



**TERMS OF REFERENCE**  
**MBIZ LM 30/07/2018/01/AFS**  
**MBIZANA LOCAL MUNICIPALITY'S**  
**ANNUAL FINANCIAL STATEMENTS REVIEWS 2017-18**

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## **1. INTRODUCTION**

In terms of section 166 (2) of the Municipal Finance Management Act, No 56 of 2003 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;

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

- Review the credibility of the municipality'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.
- Checking whether the statements reconcile with the trial balance as well as with supporting schedules.
- Test the presentation and the extent of compliance to the applicable accounting standards and applicable legislation

## **3. REQUIREMENTS**

Mbizana Local Municipality wishes to obtain the services of external professional service provider to review Annual Financial Statements 2017/18 of the municipality as these directly impact on the validity, completeness and accuracy of financial information of the municipality.

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).
- Team members must have minimum of Bachelors of Commerce Degree: Accounting, Auditing, coupled 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 Municipality.
- The service provider must have internal auditing experience, 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 the municipality.

The project time frame is one (1) week from the date of submission of the Annual Financial Statements to the service provider.

#### **4. DELIVERABLES / KEY OUTPUTS**

- Raised audit observations, along with recommendations, through communication of audit findings
- Solicit Management Comments / responses
- Analyse and evaluate submitted management responses
- Prepare draft internal audit report with management responses
- Table draft internal audit report to the Internal Audit Manager, and discuss key observations
- Prepare final report for tabling to management and audit committee respectively.

#### **5. EVALUATION CRITERIA**

The proposals will be evaluated in two stages, namely:

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

Only Bidders who score 60% 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> |
| • <b>Previous Experience</b>                 | <b>40</b>  |
| • <b>Capacity and Expertise</b>              | <b>40</b>  |

| ITEM  | Weight     |
|---|------------|
| • Methodology   | 20         |
| <b>STAGE 2 OF EVALUATION – PRICE &amp; PREFERENTIAL POINT</b> |            |
| <b>BBBEE POINTS</b>   | 20         |
| Price   | 80         |
| <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 or municipal entities  | 20        |
| - 4-6 Municipalities or municipal entities   | 30        |
| - 7 and above Municipalities or municipal entities   | 40        |
| NB: Please attach letter of reference confirming that the job was successfully completed.                                |           |
| <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) | 20        |

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.

## 6. CRITERIA FOR SELECTION

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

## **7. SUBMISSION OF PROPOSALS**

- Proposals must be placed in a sealed envelope and clearly marked: "Proposal – MBIZ LM 30/07/2018/01AFS Mbizana Local Municipality AFS reviews 2017-18" and placed in the tender Box in next to the cashiers in the main building of Mbizana Local Municipality not later than 12:00 on 08 August 2018. Proposals will not be opened in public.
- Enquiries should be directed to Mr Z.A Zukulu at (076) 062 0283 during office hours from 8H00 to 16H30.

**Mbizana Local Municipality  
51 Winnie Madikizela-Mandela Street  
Bizana  
4800**



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**Mr. L. Mahlaka  
Municipal Manager**