



**TERMS OF REFERENCE: THE AMENDMENT
AND COMPILATION BUDGET-RELATED
POLICIES AND FUNDING AND RESERVE
POLICIES AND PROCEDURES**

**TREASURY CLUSTER – FINANCIAL
MANAGEMENT**

PURPOSE

These terms of reference purports to outline the requirements of Sedibeng District Municipality in order to appoint a professional service provider to prepare and compile **budget-related policies** and **funding and reserve policies** for Sedibeng District Municipality.

The project should preferably be divided into the following phases:

- Project inception meeting;
- Draft submission and discussion of proposed policies;
- Submission of final draft policies;
- Handing over workshop/s;
- Drafting of the report to be submitted to Sedibeng District Municipality Council to adopt these policies.

BACKGROUND

The Municipal Finance Management Act, No 56 of 2003: Municipal Budget & Reporting Regulations (MBRR) was gazetted on 17 April 2009, Government Gazette No: 32141. Section 7 of the MBRR makes reference to the necessity for the Accounting Officer of a municipality in having relevant budget-related policies prepared and tabled before Council.

Section 8, MBRR further makes reference to the necessity for funding and reserves policies. Upon close inspection, we have found that SDM's current lexicon of policies does not fully meet the requirements as set out in the Regulations and hence, it must be undertaken to address these shortcomings.

PROJECT DELIVERABLES

The policies should be bound in easy to use volume(s) and typed in Times New Roman, 12 pitch. Every sub-section will include discussions and important issues as well as clear instructions for the user of how each requirement needs to be implemented. Short but detailed examples to efficiently explain each sub-section will be required where applicable. References to particular applicable legislation and controlling bodies should be clearly indicated.

The policies must contain a main section that forms the official policy according to the Sedibeng District Municipality's PRO FORMA for policies and should contain at least the following paragraph headings:

To compile meaningful and useful policies that can be practically applied to the preparation of the municipal budget and other related matters. The end-product (policies) shall be applicable to the unquities of the district as well as fully compliant to all relevant legislation, inclusive of the Regulations.

The service provider shall be tasked with the development, preparation and compilation of specific budget-related policies as well as with debriefing Council and management on the application of the policies.

EXPECTED OUTPUTS AND OUTCOMES

The following policies are to be delivered:-

NO.	POLICY	COMMENTS
	CASH AND BANK	
1.	Cash Handling Policy	<ul style="list-style-type: none"> • SDM policy on cheques and credit card transactions can be improved. • The Cash Handling Policy should refer to a Code of Financial Practice which lists the responsibilities of the CFO and Heads of Departments with regard to Cash Management, which includes the banking of receipts. • There is no current SDM Code of Financial Practice.
2.	Petty Cash Policy	<ul style="list-style-type: none"> • May however be revised as the Petty Cash Policy is derived from the Supply Chain Management Policy which must stipulate the conditions for the procurement of goods by means of petty cash purchases as referred to in National Treasury Regulation 12 (1) (a). The Supply Chain Policy is in the process of being revised.
3.	Management of Foreign Currency Exchange Policy	<ul style="list-style-type: none"> • Policy to be formulated.
4.	Cash Management Policy	<ul style="list-style-type: none"> • The Cash Management Policy should refer to a Code of Financial Practice which lists the responsibilities of the CFO and Heads of Departments with regard to cash collection. • Cash flow management arising from payments to creditors to be improved in the policy. • Cash flow management arising from management of inventory to be improved in the policy. • Policies with regard to Cash Management Programme to be improved in the policy.

NO.	POLICY	COMMENTS
	REVENUE MANAGEMENT	
6. A.	Revenue Management Policy: Credit Control and Collection Policy	<ul style="list-style-type: none"> The nature of debts to be specified. The policy on tracing of debtors to be included. Policy on Management Reporting to be included.
7.	Sundry Tariff Policy	<ul style="list-style-type: none"> The Sundry Tariff Policy should be revised each year rather than being applicable for specific financial years.
	BORROWINGS	
8.	External Loans and Leases Policy	<ul style="list-style-type: none"> Policy to be formulated.
	FIXED ASSETS	
10.	Capital Project Policy	<ul style="list-style-type: none"> Policy to be formulated.
	BUDGET	
11.	Strategic Budget Policy	<ul style="list-style-type: none"> Responsibilities of Accounting Officer or CFO (if delegated) to be included in the policy. Policies regarding adjustment budget to be included.
15.	Payroll Management	<ul style="list-style-type: none"> Policy to be formulated.
	PURCHASES AND PAYABLES	
16.	Payables Policy	<ul style="list-style-type: none"> May however be revised as the Payables Policy is linked to the Supply Chain Management Policy with regard to the procurement method and processes to be followed. The Supply Chain Policy is in the process of being revised.
17.	Irregular, Fruitless and Wasteful Expenditure Policy	<ul style="list-style-type: none"> Policy to be formulated.

NO.	POLICY	COMMENTS
	FUNDS AND RESERVES	
18.	Funding and Reserve Policy	<ul style="list-style-type: none"> • Policy to be formulated.
	GENERAL LEDGER	
19.	Policy on approval and authorization of Journal Entries	<ul style="list-style-type: none"> • The limits of authorisation table included in the policy should be completed.
	ANNUAL FINANCIAL STATEMENTS	
20.	Accounting Policy to the Financial Statements	<ul style="list-style-type: none"> • The documented Accounting Policy to the Financial Statements is not GRAP compliant. • The Accounting Policies as contained in the 2008/2009 annual financial statements are satisfactory. • These Accounting Policies should however be updated in line with all the latest GRAP standards, amendment to standards and interpretations which has been approved by the Accounting Standards Board (ASB) and effective to date. • The Accounting Policies should also be updated by removal of the exceptions that were granted in terms of Directive 4 issued by the ASB as these have expired in the 2008/2009 financial year.
	OTHER	
21.	Donations Policy	
22.	Vaal Tekorama Museum Policies	<ul style="list-style-type: none"> • Annexure 1: Contract of the policy may require revision for latest times and hire rates.

TRANSFERRING OF KNOWLEDGE

It is envisaged that during the compilation of these policies, SDM management and staff are exposed to framework for policy-compilation and hence, will be in a position to effectively apply such a framework in the course of future applications such as policy revision and/ or amendment based on the knowledge, skills and abilities acquired from this process.

As part of their obligations, the successful Consultant will allow for a two day workshop to train any officials of the Sedibeng District Municipality. The venue, catering and workshop material will be supplied by Sedibeng District Municipality. Content of training material will however be supplied by the Consultant and form part of their obligations under this contract.

INTELLECTUAL PROPERTY

The complete Budget-related policies, funding and reserve policy with all forms and annexure will be the property of Sedibeng District Municipality to be utilized as and when required. Ownership of all intellectual property will also be transferred to Sedibeng District Municipality as part of this project.

MATERIALS TO BE PROVIDED

The successful Consultant will supply four (4) hard copies and two electronic versions of the Policy to the Sedibeng District Municipality.

PROJECT MANAGEMENT AND REPORTING

The Project Director will be the Chief Financial Officer: Treasury Cluster (or his nominee) who will chair the Project Steering Committee (PSC) that will be set up to steer the project. The Service Provider will identify a member of their team as their Project Manager. This person will be the client's primary contact point during the project.

In terms of project management there will be regular PSC meetings. For each of these meetings a brief status report will be submitted (in advance) by the Service Provider detailing progress against the project implementation plan. The Service Provider will minute all PSC meetings as part of the service they are providing to this project.

PROJECT OBJECTIVE

Development of the comprehensive and detailed budget-related policies, funding and reserve policies for Sedibeng District Municipality.

The policy should provide Sedibeng District Municipality with an easy to follow user manual in easy to understand plain English language.

PROPOSAL FORMAT AND CONTENT

The proposal will have two sections to it, that is, a Technical Section and a Financial Section.

The **Technical Section** should detail how the Service Provider will deliver the project. The technical section of the proposal should therefore have the following elements included in it:

a. Understanding of the project:

Maximum of four (4) pages to show that potential service providers understand what the project is about and the key challenges and risks involved in its delivery.

b. Approach to Project Implementation:

The proposal should clearly indicate how the service provider is intending to deliver the project. A project implementation plan (including a Gantt bar chart) should therefore be developed, clearly linked to the project's outputs and activities, their timing and interrelationships. Anticipated delivery dates for project outputs should be given.

c. Quality of Proposal Documentation

Quality of Proposal Documentation (in terms of service provider's ability to logically structure and write project related documentation)

The **Financial Section** of the proposal should be presented in such a way that each of the outputs and activities in the project implementation plan (based on what is in the ToR) are priced. A summary of these costs giving a total project price should be given at the end of the financial section of the proposal (the costs given should including VAT.)

CONDITIONS OF PROPOSAL

It is a requirement that potential service providers submitting proposals should clearly indicate their HDI status and associated HDI/BEE activities, as required by the evaluation criteria mentioned herein below.

EVALUATION CRITERIA

The evaluation of proposals is directly related to the required content of the proposal as detailed in this Request for Proposals, as well as the requirements of the Sedibeng DM's Supply Chain Policy.

Proposals submitted to the Sedibeng DM will be evaluated in accordance with the 80/20 principle and the following evaluation criteria will be applied:

CATEGORY	POINTS	SUM	DESCRIPTION
Price (P = 30 x (1-(Pt-Pmin)/Pmin)	30	30	Financial
Bidder's understanding of the brief.	20	60	Functionality
Compliance with bid/ technical conditions	10		
Compliance with specific conditions of contract	10		
Proposed methodology, completeness and clarity of proposal.	20		
Costings and all-inclusive fee structure	6		
Project activity plan	6		
Meticulousness and thoroughness of proposal structure	8		
Experience and expertise demonstrated	20		
Number of years relevant experience	10		
Number of contracts of similar nature	10		
No franchise in National Election prior to 1983 or 1993.	6.5	10	Equity
Women equity.	2.0		
Locality (Enterprises within Sedibeng area)	1.5		
TOTAL	100	100	

EXPERIENCE AND EXPERTISE REQUIRED

Number of years relevant experience in successfully performing similar service within local government	0 yrs	< 3yrs	3 < 5yrs	5 < 10yrs	+ 10 yrs
	0 pts	2.5 pts	5 pts	7.5 pts	10 pts
Number of contracts of similar service within local government successfully completed	0 contracts	<3 contracts	3 < 5 contracts	5 < 10 contracts	+10 contracts
	0 pts	2.5 pts	5 pts	7.5 pts	10 pts

The service provider to provide a comprehensive reference list with up-to-date contact information to bear evidence to the experience and expertise cited.

Potential service providers will have to achieve a minimum score of 35 points out of 50 on their functionality before their financial and HDI status are evaluated. That is, a score of less than 35 points in the functionality section will mean disqualification and no further evaluation of the bidder's proposals will be considered.

TIME FRAMES

The Consultant must indicate what time schedule is proposed for completion of this Policy.

SERVICE LEVEL AGREEMENT

The successful service provider will be required to sign a Service Level Agreement with the Sedibeng DM.

CONTACT PERSONS

The contact person for technical aspects of this Request for Proposals is Ms. Kajal Kowlessar, the Assistant Manager: Budgets and Expenditure, Sedibeng District Municipality.

Her contact details are: Telephone: 016-450-3234
 Cell: 082-315-0480
 E-mail: kajalk@sedibeng.gov.za

The contact person for Procurement and Administrative aspects of this Request for Proposals is Ms. Thandy Pino, Assistant Manager: Acquisition and Demand Management, Sedibeng District Municipality.

Her contact details are: Telephone: 016-450-3195
 Cell: 079-699-4481
 E-mail: thandy@sedibeng.gov.za

COMPILED BY:

DATE:

 Kajal Kowlessar
 Assistant Manager: Expenditure & Budgets

 YYYYMMDD

RECOMMENDED/NOT RECOMMENDED:

DATE:

 Charles Steyn
 Director: Financial Management

 YYYYMMDD

APPROVED/NOT APPROVED:

DATE:

 Brendon Scholtz
 Chief Financial Officer

 YYYYMMDD

APPROVED/NOT APPROVED:

DATE:

 Yunus Chamda
 Municipal Manager

 YYYYMMDD