



**ALFRED NZO**  
DISTRICT MUNICIPALITY

**TERMS OF REFERENCE  
ALFRED NZO DEVELOPMENT AGENCY'S  
ANNUAL PERFORMANCE INFORMATION AND ANNUAL  
FINANCIAL STATEMENTS REVIEWS 2017-18**

<b>ALFRED NZO DISTRICT MUNICIPALITY</b>	
THIS IS TO CERTIFY THAT FUNDS ARE AVAILABLE ON THE ABOVE STATED BUDGET ITEM.	
BUDGET & PROC.	
DATE:	31-07-18
BUDGET AVAILABLE:	300 000
ACT CODE:	1100 44121

## INTRODUCTION

In terms of section 45 of the Municipal Systems Act, No. 32 of 2000, audit of performance measurements- the results of performance measurements in terms of section 41 (1) (c) must be audited-

- a. as part of the municipality's internal audit processes; and
- b. annually by Auditor-General.

Furthermore, Section 14(1) (a) of the Municipal Planning and Performance Management Regulations 2001 stipulates that a Municipality must develop and implement mechanism, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

- b) Any auditing in terms of paragraph (a) must include assessment of the following:
  - i. The functionality of the municipality's performance management system;
  - ii. Whether performance management system complies with the act; and
  - iii. The extent to which the municipality's performance management systems are reliable in measuring performance municipalities on indicators referred to in regulation 9 and 10.
- c) A municipality's internal auditors must –
  - i. On continuous basis audit the performance measures of the municipality; and
  - ii. Submit quarterly reports on their audits to the municipal manager and performance audit committee referred to in sub regulation (2)

Furthermore section 166 (2) of the Municipal Finance Management Act, No 56 of 2003 also state that an audit committee is an independent advisory body which must- (b) review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;

## **PURPOSE AND OBJECTIVE OF THE PROJECT**

- Test the extent of alignment Annual Performance information Report with targets as set in municipal entity's Corporate Plan and Annual Performance Plan, (also testing alignment with organizational plans of the parent municipality).
- Determine the extent of compliance with Performance Management Regulations and Municipal Systems Act.
- Determine the extent of compliance with Performance Management policy of the municipal entity.
- Verify the achieved targets as indicated in the Annual Performance Report
- Test Completeness of Annual performance information report
- Also review the credibility of the municipal entity's Annual Financial Statements before submission to the Audit Committee and Auditor General respectively.
- 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.

## **REQUIREMENTS**

Alfred Nzo District Municipality wishes to obtain the services of external service provider to reviews Annual Performance Information and Annual Financial Statements 2017-18 of the municipal entity as these directly impact on the validity, completeness and accuracy of financial and non-financial information of ANDA.

As can be seen from the above, the service provider must possess the following:

- The Team Leader of the project must be a Chartered Accountant (CA) / Certified Internal Auditor (CIA) or ACCA
- Team members must have minimum of Bachelors of Commerce Degree: Accounting, Auditing / Finance / Internal Auditing or equivalent, couple with a minimum of three years practical experience.
- The service provider must have an experience and knowledge of preparing and reviewing GRAP compliant AFS of a Municipal entity.
- The service provider must have internal auditing experience, including of auditing of performance measurements of the municipality, with a minimum of 3 years practical experience.
- The service provider must have three reference letters from the organisations where it performed similar assignments for each task.

- The service provider must be able to communicate in both English and isiXhosa, which are the predominant languages within the area of operation of ANDA.
- The project time frame is one (1) week from the date of appointment of the service provider.

## EVALUATION CRITERIA

The proposals will be evaluated in two stages, namely:

- Stage 1- Functionality
- Stage 2- Price and BBBEE Points

Only Bidders who score 70% or more on stage 1 would be evaluated further and therefore eligible for the award.

ITEM	Weight
<b>STAGE 1 OF EVALUATION – FUNCTIONALITY</b>	
<b>Functionality</b>	<b>100</b>
• Previous Experience	40
• Capacity and Expertise	40
• Methodology	20
<b>STAGE 2 OF EVALUATION – PRICE &amp; PREFEREN POINTS</b>	
<b>BBBEE POINTS</b>	<b>20</b>
<b>Price</b>	<b>80</b>
<b>TOTAL</b>	<b>100</b>

Breakdown for Functionality:

Functionality	Weight
<b>Previous Company relevant experience</b>	<b>40</b>
Previous record of experience for successfully carrying out similar assignment (s):	
- In 1-3 Municipalities and municipal entities	20
- 4-6 Municipalities and municipal entities	30
- 7 and above Municipalities and municipal entities	40
NB: Please attach letter of reference confirming that the job has been successfully done.	
<b>Capacity and expertise to undertake the project</b>	<b>40</b>
- Proof of registration of the Directors to relevant Professional Body.	20

- Available resources and equipment to execute this assignment. NB: Attach proof Professional Registration Body / Certificates in order to claim the above points.	20
<b>Methodology</b>	<b>20</b>
Brief and clear proposal indicating clear understanding of requirements as set out in Terms of Reference (specification)	<b>20</b>

Upon request by the Employer, the Bidder undertakes to provide adequate documentation to fully justify his points claim. Failure to provide any justification shall result in the tender being rejected. The Employer may evaluate the justification documentation independently and shall in such cases, in his evaluation of the tender, determine, at his sole discretion, the quality points applicable.

### CRITERIA FOR SELECTION

In terms of the approved SCM policy, the project will follow a quotation process of 80/20.

### SUBMISSION OF PROPOSALS

- Proposals must be placed in a sealed envelope and clearly marked: "Proposal – ANDA: Annual Performance Information & AFS reviews 2017-18" and placed in the tender Box in Alfred Nzo District Municipality not later than 12:00 on 18 July 2018. Proposals will not be opened in public.
- Enquiries should be directed to Mr S. Nelani at (039) 254 5000/5108 during office hours from 8H00 to 16H30.

**Alfred Nzo District Municipality**  
**Erf 1400 Ntsizwa Street**  
**Mount Ayliff**  
**4735**



.....  
**Ms Y. Tantsi**  
**Acting Manager - Office of the Municipal Manager**