
PROJECT NAME: *WATER INVENTORY VALUATION SERVICES*

PROJECT NO: RFQ 100 Re-Advert

USER DEPARTMENT: *FINANCE*

NAME OF SERVICE PROVIDER:.....

QUOTATION AMOUNT :R.....

CSD SUPPLIER NUMBER : MAAA.....

NB: Quotations/Submission must be submitted by email – molatelal@lepelle.co.za

Table of Contents

1. PURPOSE.....	3
2. BACKGROUND OF LEPELLE NORTHERN WATER	3
BACKGROUND OF THE PROJECT	3
3. SPECIFICATION.....	3
4. SCOPE OF WORK	3
5. KEY DELIVERABLES AND EXPECTATIONS	4
6. DURATION OF CONTRACT	4
7. PRICING SCHEDULE	4
8. PROCUREMENT PROCESS.....	5
9. EVALUATION CRITERIA.....	6
MANDATORY REQUIREMENTS (PRE-QUALIFICATION).....	6
FUNCTIONALITY.....	7
a) ADMINISTRATIVE COMPLIANCE.....	8
b) PRICE AND PREFERENCE POINTS ALLOCATION.....	9
c) SCORING FUNCTIONALITY	10

1. PURPOSE

This specification's objective is to require Supply Chain Management to procure a service provider who will provide Lepelle Northern Water (LNW) with the service of valuation of its water inventory as of the financial year ending June 30, 2023.

2. BACKGROUND OF LEPELLE NORTHERN WATER

Lepelle Northern Water ("LNW") is a (schedule 3B) public water utility, wholly owned by the state, established in terms of the Water Services Act No 108 of 1997. Section 51(a)(i) of the Public Finance Management Act (PFMA) states that – "An accounting authority for a public entity must ensure that the public entity has and maintains effective, efficient, and transparent systems of financial and risk management, and internal control.

3. Background of the project

GRAP 12 (Generally Recognized Accounting Practice 12) provides guidelines for the valuation of inventory for public entities, including water inventory. Lepelle Northern Water operates numerous water treatment works situated in the Capricorn, Mopani, Sekhukhune and Vhembe region.

4. SPECIFICATION

Quotations for the provision of a service of the valuation of water inventory as of the financial year ending on June 30, 2023, are invited from qualified service providers.

5. SCOPE OF WORK

The scope of work for the appointed service provider will include the following:

- Assess the current methodologies: Review the existing methodologies to identify pain points, inefficiencies and areas that could benefit from improvements.
- Define and develop standard operating procedures relevant to the organisation's objectives, strategies, and reporting frameworks.

- Recommend a financial model solution that is modern technology-driven:
- Foster collaboration: Management accounting should work closely with other departments to gather and analyze data that can inform decision-making. Recommend solutions to foster cross-functional collaboration.

6. KEY DELIVERABLES AND EXPECTATIONS

The primary deliverables for this engagement should include but are not limited to the following:

- Process Analysis: analyse the business process and costs of production to help management make informed decisions about the valuation of work in progress and finished water inventory.
- Cost Determination: The cost of water inventory should include all costs directly attributable to bringing the water inventory to its present location (s) and condition.
- Measurement basis: Water Assist with the value assigned to the water inventory in line with accounting policies.
- Consistency and comparability: ensure consistency in applying the valuation method in a more reliable and relevant representation of the water inventory's value.
- Disclosure: provide a comprehensive disclosure necessary for users of the financial statements with a clear understanding of the accounting policies.
- Internal control: design controls to ensure compliance with accounting policies.
- Risk management: analyse financial and operational risks and develop strategies to mitigate existing and emerging risks.

7. DURATION OF CONTRACT

The duration of the contract is 6 months. A Service Level Agreement will be entered into with the successful service provider.

8. PRICING SCHEDULE

Service providers are advised to indicate their annual fee for the services indicated on the item of the scope of work as follows:

Period	Price (excluding VAT)
Assessment and review of current methodologies	R
Definition and development of standard operation procedure	R
Financial Model Solution for water valuation aligned with the reporting framework	R
Sub-total (VAT exclusive)	R
VAT	R
Total (VAT inclusive)	R

The above pricing is a firm/fixed fee and is valid for 90 days from the date of quotation.

9. PROCUREMENT PROCESS

The normal LNW supply chain management process will be followed in line with the SCM policy of LNW and Procedures with no deviations from the normal anticipated procurement process at this stage.

Validity of request for quotations	:90 Days
Date advert published	: 20 June 202
Closing date and Time of the advert	: 23 June 202
Contract period	: 6 months
RFQ document available	: 20 June 20

Note: Submissions must be done by email : molatelal@lepelle.co.za . No late quotations will be accepted.

10. EVALUATION CRITERIA

Preference Points Allocation (As per the Preferential Procurement Regulations 2022) will be used to evaluate this bid. Bidders will be evaluated on mandatory first , then functionality, only those qualifying by achieving the minimum cut-off point of 60% will be evaluated on administrative compliance and then price and Preference Points Allocation (As per the Preferential Procurement regulations 2022)

THE QUOTATIONS WILL BE EVALUATED AND ADJUDICATED ACCORDING TO THE FOLLOWING CRITERIA:

- Relevant specifications
- Value for money
- Capability to execute the contract.
- LNW SCM Policy
- PPPFA & associated regulations

Mandatory requirements (Pre-qualification)

- i. The JV agreement for JV partners to be submitted indicates a percentage split up to 100% for partners to render the agreement valid.
- ii. All quotations must be completed in full.
- iii. Pricing schedule to be completed in full to render the quotation responsive.
- iv. Proof of registration on the Central Suppliers Database (CSD) (this can be accessed or verified online)

NB: Failure to comply with any of the above requirements will lead to disqualification of the quotation.

Quotations will further be evaluated in terms of Method 4:

- Stage 1: Evaluation of Functionality
- Stage 2: Evaluation on 80/20 or 90/10 preferential points system (Price and preference points)

11. FUNCTIONALITY

Stage 1: Evaluation of Functionality

The first stage will evaluate functionality, and the minimum threshold will be 60% (60 points) to be considered for further evaluation in stage 2 (Evaluation on Price and preference points). Evaluation of proposals will be done according to the following criteria (so sufficient information should be provided).

NB: Only the combined Price & Preference points will determine the highest point-scoring bidder to be awarded the contract.

Criteria for assessing Functionality. All quotations duly lodged will be evaluated on functionality as pre-qualifying criteria. The evaluation criteria and weighting for measuring functionality are indicated.	Points
Criterion	100
Experience (List services and then allocate per area of service)	
1. Company experience (50) Successfully completed and traceable service in rendering financial services such as AFS preparation, external or internal audit, valuation process, and other services. <ul style="list-style-type: none"> • One (1) reference or appointment letter or purchase order = 30 points • Two (2) reference or appointment letters or purchase orders = 50 points A signed reference or appointment letter or purchase order on the client's official letterhead is attached for relevant projects as proof of company experience. Points scoring will be to the maximum of fifty (50) points. The reference letters/ appointment letters or purchase orders to include the following. <ul style="list-style-type: none"> - Company name - Company contact details and address - Contact person - Description of service 	50
Capacity (50) points	

<p>2. Proposed key personnel (50)</p> <p>A comprehensive project team profile pertaining to the LNW project must be provided by the service provider. The members of the project team must have experience in the delivery of financial services such as AFS preparation, external or internal audit, valuation process, and other services.</p> <p>Key resources and skills - you are required to provide the following documentation for each resource:</p> <ul style="list-style-type: none"> - Comprehensive Curriculum Vitae (Minimum of two) (CVs): - Resource 1 (20 points): The suggested team member must hold a Financial or related Qualification with the minimum qualification being a bachelor's degree or above in accounting – Attach copies of certificates and a Comprehensive Curriculum Vitae. - Resource 2 (30 Points) as the team leader/project manager with minimum experience of five (5) years: The suggested team member must be registered with a recognized professional body. (e.g., CIMA, SAICA, and ACCA etc.) – Attach copies of certificates and Comprehensive Curriculum Vitae. <p>Curriculum Vitae (CVs) of the key personnel who will be providing the required services, reflecting their qualifications, experience and certificate from a professional body must be attached.</p>	50
Total Points	100

NB: Minimum cut-off points is 60 (60%) points to be evaluated further on price and preference points. Verification of qualifications will only be done for the highest qualification or membership for the recommended/preferred service provider.

a) ADMINISTRATIVE COMPLIANCE

- I. Company registration documents
- II. Certified valid ID copies of the company shareholders.
- III. Complete SBD 4 and SBD 6.1 attached.

NOTE:

- a) The JV partners must submit both mandatory and administrative documents for each Company.
- b) Preferred JV service providers will be required to submit a JV bank account and VAT number.
- c) The client reserves the right to verify any information provided in the quotation.
- d) The service providers must comply with all terms and conditions including requirements as stipulated in the Quotation Documents to be evaluated further.
- e) LNW is not compelled to accept the lowest or any quotation.
- f) LNW has a right to call the service provider for clarification where necessary.

Please note that the above-required documents will be deemed mandatory for the preferred bidder. Required documents will be requested for submission within two working days and failure to submit will be deemed as non-responsive.

There will be no compulsory briefing session. Bidders are requested to send electronic mail for any enquiries to the following contact information:

Any Enquiries: Molatela Letsoalo on molatelal@lepelle.co.za – Procurement related
And Refilwe Legodi on refilwel@lepelle.co.za -Technical related queries

No quotation enquiries will be entertained a day before closing date.

Evaluation of Price and preferential points.

b) PRICE AND PREFERENCE POINTS ALLOCATION

Stage 2: Evaluation on Price and Preference Points Allocation (As per the Preferential Procurement regulations 2022) 80/20

Financial offer and Preference Points Allocation

- 1) Score tender evaluation points for financial offers.
- 2) Confirm that tenderers are eligible for the Preference Points Allocation (As per the Preferential Procurement regulations 2022) claimed, and if so, score tender evaluation points.
- 3) Calculate total quotation evaluation points.
- 4) Rank quotations offers from the highest number of tender evaluation points to the lowest.
- 5) Recommend the quotation with the highest number of quotation evaluation points for the award of the contract, unless there are compelling and justifiable reasons not to do so.

NB: NO QUOTATION WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE (see definition on SBD 4 attached)

c) SCORING FUNCTIONALITY

Score functionality in each of the categories stated in the Tender Data and calculate the total score.

Functionality.

Scoring Financial Offers

Score the financial offers of remaining responsive tender offers using the following formula:

N_{FO} = $W_1 \times A$ where:

N_{FO} = the number of tender evaluation points awarded for the financial offer.

W_1 = the maximum possible number of tender evaluation points awarded for the financial offer as stated in the Tender Data.

A = a number calculated using either formula 1 or 2 below as stated in the Tender Data.

Formula	Basis for comparison	Option 1	Option 2
1	Highest price or discount	$(1 + \frac{(P - P_m)}{P_m})$	P/P_m

2	Lowest price or percentage commission/fee	$(1 - \frac{(P - P_m)}{P_m})$	P_m/P
---	---	-------------------------------	---------

where:

P_m = the comparative offer of the most favourable tender offer.

P = the comparative offer of the tender offer under consideration.

The 80/20 Preferential Point System will be used to evaluate the bid.

Table 2: Preference Points Allocation (As per the Preferential Procurement regulations 2022)

Specific Goals	Means of verification	80/20 Points	90/10 Points
1. Disability (Minimum of 1 shareholder ownership in the company)	CSD Report	5	3
2. Black women (100% Black women ownership in the company)	CSD Report	5	2
3. Black ownership (100% black ownership in the company)	CSD Report	5	2
4. Black Youth (Minimum of 1 shareholder Black youth ownership in the company)	CSD Report	5	3
Total points		20	10

The points scored by the tenderer in respect of preference points must be added to the points scored for price.