical specification to enable Kgatelopele Municipality to utilise the electronic service products.

5.13. The bidder must provide particulars of other products/services that may be provided, for example:

- The provision of credit cards for expenditure purposes (supply annual fees/pricing associated thereto; interest on outstanding amounts older than 30 days if applicable);
- The fuel card report would be required monthly per card, and the bank would need to be able to inform Kgatelopele Municipality of the following:
 - Generation of exception reports;
 - Systems should not allow any irregular activity for fuel purchases; and
 - The fuel card report, manually submitted as well as electronically.
- The utilisation and provision of speed point payment methods and what rate would be charged.

5.14. The bidder must provide the following with regard to service level agreements:

- A pro-forma copy of a service level agreement, which will allow Kgatelopele Municipality to monitor the performance under the contract and have remedies available to allow Kgatelopele Municipality to terminate the agreement.
- The SLA must indicate how cost and services are evaluated and adjusted on a regularly. However, the quoted prices will be subject to a maximum annual increase of CPI for Kgatelopele Municipality based on the proposed level of service. Where bidders provide for a smaller adjustment, this should be clearly indicated in this manner.

5.15. For security procedures and insurance bidder must provide the information on:

- Security procedures are followed to prevent fraudulent practices in terms of e-commerce/electronic banking, cheques, cash etc; Insurance arrangements are in place or should be put in place as part of the agreement to protect Kgatelopele Municipality against any loss, and the cost thereto; and
- Detail relating to in-house forensic services regarding the above should also be provided as well as any possible prices attached to these.

5.16. For authorisations the bidders must provide the list of resolutions, decisions for which approval must be obtained and other authorisation requirements e.g. two signatories.

5.17. The bidder must indicate what training and additional costs are associated with:

- The use of electronic banking systems and any upgrade in future;
- Update training to signatories and operators of the electronic banking system.

5.18. Systems and procedures will develop and change during the term of the contract. Bidders must indicate their ability and willingness to participate in assisting these developments.

5.19. Bidders must provide written proof of membership to Banking Association of South Africa.

5.20. Bidders must provide evidence of previous/current business with Public Entities and the extend of risk exposure.

6. **SOCIAL UPLIFTMENT**

Quantifiable and measurable details of the tenderers intended contribution to social upliftment within the Municipal boundary should be stated. Reference should include the following:

- Community Projects
- SMME access to finances
- Financing initiatives to lower income groups
- Enterprise development
- Job Creation
- Community based HIV/Aids Programmes
- Customer care training for employees of the Municipality

7. **TERMS AND CONDITIONS OF PROPOSAL**

- 7.1. All costs and expenses incurred by potential service providers relating to their project proposal will be borne by the respective service provider. Kgatelopele Municipality is not liable to pay such costs and expenses or to reimburse or compensate service providers in the process under any circumstances, including the rejection of any proposal or the cancellation of this project.
- 7.2. While Kgatelopele Municipality endeavours to ensure that all information provided to all potential service providers is accurate, it makes no warranty as to the accuracy or completeness of any information provided by it.

Kgatelopele Municipality reserves the right to waive deficiencies in project proposals. The decision as to whether a deficiency may be waived or may require the rejection of a project proposal may be solely within the discretion of Kgatelopele Municipality. Kgatelopele municipality reserves the right to request new or additional information regarding each service provider and any individual or other persons associated with its project proposal. Kgatelopele Municipality reserves the right not to make any appointment from the proposals submitted.

- 7.3. Service providers shall not make available or disclose details pertaining to their project proposal with anyone not specifically involved, unless authorized to do so by Kgatelopele Municipality.
- 7.4. Service providers shall not issue any press release or other public announcement pertaining to details of their project proposal without the prior written approval of Kgatelopele Municipality.
- 7.5. Service providers are required to declare any conflict of interest they may have in the transaction for which the tender is submitted or any potential conflict of interest. Kgatelopele Municipality reserves the right not to consider

further any proposal where such a conflict of interest exists or where such potential conflict of interest may arise.

- 7.6. A **valid original Tax Clearance Certificate**, issued by the South African Revenue Services, must be submitted, or a Master Registration Number or tax compliance status PIN to enable the municipality to verify the bidder's tax compliance status, **failing which the relevant service provider's proposal may not be considered.**
- 7.7. Any and all project proposals shall become the property of Kgatelopele Municipality and shall not be returned.
- 7.8. The proposals should be valid and open for acceptance by Kgatelopele Municipality for a period of **120 days** from the date of submission.
- 7.9. Service providers are advised that submission of a project proposal gives rise to no contractual obligations on the part of Kgatelopele Municipality.
- 7.10. Kgatelopele Municipality reserves the right not to accept any proposal which does not comply with the TERMS OF REFERENCE and conditions set out in the proposal documents.
- 7.11. Kgatelopele Municipality reserves the right not to award the proposal to the service provider that scores the highest points.
- 7.12. Disputes that may arise between Kgatelopele Municipality and a service provider must be settled by means of mutual consultation, mediation (with or without legal representation) or, when unsuccessful, in a South African court of law. All returnable proposal documents must be completed in full and submitted together with the service provider's proposal.
- 7.13. The "Requirements for content of the project proposal" section above outlines the information that must be included in proposal offers. Failure to provide all or part of the information may result in your proposal being excluded from the evaluation process.
- 7.14. All goods/service or products to be supplied to Kgatelopele Municipality shall be in full compliance with South African approved standards and in compliance to the specifications provided.
- 7.15. It is the conditions of this RFQ that, a quotation is submitted together with the following completed forms;
 - i) MBD 6.1 Preference points claim form (valid BBBEE certificate must be submitted together with this completed document)
 - ii) MBD 4 Declaration of Interests form
 - iii) MBD 2 Tax Clearance certificate application form
 - iv) MBD 8 Declaration of Bidder's Past Supply Chain Management Practices.
 - v) MBD 9 Certificate of Independent Bid Determination

NB: Failure to submit completed returnable forms as mentioned above automatically disqualify your quotation.

6.17 Kgatelopele Municipality reserves the right to remove certain aspects of its requirements in order meet its budget for the project.

8. ANTICIPATED SCHEDULE OF EVENTS

Request for Proposal	Bid advertised and placed on the City Press and Tender Bulletin	30 October 2018
Closing date & Opening of proposals	Bids opened at Kgatelopele Municipal Office	10 December 2018
Evaluation of Proposals	Bid Evaluation Committee	16 January 2019
Presentation by prospective bidders	Bid Evaluation and Adjudication Committees	30 January 2019
Adjudication of proposals	Bid Adjudication Committee	07 February 2019
Award	Notification of a successful service provider	28 February 2019
Commencement of contract and project delivery	Kgatelopele Municipality and successful bidder signs lease agreement	28 March 2019

9. COST

Costs of the project must be clearly stated on the proposal.

10. TECHNICAL EVALUATION CRITERIA

10.1. All proposal offers received shall be evaluated based on the following phase out approach:

CRITERIA	MAXIMUM POINTS TO BE AWARDED
Phase 1: Functionality	100
Submit a written proposal (original and electronic copies) Presentation on services in terms of the TOR (date to be communicated)	
NB: An institution that fails to score a minimum of 60 points on functionality will not be further considered.	
1) Quality of service including support, capacity building sessions; a specific portfolio manager- Public Entity accounts must be appointed to account for status meetings.	30
2) Extended services that can be offered- additional benefits	10
3) Demonstrate experience in similar assignments with Public Entities accounts and proven track records of such accounts.	15
4) Methodology / approach in the banking support including the proposed funding streams.	30
5) Demonstrate when and how interest is capitalised.	5
6) What ability does the respondent have to facilitate the reconciliation of interest calculations by Kgatelopele Municipality.	5
7) Ability to interface commercial procurement systems, and what interfaces are in place.	5
TOTAL	100

Phase 2: Price (Vat included)

80 Points for price will be awarded with reference to the total fixed proposal amount inclusive of VAT. The service provider with the lowest price shall score the maximum 80 points.

	Points to be awarded
Submit a sealed financial proposal (before the presentation)	
1) Proposed debit and credit interest rates applicable to balances	5
2) What is the day interest and indication of how it gets calculated for a period	5
3) Cost per transaction for Electronic account payments (EAP), stop payments, downloading statements both provisional and historical	8
4) Charges for rates linked to prime or South African Future Exchange (SAFEX)	4
5) Insurance cost and coverage	

6) Rate charged for speed point payments method	8
7) Pricing for cash deposit fees, cash management fees, stop payment fees, electronic transfer fees, and other as applicable for the period it will be effective	15
8) Interest charged on cheque account, credit card and internet banking	15
9) Monthly cost for cash in-transit services	10
10) Charges for drop box facility	10
Maximum Points for price	80

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

Detailed proposals clearly marked with the Project name and Bid number must be placed in the Tender Box at the offices of the Kgatelopele Local Municipality, 222 Barker Street, Danielskuil, 8405, on or before **12:00 pm Friday, 30 November 2018**. at which time they will be opened in public. No late submissions, emailed or faxed documents will be accepted.

Closing date for proposals: 30 November 2018 at 12:00pm

Contact persons:

MS Ophelia Louw
 Chief Financial Officer
 Tel: 053 384 8608
 Cell: 072 270 4730
 Email: finman@kgatelopele.gov.za

Or

Mr Jabulane Zwane
 Senior Supply Chain Management Practitioner
 Tel: 053 384 8646
 Email: supply@kgatelopele.gov.za