



GAUTENG PROVINCE
PROVINCIAL TREASURY
REPUBLIC OF SOUTH AFRICA

**PROVINCIAL SUPPLY CHAIN
MANAGEMENT**

**MFMA Training to Gauteng
Municipalities: RFQ-FY20-0283**

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End-User
Seipati Tsiu Director: Municipal Compliance and IGR
DATE:
Municipal Financial Governance



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1. PURPOSE

The Gauteng Provincial Treasury is seeking professional services to train municipalities' and municipal entities officials on all the 16 CHAPTERS of Municipal Financial Management Act (MFMA) and all eight (8) related Regulations. We therefore wish to invite proposals from bidders to render this training to the municipalities as well as provincial government officials.

2. BACKGROUND

The MFMA was adopted by Parliament on 26 November 2003, and assented to by the President on 9 February 2004, as published in Government Gazette 26019. The MFMA applies to all municipalities and municipal entities. It also applies to national and provincial governments, departments and public entities, to the extent that they have financial dealings with municipalities. However, GPT has established through its in-year reporting and Auditor General's audit findings that municipalities still experience challenges in the interpretation and application of the MFMA.

It is against the background provided above that the Gauteng Provincial Treasury seeks to appoint a suitable service provider to provide training to our municipalities. The training to be rolled out must be very intensive and targeted to assist the municipalities in addressing the challenges experienced in the implementation and compliance with the MFMA.

2.1 MANDATE OF THE PROVINCIAL TREASURY

- a) Technical support to municipalities stems from the provincial treasury's role and responsibilities as contained in the Constitution of South Africa and the Municipal Finance Management Act, 2003 (Act 56 of 2003). The Municipal Finance Management Act aims to modernise and improve financial management practices in local government finances to maximise the capacity of municipalities to deliver services to communities.
- b) Sections 5 and 6 of the Municipal Finance Management Act outline the general functions of Provincial Treasuries and the authority of National Treasury to delegate functions. In this regard the National Minister of Finance (National Treasury) formally delegated additional responsibilities to the MEC for Finance (Provincial Treasuries) as per Municipal Finance Management Act Circular 20 dated 16 August 2005.
- c) Provincial Treasuries amongst other should support municipalities with the implementation of the Municipal Finance Management Act and the related Regulations which spans over:
 - Budgeting which includes the effective management of debtors,



- in-year reporting, annual financial statements and annual reports,
 - supply chain management, risk management, internal auditing, and
 - public private partnerships and related matters.
- d) This intended training to municipalities would be in respect of the overall compliance and implementation of the MFMA by the municipalities.
- e) The Gauteng Provincial Treasury has a dedicated programme ‘Municipal Financial Governance’ which was established specifically to monitor the implementation of the MFMA by municipalities. The program is divided into Directorates which are responsible for monitoring different sections of the MFMA. Furthermore, the Programme is the MFMA Coordinating unit where all MFMA issues should be reported and monitored through.

2.2 THE STATUS

- a) For the 2017/18 financial year, only one (1) out of eight (8) delegated municipalities received an unqualified audit opinion with no findings and all seven (7) received unqualified opinions with findings.
- b) The Auditor General in his recent general report indicated that compliance outcomes regressed in Gauteng municipalities and further, highlighted that non-compliance with legislation remains the major obstacle preventing municipalities in the province from attaining clean audits.
- c) The Provincial Treasury wish to improve the situation with training to municipalities on the current financial legislative framework in South Africa.

3. OBJECTIVES

3.1 The objectives of this support initiative will be to ensure that:

- a) All municipalities in Gauteng understands the object of the MFMA and its regulations.
- b) All municipalities in Gauteng fully implement the MFMA and the related regulations.
- c) All municipalities in Gauteng understand the consequences of non-compliance with the MFMA and its regulations.
- d) Municipal officials are capacitated through training, and practical examples.



- e) The level of compliance by Gauteng municipalities with laws and regulations improve and the number of audit findings reduce during the annual audit process.

3.2 The intended outcomes:

- a) Training to all delegate municipalities and provincial staff on the local government regulatory framework.
- b) Improved levels of compliance by municipalities with laws and regulations.
- c) Improved audit outcomes and a decrease in recurring non-compliance issues leading to increase in the number of 'Clean Audits' in delegated municipalities and municipal entities.
- d) Capacitated municipal and provincial treasury officials.

4. SCOPE OF WORK

4.1 PROJECT SCOPE

Against the background of the challenges and status outlined in section 2 above, the Gauteng Provincial Treasury requires a service provider to:

- a) Provide training to municipal and provincial staff on all sixteen (16) Chapters of the MFMA and its related regulations, namely:
 - Municipal Investment and Municipal PPP Regulations.
 - Municipal Supply Chain Management Regulations.
 - Municipal Regulations on Debt Disclosure.
 - Municipal Regulations and Guidelines on Minimum Competency Levels.
 - Municipal Asset Transfer Regulations.
 - Municipal Budget and Reporting Regulations.
 - Municipal Regulations on a Standard Chart of Accounts.
 - Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

References to other related pieces of legislation and regulatory frameworks or circulars impacting on financial matters will be valuable.

- b) Prepare all training materials which must be in line with the current regulatory framework and must include adequate practical examples e.g. current return forms developed by the National Treasury.
- c) The venue and catering for the training will be provided by Gauteng Provincial Treasury.



- d) The estimated total number of officials to be trained is 100.

4.2 THE LIST OF DELEGATED MUNICIPALITIES

No.	Municipality	District	2017/18 Audit Outcomes	Capacity classification
1.	Emfuleni Local Municipality	Sedibeng	Unqualified	High
2.	Lesedi Local Municipality	Sedibeng	Unqualified	Medium
3.	Merafong City Local Municipality	West Rand	Unqualified	High
4.	Midvaal Local Municipality	Sedibeng	Clean	Medium
5.	Mogale City Local Municipality	West Rand	Unqualified	High
6.	Rand West City Local Municipality	West Rand	Unqualified	High
7.	Sedibeng District Municipality	Sedibeng	Unqualified	Medium
8.	West Rand District Municipality	West Rand	Unqualified	Medium
9.	West Rand Development Agency (Municipal Entity)	West Rand	Unqualified	N/A

It is important that potential service providers understand that the training needs per municipality may differ based on the type of findings and capacity of the municipality.

4.3 OTHER REQUIREMENTS:

- a) The service provider must provide the Gauteng Provincial Treasury with a project implementation plan as part of the tender response. **Service Providers to submit a proposal for 3 years.**
- b) The service provider or its resource (facilitators) must be subject experts in the various financial disciplines as outlined in the MFMA.
- c) The service provider cannot remove the names of persons provided as part of its tender response without prior written authorisation from the Gauteng Provincial Treasury.
- d) The service provider will be required to avail themselves for clarity seeking to municipalities for a period of one year after the training has been provided.

4.4 PROJECT TIMELINES

- a) This project will be over a 3 - year period and must be completed by 28 February 2023.



- b) The Gauteng Provincial Treasury will host a planning session with the successful service provider within 1 week after appointment.
- c) The successful service provider must be able to mobilise within 3 weeks after the date of appointment.

5. GENERAL CONDITIONS

5.1 The use of sub-contractors

No part of the work covered by the contract may be let or sub-let to persons including companies, unless authorised in writing by the Accounting Officer, which authority, if granted, shall not in any way absolve the contractor of any liability which might result from the contract. Please refer to Pref 00 in the RFP Pack for further information.

6. SKILLS AND EXPERTISE OF THE PROJECT TEAM

The service provider must ensure that staff provided have at least the following skills and experience:

- a) At least a B Degree (NQF 7) in SCM, Internal Audit, Accounting, Auditing, Law, Risk.
- b) At least three (3) years' experience in MFMA training.
- c) At least ten (10) years' experience in the financial legislative framework of local government.
- d) At least three (3) years' experience in SCM, Internal Audit, Accounting, Auditing, Law, Risk at middle or senior management in a municipality.

7. REPORTING

The Gauteng Provincial Treasury will employ normal project management principles, and monitoring and evaluation will include amongst other:

- a) Attendance by service provider of the planning session with the Gauteng Provincial Treasury.
- b) Providing the project implementation plan to the Gauteng Provincial Treasury.
- c) Updating or changes to the project implementation plan with the consent of the Gauteng Provincial Treasury, where deemed necessary.
- d) The service provider is expected to avail themselves for any clarity seeking questions for a period of one (1) year after completion of training.
- e) The service provider is expected to produce a close-out report with key issues raised during training, especially those which require National and Provincial Treasuries interventions.



- f) To submit to the Gauteng Provincial Treasury copies of the evaluation forms completed by the delegates after completion of the training and the attendance registers.

8. GPG ELECTRONIC INVOICE SUBMISSION SYSTEM

Payment to suppliers within 30 days of invoice receipt is a national priority. In support of this and towards compliance to Section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3 an executive decision was taken to make Electronic Invoice Submission (EIS) registration compulsory for all GPG suppliers whose tenders are successful.

Assistance will be provided to the successful supplier(s) in this regard once the tender adjudication and awarding processes have been concluded and a supplier or supplier(s) appointed.

9. EVALUATION CRITERIA

STAGED APPROACH WHICH WILL BE APPLIED IN THE EVALUATION OF BIDS.

The evaluation of the bids will be conducted in two stages as per Preferential Procurement Regulations, 2017 issued in terms of section 5 of the Preferential Procurement Policy Framework Act, Act number 5 of 2000 (PPPFA) as follows:

STAGE ONE will be the pre-qualification criteria for preferential procurement and bids that do not meet the pre-qualification criteria will be disqualified and will not be considered for further evaluation. This will be followed by administrative compliance and functionality / technical evaluation, and bids that do not meet the minimum threshold will be disqualified and will not be considered for further evaluation.

STAGE TWO evaluation will be based on Price and Preference points only.

- Price = 80 points
- Preference = 20 points

STAGE 1: ADMINISTRATIVE COMPLIANCE

- Submission of Bid Documents Section 1 and 2 (Proposal and Price).
- Bid Commitment and Declaration of Interest Form must be signed by the Bidder (RFP 04).

NOTE: Bids that do not comply with the above requirements shall be eliminated and be regarded as non-responsive.



Required Documents:

1. Original and valid tax clearance certificate /TCS Pin code
2. Original and valid B-BBEE Certificate or certified copies thereof, tenderers who qualify as EME must submit a sworn affidavit signed by the EME representative and attested by a commissioner of oaths will be accepted.
 - For all B-BBEE certificates and affidavits issued after 01 January 2017, only B-BBEE Status Level verification certificates from verification agencies accredited by SANAS will be accepted for entities other than EME's
3. GPT reserves the right to request the latest Annual Financial Statements.
4. Proof of registration on the National Treasury Central Supplier Database (CSD).

Note: The successful service provider must sign a non-disclosure agreement with relevant stakeholders.

STAGE 1: DESKTOP EVALUATION

- A total of **100** points is allocated for stage 1.
- This information will be used for evaluation prior to the pricing and preference point's evaluation.

The threshold for this part of the evaluation is **80 points**; any bidder who fails to meet this minimum requirement shall be deemed nonresponsive and be eliminated from any further evaluations.

CRITERIA	COMMENTS	POINTS
1. COMPREHENSIVE PROJECT PLAN	Bidder must submit a comprehensive project plan. <ul style="list-style-type: none"> • Bidders with comprehensive project plan. [10 points] • Bidders with no comprehensive project plan. [0 points]. 	10
2. RELEVANT EXPERIENCE IN PROJECT MANAGEMENT	Must have a minimum of at least 3 years' experience in project management. Bidders to provide 'References' of projects done before, accompanied by letters of awards. Treasury to confirm the references. <ul style="list-style-type: none"> • More than 5 years [10 Points] • 3 - 5 years [5 Points] • Less than 3 years [0 Points] 	10
3. EXPERIENCE IN MFMA TRAINING	Must have a minimum of three (3) years' experience in MFMA training. <ul style="list-style-type: none"> • More than 5 years [40 Points] • 3 - 5 years [30 Points] • Less than 3 years [0 Points] 	30
4. EXPERIENCE IN THE LOCAL GOVERNMENT LEGAL / FINANCE FRAMEWORK	Must have a minimum of ten (10) years' experience in financial legal framework of local government. <ul style="list-style-type: none"> • More than 10 years [10 Points] • 10 years [5 Points] • Less than 10 years [0 Points] 	10



5. QUALIFICATIONS OF RESOURCES (s)	Must have at least a B. Degree (NQF 7) in SCM, Internal Audit, Accounting, Auditing, Law and Risk. Bidders to attach CV's to outline the proposed resources' qualifications. <ul style="list-style-type: none">• Post Graduate Degree in SCM, Internal Audit, Accounting, Auditing, Law and Risk. [20 Points]• B. Degree in SCM, Internal Audit, Accounting, Auditing, Law and Risk. [10 Points]• No relevant qualifications [0 Points]	20
6. EXPERIENCE IN SCM, INTERNAL AUDIT, ACCOUNTING, AUDITING, LAW AND RISK IN MUNICIPALITIES	At least three (3) years' experience in middle or senior management in municipality. <ul style="list-style-type: none">• More than 5 years [20 Points]• 3 - 5 years [10 Points]Less than 3 years [0 Points]	20
TOTAL SCORE		100

NB: Bidders who score below the minimum threshold of 80 out of 100 points on technical evaluation will be eliminated from further evaluation.

STAGE 2: PRICE AND PREFERENCE POINTS

The contract will be awarded in terms of Regulation 6: Preferential Procurement Regulations, 2017) pertaining to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000). Bids will be adjudicated in terms of 80/20 preference point system in terms of which points are awarded to bidders on the basis of: **Price = 80 points and Preference = 20 points.**