

THEMBISILE HANI LOCAL MUNICIPALITY



APPOINTMENT OF A SERVICE PROVIDER FOR PROVISION OF BANKING SERVICES.

THLM/SCM17/2025-2026/FS02

SCOPE OF WORK

SCOPE OF WORK / SPECIFICATION

11.1 Description of the Service

Tenders are invited for the appointment of a local commercial bank registered in terms of the Bank Act, No 94 of 1990 for the provision of commercial banking services for a period of three (3) years to the Thembisile Hani Local Municipality. The Tenderer's proposal should effectively and adequately, without ambiguity demonstrate how it can provide its services to the Municipality. The proposal should encompass key areas of support and collaborating i.e. innovation, high quality, value-add solutions and pro-activity of its service models. It must be noted that should there be any other requirements or niche services, which fall outside of the scope of this tender, the Council reserves the right to procure those services by means of a separate process.

SCOPE OF WORK

The requirements of the Municipality are that the successful bidder can provide the following:

- An efficient and cost-effective current account administration service.
- Enhanced business processes for improved efficiencies resulting in related costs.
- Processes and controls to mitigate operational risk and fraud.
- A complete centralised banking service consisting of one Primary bank account.
- The seamless phased-in implementation of the conversion interface with regards to import of statements with Munsoft, EFT payments from Munsoft and payroll integration with Munsoft driven by the successful tenderer.
- The ability to handle large volume transactions.
- The ability to submit information in a format, which meets with the Munsoft System for bank reconciliation purposes.
- Online stop payment facility.
- Online account enquiries.
- The ability to identify direct deposits and other transactions/transfers on-line.
- The ability to download bank statements in an acceptable and compatible format.
- Bank statements and all supporting documentation must be available daily.
- The ability to pay salaries by way of a compatible payroll system (VIP) directly into the employee's bank accounts via a PC/IT-based interface.
- Payment of creditors/third parties electronically (debit orders, electronic payments, etc.).
- Full audit trail and updated security system.
- Facilities to accommodate electronic payments and a debit order facility by the customer, to be managed by the municipality, with a CDI check.
- Favourable interest rate on credit balances for all accounts.
- On request, providing duplicate deposit slips for direct receiving on bank account.
- A relationship service model that suites the Municipality by identifying responsible individuals for all possible issues, which may exist.
- All new banking details should be advertised at the cost of the tenderer (with written approval of the municipality).

- Training material/manuals for all business processes as well as on-site training.
- Cash paid at the various cash receipting points of the municipality will be deposited into electronic tellers supplied by the tenderer, situated in various offices within the Thembisile Local Municipal area.
- Electronic cash acceptance devices to cater for notes as well as coins.
- Electronic cash acceptance devices must print deposit slip for each drop-off of cash.
- Each cash acceptance advises to cater for more than one cashier reference.
- Cash-in-transit service for the secure transporting of cash from the various municipal premises to the bank / cash processing centre / municipal offices; and
- A system to ensure available petty cash to be implemented
- The Tenderers must provide solutions that should be discussed under the following headings in the tender document submitted by The Tenderers.
 - Transactional Banking Services
 - Electronic Banking Services
 - Implementation and Training
 - Social Responsibility

Transactional banking services

Accounts Requirements

Account categories

- Primary Account – Main Consolidated Current Account
- Secondary Account – Transfer of internal municipal payments

Accounts:

Deposit identifier (general validation)

Set off of credit / debit balances

- Access to account balances and able to transact 24 hours a day
- The three accounts to be treated as a single account in terms of the balances and interest earned.
- No bank charges to be debited to the two secondary bank accounts.
- For verification purposes, schedules must be provided of how bank charges were calculated

on all bank accounts.

Income

Cashier Deposits

Pre-printed deposit books/pads are required on an ad hoc basis to record individual cashiers' deposits.

- Type of pre-printed books/pads:
 - Pre-printed carbonised deposit books (in triplicate).
- Council reserves the right to either source these deposit books/pads from the tenderer or
 - another service provider
- Automated and secure cash acceptance devices that counts, validates and verifies the authenticity of cash to assist with the daily cash up procedures by the cashiers.
 - The devices must be able to record all cash deposits made and print a deposit slip That is acceptable by the Bank.
 - The cash must be able to be stored inside the device and can only be removed by the appointed cash-in-transit company that will be appointed by the bank.
 - Electronic cash acceptance devices to cater for notes as well as coins.
 - Electronic cash acceptance devices must print deposit slip for each deposit
 - Each cash acceptance device to cater for more than one cashier reference
 - Only the reference must appear on the bank statement when deposits are made.

Banking Facilities at Main and satellite office should be as follows:

Kwaggafontein Main Office (Income Section)

- Installation and maintenance of a Cash acceptance device.
- Capacity of 10,000 bank notes and coin counter.

Twefontein K Office

- Installation and maintenance of a Cash acceptance device.
- Capacity of 4,000 bank notes and coin counter.

Kwa-Mhlanga Office

- Installation and maintenance of a Cash acceptance device.
- Capacity to handle 2,000 bank notes and coin counter.

Cash in transit service

- The bank is required to appoint a reputable service provider with armed response for the

Cash In-Transit services.

- The service level agreement must be concluded with the Cash-In- Transit Company and a copy of the agreement must be provided.
- Daily collection of cash at random times between 08:00 and 15:00 are required.
- This facility shall have a system in place that will validate the Deposit Identifiers, in addition, this system must be able to track the receiving, processing and finalization of a deposit.
- Unforeseen pick-ups from areas as indicated above may occur during the contract. The rates are applicable as per pricing schedule above except for the time frames.
- The Tenderer must collect the deposits on the same day of notification, but not later than 15H00.
- The municipality reserves the right to change pick-up times.
- Council's Bank Deposit slips are to be returned via the CIT Company.
- Cash collected by the CIT Company from the electronic machine (drop boxes) must reflect on the bank statements the same day.

Pick up points and frequency are as follows:

Area Collective Frequency Days per Week

Main Office Kwaggafontein Daily (08h00 – 15h00) 5 days Monday – Friday

Point of Sale Introduction

The requirement is the ability to provide the municipality with point-of-sale machines (also known as "Credit Card Machines") to accept payment from the public using their debit/credit cards as well as Cash acceptance devices to facilitate cash deposits at main and satellite offices.

- Supplying the municipality (excluding satellite offices) with both mobile and fixed card-terminal device which will operate via the internet.
- Solution must include connection service and cost from machine to bank.
- The Council currently operates 9 card terminal devices. This number might change during the tenure of the tender.
- The location of these terminals is at the discretion of the Council.
- Each terminal must have a unique merchant number.
- The terminals will be the property of the bank and will carry its branding.
- The service provider shall deposit the Council's revenue per merchant number within 24 hours of the date of the transaction.
- All costs related to this service are to be provided.
- The Council will provide the paper rolls; the insurance cover for the card terminal devices must be covered by the bank.

Current Account services

Introduction

The successful Tenderer should provide unique client service addressing the requirements of the Municipality. The Tenderer should provide a commitment to offer customised and sustainable banking services in relation to the Municipality's needs through dedicated service managers.

Payment /Receipt Services

The Tenderer should be able to provide the following service

- The processing of electronic payments; and
- The processing of electronic receiving.

Statements

The Tenderer is to provide statements on all accounts daily to the Municipality.

The Tenderer should have the ability for monthly statements to be electronically delivered via e-mail in pdf format. final bank statement must be available for import into our financial system Munsoft by 07:00 the following day.

Deposit Identifier

The Tenderer to be able to provide a deposit identifier on the Municipality's deposits, which incorporates a deposit identifier validation routine to facilitate identification and reconciliation of all deposits, made into the Municipality's accounts.

Deposit identifier (12-digit General validation for accounts) is currently being utilised by the municipality.

Bank Charges

Bank charges for all bank accounts must be directed to the primary bank account.

- Invoices supported by detailed workings of the calculation of the bank charges must be supplied monthly.
- Service fees and escalations to be provided. All service fees on bank statements must be identifiable so that the municipality can verify the charges for the different services. The bank must be committed to a quantifiable escalation.
- Cash and foreign deposit fees that will be charged on any deposits must be stated.
- Cash shortages / surpluses at the Cash Centre to be communicated immediately to the relevant council's officials.
- An ACB debit order facility must be available. Please indicate fees per transaction and minimum monthly charges.
- Charge per transaction for recalls.
- Cost to supply information to the municipality regarding unpaid ACB transactions.
- Bank charges should preferably be debited against the bank account on the last day of each month.

Electronic banking solutions

Introduction

The Municipality expects the successful Tenderer to understand and identify its needs and to provide innovative solutions. The requirement is the ability to use real-time systems that provides cash management, payment and receipts solutions. These solutions must have built in efficiencies where there is a clear reduction in costs regarding the Municipality's administration and accounting functions, improved controls with the results being in a reduction in operational risk and fraud. The successful bidder should be able to provide the following:

- Facilitate the secure and timeous movement of funds.
- Meet the municipality's requirements in respect of EFTs for all salaries, creditor and other payments.
- Timeous and secure processing of all transactions.
- Ability to interface with financial systems currently being used by the municipality.
- Stringent authorisation and security controls.
- Efficient management and mitigation of risk processes.
- Enhanced data integrity due to stringent validation controls.
- To provide on-line real time account balance and transaction enquiries.
- To provide real-time transaction search capabilities.
- Direct on-line stop payment facility.
- To provide transaction history for up to 12 months.
- The period of historic information available on the system must be indicated and be available within 7 working days. Preferable for 12 months and free of charge regardless the time frame.
- A one-day service for electronic transfer of payments / deposits must be available.
- An electronic sweeping facility between accounts must be available.
- Facility to download information on the bank statement into the municipality's current financial management system to facilitate bank reconciliations
- Bank statements will be downloaded daily from the bank in the file layout format required by the Municipality's core Financial System service provider. All bank statement transactions are required to be clearly and correctly referenced in an agreed manner to facilitate the bank reconciliation process. Daily bank statements must be available for importing the next day at no later than 07:00.
- Electronic downloading of deposits with a reference indicator in an agreed file format for electronic receipting purposes.
- An audit trail of all electronic fund transfers or deposits.
- Direct on-line facility to enable transfer of funds electronically between the municipality's bank accounts.
- An electronic direct debit order facility to collect payments from the municipality's consumers.

Fees per transaction and minimum monthly charges must be stated. The charge per transaction for recalls must also be stated and the ability to provide detail information retaining to unpaid ACB transactions.

- An electronic enquiry facility to access direct debit rejections with a reason / code explaining the rejection.
- The bank must provide the necessary training to municipal personnel to use the electronic systems. The cost of training to be provided by the tenderer.
- Tenderers must submit with the tender documents a complete list of their external transaction codes in use.
- This must be supplied in hardcopy and electronic medium in Excel.
- The successful tenderer needs to inform the municipality of any new bank codes in relation to bank charges at least ten working days before implementation by the bank.

Host to Host Electronic Payment Solution / ACB collection

Required for bulk monthly debit orders.

A secure host-to-host solution (that can accommodate the Municipality's transactional volumes) for the electronic transfer of the Municipality's transactions from the Municipality's core financial system to the bank and back needs to be provided.

- The host-to-host solution must be able to transfer electronic transactions from the core financial system to the bank's system and back without downloading the transactions to a user's PC.
- This solution needs to accept transactional files in the standard ACB/Bank Service format/s that can easily be created in the core financial system environment.
- The successful tenderer needs to provide the programming codes to the Municipality's financial management software service provider, if required for any integration.
- A message indicating if the transmission was accepted needs to be returned within one hour of any transaction.
- Details of unpaid debit orders to be provided daily with a reconciliation of accepted/rejected payments.
- The system must be able to accommodate payments from customers up to R1 000 000 (one million rand) per transaction line, mixed with other smaller payment transactions in the same file.
- The system must be able to accommodate more than one payment file per day (no overwriting of previously sent file).
- The system must be able to accommodate payments to all other banks in one file.
- Security based on different user codes for the different business user groups need to be provided.
- Item/Transaction limits, day limits, weekly limits, etc. needs to be provided per user code.
- An administrative system that will warn the Municipality if any of the daily, weekly or monthly limits are close to being exceeded.
- File security via control totals / hash totals needs to be provided.
- A file/directory naming convention should be utilised whereby the files/directory can easily be identified without looking at the contents of the file.
- Use must be made of a system of transmission numbers and sequence numbers that prevent the accidental duplication of a transmission/file (if a file was transferred twice).
- The transactions reflected on the Municipality's bank statement needs to be available in real time on a daily basis.
- The bank statement file needs to be in a format that can easily be created in the core financial system environment.

Desktop / Direct Solution

A desktop based online solution (utilising the internet as a communication medium) needs to be provided.

- This solution needs to have a built-in two stage sign in and approving security mechanism.
- This solution can also be used as the back-up solution to the host-to-host solution.
- The solution needs to prompt the users every 30 days to change access password
- Requirements for both the host to host and desktop / direct solution
- Where payments are sent in advance, it must be possible to cancel specific transactions in emergency cases.
- A message / messages indicating rejected/unpaid transactions needs to be returned

timeously.

- An online bank inquiry solution needs to be provided. This should be via the desktop/direct solution mentioned above.
- Must be possible to accommodate payments to banking institutions where a universal branch code is utilized.
- Reference fields must be returned on all transactions that are rejected.
- Branch code verifications as well as CDV checks need to occur immediately after any transactions are transferred.
- Both the host-to-host system as well as the desktop/direct solution must be able to accept transactions between the hours of at least 08:00 and 16:30 on weekdays and on Saturdays. This excludes public holidays.
- The Municipality must be notified timeously of any redirected (reverse, rejected) transactions and related costs.
- All payment entries on the bank statement must show a unique reference number. For EFT payments it will be the EFT batch reference / identifiable transaction sequence number.
- Bank Charges and interest must be separately and uniquely coded by the bank. Any subsequent adjustments to these entries must bear the same reference number on the bank statements as the original entry.
- The system needs to provide the following services in respect of electronic payments:
 - same day payments and up to at least 30 days in the future.

Salaries

- The Primary Bank Account is utilised for the payment of all salary related items, including third party payments (PAYE, Pension, Medical Aid Deductions etc.) for all staff employed by the municipality.
- Such payments are processed electronically via EFT's, utilising a PC Based Desktop/Direct solution.
- All transactions debited or credited to the Primary Bank Account must contain effective referencing for clear identification. In such instances, the EFT batch number / identifiable transaction sequence number should be quoted in the text field. The same procedure is required for "Unpaid" EFT amounts relating to an individual employee payment.
- Facility for monies to be recalled on a same day service

Bank Reconciliation

- Bank Reconciliations are performed electronically. Bank statements will be downloaded daily from the bank in the file layout format required by the core financial system service provider and uploaded into the core financial system bank reconciliation module using the transaction identifier /reference number on the statement to determine the type of transaction.
- All bank statement transactions require to be clearly and correctly referenced in an agreed manner to facilitate the core financial system bank reconciliation process.
- Previous day's completed bank statement must be available for electronic downloading by 7:00 each morning.

Sweeping of balances

- Facilities should be available should the Municipality require Balances in all Bank Accounts to be automatically swept to the Primary Bank account at the close of business daily reducing all bank accounts, except the Primary bank account, to nil.
- Different sweeping options should be available regarding minimum and maximum amounts, timing and frequency of sweepings.
- For interest calculation purposes, and for the application of overdraft and other banking limits, balances on all current accounts must be notionally always consolidated by the bank within one overall cash management system. Interest should be paid on all daily net credit balances.
- The interest rate to be quoted

Implementation and training

Dedicated team and Project Manager for:

- All-inclusive seamless installation of all solutions
- Transactional Banking Solutions
- Electronic Banking Solutions
- E-Procurement Solutions

Contractual agreement in the line of a Service Level Agreement between the Municipality and the Bank, which agreement is to be compiled by The Tenderer. Sufficient time frames for implementation of the different solutions. The Tenderer must identify training requirements and time frames for the implementation of solutions. A dedicated specialist Electronic Banking Manager should attend to the following:

- Ensure correct set up and optimisation of the Munsoft structure.
- Identify all additional systems interface requirements for electronic statements and electronic fund transfers.
- List training programs offered for Cash Management, Payments Management and Internet

Banking.

- Liaise with appropriate officials regarding interfaces into the Municipality line of business application and MS Excel applications.
- Identify, in consultation with the Municipality, all access levels, authorities, profiles and limits for officials requiring access to the electronic banking systems.
- Attend to the legal documentation and the signing thereof.
- Formalise service level agreements incorporating back up procedures and processes particularly with regards to electronic funds transfers.
- Identify training requirements and arrange the necessary training in consultation with Municipality.
- Provide all user manuals

Social Responsibility

The upliftment of underprivileged communities as well as customer care is a top priority of the Council. Please outline in detail your contribution to Social Development referring to amongst others the following:

- Community Development Initiatives
- Community Projects
- Corporate Social Investment
- SMME access to finances particularly targeted to geographical area of Thembisile Local Municipality
- Financing initiatives to the lower income groups
- Enterprise Development
- Empowerment Financing
- Education
- Job Creation
- Community Based HIV/AIDS Programme

Testing environment

- The successful tenderer must provide a testing environment.
- The test environment must be available before go live as well as an agreed period thereafter.
- The successful tenderer must assign dedicated staff to be prepared to help and be on site during the implementation phase.
- Support services must be provided by the successful bidder for the implementation of its services and thereafter

Protection against fraud

Council requires to be protected against all forms of fraud relating to the receipt and payment of cash, and the processing of banking transactions. Such measures should include authorisation of EFT's, password control, bulk cash handling, payment mandates, security of data, credit / debit transactions, etc. The bank's commitment to assist the Municipality in identifying irregularities (fraud) must be indicated.

Exit Strategy

Should the existing tenderer's not be successful, the tenderer will be required to provide services until the inception of the new contract, at the same terms, conditions and pricing as per the last increase, until such time that the Municipality closes its existing bank accounts up to a maximum period of six months.