

SECTION 2.1: SPECIFICATIONS AND TERMS OF REFERENCE

1.	BACKGROUND	COMPLY YES/NO
1.1.	Hessequa Local Municipality requires proposals from suitably experienced service providers to assist the Municipality with accounting services and reforms, the primary aim being to maintain the clean audit status achieved in the past, as well as to ensure the implementation of and compliance to these reforms on an ongoing basis.	
1.2.	It is the intention to appoint the successful tenderer for a contract period not exceeding three years to ensure the success of the project and to provide the municipality with the necessary business continuity and the building of institutional knowledge and capacity.	
2.	SCOPE OF WORK	COMPLY YES/NO
	2.1 It is critical that the service provider to be appointed should have extensive experience in all the items listed below and must therefore be able to provide references/written confirmation of all such projects successfully undertaken in the past, for each of the items listed below. Failure to provide sufficient evidence as well as contactable referees will exclude tenderers from earning points for functionality criteria as listed hereunder.	
3.	TERM OF REFERENCE	COMPLY YES/NO
	<p>3.1 Assist with drafting; compilation; and review of GRAP compliant annual financial statements and implementation of GRAP and other relevant new accounting standards and reforms relevant to the AFS presentation for the municipality and possible entities under its control & assistance with audit and other queries from relevant bodies.</p> <p>3.1.1 Reviewing of Annual Financial Statements must include, but not limited to the following:</p> <p>3.1.1.1 Review calculations on current and non-current provisions as may be required and preparing journals and workings for adjustments.</p> <p>3.1.1.2 Review of calculations for payables from exchange transactions including calculation of Pre-paid sold in advance, receipts in advance and retention.</p> <p>3.1.1.3 Review and confirm tax calculations, i.e. liability/receivables from source documents provided, perform tax reasonability test, calculate apportionment ratio for the year, calculate theoretical VAT balance.</p> <p>3.1.1.4 Review PPE annexures and ensure reconciliation to the GL. Test Asset register for accuracy of calculations and ensure that it complies with accounting policy and relevant accounting standards.</p> <p>3.1.1.5 Review inventory calculation and water stock calculation to confirm disclosure amounts.</p> <p>3.1.1.6 Review calculations for the provision for impairment of receivables for exchange and</p>	

<p>non-exchange transactions. Provisions to be calculated on individual debtor basis,</p> <p>3.1.1.7 Review calculate provision for impairment for traffic offences in accordance with I-Grp1 use current and previous payment history in methodology. Advise management on possible impairment of traffic fine receivables.</p> <p>3.1.1.8 Ensure correct cash and cash equivalents disclosure in accordance with the accounting policy and accounting framework. Review bank reconciliation and advise on clearing of material amounts where appropriate.</p> <p>3.1.1.9 Review investment register for accuracy and calculate accrued interest where necessary.</p> <p>3.1.1.10 Ensure completeness of property rates note w.r.t. valuation information, review and advise on completeness and appropriateness of property rates reconciliation.</p> <p>3.1.1.11 Ensure accurate appropriate disclosure of all grant receipts, verify information in grants reconciliation for inclusion in AFS and prepare correction journals if relevant.</p> <p>3.1.1.12 Ensure accurate disclosure of employee related cost by scrutinising relevant reconciliations and advising if corrections are to be made for staff, management and councilors.</p> <p>3.1.1.13 Analyse finance charges to ensure accurate disclosure of respective components in accordance with accounting standard.</p> <p>3.1.1.14 Review Bulk purchases amount to ensure completeness, and that adequate consideration for cut-off dates have been accounted for.</p> <p>3.1.1.15 Analyse and review expenditure by nature including general expenditure categories for appropriate disclosure of expenditure</p> <p>3.1.1.16 Analyse and review suspense accounts and provide advice with the clearing of suspense accounts where necessary</p> <p>3.1.1.17 Perform and Review all correction of error restatements where necessary, provide adequate narrative disclosure and advise management on accounting treatment of matters to be restated.</p> <p>3.1.1.18 Ensure completeness of capital commitments by reviewing information supplied.</p> <p>3.1.1.19 Perform financial risk management calculations including liquidity risks.</p> <p>3.1.1.20 Ensure that adequate disclosure of material variances are done.</p> <p>3.1.1.21 The following to be on Quotation basis – Hourly Tariffs as per Rates 21 to 25 (Ensure the rates tendered can cover scope:</p> <ul style="list-style-type: none"> a. Cost to advise to changes in the AFS after internal audit review as well as external audit technical review. b. Cost to analyse and respond to all audit findings relating to the AFS presentation inclusive of negotiating with and explaining point of view to the auditors c. Cost to obtain external expert opinion on accounting standards interpretation if a difference of opinion is evident between the AG and the municipality d. Cost of printing and stationary. e. Cost of time spent corresponding with and responding to auditors, whether in writing, email, or verbal discussions 	
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<p>f. Annual revision of the accounting policy of the municipality to accompany the AFS</p> <p>g. Providing advice with regards to the adoption and/or early adoption of relevant accounting standards.</p>	
3.2 Asset Management, including assistance, as needed, with the annual asset count and assuring a GRAP Compliant Asset Register.	
<p>3.3 Ad-hoc unbundling of Infrastructure asset additions according to GRAP 17 for the 3-year period and capturing of it onto the Asset Register as well as Hessequa Municipality's GIS system. The municipality is establishing in-house capacity to perform unbundling of assets but may require assistance from time-to-time.</p> <p>3.4 The following will be required for Infrastructure Assets in particular:</p> <p>3.4.1 Impairment and completeness testing on Land & Buildings, Community Assets, Other Assets, Intangible Assets and Investment Property and Infrastructure Assets</p> <p>3.4.2 The physical review and verification all existing facility assets (i.e. Pump stations, Reservoirs, Waste Water Treatment Works, Water and Sewer Mains, Substations, etc.) and other above-ground assets (i.e. Roads, Streetlights, Storm water channels) and under-ground which resides in the Municipality's current IAR to identify any movements between locations and departments;</p> <p>3.4.3 Assessment of these assets' Remaining Useful Life and Condition will be re-evaluated on the basis as determined during IAR workshop;</p> <p>3.4.4 Collection of data and information of any new assets found at these facilities which do not occur on the current IAR;</p> <p>3.4.5 Calculation of cost on these new assets found, in terms of GRAP.</p> <p>3.4.6 If applicable, carry out the updating the IAR with information from the latest Master plans for water, sewer and electricity;</p> <p>3.4.7 Assisting the Municipality to assess possible impairment losses and associated accounting treatment;</p> <p>3.4.8 Preparing new, or update old GIS shape files, indicating the position of the assets created in the above steps and submit to technical department for further distribution.</p>	
3.5 Measurement of the costs to rehabilitate landfill sites based on the separate Actuarial report on remaining Air-space. The scope includes the full audit file of all assumptions and calculations made, including the journals to be processed, The response to audit queries as they may arise should also be included.	
3.6 Actuarial valuations of Employee Benefits.	
3.7 Accounting Support and assisting municipal staff with implementation of internal control measures.	
3.8 Skills transfer through on the job training with the specific aim to empower municipal staff to execute their duties unassisted.	
3.9 Any other assistance as needed, including new financial requirements such as mSCOA implementation.	

3.10 Development and implementation of business processes and standard operating procedures aligned with Hessequa Municipality's systems.		
3.11 Supply a software license to use a Financial Accounting Reporting Tool for compilation of the AFS in a GRAP Compliant format, taking into consideration the municipal financial transactions are captured in a mSCOA format. The Financial Accounting Reporting Tool must be able to import the mSCOA Trial Balance and map the balance into the GRAP compliant AFS statements		
4	FINANCIAL MANAGEMENT AND FINANCIAL ACCOUNTING	COMPLY YES/NO
4.1 All other services related to financial management and financial accounting support as may be required from time to time.		
5.	APPLICABLE STANDARDS, SPECIFICATIONS AND REGULATIONS	COMPLY YES/NO
5.1 Municipal Finance Management Act, 56 of 2003; 5.2 Supply Chain Management (SCM) Regulations; 5.3 Preferential Procurement Regulations, 2022; 5.4 Hessequa Municipality Supply Chain Management Policy Incorporating Preferential Procurement; 5.5 Accounting Standards, where applicable. 5.6 Hessequa Municipality Cost Containment Regulations 5.7 Hessequa Municipal Asset Management Policy		
6.	DELIVERY / COMPLETION	COMPLY YES/NO
6.1. Completion as required per assignment.		
7.	PRICING REQUIREMENTS	COMPLY YES/NO
7.1 Tenderers must also provide their own pricing model based on the required hours. The table below indicates how the tariffs/fees for the different functions should be determined. The municipality reserves the right to call upon the tenderer for all or any of the functions below and the estimated time spent on the project must be agreed upon between the parties in writing. Remuneration rates will be subject to negotiation, not exceeding the applicable rates as prescribed by the body regulating the profession of the bidder.		
Level	Minimum Relevant Municipal Experience in a South African Municipal Environment	Hours (Estimated)
Partner / Director	More than 15 Years	50 hours per annum
Senior Manager	15 Years	200 hours per annum
Other Management	10 Years	200 hours per annum
Senior Advisor	7 Years	200 hours per annum
Junior Advisor	3 Years	200 hours per annum

<p>7.2. Travelling time must be quoted as an hourly rate and the calculation for the purpose of evaluation will be based on 200 hours per annum;</p> <p>7.3. Accommodation cost will be reimbursed per approved municipal rates for accommodation at the actual cost incurred to overnight at a 3-star accommodation establishment on a bed and breakfast basis and will not form part of the calculation for comparative purposes; As per the Cost Containment prescripts; the service provider must note that the contract price is exclusive of all travel and subsistence costs and if considered to be claimed, such costs will be reimbursed in accordance with the national travel policy of the National Department of Transport.</p> <p>7.4. Sundry cost such as printing, stationery, parking, toll fees and other incidental expenditure will not be reimbursed separately and must therefore be included in the hourly rates quoted;</p> <p>7.5. Please note that the tariffs for all components of the tender in the outer years of the projects will be limited to the average CPI from the previous year plus 1%.</p>			
7.6. Other GRAP or relevant accounting standards implementation issues excluding matters required for the preparation and presentation of the Annual Financial Statements	Hourly tariffs		
7.7. Asset Management, other than 7.8 below, including assistance as agreed upon, with the annual asset count and assuring a GRAP Compliant Asset Register	Hourly tariffs		
7.8. Physical Verification of existing Infrastructure Assets and specifications as set in 4.4	Once-off Fixed Price		
7.9. Ad-hoc unbundling of Infrastructure Assets according to GRAP 17 for the 3-year period and capturing of it onto the asset register and HESSEQUA Municipality's GIS system, when necessary;	Hourly tariffs		
7.10. Rehabilitation of landfill site: Cost of third-party expertise for the calculation of landfill site rehabilitation provision in accordance with relevant legislative requirements. Cost of Site visit and Surveyor must be separate.	Fixed Price per annum		
7.11. Actuarial valuations of Employee Benefits; Cost of 3 rd party expertise necessary to perform actuarial calculations for disclosure of post-retirement benefits in the notes to the AFS. Costs must be separate for each Different Valuation required, Example Long Service Bonuses, Ex-Gratia, Pension Fund Benefits, etc.	Fixed Price per annum		
7.12. Accounting Support in addressing accounting backlogs and assisting municipal staff with implementation of internal control measures. (Administrative and support services availability by means of offices and staff available in the Western Cape.;	Hourly tariffs		
7.13. Key Financial Staff Appointments assistance;	Fixed Price per candidate (Calculate on 6 candidates over the 3-year period)		

7.14.	Development of Policies, Strategies, Benchmarking as necessary;	Hourly tariffs	
7.15.	On the job training with the specific aim of transferring skills to officials & to empower municipal staff to execute their duties unassisted;	Hourly tariffs	
7.16.	Training of Non-Financial Officials and Councillors in the requirements of GRAP and any revised Standards as well as Budgeting. The service provider must also provide any and all training material required;	Fixed Price for per day for formal training in classroom environment irrespective of number of learners with maximum of 20 learners per occasion. (Catering and venues will be for the municipality's account)	
7.17.	Financial Project Management (All these must be captured into scope of work – broadly)	Hourly tariffs	
7.18.	Assistance with reporting to National & Provincial Treasuries as-and-when needed. (MFMA Compliance);	Hourly tariffs	
7.19.	Assistance with Budget Reforms, Reporting and budget schedules, as-and-when needed; (MFMA Compliance);	Hourly tariffs	
7.20.	Assistance with compliance with the requirements of Predetermined Objectives, as needed.	Hourly tariffs	
7.21.	Any other assistance as needed, including new financial reforms such as MSCOA related matters.	Hourly tariffs	
7.22.	Development and implementation of business processes and standard operating procedures aligned with HESSEQUA Municipality's systems.	Hourly tariffs	
7.23.	Tender prices must be in ZAR Currency (Rand);		
7.24.	Escalation will be limited to CPI plus 1% annually at the beginning of the 2 nd and 3 rd contract year;		
7.25.	Bid prices must be inclusive of VAT;		
7.26.	All costs must be included in the bid price;		
7.27.	All tenders must be valid for up to 120 Days.		
8.	EVALUATION		COMPLY YES/NO
8.1.	The submissions will be evaluated and adjudicated by a duly constituted evaluation and adjudication committee;		
8.2.	Hessequa Municipality does not bind itself to accept the highest or any tender and reserves the right to accept any or none of the tenders submitted, as it may deem expedient;		
8.3.	Functionality points shall be awarded at the sole discretion of the municipality and the		

	decision of the municipality will be final;	
8.4.	Must submit proof of services provided to local government institutions with contactable references and track records;	
8.5.	Envisaged that Service to be implemented for a period of three years	
8.6.	All details and pricing / rates regarding fuel, maintenance and any other services must be provided in detail;	
8.7.	It is envisaged that the tender period will start on the contract signed date for a three-year period. Tenderers who are unable to comply with this stipulation should refrain from tendering; This includes accounting support during the annual external audit of the Auditor General.	
8.8.	Tenders will be evaluated on a comparative basis, which is the reason for the design of the tender specification and additional schedules (if applicable);	
8.9.	All tenders received shall be evaluated in accordance with the Municipal Finance Management Act, Act 56 of 2003 (read with its accompanying supply chain management regulations), the Preferential Procurement Policy Framework Act, Act 5 of 2000 (read with its accompanying regulations) as well as the Hessequa SCM Policy Incorporating Preferential Procurement;	
8.10.	Points will be awarded to tenderers who are eligible for preferences in terms of MBD 6.1: Preference Point Claim Schedule (where preferences are granted in respect of B-BBEE contribution and Locality);	
8.11.	The terms and conditions shall apply in all respects to the tender evaluation process and any subsequent contract.	
8.12.	An agreement must be established between the successful bidder on who the Project Team will be that will be responsible for executing the works;	
8.13.	Should the team change, then Hessequa Municipality must be notified.	