

Senqu Local Municipality



Notice 46/2020

SECTION 2.1: TERMS OF REFERENCE AND DETAILED SPECIFICATIONS

2.1.1 Introduction and Background

2.1.1.1 Senqu Municipality hereby requires the services of a professional tax consulting and or accounting firm which has extensive knowledge and experience in the provision of tax advisory and other related services for Municipalities or similar organisations to mitigate risk exposure related to non-compliance with applicable legislation and maximisation of potential refunds within relevant laws for period of three years.

2.1.2 Scope of Works

2.1.2.1 The typical scope of work/ services that the service providers will be required to provide on an ad hoc basis include but not limited to the following:

2.1.2.2 Lodging of annual VAT and PAYE company returns for SENQU MUNICIPALITY

2.1.2.3 Completing and submitting applications to Revenue Authorities for Value Added Tax (VAT) rulings on specific transactions for all the above separately registered tax divisions as and when required,

2.1.2.4 Assisting with Pay as You Earn (PAYE) annual reconciliations, VAT Certificates, Exemptions and other technical aspects on the tax treatment in the municipality;

2.1.2.5 Providing assistance with the interpretation of tax law as well as on-going legislative and regulatory changes and new case law that gives rise to changes in the application and interpretation of the tax laws

2.1.2.6 Identify tax and system risks and exposures associated with the operations, controls and provide mitigations for those risks;

- 2.1.2.7 Perform annual Tax audits (indirect tax and employees' tax) in the company with a purpose of detecting compliance with required legislation;
- 2.1.2.8 Assistance with the recovery of any tax credits from revenue authorities within reasonable time and cost;
- 2.1.2.9 Assist with Value Added Tax (VAT) regulatory audits and other Vat related matters as and when required;
- 2.1.2.10 Do a yearly analysis of staff skills and provide Vat and other tax related training to finance staff
- 2.1.2.11 On an annual basis highlights potential tax planning/savings opportunity for the company;
- 2.1.2.12 Provide ad-hoc advice or services at the request of SENQU MUNICIPALITY

2.1.3 Key Performance Areas

- 2.1.3.1 Key Performance Areas will be drafted in terms of a service level agreement in terms of this tender requirements with the successful bidder

2.1.4 Deployment

- 2.1.4.1 All duties related to this tender will be conducted in the main office in Lady Grey when required

2.1.5 Response

- 2.1.5.1 The major requirements, main features and functional deliverables of the envisaged service required are detailed below for the Tenderer's response.
- 2.1.5.2 Please respond by indicating, "COMPLY", "DO NOT COMPLY". The term "DO NOT COMPLY" must be applied if the solution does not 100% fit the description.
- 2.1.5.3 If tenderers would like to provide comments or qualify "DO NOT COMPLY" answers, please use a separate annexure to the bid document and PLEASE CLEARLY indicates the point for comment or qualification as referenced in your point by point response.

2.1.6 Key Deliverables

	Comply / Do Not Comply
2.1.6.1 Perform Vat Recovery Review on Output VAT on Debtors	
2.1.6.2 Output VAT Completeness Test on Sundry Income	
2.1.6.3 VAT Contingency Review for allowable past financial years	
2.1.6.4 Conducting VAT Completeness Reviews	
2.1.6.5 Maximisation of Vat Recoveries and design, implementation and providing training VAT Control system to ensure maximisation of Vat recoveries within the applicable legal framework.	
2.1.6.6 Annual tax audit report specifying each case of non-compliance and the necessary remedy;	
2.1.6.7 A simplified tax guide or plan with specific focus on Senqu Municipality interest areas once per annum;	
2.1.6.8 The Annual Review all Senqu Municipality Employees and Councillors tax codes and confirmation of the tax tables on the applicable financial system used by Senqu Municipality	
2.1.6.9 Assistance with individual Tax Queries from Senqu Municipality Employees and Councillors in a co-ordinated process approved by the Accounting Officer or his delegated official	
2.1.6.10 Compilation of all Legislative required returns and submission to SARS	
2.1.6.11 Responses to the tax authority on issues raised (where applicable	
2.1.6.12 Conducting Annual training schedules for staff including manuals for each focus areas as per section 2.1.2 and for Key Deliverables 2.1.6.1 to 2.1.6.11	
2.1.6.13 Dealing with ad-hoc requests from the municipality for items listed in section 2.1.1 not covered in the above-mentioned key deliverables on a bill per hour for work performed basis)	

2.1 Evaluation

2.2.1 Proposal Evaluation

2.2.1.1 The pre-evaluation of the functional proposal will be based on its responsiveness to section 2.2.2 and will be scored out of 100 points.

2.2.1.2 Proposals that do not score the minimum of 80 points or more for functionality will be not responsive and only those bidders who score more than 80 out of 100 points will be evaluated further on the 80/20 preference points system.

2.2.1.3 The Bid Evaluation Committee of the Municipality will determine whether the technical and pricing proposals are complete, i.e. whether all the items as required have been priced. If not, the proposal may be rejected as non-responsive.

2.2.1.4 Full details of the functional areas mentioned below must be supplied.

2.2.1.5 Bids not meeting the minimum requirements will be considered non-responsive and disqualified.

2.2.2 Functionality

2.2.2.1 The following criteria and formula will be used to calculate points for the functionality of the proposal:

<u>Criteria / Description of Functionality Requirements</u>	<u>Maximum Points Allocation</u>	<u>Score Claimed by Bidder</u>	<u>Tender Page Doc Reference</u>
<u>1- Relevant Experience - Company</u>			
Proof of amounts recovered from SARS on behalf of a single municipality evidenced by means of a close-out report and SARS statements:	R0 - R10 Million (5 points) > R10 - R 50 Million (10 points) > R50 - R 150 Million (15 points) > R150 Million (25 points)	25	
Previous Experience in projects of similar nature: Conducting a VAT recovery / Implementing VAT Control Process / Tax Code Reviews / and Review: Bidders must attach proof of experience where VAT Recovery and Review services were provided. Bidders are required to submit an appointment letter/order with a reference letter to be allocated the points. The points will be allocated as follows.	10 Appointment letters/ order with reference letters (5 points) 15 appointment letters/orders with reference letters (10 points) 20 or more appointment letters/orders with reference letters (15 points)	15	
Proof of all Notice of Objections / Disputes submitted in the last 24 months. Points will be allocated based on the value (financial benefit) of the outcome	R50 Million (5 points) > R50 Million (10 points)	10	
<u>2- Relevant Expertise - Key Team Members</u>			
Detail Functionality requirements in terms of relevant experience based on tender requirements			
2.1 - Director and Project Manager must possess the NQF level 8 qualification in Advanced Program in Value Added Tax or other South African Tax Law (10 Points), the points will be claimed based on the attached certificate. The incumbent whose certificates are attached, must be an employee of the bidder, or if not employed on full time basis, there must be a signed contract. Proof in in the form of signed contract or letter of appointment as an employee must be attached in order to claim the full points.			
	(5 Points per Addition Team Member) = Limited to a Total of 20 Points	20	

<u>3- Project Methodology</u>			
Methodology: A detailed description of how the bidder proposes to manage the project for the successful implementation of the project, various stages and milestones clearly indicated	10 Points	10	
<u>4 - Professional Affiliation</u>			
Detail type of professional affiliation/membership requirements	(10 Points 1 Director), (5 Points 1 Project Manager),	15	
Director and Project Manager must submit proof of membership with a Professional Body and respective SARS practice (PR) numbers for verification (15 Points)			
<u>5- Skills Transfer Plan</u>			
Skills transfer plan for municipal officials: explain how this will be done and measured.	5 Points	5	
Total points		100	

2.2.2.2 Bids that is not referenced in terms of section 2.2.2.1 may be declared non-responsive.

2.2.2.3 For the evaluation of functionality bidders are requested to furnish detailed information in substantiation of compliance with the functionality criteria mentioned in paragraph 2.2.2.1 above, for example, business registration papers. The Municipality reserve the right to visit or request additional information from Municipalities / Organisations listed to confirm compliance as claimed on Section 2.1.6

2.2.2.4 The evaluation of functionality regarding a Consortium or Joint venture, will be performed as follow:

2.2.2.4.1 For company experience the evaluation is based on the experience of the partner with the highest/longest experience record;

2.2.2.4.2 The leading partner of the consortium or joint venture is determined by the shareholding regarding the liability, which is included in the consortium or joint venture agreement.

2.2.2.4.3 If required for the evaluation of the financial ratings, if not issued for the consortium or joint venture specifically, the rating of the leading partner will be use in the assessment.

2.2.2.5 A bidder that scores less than the minimum stipulated threshold in respect of the functionality criteria will be regarded as submitting a non-responsive proposal and will be disqualified.

2.3: Pricing Schedule

Pricing Instructions mean the criteria as set out below, read together with all Parts of this contract document, which it will be assumed in the contract that the tenderer has taken into account when developing his prices.

2.3.1 Pricing Instructions mean the criteria as set out below, read together with all Parts of this contract document, which it will be assumed in the contract that the tenderer has considered when developing his prices.

2.3.2 The short descriptions given in the pricing schedule below are brief descriptions used to identify the activities for which prices are required. Detailed descriptions of the activities to be priced are provided in the specific conditions of contract as well as under the scope of work.

2.3.3 For the pricing schedule, the following words shall have the meanings hereby assigned to them:

2.3.3.1 Unit means the unit of measurement for each item of work.

2.3.3.2 Quantity means the number of units of work for each item.

2.3.3.3 Rate means the agreed payment per unit of measurement.

2.3.3.4 Amount means the product of the quantity and the agreed rate for an item.

2.3.3.5 Sum means an agreed lump sum payment amount for an item, the extent of which is described in the Scope of Work, but the quantity of work which is not measured in any units.

2.3.4 A rate, sum, percentage fee and/or price as applicable, is to be entered against each item in the pricing schedule. An item against which no price is entered will be covered by the other prices or rates in the pricing schedule.

2.3.5 The rates, sums, percentage fees and prices in the pricing schedule are to be fully inclusive prices for the work described under the several items. Such prices and rates are to cover all costs and expenses that may be required in and for the execution of the work described in

accordance with the provisions of the Special Condition of Contract and the Scope of Work, liabilities, and obligations set forth or implied in the Contract Data, as well as overhead charges and profit.

- 2.3.6 Where quantities are given in the pricing schedule, these are provisional and do not necessarily represent the actual amount of work to be done. The quantities of work accepted and certified for payment will be used for determining payments due and not the quantities given in the pricing schedule. In respect of time- based services, the allocation of staff must be agreed with the employer before such services are rendered.
- 2.3.7 All rates, sum, percentage fees or prices (as applicable) tendered in the pricing schedule shall be final and binding and shall not be subject to any variation throughout the period of the contract.
- 2.3.8 The pricing to be indicated in Section A is based on estimated quantities from the previous year and is only used for evaluation purposes.
- 2.3.9 For section A only, firm pricing will be accepted, non-firm prices (including prices subject to rates of exchange variations) will not be considered.
- 2.3.10 The rates quoted in the section A of the pricing schedule will be applicable as from the signing of a Service Level Agreement Subsequent year will be subject to Section B of the pricing schedule.
- 2.3.11 The bid will be evaluated based on the total cost of contract, in other words the rates multiplied by the quantities for the first year as per section A of the price schedule after which the quoted escalation rates as per Section B of the Bidding schedule will be applied to the annual cost excluding the once off implementation cost, if any
- 2.3.12 No other format of pricing schedule, as prescribed in the pricing schedule below will be allowed

2.3.13 Section (A) of Pricing Schedule

Year 1

Item Number	Description	Key Deliverable Reference	Rate per Item (Vat Inclusive)	Estimated Quantity / Unit of Measure if tender is based on Rates	Vat Inclusive Amount (Rate * Estimated Quantity) (C x D = E)
<u>A</u>	<u>B</u>		<u>C</u>	<u>D</u>	<u>E</u>
1	<p>* Vat Recovery Services</p> <p><u><i>*It should be noted that the % claimed of the total recovered amount will be the remuneration for all the items related to the key deliverables as referenced in the adjacent column.</i></u></p> <p><u><i>Pricing is based on a percentage based on monies recovered on behalf of the municipality and must be inclusive of all relevant overheads including planning, travel costs, excluding VAT</i></u></p>	2.1.6.1 to 2.1.6.5	% Claimed		
2	<p>* Other Tax Related Key Deliverables</p> <p><u><i>*Provide total for all staff/travel related costs that that will be utilised to provide the key deliverables as per the adjacent column based on Year 1 rates per person.</i></u></p>	2.1.6.6 to 2.1.6.11	Total Costs		
3	<p>Total Costs to provide training</p> <p><u><i>Including all personnel, printing travel and accommodation costs</i></u></p>	2.1.6.12	Total Costs		
4	<p>Key Deliverable 2.1.6.13</p> <p><u><i>This will be utilised on an ad-hoc basis as and when the municipality requires the relevant expertise provided by the service provider</i></u></p>	2.1.6.13	Rates	Rates	Rates
Total Cost Year 1					R

Year 1 Rates per Person

No	Name and Surname	Tax Practitioner Number	Designation (e.g. - Director / Partner / Team Leader / Team Member	Rate Per Hour for Individual	Tender Document Page Reference
1					
2					
3					
4					
5					
6					
7					
8					
9	Travel Cost Per Kilometre	N/A			
10	Accommodation Cost per Night	N/A			

Year 2

Item Number	Description	Key Deliverable Reference	Rate per Item (Vat Inclusive)	Estimated Quantity / Unit of Measure if tender is based on Rates	Vat Inclusive Amount (Rate * Estimated Quantity) (C x D = E)
A	B		C	D	E
1	<p>* Vat Recovery Services</p> <p><i><u>*It should be noted that the % claimed of the total recovered amount will be the remuneration for all the items related to the key deliverables as referenced in the adjacent column.</u></i></p> <p><i><u>Pricing is based on a percentage based on monies recovered on behalf of the municipality and must be inclusive of all relevant overheads including planning, travel costs, excluding VAT</u></i></p>	2.1.6.1 to 2.1.6.5	% Claimed		
2	<p>* Other Tax Related Key Deliverables</p> <p><i><u>*Provide total for all staff/travel related costs that that will be utilised to provide the key deliverables as per the adjacent column based on Year 1 rates per person.</u></i></p>	2.1.6.6 to 2.1.6.11	Total Costs		
3	<p>Total Costs to provide training</p> <p><i><u>Including all personnel, printing travel and accommodation costs</u></i></p>	2.1.6.12	Total Costs		
4	<p>Key Deliverable 2.1.6.13</p> <p><i><u>This will be utilised on an ad-hoc basis as and when the municipality requires the relevant expertise provided by the service provider</u></i></p>	2.1.6.13	Rates	Rates	Rates
Total Cost Year 2					R

Year 2 Rates per Person

No	Name and Surname	Tax Practitioner Number	Designation (e.g. - Director / Partner / Team Leader / Team Member	Rate Per Hour for Individual	Tender Document Page Reference
1					
2					
3					
4					
5					
6					
7					
8					
9	Travel Cost Per Kilometre	N/A			
10	Accommodation Cost per Night	N/A			

Year 3

Item Number	Description	Key Deliverable Reference	Rate per Item (Vat Inclusive)	Estimated Quantity / Unit of Measure if tender is based on Rates	Vat Inclusive Amount (Rate * Estimated Quantity) (C x D = E)
A	B		C	D	E
1	<p>* Vat Recovery Services</p> <p><u><i>*It should be noted that the % claimed of the total recovered amount will be the remuneration for all the items related to the key deliverables as referenced in the adjacent column.</i></u></p> <p><u><i>Pricing is based on a percentage based on monies recovered on behalf of the municipality and must be inclusive of all relevant overheads including planning, travel costs, excluding VAT</i></u></p>	2.1.6.1 to 2.1.6.5	% Claimed		
2	<p>* Other Tax Related Key Deliverables</p> <p><u><i>*Provide total for all staff/travel related costs that that will be utilised to provide the key deliverables as per the adjacent column based on Year 1 rates per person.</i></u></p>	2.1.6.6 to 2.1.6.11	Total Costs		
3	<p>Total Costs to provide training</p> <p><u><i>Including all personnel, printing travel and accommodation costs</i></u></p>	2.1.6.12	Total Costs		
4	<p>Key Deliverable 2.1.6.13</p> <p><u><i>This will be utilised on an ad-hoc basis as and when the municipality requires the relevant expertise provided by the service provider</i></u></p>	2.1.6.13	Rates	Rates	Rates
Total Cost Year 3					R

Year 3 Rates per Person

No	Name and Surname	Tax Practitioner Number	Designation (e.g. - Director / Partner / Team Leader / Team Member	Rate Per Hour for Individual	Tender Document Page Reference
1					
2					
3					
4					
5					
6					
7					
8					
9	Travel Cost Per Kilometre	N/A			
10	Accommodation Cost per Night	N/A			

**3 Years
Combined**

Item Number	Description	Key Deliverable Reference	Rate per Item (Vat Inclusive)	Estimated Quantity / Unit of Measure if tender is based on Rates	Vat Inclusive Amount (Rate * Estimated Quantity) (C x D = E)
<u>A</u>	<u>B</u>		<u>C</u>	<u>D</u>	<u>E</u>
1	<p>* Vat Recovery Services</p> <p><i><u>*It should be noted that the % claimed of the total recovered amount will be the remuneration for all the items related to the key deliverables as referenced in the adjacent column.</u></i></p> <p><i><u>Pricing is based on a percentage based on monies recovered on behalf of the municipality and must be inclusive of all relevant overheads including planning, travel costs, excluding VAT</u></i></p>	2.1.6.1 to 2.1.6.5	% Claimed		
2	<p>* Other Tax Related Key Deliverables</p> <p><i><u>*Provide total for all staff/travel related costs that that will be utilised to provide the key deliverables as per the adjacent column based on Year 1 rates per person.</u></i></p>	2.1.6.6 to 2.1.6.11	Total Costs		
3	<p>Total Costs to provide training</p> <p><i><u>Including all personnel, printing travel and accommodation costs</u></i></p>	2.1.6.12	Total Costs		
4	<p>Key Deliverable 2.1.6.13</p> <p><i><u>This will be utilised on an ad-hoc basis as and when the municipality requires the relevant expertise provided by the service provider</u></i></p>	2.1.6.13	Rates	Rates	Rates
	Total Cost 3 Years Combined				<u>R</u>