



APPOINTMENT OF A PANEL OF CONSULTING FIRMS TO ASSIST THE FINANCE DEPARTMENT IN PERFORMING FINANCE RELATE ASSIGNMENTS LGSETA/SAIGA ADOPT A MUNICIPALITY PROJECT

SAIGA and LGSETA have collaborated on a strategic endeavour aimed at bolstering service delivery and audit outcomes within municipalities, recognizing the critical role they play in the socio-economic development of our communities.

The purpose of the programme is to adopt dysfunctional municipalities across all 9 provinces of south Africa for a period of three years and assist them with initiatives that will solve issue identified across various communities.

11 municipalities have been identified and engage based on predetermined criteria. These amongst others are the issues which face each municipality and the baseline of the selection criteria that was used. We therefor are now calling upon accounting and auditing firms to submit proposal for the appointment of 11 financial advisory, financial and management accounting and audit firms. The firms will be part of the team responsible to turning around the state of the allocated municipality.

MUNICIPAL ISSUES IDENTIFIED:

- Dysfunctional municipalities as classified by the Department of Cooperative Affairs and Traditional Affairs.
- Latest consolidated auditor general report on Local Government audit outcomes – MFMA 2021 – 2022.
- Municipalities struggling with accessing LGSETA Grants, i.e. Mandatory and Discretionary Grants.
- Service delivery challenges.
- Material Irregularities Issued.
- Support and buy-in from the municipality.
- Municipality with in concerning financial situation.
- Poor debt and revenue management.
- Any other municipality as recommended by LGSETA.
- No duplication of efforts by any other entity, i.e. consultants or government (National & Provincial) interventions or any other public entity.

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It is for this reason that LGSETA in partnership with SAIGA seeks to appoint Panel of specialists advisory and financial services providers for a period of 2 years.

The Scope of Work

The scope of work was informed by a thorough analysis of issues raised and discussed during the engagements with the municipal Mayors, Municipal Managers and in some cases written submissions. The scope of work is based on identified theme of issues that came across various municipalities, but also informed by key focus areas that can result in a tangible impact of the project.

The scope of work focuses on three broad areas detailed below:

1.1. Preparation of Annual Financial statements (The list below is not exhaustive and merely provides guidance in terms of the broad area detail requirements, the scaling will depend on the processes and needs of each municipality)

- Review prior year audit issues and ensure progressive reporting on the implementation of the Audit Response Plan.
- Review all monthly transactions and ensure the General Ledger of the municipality is updated and in line with all other sub ledgers.
- Ensure all municipal financial reconciliations are up to date, accurate and appropriately recorded to form part of Audit working papers.
- Facilitate the audit preparation process for the applicable financial year up to the production of the audit working papers (Audit File).
- Review the Asset Register and ensure compliance with GRAP standards.
- Facilitate the preparation of a GRAP compliant Annual Financial Statements aligned to Municipal Standard Chart of Accounts (MSCOA).
- Review the implementation of Performance Management as required.
- Address all performance related matters raised in the auditor general's report.
- Ensure the municipality is fully compliant with all performance related matters, including alignment of KPI's, targets etc.

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- Analyse the tariff structure, determine appropriateness, and determine a process to work towards cost reflective tariffs using an appropriate costing methodology for the applicable financial year.
- Match the billing system with the valuation roll and Geographic Information System (GIS) data for completeness of revenue.
- Compare the records in the valuation roll against the GIS cadastral layer.
- Undertake a records match between the valuation roll records and the municipal billing system including comparison of physical records, values, ownership, and categories.
- Identify anomalies, missing records and produce an exception report with a corrective action plan.
- Facilitate correction and updating of records in the valuation roll and billing.
- Providing assurance on credible data to be uploaded on the Revenue Management System
- Assist in ensuring completeness and accuracy of billing.
- Assist in the implementation of the revenue enhancement strategy and debt reduction strategy and identify debt that is recoverable and develop strategies to collect.
- Review the indigent management process for credible management of indigent debtors.
- Assist in the review of reports and reconciliations prepared by the officials.
- Recommend amendments necessary in the existing policies and procedures to improve efficiencies.
- Assist in contributing towards the financial viability and sustainability of the municipality through improved revenue management practices.
- Improve capacity of municipalities to comply with the Municipal Financial Management Act (MFMA) and related regulations, municipal by-laws, municipal policies and procedures linked to revenue management.
- Contributing towards improving the audit opinion of the municipality by ensuring that the corrective action plan on revenue management is effectively implemented. Assisting in the implementation of corrective action plan on AG queries on revenue management.
- Capacitating the revenue management unit in the execution of their duties.
- Ensure the functionality of all financial forums including Interim finance committee and revenue and debt steering committee (where applicable).

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- Review the current cash flow projection for completeness, accuracy and credibility which must be used as a monitoring tool.
- Identify cost drivers and measures to reduce expenditure with consideration to circular 82 on cost containment to improve financial viability and cash flow.
- Assist with addressing matters around unauthorised, irregular, fruitless and wasteful expenditure.
- Review financial reports for completeness, credibility and accuracy and make recommendations, identify areas of improvement.
- Access capacity of staff and provide a report on the findings.
- Assess business processes across municipal departments to identify gaps and make recommendations to improve these processes for operational efficiency.
- Ensure transfers of skills to financial staff with portfolio of evidence.

1.2. Revenue enhancements (The list below is not exhaustive and merely provides guidance in terms of the broad area detail requirements, the scaling will depend on the processes and needs of each municipality)

- Review of the current technologies in place within the revenue function.
- Review the current process performance levels of billing and collection of revenue, budgets, and tariffs.
- Review management practices deployed and their impact on revenue management and collection.
- Review the implementation of credit control and debt collection practices.
- Develop revenue enhancement strategy and relevant Standard Operating Procedures (SOPs).
- Develop process and mechanisms in place to deal with and manage indigents as debtors (where appropriate).
- Review the tariff setting methodology and tools currently in place.
- Scan the last three years audit reports and management letters for issues that relate to revenue and debt as raised by AGSA.
- Perform the following reconciliations:
 - The billing system with debtor data and indigent register
 - The billing system and the property valuation roll.
- Review of the debtors' ledgers for long outstanding debt and linking up with the unallocated receipts.

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- Identification of possible data quality issues e.g., missing data.
- Review indigent management in relation to the impact it has on arrear debtor balances.
- Review the standard operating procedure for indigent management and provide inputs for enhancements.
- Provide practical recommendations to sustain and improve current collection revenue collection levels.
- Identify debt that is irrecoverable and support the writing-off of the irrecoverable debt.
- Establish Revenue Steering Committee with terms of reference and monitor functionality and effectiveness of Revenue Steering Committee.
- Prepare monthly reports on revenue and debt collection improvement.

1.3. Capacitation and Professionalisation (The list below is not exhaustive and merely provides guidance in terms of the broad area detail requirements, the scaling will depends of the processes and needs of each municipality)

- Capacitation in records managements and on the job coaching and mentoring in relation to the key focus areas highlighted above.
- Provision of GRAP training to finance department
- Provision of SCM training
- Provision of Asset Management Training
- MSCOA and basic accounting training
- Municipal staff training on technical and soft skills training

Evaluation Criteria & Weighting

CRITERIA	DESCRIPTION	Max Points
Company experience in relevant public sector (Local Government) financial experience in AFS preparation	Signed reference letter/s from institutions where services were rendered These letters must be in the client's letterhead with project details and contact details for verification	20.00

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<p>and financial processes support</p>	<ol style="list-style-type: none"> 1. 5 or more reference letters = 20 points 2. 3 - 4 reference letters = 15 points 3. 2 reference letters = 10 points 4. 1 reference letters = 5 points 5. Failure to attach reference letter = 0 points 	
<p>Company experience in Revenue Enhancement in local government</p>	<p>Signed reference letter/s from institutions where services were rendered</p> <p>.</p> <p>These letters must be in the client's letterhead with project details and contact details for verification</p> <ol style="list-style-type: none"> 6. 5 or more reference letters = 20 points 7. 3 - 4 reference letters = 15 points 8. 2 reference letters = 10 points 9. 1 reference letters = 5 points <p>Failure to attach reference letter = 0 points</p>	<p>20.00</p>
<p>Human resources capacity - Director</p>	<p>Director experience in the areas as detailed in the Scope of Work</p>	<p>20.00</p>

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	<ol style="list-style-type: none"> 1. CV with more than five (10) years' relevant experience = 20 points 2. CV with more than 3 years to 5 years' relevant experience = 15 points 3. CV with 2 years' experience = 10 points 4. CV with 1 years' experience = 05 points 5. Failure to attach CV = 0 points 	
<p>Human resources capacity - Director</p>	<p>Director qualifications</p> <p>Attach CV and certified qualifications in Accounting/ Internal Audit/ Forensic Audit/ equivalent and/or relevant post graduate qualification.</p> <p>Proof of certification/or membership with a professional body, (SAIGA, SAICA, ACCA etc)</p> <ol style="list-style-type: none"> 1. Submission of CV, certified copies of qualifications and proof of membership with a professional body = 10 points 2. Failure to attach certified proof of qualifications and proof of membership with a professional 	<p>10.00</p>



	body or partial submission = 0 points	
Human resources capacity - Project manager	<p>Project manager experience a Attach a Curriculum Vitae (CV) with demonstrated and relevant experience:</p> <ol style="list-style-type: none"> 1. CV with more than five (10) years' relevant experience = 20 points 2. CV with more than 3 years to 5 years' relevant experience = 15 points 3. CV with 2 years' experience = 10 points 4. CV with 1 years' experience = 05 points <p>Failure to attach CV = 0 points</p>	20.00
Human resources capacity - project manager	<p>Project manager qualifications Attach certified qualifications in Accounting/ Internal Audit/ Forensic Audit/ equivalent and/or relevant post graduate qualification:</p> <ol style="list-style-type: none"> 1. Submission of certified copies of qualifications and proof of membership with a professional body = 10 points 2. Failure to attach certified proof of qualifications and proof of membership with a professional body or partial submission = 0 points 	10.00

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<p>Human resources capacity - project team</p>	<p>Project Team experience and qualifications (Two required) Attach certified qualifications in Accounting/ Internal Audit/ Forensic Audit/ equivalent and/or relevant post graduate qualification:</p> <p>Attach Curriculum Vitae (CVs) with demonstrated and relevant experience:</p> <ol style="list-style-type: none"> 1. CV with more than five (10) years' relevant experience = 20 points 2. CV with more than 3 years to 5 years' relevant experience = 15 points 3. CV with 2 years' experience = 10 points 4. CV with 0 - 1 years' experience = 05 points 5. Failure to attach CV = 0 points 	<p>20.00</p>
<p>Transformation targeting</p>	<p>Attach BBE certificate issued by a SANAS accredited providers or a sworn affidavit for EME or QSE</p> <p>Points are awarded on the firms BEE Level</p> <ul style="list-style-type: none"> • BEE Level 1 = 20 points • BEE Level 2 = 10 points • BEE Level 3 & above = 0 points 	<p>20</p>

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<p>Detailed project implementation audit plan/methodology</p>	<p>Detailed implementation plan indicates how the company will implement the project</p> <p>The detailed plan should include the following all anticipated activities.</p> <p>Detailed project plan with clear timelines, including all of the following (training plan, Handover plan and skills transfer plan) =10 Points.</p> <p>Detailed project plan with clear timelines, including two of the following (Training plan, Handover plan and skills transfer plan) =7 Points</p> <p>Detailed project plan with clear timelines, including one of the following (Training plan, Handover plan and skills transfer plan) =5 Points</p>	<p>10</p>
<p>Total points</p>		<p>130.00</p>
<p>Minimum threshold</p>		<p>100.00</p>

Only those that have met the minimum threshold will be consider for negotiation in terms of SAIGA/ LGSETA fee structure.

Proposed fee SAIGA/LGSETA has pre-determined fees which will be shared with successful firms.

SAIGA/LG SETA reserves the right to reject any and all proposals submitted. Proposals must be emailed to **tenders@saiga.org.za** by 21 June 2024.

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