



ITEM NUMBER

**REPORT BY CFO
BID SPECIFICATION COMMITTEE**

SUBJECT: PROVISION OF DEBT COLLECTION SERVICES FOR 3 YEARS

DATE OF THE MEETING:

1. PURPOSE OF THE REPORT

To obtain a suitable tenderer for Debt Collection Services

2. SCOPE OF THE CONTRACT

The scope of work to be covered by the Service Provider shall be in terms of the terms of reference the Service Provider responded to when the Municipality invited the public to the tender. Amongst other things shall include and not limited to the following:

1. DEBT COLLECTION SERVICES

- The pre-legal debt collection services for the collection of revenue on overdue accounts of 90 days and above, on a commission basis, include the following:
- Develop a more focused debt collection strategy to help reduce cost save time and maximize recoveries.
- Receive a list of debtors compiled by finance and signed off by the CFO which will be accompanied by instruction letter by the Municipal Manager.
- The process of debt collection is limited to the list provided
- Monies collected to be paid directly to the Municipal Account.
- Soft and hard tracing,

- Notices, Letters of demand
 - Telephonic, email and SMS interaction with debtors
 - Negotiating acceptable payment agreements in accordance with the Credit Control and Debt Collection Policy, such agreements will apply to all debt arrangements,
 - Follow up on negotiated agreements,
 - Identification of defaults on negotiated agreement.
 - Establish office with two employees of the preferred service provider.
2. The legal debt collection services for the collection of revenue on overdue accounts interpreted and handed off for legal collection, on a per service billing, include the following:
- Soft and hard tracing
 - Preparation of summons
 - Obtaining judgements
3. The service provider to provide monthly and quarterly reports based on the following

3.1. Monthly Reports

- Arrangements made for domestic, businesses and indigents
- Final demands issued-delivered and posted
- Billing and account queries
- Correspondence handled with debtors
- Payment level statistics
- Weekly update on all processes, call logs, sms etc

- Any other report that may be required by Management from time to time

3.2. Quarterly Reports

- Matters handed over and statistics
- Workflow statistics for all actions
- The contractor's performance during that financial quarter
- A comparison with targets of and with performance in the previous financial quarter
- The development of performance targets set by the Contractor for the following quarter
- Measures that were or are to be taken into account to improve performance and
- Prior to the effective date and quarterly thereafter in conjunction with designated municipal Manager to perform a quarterly assessment of the current situation by
- Identifying possible constraints and developing plans to overcome the constraints
- An analysis of Municipality's outstanding debtor's book
- Recommendations in terms of improved customer care, and
- Proposed specific projects, the area of focus, resources required and proposed outcomes.
- Detailed report on uncollectable debt with evidence of processes followed for recommendation to council for write off
- Report on debt that has prescribed in terms of the Prescription Act

The Municipality to provide account statements for all accounts handed over to the debt collector to enable the Collector to prepare invoices based on actual revenue collected.

3. SKILLS TRANSFER

4. PLACE OF DELIVERY

N/A

5. PENALTIES

- Umdoni Local Municipality reserves the right to reject work that does not meet the required standard and engage a different service provider to complete the work. Umdoni Local Municipality shall serve thirty (30) days written notice for termination of contract in the case of non-performance.
- Should any reference check, audit or inspection reveal that the Contractor has not complied with any of the terms of the previous contract, Umdoni Local Municipality reserves the right to reject the bid.

6. COMPLIANCE WITH ANY LEGISLATION, BYLAWS, ETC

- Service provider to comply with The National Debt Collection Act 114 of 1998 and Debt collectors: Code of Conduct
- Service provider must negotiate acceptable payment agreements in accordance with Credit Control and Debt Collection Policy.
- Municipal Property Rates Act
- Municipal Finance Management Act

7. GUARANTEE/WARRANTY/DEFECTS LIABILITY PERIOD

N/A

8. CONTRACT PERIOD

24 months

9. ESCALATION

N/A

10. INSPECTIONS

N/A

11. EVALUATION CRITERIA

FUNCTIONALITY	REQUIREMENT	SCORE RANGE	MAXIMUM POINTS
Company Experience (Similar work done) – Appointment letters and reference letters must be attached of the same project	5 or more appointment with reference letters attached	50	50
	3 to 4 appointment with reference letters attached	25	
	1 to 2 appointment with reference letters attached	15	
Experience and Qualifications key personnel to execute the project	Over 10 years or more experience: Project Manager with NQF 7 or above Qualification in Finance/ legal or debt collection	20	20
	6-10 years' experience: Project Manager with NQF 7 or above Qualification in Finance/ legal or debt collection	15	
	1-5 years' experience: Project Manager with NQF 7 or above Qualification in Finance/ legal or debt collection	5	
Registration with Council of debt collectors	Proof of Registration	20	20
	Non submission	0	
Proposal, Methodology, Approach and Project Plan	The service provider should attach a methodology or Execution plan and timeframes (Project timeline with responsible personnel and project reporting timelines) as an annexure hereto.	10	10
TOTAL			100

Only bidders that have achieved the minimum qualifying points of **70 out of 100** for functionality will be evaluated further in accordance with 80/20 Preference Point System.

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)

The specific goals allocated points in terms of this tender	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (80/20 system) (To be completed by the tenderer)
Percentage by black owned. <ul style="list-style-type: none"> 100% company owned/director/s/shareholders by people who are Black = 20 points ≥51% and <100% company owned/director/s/shareholders by people who are Black =10 points >0% and <51% company owned/director/s/shareholders by people who are Black = 5 0% company owned/director/s/shareholders by people who are Black = 0 points 	20	Proof of claim as declared on SBD 6.1 (one or more of the following will be used in verifying the tenderer's status) <ul style="list-style-type: none"> Company Registration Certification/document (CIPC) Company Shareholders certificate Certified identification documentation of company director/s CSD report/ CSD registration number (MAAA number) B-BBEE Certificate of the tendering company. Consolidated B-BBEE certificated if the tendering company is a Consortium, Joint Venture, or Trust (Issued by verification agency accredited by the South African Accreditation System). Agreement for a Consortium, Joint Venture, or Trust.

NB: Please attach proof of the above.

12 PRICING

The tenderer must make provision for all activities necessary for the execution of the service as set out in the Scope of Services hereof. Activity Schedule for Task Based Fees.

Description	Year 1	Year 2	Year 3
PROVISION OF DEBT COLLECTION SERVICES FOR A PERIOD OF 24 MONTHS			
Total			

13. TERMS AND CONDITIONS

- 13.1 Particular project/service will be initiated by means of written instructions to the successful bidders.
- 13.2 Umdoni Local Municipality reserves the right to screen and vet shortlisted service providers before appointment.
- 13.3 Umdoni Local Municipality reserves the right to terminate the contract in the event that there is clear evidence of a breach of the agreed specifications.
- 13.4 Umdoni Local Municipality will appoint one service provider for this project.

14. INSTRUCTIONS FOR THE BID PROPOSAL

- 14.1 This Request for Proposal (RFP) does not constitute an offer. The RFP intends to provide enough information for the preparation and submission of comparable proposals by the bidders.
- 14.2 The requested information should be inserted and no changes to the layout should be made on the RFP.
- 14.3 Umdoni Local Municipality requires a clear, concise and factual response. Bidders shall consult, in writing, with the Umdoni Local Municipality official responsible should there appear to be any discrepancy, ambiguity or uncertainty pertaining to the meaning or effect of any description, quality, quantity or any other information contained in this RFP.
- 14.4 Proposals must be compiled in the following manner:

- a. Clear indexing of the proposal content must be included.
One (1) original proposal (marked 'original')

14.5 All proposals must be delivered sealed. The following information must appear on the outside of the sealed proposal.

- a. Name of bidder
- b. Description of proposal
- c. RFP Number
- d. Closing date and time

14.6 In the case of Joint Ventures and consortium, proposals must contain:

- a. Teaming Agreements
- b. Consolidated B-BBEE certificate for all members of the Joint Venture and consortiums is required

14.7 Bid costs

The Bidder will be liable for all costs incurred in response to this request.

- a. The bidder is expected to fully acquaint themselves with the conditions, requirements and specifications of the Umdoni Local Municipality before submitting a completed response. Failure to do so will be at the bidder's own risk and the Bidder cannot secure relief on the grounds of any mistake.
- b. Bidders shall take into account that the Umdoni Local Municipality's total requirements.
- c. The selected bidder(s) will be required to enter into a written agreement with Umdoni Local Municipality. This RFP or any part thereof may be incorporated into and made part of such an agreement. Umdoni Local Municipality shall not incur any obligation or liability towards the selected bidder(s) until a written contract has been signed by the duly authorised Umdoni Local Municipality representative and the bidder(s).

15 TENDER VALIDITY PERIOD

120 days

16. TENDER DOCUMENT PRICE

Available on the website/ E tender

17. TENDER ADVERT PERIOD

30 days

18. FINANCIAL IMPLICATIONS/BUDGET AVAILABLE

Commission

19. RETURNABLE DOCUMENTATION

- Valid tax clearance certificate or SARS pin
- Central Supplier database proof of registration
- Bidding Proposal
- CK registration
- Certified copies of identity documents
- Proof the bidder is not in arrears for Municipal taxes (rates and refuse) for a period not exceeding 3 months)
- Originally certified copies of BBBEE Certificate or Affidavit
- MBD4
- Declaration of interest
- Registration with a council for Debt Collectors

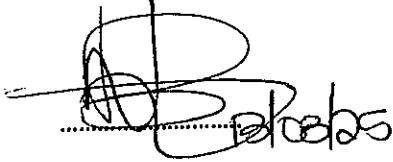
**** Certified documents must not be older than 6 months**

*****Failure to submit all of the above documents will render your bid unresponsive**

20. RECOMMENDATION TO BID SPECIFICATION COMMITTEE

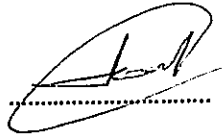
That the bid specification for the debt collection services be approved

21. SIGNATURES (To include Budget Manager for funding availability)



Budget Manager

Date



CFO

Date



Budget Officer

Date 13/03/2025