THEMBISILE HANI LOCAL MUNICIPALITY

THLM/SCM32/2024-2025/BTO02

APPOINTMENT OF A PANEL OF SERVICE PROVIDERS FOR DEBT COLLECTION SERVICES FOR A PERIOD OF 36 MONTHS

SCOPE OF WORK

PURPOSE OF THE PROJECT

1 DESCRIPTIONS OF WORKS

1. INTRODUCTION

1.1. Thembisile Hani Local Municipality has approximately 68003 households, 12 617 organ of state 1480 business properties other debtors 4994.

1.2. The municipality is intending to appoint a reputable and competent service provider for debt collection of the debtor's book / consumer database.

2. SCOPE OF WORK

Data Handling and Account Management as part of Debt Collection

2.1. Correct billing data in relation to ownership data (e.g. accuracy of ID numbers, physical and postal addresses, contact numbers, etc.).

2.2. Identify key anomalies that require correction, e.g. duplicate accounts, missing accounts, active/inactive accounts etc.

2.3. Update key customer information with the assistance of municipality staff.

2.4. Correctly categories each account according to the appropriate municipality classification, which includes government, business, residents etc. and reclassify debtors that are incorrectly identified on the billing system.

Collection Activities

2.5. Perform valuation roll reconciliation and reconcile the valuation roll to the municipal financial management system

2.6. Investigate all accounts which appear to have incorrect billings e.g. tenant accounts with assessment rates and accounts which are not billed for all services e.g. owner's accounts but no billing of property rates.

2.7. Investigate and identify accounts with incorrect billing codes/tariffs, e.g. property registered as business property however levied/billed as a residential property.

2.8. List land that are municipal and those that are owned by community which may not be appearing in the municipal billing system.

2.9. Follow up on customers' details which appear incomplete and/or returned by the selected mailing system (i.e. Names, postal address, contact details and physical address etc.).

2.10. A report of domestic/residential household operating as business (with a business on site).

2.11. Reconcile migration data to eliminate inaccurate records.

2.12. Identify all accounts that may require to be written off (for discussion of the Chief Financial Officer/Finance Staff and subsequently for a Council approval).

2.13. Ensure/demonstrate skills transfer during project execution.

2.14. Identify and assist with other key areas that may affect revenue management within the municipality.

2.15. Perform debt collection on the following customer group: organ of sate; households; business and certain agricultural properties.

2.16. Enter into agreements with the debtors in recovery of the debt (Subject to the Municipality's approval)
2.17. Align the collection strategies to the THLM Credit and Debt management Policy
2.18. Support Revenue Enhancement strategies adopted by the municipality.

Legal and Enforcement Action
2.19 Pursue legal collections, including summonses, judgments, letters of execution, and instructions to sell.

Reporting and Reconciliation
2.20. Tracing and collection of all debtor accounts

2.21. Assess and establish the current situation regarding revenue management within the municipality.
2.22. Determine the correct debtors' age analysis, debtors' classification by customer type, service and days outstanding.
2.23. Produce account reconciliation for each debtor account.
2.24. Reconcile government debts per service for all state facilities

2.25. Monthly reporting on the recovery of debts.

2.25. Arrangement to be submitted for approval to the municipality's offices before final agreement with the client.

Performance Standard
2.26. All actions must comply with applicable legislation, including the Municipal Systems Act, MFMA, Debt Collectors Act, and National Credit Act.
2.27. Professional, ethical conduct in all dealings with municipal stakeholders and debtors.

3. FEE STRUCTURE

The remuneration will be based on commissions, the commission in percentage should be clearly indicated on the proposal.

Thembisile Hani Local Municipality reserves the right to negotiate any aspect of the proposed fees and disbursements with the preferred Service Provider and shall not be bound to the fees and disbursements submitted by any Service Provider.

4. COSTING OF THE PROPOSAL

4.1 There will be no advance payment by the municipality for the services to be rendered to the municipality. The successful service provider will be appointed on a risk basis, where the payment will be made based on the money collected by the service provider from the consumers.

4.2 Therefore, each service provider should indicate the percentage that will be charged for each rand collected by the service provider (i.e. 5 % of each rand collected).

Collection Details	Percentage
Percentage that will be charged for each rand collected by the service provider	

5. MANAGEMENT OF THE CONTRACT

5.1. The Service Provider and the Municipality will conclude a Service Level Agreement ("SLA") based on mutually agreed upon performance measures.

5.2. The municipality reserves the right to include all the deliverables and performance measures that will ensure successful data cleansing and debt collection. Should the service provider not agree to such, the municipality reserves the right to terminate the contract (cancel the appointment).

5.3. The Service Provider's performance in terms of the SLA will be reviewed annually. The municipality reserves the right to review the deliverables for each year.

6. CONTRACT DURATION

This would be a three-year contract for which the winning tenderer is to collect debts on behalf of the municipality from the handed over debtors as and when required by the municipality a detailed resume with contactable references for the subjects mentioned above.

7. ALTERATIONS TO DOCUMENTS

Not to make any alterations or additions to the Term of Reference, except to comply with instructions issued by the employer, or necessary to correct errors made by the Service Provider. All signatories to the Bid offer shall initial all such alterations. Erasures and the use of masking fluid are prohibited.

No alternative Bid officer will be considered

8. PROPOSAL AND METHODOLOGY

A quality and in-depth proposal with details of the project and the implementation, showing an understanding of the requirements from THLM must be provided. The proposal must also address the following areas:

a) Demonstrate the ability to deliver a reliable platform for Outbound Contact Centre operations.

b) Capable of providing a solution that is readily configurable, with minimal, if any, development required.

c) Able to have a quick turn-around time and implementation from the date of the offer letter to date of the debtors.

d) Possess a thorough knowledge of debt recovery operational best practices.

e) Have the ability to scale up or down quickly to meet the demands of outbound inquiries based on the number of leads received and according to program stage.

f) Have a demonstrated ability to provide solutions supporting South African national languages.

g) Produce performance

9. REPORTING

9.1. Management Information System

a) The bidder must have an appropriate Management Information System Reporting.

b) The bidder must submit reports as agreed upon with BLM in the agreed format and frequency;

c) At a minimum, the system shall be able to generate various reports based on data generated during its operation, including but not limited to:

i. Summary report
ii. Collectors' individual stats
iii. Telephony Operations Report
iv. Summary of Call Selections
v. Calls made per Time Slot
vi. Top 10 reasons for not obtaining mandate

9.2 CRM collections system

a) Service Provider shall deploy its own Customer Relationship Management (CRM) software which will:

i. Maintain the profile of the debtors.
ii. The CRM software must include functionality such as Call Details Forms and Performance Data Capture (when required to update debtors e-mail address and contact details)
iii. Agent should capture/log every query/complaint/input in the CRM system which should be made available to THLM at agreed time frames.
iv. CRM should also support standard collections report generation.

10. FORMAL AGREEMENT AND CONDITIONS OF CONTRACT

The award of the contract is subject to the successful bidder entering into an agreement with the Thembisile Hani Municipality.

11. DECLARATION OF CONFIDENTIALITY

The Service Provider(s) shall regard all information in, or in support of the project as confidential and may not use any information for personal or 3rd party gain

Location of the works

Thembisile Hani Local Municipality