

TREASURY MANAGEMENT SYSTEM SCOPE OF WORK

1. INTRODUCTION

CEF SOC Ltd is a state-owned company involved in the search for appropriate energy solutions to meet the energy needs of South Africa and the sub-Saharan African region. It also manages the operation and development of the oil and gas assets of the South African government. The company falls under the auspices of the Department of Mineral Resources and Energy (DMRE). For more information on the company, you can visit our current website: www.cefgroup.co.za

2. BACKGROUND

The purpose of this tender is to source the services of a business systems service provider. This company with extensive knowledge of implementing treasury management systems. The envisioned system will broadly support transaction processing that encompasses, front, to middle and back office functions with the following capabilities:

- Cash management
- Interest rate products
- Foreign exchange (FX)
- Loans(External and internal loans)
- Commodities
- Asset management and asset liability management
- Dashboards and Analytics of treasury information;
- Workflow management for critical processes.

Performance criteria will be developed after delivery of the business system but will at a minimum include: Completion on schedule, within cost parameters, and within quality criteria as outlined requirements.

3. GENERAL REQUIREMENTS

The expected benefits of the services provided to the CEF SOC under this agreement/tender will be based on the ability of the service provider to implement on-premise treasury management system, support and meet unique, comprehensive treasury management requirements. In addition, the services will benefit the CEF SOC by enabling the following:

- Real-time and precise data availability;
- Reduction in manual entry and calculation errors;
- Limit redundant banking and foreign exchange costs;
- Detailed activity monitoring;
- Bank and connectivity flexibility;

- Regulatory compliance and risk mitigation;
- Improved responsiveness to internal and external customer/stakeholder requirements
- Increased transparency in the reporting;

4. SCOPE OF SERVICES

This tender is designed to source consultation services of a business systems service provider to implement an on-premise web based treasury management system for use by the CEF SOC Ltd with a 36 months support and maintenance contract. The envisaged system must provide as a minimum:

Functional

- Front office treasury management functions
- Middle office treasury management
- Back-office management
- Cash management
- Interest rate products
- Foreign exchange (FX)
- Loans (Internal and external)
- Asset management and asset liability management
- Dashboards and Analytics of treasury information
- Workflow management for critical processes.
- Ability to integrate with ERP, Microsoft office suite and other 3rd party systems
- Audit trail function
- On-premise installation
- Preventative maintenance on the application and server Infrastructure
- Provide administrator and end user training when required
- Access to a telephone and online helpdesk platform
- Ability to log and track support calls
- A quick, dedicated, and focused response to business-critical incidents
- Maximisation of software availability and user productivity
- Service level agreement with response times for each priority level
- Adherence to SLA targets and clearly defined escalation process
- Criteria to determine priority level of each call. See below for example:

SLA

Priority Level	Description	Response time	Resolution time
Priority Level 1	Treasury management system is unavailable	30 minutes	2 working hours

Priority Level 2	Critical fault: a major function, treasury system component or application of is unusable	2 working hours	4 Working hours
Priority Level 3	A software function, component or application has been lost which does not seriously affect business critical work	8 working hours	24 working hours
Priority Level 4	Enquiry: all other problems that do not fall into the three categories above. This includes general queries and reporting requirements.	48 working hours	72 working hours

Front Office

- Ability to capture Deal/Contract booking for Money Market:
 - Current/Call Accounts
 - Deposits
 - Deposit Rollover/Linking
 - Interest Bearing Instruments
 - Discounting Instruments
 - Money Market Funds
 - Repos
 - Multi-currency for each of the above
 - Ability to Revalue to Base Currency
- Ability to perform the following foreign exchange functions:
 - Spot
 - Forward
 - Mature/part-mature/roll FX Contracts
 - Swap
- The Capital Markets module must provide comprehensive functionality for loans and bonds, including:
 - Short term, long term, prepayable, perpetual etc.
 - Multiple drawdowns in same/multiple currency with specific terms for each tranche.
 - Fixed/Floating Rate and multiple 'switch' options over life.
 - All interest calculation types, including zero-coupon.
 - Floating rates assigned to variable rate debt at rollover.
 - Margins – variable step up/down over life.
 - All possible repayment terms including irregular and non-standard.
 - Flexible prepayments including once-off repayments.
 - Mark-to-Market and accounting revaluations.

- System should have Instruments with various Interest Rates requirements, including:
 - Fixed Rate
 - Floating Rate
 - Zero Coupon
 - Discounted
 - Margins, including Step-Up/Down
- Have instruments with various Fee requirements and different calculation bases , including:
 - Commitment Fee
 - Utilisation Fee
 - Annual Fee
 - Flat Fee
 - % Based on Outstanding
 - % Based on Original
- System should have Indexed/Inflation Linked Instruments
- Have guaranteed/contingent liabilities
- Ability to book any/all as Asset or Liability
- System should include the following derivatives functions:
 - Interest Rate Swaps
 - Cross Currency Swaps
 - Swap Early Termination
 - Swaptions
- The system should have the following Forward Rate Agreement functions
 - Interest Rate Caps/Floors/Collars
 - Currency Options
- Ability to link Hedge Contracts to underlying Exposures
- Ability to monitor Hedge Effectiveness
- Ability to book transactions with both internal and external counterparties
- System should have collateral management for collateralised Contracts incl
 - Collateral rules definition
 - Colateral requirements calculation
 - Process flow for collateral/margin management

Back Office

- The system should have segregated confirmation capabilities for all contract types:
 - By hardcopy
 - Electronic
 - By Phone
- The system should support a segregated, automated payment process with in-built controls and automated assignment of SSI's
 - By Counterparty

- By Currency
- By Contract type

Middle Office

- The system should have the ability to set and Monitor Various Limits, including:
 - Counterparty Limit
 - Contract Type Limit
 - Tenor Limit
 - Daily settlement
- The system should have the ability to adjust for Currency Volatility on Limit Consumption
- The system should have the ability to upload all relevant Market Rates/Prices including:
 - FX
 - Interest Rate
 - Bond
 - Index Value
- Ability to Mark-to-Market all contracts/transactions in real time based on latest market rates
- Allow Multi-curve functionality with configurable yield curve build
- Allow flexibility to assign different curves to different types of contracts
- Allow scenario analysis
- Ability to add 'what-if' transactions
- Ability to add 'what-if' market rates
- Ability to 'shock' existing market rates and yield curves
- Have reporting capabilities to analyse scenarios

Cash Management

- The system should allow multi-entity, multi-currency cashflow forecasting with:
 - automated presentation of treasury cashflows
 - ease of upload of non-treasury flows
 - remote user access/input
 - ability to 'lock' forecasts
 - actual vs forecast comparison and tracking
- Allow macro/micro views for forecasting
- The system should allow retention of cashflow history and ability to modify and use as new projection
- Allow automated upload of bank account balances and current view/presentation of cash position
- The system should allow automated upload of bank account cash movements and reconciliation for treasury flows
- The system should allow on-screen, drill down report on non-reconciled items

- The system should allow users to configure reconciliation rules
- The system should have cash Pooling facility to mirror bank account configuration
- The system should have cash management dashboard with key live metrics

Liquidity Management

- Ability to define 'Liquidity Rank' per type of contract
- Ability to report liquidity ladders by Liquidity Rank
- Asset/Liability Gap Reporting
- Have facility undrawn balance reporting

Accounting

- Ability to input/create Chart of Accounts
- Ability to define Accounting Rules in relation to FX Rates for Translation/Revaluation
- User Flexibility to define all necessary rules eg
 - Account from Deal Date or Cashflow Date
 - Reverse Accruals on First Day or Last Day of Next Period
- Ability to automatically generate account postings for:
 - Treasury Receipts/Payments for Interest, Fees and Principal
 - Accruals/Prepayments on booked treasury transactions
 - Revaluations of treasury contracts
 - Account Reclassifications based e.g. on being < 12m to maturity

Counterparty/Contract Management

- The system should have the ability to save documents on-line with easy access to users e.g.
 - Loan/Other Agreements
 - bank account mandates
 - Lists of Signatories

Reporting

- The system should have a comprehensive Filters available to users to tailor their reports to e.g.
 - certain contract types
 - selected date ranges
 - selected 'portfolios' or books
- The system should have ability to report on 'all' or sub-portfolios
- The system should have flexible report outputs, including screen, html and pdf
- The system should have dashboards available for key metric/position monitoring

Operational Requirements

- System should have audit trails
- The system should be able to send notifications via e-mail
- The system should have workflow capabilities
- The system should have multicurrency capabilities, without limitations
- The system should have multi-entity capabilities, allowing all internal business units to be parties to a transaction
- The system should have multi-counterparty for booking transactions
- The system should have Tiered Portfolio/Sub-Portfolio/Contract Type Hierarchy for booking transactions
- The system should have ability to upload all relevant market rates
- The system should have easy to use business day calendar
- The system should include all market standard interest rate calculation rules and conventions, including:
 - Day Count Conventions
 - Business Day Conventions
 - Interest Calculation Rules
- The system should have a comprehensive and flexible field sensitive 'search' functionality to find contracts/transactions
- The system should have facility to record/access all organisational details for internal/external organisation incl e.g.
 - Phone
 - Email
 - Address
 - Names/Titles
- The system should be web-enabled allowing users secure remote access
- The system should have role-based authorisation for internal staff
- The system should keep confirmed/unconfirmed Status on all transactions
- The system should have configurable contract templates and input defaults for ease of input

Integration with other Systems

- Treasury management system must integrate with the following systems
 - Banks EB system;
 - ERP system;
 - Market rate providers systems;
 - Should be able to store Microsoft applications i.e. Excel; PowerPoint; Word and PDF as attachments
 - Other 3rd party systems

License Requirements

- 4 treasury management users
- 2 Administrators

Usability requirements

- Enable reports customization.
- The user interface should be friendly so that the users will be able to understand the system easily.
- Workflow should be real time.
- Open to Interface with SWIFT for FileAct and FIN messaging

Documentation requirements

- The system should enable the attachment of supporting documents.
- System should have user manuals or help functions so that the users can use it for reference whenever needed.

Non-functional requirements

Compliance & standards

- The system must be designed to comply with South African statutory and regulatory requirements when processing transactions and providing decision support capabilities in accomplishing associated treasury management activities.
- The system should have flexibility to create compliance tasks
- The system should have ability to schedule tasks by:
 - Date
 - Counterparty
 - Contract
- The system must have the ability to monitor/report task completion

Technology and portability requirements

- All infrastructure architecture of the system must be clearly defined by the service provider appointed as an implementation partner.
- All hardware and software requirements for installation and effective functioning of the system should be clearly stipulated by the service provider.

Security requirements

- Strong security measures should be provided in the Treasury system platform to enforce protection from external breaches (e.g., through encryption), but also from insider misuse of information by allowing enforcement of the two fundamental principles of security: least privilege (i.e., individuals should have just enough permissions and rights to fulfil their roles) and need to know (i.e.,

individuals should have access to specific information only if it is essential for them to carry out their roles).

Scalability Requirement

- Any increase in the number of users shall not degrade the system availability to an extent noticeable by users and should cater for future growth in the business.
- The system should not limit the number of users that can log in simultaneously.

Availability Requirement

- The system should be available 24-hours a day, 7 days a week

Performance Requirements

- The system should provide a reasonable response time taking into consideration the volume of data being processed.

Recoverability

- The ability to restore and recover lost data.

Service level agreement for 36 months (Attach copy of draft SLA)

- Monitors and resolve errors;
- Perform proactive and preventative maintenance;
- Provide monthly support reports;
- Provide suitable systems and measures to ensure continuity in case of system failure;
- Provide support and perform backups on the system;
- Perform software updates and ensure the latest patching is done as soon as it is made available;
- Provide user and admin training on the proposed solution;
- Any additional licensing will need to be included as part of the agreement;
- Criteria to determine priority level of each call. See below for example;

Priority Level	Description	Response time	Resolution time
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	has been lost which does not seriously affect business critical work		
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5. SPECIAL CONDITIONS

- Service delivery levels and quality of the work will be a measure of appointment and retention as service provider.
- Fees shall be charged in accordance with the CEF Group Service Level Agreement/Statement of Work and Milestones mentioned herein.
- Bidder must have local presence in South Africa.
- Proposal must include project methodology and project plan with deliverables and milestones.

6. PROJECT METHODOLOGY

- Bidders are required to submit an agile project methodology demonstrating strategy in designing and implementing Treasury management systems
- Project methodology should include an optimized project plan indicating deliverable with timelines;
- Submit structure or composition of team who'll be working on this project;
- Submit a skills transfer plan. Winning bidder will be required to ensure transfer of skills to in-house treasury teams or designated teams of CEF.