

# LETSEMENG LOCAL MUNICIPALITY



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## **REQUEST FOR PROPOSALS: COMPILATION OF 2011-12 ANNUAL FINANCIAL STATEMENTS**

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Letsemeng Local Municipality hereby invites proposals for the compilation of 2011-12 annual financial statement (AFS) in line with Generally Recognised Accounting Practice standards.

Prospective service providers are requested to download the specifications / terms of reference from the municipality's website ([www.letsemeng.gov.za](http://www.letsemeng.gov.za)) with effect from the 24<sup>th</sup> February 2012. Proposals marked for the attention of the Municipal Manager must be submitted in a sealed envelope marked "Proposal for compilation of 2011-12 annual financial statements in line with GRAP standards" to the following address:

Letsemeng Local Municipality  
P/BAG X 3  
KOFFIEFONTEIN  
9986

Proposals must be placed in the tender box strictly on or before 10H00 on Friday, the 09<sup>th</sup> March 2012 at the following address:

Reception Area on the Ground Floor,  
Letsemeng Local Municipality Offices  
7 Groottrek Street, Koffiefontein, 9986

The proposal will be evaluated and adjudicated in line with the approved Supply Chain Management Policy of the municipality using either 80/20 or 90/10 preference point system in line with the Preferential Procurement Policy Framework Act. The municipality is not bound to accept the lowest or any proposal and reserves the right to accept any proposal either wholly or a part thereof.

Enquiries can be directed to Chief Financial Officer, Mr. Lefa Moletsane at (053) 205 9200 during office hours. Prospective service provider will be evaluated on functionality and short-listed bidders will be invited to make presentations to the municipality.

Rev. IE. Poë  
Municipal Manager

## **TERMS OF REFERENCE / SCOPE FOR THE PROPOSALS**

### **OVERALL OBJECTIVES**

In awarding this proposal, the Letsemeng Local Municipality expects to, at minimum, achieve the following objective:

1. Compile annual financial statements for the 2011-12 financial year that fully comply with the applicable Generally Recognised Accounting Practice (GRAP) standards;
2. Improved audit evidence and well prepared audit files in line with the National Treasury guidelines;
3. Skills transfer to key employees within the Budget & Treasury Office who will be seconded to the project;
4. Improve on the current audit opinion (i.e. disclaimer for 2010-11).

Prospective service providers must demonstrate specific experience in providing the services required by Letsemeng Municipality with regard to financial statement preparation and submission. Furthermore, prospective service providers must demonstrate that they have a proven track record in dealing with municipalities.

### **REQUIRED DOCUMENTS**

Prospective service providers are requested to submit the following documents together with the proposals:

1. Original valid company tax clearance certificate must be attached;
2. Certified copy of the company registration certificate (certified by SAPS or a duly authorised person / body) reflecting active members (except for sole-traders and partnerships) must be attached;
3. A valid Broad Based Black Economic Empowerment Certificate;
4. An account showing that municipal rates and taxes are not in areas for more than three months (this should be for any registered office, not necessarily within Letsemeng municipality i.e. if you have a registered office in Bloemfontein, submit an account from Mangaung Metro);
5. A company profile including details and reference of where similar work has been undertaken, in Municipalities of the similar capacity.;
6. Proposals submitted must include a project plan in the form of a Gantt Chart detailing key activities and tasks with key milestones and projected dates of delivery, taking into account legislated dates;

7. Prospective Service Provider must indicate the team that will be seconded to this project by at least indicating their names; qualifications and relevant experience in terms of similar assignments / projects (please take note that this team must be available on full time basis from date of appointment till conclusion of the audit);

## **OTHER IMPORTANT MATTERS**

1. Only one proposal per prospective service provider will be considered;
2. Your company will also be expected to present its proposal to the Municipality at the date, time and place which will be determined by the municipality should your company be short-listed;
3. The Municipality will make available the management report and audit report for 2010-11 upon request to assist you with your proposal (note should be taken that this documents are strictly confidential and I provided to assist prospective service providers with their proposal and should be used for this purpose only);
4. If your company is successful, it will be expected to enter into a service level agreement with the Municipality;
5. No faxed or e-mailed proposals will be accepted and the municipality is not bound to accept the lowest proposal and reserves the right to accept the tender wholly or partially;
6. Prospective service providers who are not registered on the database of service providers of Letsemeng Municipality must promptly apply by completing the vendor / database registration form which is obtainable from the municipality's website ([www.letsemeng.gov.za](http://www.letsemeng.gov.za)) and submit it together with their proposals;
7. Failure to comply with the above mentioned conditions may invalidate your proposal.

## **SCOPE OF WORK**

1. Review of the financial records and assistance with adjustment journals;
2. Detailed analysis and correction of specific problems (i.e. misallocations, known-errors, etc.);
3. Development of internal controls and procedures as per the 2010-11 audit queries raised by Auditor General and mapping such controls and procedures to the approved organogram;

4. Addressing audit queries raised by Auditor General on the 2010-11 management report and audit report (excluding exceptions / audit queries on Property Plant and Equipment);
5. Compilation of the annual financial statements for 2011-12 for submission to Auditor General of South Africa by the 31<sup>st</sup> August 2012 (draft set of financials must be ready by 17<sup>th</sup> August 2012 for submission to AGSA for desktop review);
6. Annual Financial Statements (including notes, workings and schedules) will have to be compiled on CaseWare software which will be provided by the municipality. Therefore, it is essential that prospective service providers are well conversant with this software;
7. Compilation of the performance information (draft annual report) for 2011-12 for submission to Auditor General of South Africa by the 31<sup>st</sup> August 2012;
8. Compilation of an audit files for 2011-12 in line with National Treasury guidelines;
9. Providing assistance with current year audit queries on all issues / matters that are part of the scope;
10. Detailed skills transfer program for the purpose of skills transfer to municipal officials who will be seconded to this project.

## **COSTING AND EVALUATION OF THE PROPOSAL**

1. Prospective service providers **need not indicate costs** of their proposals at this stage;
2. Upon receipt of the proposal, a shortlisting will be done and prospective service providers who are found to be responsive (in terms of compliance to the conditions set in here and the necessary experience) to the needs of the municipality will be invited to make a presentation;
3. The next stage will be a prequalification stage where prospective service providers will be invited to make presentation to Bid Evaluation Committee and Bid Adjudication Committee members to determine their technical capability and functionality to perform / render the required services;
4. Evaluation at this stage will be limited to functionality and technical capability / ability of the prospective service provider to perform / render the required services successfully; Prospective service providers who scores less than 50% at this stage will not qualify for the next stage;
5. The top three prospective service providers (up to the top a maximum of five at the discretion of the Bid Committees) who are responsive in terms of the

technical capability and functionality to perform / render the required services successfully will then be requested to submit costing of the proposal;

6. These prospective service providers will be allocated the necessary Municipal Bidding Documents (MBD Forms) for completion (to claim preference points) and return them back to the municipality with the costing of the proposal;
7. The PPPFA 80/20 or 90/10 point system of evaluation will be utilised for this proposals and it is assumed that prospective service providers have familiarised themselves with this piece of legislation;
8. Proposal will then be evaluated and adjudicated in line with the Preferential Procurement Policy Framework Act; Preferential Procurement Regulations and the approved Supply Chain Management policy of Letsemeng Local Municipality, either on 80/20 or 90/10 point system.

### **CLOSING DATE AND TIME**

1. Closing date and time will be as per the "Request for proposals" as advertised in the newspapers / website / attached to this document.

### **CONTRACTUAL AND REPORTING ARRANGEMENTS**

1. Management of the tasks listed above will be managed as per the description in the relevant service level agreement to be concluded and signed between the municipality and the successful service provider;
2. With respect to the project the successful service provider will work with designated project sponsor from the municipality including municipal officials who will be seconded to the project for the purpose of skills transfer;
3. Service providers must identify a Project Manager that will be duly mandated to represent the successful service provider during the duration of the contract, who will serve as liaison with the municipality;

### **REPORTS**

1. Progress reports will be submitted bi-monthly from the date of appointment until the end of May 2012;
2. Progress reports will then be submitted on a weekly basis from June 2011 till the submission of the annual financial statements and performance information to AGSA;
3. Progress will be measured against the agreed project plan and deliverables on aspects / scope of the project;

4. Ad hoc reports may be requested by the Municipal Manager or the Chief Financial Officer at given time during the duration of the project;
5. Final project close out report will be required as determined in service level agreements.

### **CONTRIBUTION BY THE MUNICIPALITY**

The municipality will:

1. Provide working space for the successful service provider;
2. Provide the relevant information and access to key officials to enable the successful Service Provider to complete their tasks;
3. Make available staff to be seconded to the project for skills transfer purposes.

(NB: full details regarding the obligations of the successful service provider and that of the municipality will be included in the service level agreement).



Rev. IE. Poë  
Municipal Manager

Date: \_\_\_\_\_