

Physical Address
Umzimvubu Goats
Complex
Hospital Road
4735

Private Bag X 511
Mount Ayliff
South Africa
4735

Tel Number
+27 394 920 011
Fax Number
+27 866 833 718



Better District, Better Life and Growth for all.

www.anda.org.za

Alfred Nzo Development Agency SOC Ltd
Reg nr. 2008/009093/00

TERMS OF REFERENCE

TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER FOR PROVISION OF ANNUAL FINANCIAL STATEMENTS FOR A PERIOD OF 2 (TWO) YEARS.

Issued and prepared by:

Alfred Nzo Development Agency

Umzimvubu Goats Complex

Hospital Road

Mount Ayliff

4735

Finance Manager

Contact Person: Ms Z. Mketsu

Tel: 039 492 0011

TABLE OF CONTENTS

1. BACKGROUND AND OVERVIEW OF THE PROJECT	3
1.1 BACKGROUND	Error! Bookmark not defined.
1.2. INTRODUCTION	Error! Bookmark not defined.
2. PROJECT OBJECTIVE	4
3. SCOPE OF WORK	4
5. REPORTING PROCEDURE	5
6. IMPORTANT SUBMISSIONS	5
7. GENERAL CONDITIONS OF THE CONTRACT	6
10. EVALUATION CRITERIA	7

1. BACKGROUND AND OVERVIEW OF THE PROJECT

In terms of Section 122(i) of the MFMA 56 of 2003, every municipal entity must for each financial year prepare annual financial statements in accordance with Generally Recognised Accounting Practice which:

- (a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and
- (b) disclose the information required in terms of sections 123, 124 and 125.

This legislative requirement is also reaffirmed by Section 30 of the Companies Act when it states that a company must prepare annual financial statements within six months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting in terms of section 61(7).

The accounting officer of the municipal entity is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipal entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

It is also a fundamental requirement that the annual financial statements must be prepared in accordance with standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB). Although the directors of the agency are primarily responsible for the financial affairs of the municipal entity, they are supported by internal auditors in this regard.

The Alfred Nzo Development Agency would therefore like to appoint any competent service provider for the preparation of GRAP compliant Financial Statements for 2022/2023 and 2023/2024 financial years.

2. PROJECT OBJECTIVE

The purpose of this project is to compile Annual Financial Statements (AFS) for the 2022/2023 and 2023/2024 financial years that fully comply with the applicable GRAP standards, with the objective to achieve a clean audit opinion. This project is aimed at ensuring compliance with MFMA Section 122, VAT Act and GRAP standards as well as mSCOA where one of the key requirements is well-prepared audit files in line with the National Treasury guideline.

3. SCOPE OF WORK

The scope of work for the project will entail the following:

- Review of the financial records/transactions, preparation of reconciliations not in place and assistance with adjustment journals to ensure accuracy / correctness of the Trial Balance figures.
- Restatements of prior years- taking into consideration GRAP standards and applying them for the purposes of being compliant. GRAP 3 gives a detailed description of how to treat errors that occurred, restating prior period presented, opening balances of assets, liabilities and net assets for the earliest prior period. Restating the comparative amounts for the prior periods presented and any other correction required. All this should be done in accordance with the accounting standards.
- Review of the asset register to ensure accuracy and completeness. Service Provider will have an obligation to advise the municipal entity on any gaps / discrepancies identified in the Asset Register that can lead to a qualification / disclaimer.
- Perform VAT Reconciliation for current and prior years- perform all reconciliation of Vat both input and output for current and prior years. The institution will provide all relevant schedules for VAT that will assist in reconciling VAT. Consideration of the VAT Act and the Accounting Standards will be necessary when performing the reconciliation.
- Preparation of GRAP compliant draft AFS for which are to be submitted by the 10th August to management for quality assurance. Taking into consideration all requirements set out by the GRAP Standards.
- Addressing audit queries raised by Internal and External Audit (Auditor General) during audit and further adjust accordingly where necessary / as agreed upon with the AG

- Establish whether the General Ledger aligns with the Trial Balance in line with applicable accounting standards and legislation.
- Establish whether all disclosures are made in the Annual Financial Statements. This includes checking whether the statements reconcile with the Trial Balance as well as with supporting schedules. Also test the presentation and the extent of compliance to the applicable accounting standards and applicable legislation.
- Perform completeness check on opening balances. Completeness check will be vital, to make sure that all requirements are met and performed. And that all relevant documentation used when correcting prior years is available.
- Check the completeness of the listing of irregular expenditure, fruitless and wasteful expenditure and unauthorized expenditure and appropriately disclose the Annual Financial Statements.

4. DELIVERABLES / KEY OUTPUTS

The expected outcome of the project is a credible set of AFS that are free from material misstatements by the 31st August in accordance with GRAP standards as well as IFRS.

5. REPORTING PROCEDURE

It is expected that regular progress reports will be submitted to ANDA and further presented to the Project Steering Committee (PSC) as and when convened by PSC Chairperson. Progress reporting will be undertaken in terms of documented reporting and in a presentation format at PSC meetings. Progress report will be required for every milestone or deliverable of the project as per the project proposal.

6. IMPORTANT SUBMISSIONS

- All bidders have to be registered on Central Supplier Database (CSD summary to be submitted)
- All bids submitted should remain valid for a period of 90 days after the bid closing date
- Valid Tax Clearance Certificate and/or Pin should be attached
- Certified copy of B-BBEE Level Certificate or sworn affidavit (optional)
- Joint Venture agreement (where applicable)

- Company profile with traceable references
- All bidders should complete MBD 1, MBD 4, MBD 8, MBD9

7. GENERAL CONDITIONS OF THE CONTRACT

- **Bidder to check the completeness of the document**

It should be noted that it is the responsibility of the service provider to ensure that upon submission of proposals, a valid entity registration document, Tax Clearance Certificate/pin and BBBEE Certificate/affidavit are included.

- **Validity period for bid/quote**

All prices must be valid for a period of 90 days from the closing date of the bid.

- **Pricing**

All items as described in the project specification are to be priced in full. If a bidder does not bid all items, his/her bid may be rejected. The bid price page must be signed by an authorized person.

Service Level Agreement.

The successful bidder and the Alfred Nzo Development Agency will sign a Service Level Agreement prior to commencement of work.

8. PROJECT TIME FRAME

The project time frame is 24 months starting from the date of appointment of the service provider.

9. MINIMUM MANDATORY SUBMISSION REQUIREMENTS

Alfred Nzo Development Agency wishes to obtain the services of a service provider for the preparation of GRAP compliant Annual Financial statements for 2022/2023 and 2023/2024 financial years.

The service provider must possess the following:

- The Team Leader of the project must be a Chartered Accountant (CA) registered with South African Institute of Chartered Accountants (SAICA) with 10 years' experience as a registered CA. **Attach CV and proof of registration.**
- 4 Team members must be registered with applicable professional bodies and have minimum of Honours Degree or post graduate qualification in Commerce majoring in:
 - Accounting, Auditing / Finance or equivalent, coupled with a minimum of 5 years practical experience in preparing of Annual Financial Statements in local government sphere. **Attach CV and proof of registration.**
- The service provider must have an experience and knowledge of preparing and reviewing GRAP compliant AFS of a municipality or a municipal entity for a minimum of 5 projects and for a minimum of 5 years combined for all projects. **Attach 5 Reference Letters indicating project was successfully completed and timeously signed by the client.**
- Proposals must be placed in a sealed envelope and clearly marked: **"THE APPOINTMENT OF A SERVICE PROVIDER FOR PROVISION OF ANNUAL FINANCIAL STATEMENTS FOR 2022/2023 FINANCIAL YEAR."** and placed in the tender box at the Alfred Nzo Development not later than 12H00 on the **17... May 2023 at 12h:00**

10. EVALUATION CRITERIA

The bids will be evaluated in two stages, namely:

- **Stage 1- Minimum compliance and mandatory responsiveness criteria**
- **Price and Preference BBBEE Points**

Bids will be evaluated in terms of the Procurement Policy of Alfred Nzo Development EVALUATION Agency and shall be applied as follows: -

- All proposals received shall firstly be evaluated on Minimum compliance and mandatory responsiveness criteria and then after the Price & Preference Point system will be applicable.

The Preference evaluation points will be applied as per the table below; -

NB: Bidders must demonstrate by submitting documentary proof in relation to the claim of points with respect to the following key:

Only service provider(s) that can demonstrate the required experience and skills relating to the execution of this project will be considered. The following criteria will be taken into account for the appointment of a successful Service provider(s).

ITEM	WEIGHT
<p><u>PHASE 1</u></p> <p>In this phase all proposals received will be verified for compliance and completeness of the submitted proposal the per the set of the minimum requirements as listed under paragraph 6 & 9 Service Providers who comply with the listed requirements progresses to the next phase of bidder(s) price and preference evaluation requirements.</p> <p>NB: Only bidders who fully comply with minimum requirements progress to the next phase (2)</p>	100%
<u>PHASE 2 : PRICE & PREFERENCE GOAL</u>	
Price	80%
Preferential Goal 1- Ownership	20%

11. EVALUATION OF BID RESPONSES USING THE PREFERENCE POINT SYSTEM

Bidders who meet the minimum and mandatory requirements will progress to this final phase of Price and Preference point system.

EVALUATION CRITERIA AND WEIGHTING:

The submitted proposals are to be evaluated using the 80/20 preference points system in accordance with the PPPFA guidelines. Based on this system the points will be allocated as follows:

SPECIFIC GOAL: OWNESHIP CATEGO	Criteria Points
BBBEE Level 1	20
BBBEE Level 2	12
BBBEE Level 3 to 8	6
TOTAL WEIGHT	20%

Alfred Nzo Development Agency does not bind itself to accept the lowest or any of the bids and reserves the right to accept the whole or part of the bid proposal.

For any queries please contact Ms. Z. Mketsu and at telephone number 039 492 0011/ 076 402 9306 or Email: mketsuz@anda.org.za during office hours or; Ms. Ms Olona Sompao for SCM related queries at tel. number 039 492 0011/ 066 440 7301 or email: sompao@anda.org.za

AUTHORISED BY:



Mr N.R Xolo

ACTING CHIEF EXECUTIVE OFFICER