



GAUTENG PROVINCE
PROVINCIAL TREASURY
REPUBLIC OF SOUTH AFRICA

**PROVINCIAL SUPPLY CHAIN
MANAGEMENT**

**Training on annual budgets and in-
year reporting to Gauteng
Municipalities: RFQ-FY20-0282**

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End-User

.....
Sibusiso Ngobese
Director: Municipal Budgets

.....
Zolani Zonyane
Director: LG Resource Management

DATE:
Municipal Financial Governance



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1. PURPOSE

The Gauteng Provincial Treasury is seeking the assistance of professional services to provide training to Gauteng municipalities on municipal budgets and in-year reporting as articulated by the Municipal Budgeting and Reporting Regulations. The training is to include the theoretical legislative background as well as the practical preparation of the annual budget (A-Schedules), adjustment budget (B-Schedules) and in-year reporting (C-Schedules).


2. BACKGROUND

Municipalities in Gauteng struggle to prepare municipal budgets that are in line with requirements of the legislation, i.e. that is section 18 of MFMA, which funding of the budgets. Whilst some of the municipalities have demonstrated efforts to prepare budgets that comply with MFMA stipulations, the Gauteng Provincial Treasury is obliged to support municipalities to further enhance their efforts in preparation of the municipal budgets.

From the past audit outcomes, it was noted that Gauteng municipalities still have matters affecting the credibility of annual budgets indicating that the annual budgets are mostly not funded which is in contradiction of section 18 of 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 amongst other over:

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- Budgeting and in-year reporting,
- mSCOA budget data string analysis, and
- general financial management ie cash flow management, investments, loans, etc.

d) This support initiative is aimed at improving the capacity (knowledge and skills) of both the municipal and provincial officials in respect of budgeting and in-year reporting.

2.2 FINANCIAL REFORMS IN SOUTH AFRICAN MUNICIPALITIES

a) The National Treasury and Provincial Treasuries have played an extensive role in ensuring that municipalities prepare municipal budgets that complies with the MFMA. In this regard the Gauteng Treasury affirms its support to Gauteng delegated municipalities by ensuring that the officials responsible for municipal budget preparation and the oversight arm of municipal budgets management are equipped with extensive skills to effectively prepare and analyze the budgets.

3. OBJECTIVES

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

- a) All delegated municipalities are fully compliant with the Municipal Budgeting and Reporting Regulations.
- b) All in-year reports and annual budgets (tabled, adopted, adjusted) of municipalities are accurately completed and submitted to the National Treasury.
- c) Improved audit outcomes as it relates to budgeting and reporting by municipalities and a reduction of the number of unfunded annual budgets in the delegated municipalities.
- d) To capacitate municipal officials and selected Gauteng Provincial Treasury staff.

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 train municipal and provincial staff on the requirements of the Municipal Budgeting and Reporting Regulations to cover:

- a) the theoretical elements covering the legislative framework; and
- b) the preparation and submission of budget and in-year reporting schedules ‘A – G’.
- c) prepare all training materials endorsed by National Treasury with adequate practical examples.
- d) venue and catering will be provided by Gauteng Provincial Treasury.
- e) training to be provided over three (3) days.


4.2 THE LIST OF DELEGATED MUNICIPALITIES

| No. | Municipality | District | Capacity classification |
|-----|-----------------------------------|-----------|-------------------------|
| 1. | Emfuleni Local Municipality | Sedibeng | High |
| 2. | Lesedi Local Municipality | Sedibeng | Medium |
| 3. | Merafong City Local Municipality | West Rand | High |
| 4. | Midvaal Local Municipality | Sedibeng | Medium |
| 5. | Mogale City Local Municipality | West Rand | High |
| 6. | Rand West City Local Municipality | West Rand | High |
| 7. | Sedibeng District Municipality | Sedibeng | Medium |
| 8. | West Rand District Municipality | West Rand | Medium |

4.3 THE LIST OF FINANCIAL SYSTEMS PER MUNICIPALITY AS FOLLOWS:

| Financial system | Municipalities |
|------------------|-----------------------------------|
| Quill - BIQ | Merafong City |
| | Mogale City |
| Munsoft | Rand West City Local Municipality |
| | West Rand District Municipality |
| BCX – Solar | Emfuleni Local Municipality |
| | Midvaal Local Municipality |
| BCX – eVenus | Lesedi Local Municipality |
| BCX – Venus | Sedibeng District Municipality |

It is important that potential service providers understand that the support per municipality may differ based on the different financial systems in use at municipalities. In this regard, it may require a baseline or readiness assessment by the service provider.

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4.4 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 area of municipal budgets and in-year reporting 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.
- e) The service provider must develop training manuals which should include standard operating procedures for the preparation of the budget and in-year reporting schedules to capacitate the Provincial Treasury and municipalities to become self-reliant after the training.

4.5 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 2 weeks 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 Com Degree in Finance, Accounting or Auditing.
- b) At least three (3) years' experience in training on municipal budgets and in-year reporting.
- c) At least three (3) years' experience in middle or senior management in 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

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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

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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.



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| CRITERIA | COMMENTS | POINTS |
|--|--|------------|
| 1. COMPREHENSIVE PROJECT PLAN | <p>Bidder must submit a comprehensive project plan.</p> <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 | <p>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.</p> <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 RELATED TRAINING IN MUNICIPAL BUDGETS AND IYMs | <p>Must have a minimum of three (3) years' experience in training on municipal budgets and in-year reporting.</p> <ul style="list-style-type: none"> More than 5 years [40 Points] 3 - 5 years [30 Points] Less than 3 years [0 Points] | 40 |
| 4. QUALIFICATIONS OF RESOURCES (s) | <p>Must have at least a B.Com Degree in Finance, Accounting or Auditing. Bidders to attach CV's to outline the proposed resources' qualifications.</p> <ul style="list-style-type: none"> Post Graduate Degree in Finance, Accounting or Auditing [20 Points] B Com Degree in Finance, Accounting or Auditing. [10 Points] No relevant qualifications [0 Points] | 20 |
| 5. EXPERIENCE IN FINANCE, ACCOUNTING OR AUDITING IN MUNICIPALITIES. | <p>At least three (3) years' experience in middle or senior management in municipality.</p> <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.**