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**TERMS OF REFERENCE / SCOPE OF WORK FOR THE COMPILATION OF GRAP COMPLIANT  
2017/18 ANNUAL FINANCIAL STATEMENT FOR KGATELOPELE MUNICIPALITY**

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**REQUEST FOR PROPOSALS**

Kgatelopele Local Municipality invites suitable service providers to submit proposals for the following project:

Bid No.	Bid description	Contract period	Closing date and Time	Preferential Points System
KLM2017/18/012	<b>COMPILATION OF GRAP COMPLIANT ANNUAL FINANCIAL STATEMENTS</b>	8 Months	19 April 2018 @ 12H00	80/20

Terms of Reference for this project can be accessed from the municipal website, [www.kgatelopele.gov.za](http://www.kgatelopele.gov.za) from **Thursday, 05 April 2018**.

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 Thursday, 19 April 2018**. at which time they will be opened in public. No late submissions, emailed or faxed documents will be accepted.

**Bids will be evaluated on Functionality:**

The bid will be evaluated on functionality with the following criterion:

ITEM	SCORE
<b>Experience and tract record</b>	
Achievement of clean audit from previous projects	40
Experience of Project Team / Key Personnel	20
Accounting Support in addressing accounting backlogs and assisting municipal staff with implementation of internal control measures	20
<b>Skills transfer through:</b>	
On the job training with the specific aim to empower municipal staff to execute their duties unassisted (Clear plan with deliverables and timeframes)	20
<b>TOTAL</b>	<b>100</b>

**NB: Bidders must score a minimum of 60% to be considered for further evaluation.**

Please note that it is a prerequisite of the Municipality that all service providers are to be registered on the **National Treasury Central Supplier Database (CSD)**. The submissions of valid and up to date SARS tax clearance certificates are compulsory and municipal rates accounts. Registration on CSD can be done at [www.csd.gov.za](http://www.csd.gov.za) or at your nearest Treasury and Kgatelopele Municipal Offices.

Bids will be evaluated according to the Kgatelopele Local Municipality's Supply Chain Management Policy, Preferential Procurement Policy Framework Act (Act 5 of 2005) and the Preferential Procurement Regulations, 2017, and Broad Base Black Economic Empowerment Act (Act 53 of 2003).

**Enquiries:** 053 384 8608  
**CFO:** Ms. Ophelia Louw

**M A JANUARY (MR)**  
**MUNICIPAL MANAGER**  
**(KGATELOPELE MUNICIPALITY)**

## **TERMS OF REFERENCE / SCOPE FOR THE PROPOSALS**

### **1. OVERALL OBJECTIVES**

- 1.1. In awarding this proposal, the Kgatelopele Local Municipality expects to, at minimum, achieve the following objectives:
  - 1.1.1. Compile Annual Financial Statements for the 2017/18 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. Assist the municipality in achieving a good audit opinion (i.e. Clean audit opinion for 2017/18).
- 1.2. Prospective service providers must demonstrate specific experience in providing the services required by Kgatelopele Local 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. The account must not be over 90 days in arrears.

(this should be for any registered office, not necessarily within Kgatelopele municipality.

- 2.1.5. A company profile including details and contactable reference of where similar work has been undertaken, in Municipalities of the similar capacity;
- 2.2. Proposals submitted must include a project plan 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 1<sup>st</sup> of May 2018. 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. Responsive proposals will also be invited to present its proposal to the Municipality 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 for 2016/17 upon request to assist you with your proposal (note should be taken that these 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 will provide Draft Service Level Agreement that must be considered, finalised and signed by the commencement of the project. 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. Please note that it is a prerequisite of the Municipality that all service providers are to be registered on the National Treasury Central Supplier Database (CSD). The submissions of valid and up to date SARS tax clearance certificates are compulsory. Registration on CSD can be done at [www.csd.gov.za](http://www.csd.gov.za) or at your nearest Treasury and Kgatelopele Municipal Offices.
- 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. 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.
- 4.4. Compile the Annual Financial Statements for 2017/18 for submission to Auditor General of South Africa before deadline. Presentation of draft AFS to the audit committee by 08 August 2018. Final AFS submission to municipal management by 15 August 2018. Presentation of final AFS to audit committee by 22 August 2018.

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 31st August 2018 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.

- 4.6. Compilation of audit files for 2017/18 in line with National Treasury guidelines;
- 4.7. Addressing audit queries raised by Auditor General during audit (that is on the 2016/17 AFS) and adjust accordingly where necessary / as agreed upon with the AG;
- 4.8. 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. During such presentations the Bid Evaluation Committee and Bid Adjudication Committee members will also be invited to sit in to be able to determine the technical capability and functionality to perform / render the required services;
- 5.3. Evaluation stage will be limited to functionality and ability of the Prospective Service Provider to perform / render the required services successfully. Prospective Service Providers who scores less than 60% 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 Kgatelopele 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 R50 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. This must be within the regulated rates.

- 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);

## **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;
- 8.2. Progress reports will then be submitted on a weekly basis from June 2018 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).**