



employment & labour

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RFQ FOR SUPPLY A FINANCIAL REPORTING SOFTWARE SOLUTION USED FOR THE PREPARATION AND CONSOLIDATION OF FINANCIAL STATEMENTS IN THE DEPARTMENT OF EMPLOYMENT AND LABOUR FOR A PERIOD OF 36 MONTHS

RFQ Number: RFQ (01) 20/10/2023

TERMS OF REFERENCE

**APPOINTMENT OF A SERVICE PROVIDER TO SUPPLY A FINANCIAL
REPORTING SOFTWARE SOLUTION USED FOR THE PREPARATION AND
CONSOLIDATION OF FINANCIAL STATEMENTS IN THE DEPARTMENT OF
EMPLOYMENT AND LABOUR FOR A PERIOD OF 36 MONTHS**

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1. BACKGROUND

- 1.1 The department of Employment and Labour seeks to approach a suitable service provider to assist in the supply of a financial reporting software solution used for the preparation and consolidation of financial statements in the department of Employment and Labour (DEL), for a period of 36 months.
- 1.2 Section 40(1) of the PFMA provides that the accounting officer for a department must keep full and proper records of the financial affairs of the department in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice; must submit those financial statements within two months after the end of the financial year to the Auditor-General for auditing; and the relevant treasury to enable that treasury to prepare consolidated financial statements in terms of section 8 or 19.
- 1.3 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable accounting framework, i.e the modified cash standards and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatements.
- 1.4 In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern.
- 1.5 Paragraph 25 of the 2022/23 financial years audit report provides that the annual financial statements submitted for audit were not prepared in accordance with prescribed financial reporting framework as required by section 40 (1) (b) of the PFMA. Material misstatements amounting to R69 million were identified by AGSA in the submitted AFS which would have been avoided had the department had a dedicated software solution for the compilation of financial statements. Similar misstatements occurred in the previous financial years. Moreover, 49 findings were identified by the AGSA during the audit of 2022/23 AFS.
- 1.6 The financial reporting software solution for the preparation of the financial statements will assist the department to produce timely and accurate set of financial statements which will aid management in decision making, provide and maintain historical financial records for future reference.
- 1.7 In line with the approved Annual Performance Plan, the department is expected to deliver 4 sets of financial statements, namely, 3 interim financial statements and 1 set of annual financial statements. The accounting software solution is part of the approved departmental demand management and procurement plan and is budgeted for in the 2023/24 budget.
- 1.8 This document sets out clear specifications of the accounting software solution required.

2. PURPOSE

- 2.1 To implement a financial reporting package for the preparation of the financial statements in the department of employment and labour over a period of 36 months. To assist the department to eliminate misstatements and produce timely and accurate set of financial statements which will aid management in decision making, provide and maintain historical financial records for future reference.

3. LEGAL FRAMEWORK

- 3.1 Section 40(1) of the PFMA provides that the accounting officer for a department must keep full and proper records of the financial affairs of the department in accordance with any prescribed norms and standards; must prepare financial statements for each financial year in accordance with generally recognized accounting practice; must submit those

financial statements within two months after the end of the financial year to the Auditor-General for auditing; and the relevant treasury to enable that treasury to prepare consolidated financial statements in terms of section 8 or 19.

- 3.2 The Treasury Regulations require the accounting officer of a department to ensure that the annual financial statements are prepared on a modified cash basis in accordance with the formats prescribed by the National Treasury. The National Treasury has accordingly developed and issued the Modified Cash Standard which sets out the principles for the recognition, recording, measurement, presentation and disclosure of information required in terms of the prescribed formats.
- 3.3 The departments is expected to comply with the modified cash basis of accounting therefore must adhere fully with the principles, presentation and disclosure requirements contained in the MCS in order to achieve fair presentation, and compliance with the PFMA and its regulations.

4. MANDATORY REQUIREMENTS

- 4.1 Bidders to provide a software solution where mapping is done in line with National Treasury's modified cash basis template / specimen which confirms with the Modified Cash Standards (MCS). Set of IFS and AFS must not to deviate from the reporting framework as set by National Treasury.
- 4.2 Bidders should have authorised access to the government financial management information system known as Vulindlela, a financial management information system owned by National Treasury which has an ability to consolidate the various data sources to meet the departmental financial information needs. Data is extracted from the various operational sources into the information database to ensure optimal decision- making. Vulindlela consolidates financial information from many different government institutions including public entities in order to help management achieve its budgetary and human resource objectives.
- 4.3 Bidders should have an ability to access Vulindlela reports and other interfaces which integrates data scattered across an enormous number of legacy transaction systems covering finance, personnel, logistics and procurement and the paymaster general's functions. Data is extracted from these various sources and then populated into the Information Database, during which it is transformed and then integrated into meaningful information that can be used as a basis for sound and informed decision making. The financial information that has to be provided is also prescribed by the Public Finance Management Act (PFMA). Vulindlela applications help make the whole process of abiding by the standards outlined and recommended by the PFMA easy to do.
- 4.4 Bidders should have an ability to access BAS, LOGIS, PERSAL, SMARTGOV and other government information systems to enable it to source the required information at all times.
- 4.5 Bidders to ensure that the software solution provides analytical information to help management to analyse financial information and identify discrepancies to give comfort about the figures reported on the financial statements.
- 4.6 Bidders to confirm licence / compliance with the latest Protection of Personal Information (POPI) Act.
- 4.7 Bidders to ensure that the software solution includes system lead schedules and working papers including connector
- 4.8 Bidders to ensure that the software solution includes smartsync per user, equal to number licences procured
- 4.9 Bidders to ensure that they provide training to officials and specialist support services should always be available on site
- 4.10 Bidders to ensure that travel costs estimates are included.

4.11 Bidders to ensure that the software solution infrastructure is compatible to the existing departmental infrastructure, failing which the bidder should provide compatible infrastructure to ensure that the system is operating optimally.

4.12 Bidders to demonstrate capacity to expand the service to the 9 satellite / provincial offices should the need arise.

4.13 Bidders to ensure that the software solution has unlimited capacity to accommodate big data and should be accessible at all times.

5. DELIVERABLES AND TIME FRAMES

5.1 In line with the approved Annual Performance Plan, the financial reporting package / bidder is expected to deliver 4 sets of timely and accurate financial statements, per year, as follows:

ANNUAL TARGET	Q1	Q2	Q3	Q4
Number of compliant annual financial statements (AFS) and Interim Financial Statements (IFS) submitted per year	Timely and accurate IFS submitted by 31 July each year	Timely and accurate IFS submitted by 31 October each year	Timely and accurate IFS submitted by 31 January each year	Timely and accurate IFS submitted by 31 May each year

6. EVALUATION METHODOLOGY

6.1 The evaluation of the bids will be done as part of the National Treasury procurement process.

OTHER REQUIRED DOCUMENTS

6.2 Original Valid Tax Clearance Certificate

7. SPECIAL CONDITIONS

7.1 Bidders to confirm licence / compliance with the Protection of Personal Information (POPI) Act.

7.2 Mapping must be done in line with National Treasury's modified cash basis template / specimen which confirms with the Modified Cash Standards (MCS). Set of IFS and AFS must not to deviate from the reporting framework as set by National Treasury.

8. PROJECT PLAN, TIME FRAMES AND MILESTONES

8.1 Bidders must submit a proposed three years (3) project plan to demonstrate the approach and may claim up to 30% of the total amount quoted and it must include:

8.1.1 Starting Date

8.1.2 Phases of the Project

8.1.3 Schedule of Implementation and Milestones

8.1.4 Monitoring and Evaluation according to normal industry best practice.

8.2 Proposed activity plan and resource plan that clearly depicts understanding of the ToR requirements of the DEL. Bidders should also demonstrate how the plan is in line with applicable standards, rules, regulations and best practices.

8.3 A written description of their understanding of the work and its plan for accomplishing each of the deliverables within three years (3) time table (milestones) of the project.

8.4 The position(s) involved should be in respect of the direct delivery of the service to be provided and in the overall management of the work and the names of the people who will fill these positions. Provide information in a tabular format.

8.5 Submit names of appropriate individual professionals who will constitute the support team. Comprehensive CV's of all professionals on the proposed team must be forwarded with an emphasis on qualifications and experience.

Company Experience

8.6 Bidders are required to provide proof that they have performed similar services in at least three (3) or more entities, institutions and/or within the public service. Letters of reference from at least three (3) contactable referees must also be submitted.

8.7 A full company profile of its organizational structure, indicating percentage ownership and operatives of the company/organization.

8.8 A summary of the work experience that the company has undertaken in relation to the terms of reference herein articulated and relevant references that can validate the experience of the company/organization.

8.9 Shortlisted candidates may be invited to present their proposals to the bid evaluation panel. If so, they will be notified in due course. Bidders will undergo a pre-qualification process, where non-submission and non-compliance will result in disqualification with the following documentation will result in disqualification from further evaluation:

- i. Provide proof that the firm or partnership is registered with the applicable professional body
- ii. Provide a valid and original Tax Clearance Certificate as issued by SARS.
- iii. Proof of applicable company registration documents with ID copies of the shareholders/directors;

9. PAYMENTS

9.1 The supplier will be paid based on the amount quoted. Prices may escalate to a percentage not exceeding the CPI adjustable each year.

10. INTELLECTUAL PROPERTY RIGHTS

9.1 All information generated, communicated, produced and data acquired under the auspices of the service provided remains the intellectual property of the department of employment and labour.