RAYMOND MHLABA MUNICIPALITY
UMANYANO KUPHUHLISO

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DATE: 19 March 2025

INVITATION FOR QUOTATION: REQUEST FOR A SERVICE PROVIDER TO ASSIST THE MUNICIPALITY WITH QUALIFICATION MATTERS ON ITS 2023/24 AUDIT

Completed quotations must be placed in a sealed envelope endorsed with the relevant above-mentioned name of the project and must be deposited in the Bid Box at the offices of Raymond Mhlaba Local Municipality, Corner Market Street, Town Hall, Fort Beaufort 5720, by no later than **12:00, on Wednesday, 26th March 2025.**

Preferential Procurement Policy Framework Act points will be awarded as follows:

Price	-	**80 Points**
Specific goals	-	**20 Points**
Total	-	**100 Points**

MANDATORY DOCUMENTS TO BE SUBMITTED AND FAILURE TO DO SO WILL LEAD TO BIDS DEEMED TO BE NON-RESPONSIVE.

- Prices quoted must be firm and must be inclusive of VAT for VAT vendors.
- Bids which are late, not filled in black ink, incomplete, pages not filled in, unsigned or submitted by facsimile or electronically, will not be accepted.
- A confirmation from SARS with a verification pin.
- Certified copy of company CIPC Document.
- Certified ID Copies of Managing Directors/ Owners.
- Original Municipal Billing Clearance Certificate/ statement of account for the company and its directors from your local municipality is a compulsory submission. All service providers must provide municipal billing clearance obtainable from Revenue Manager/ Section. Take note that the municipality will not enter contract with the bidder whose Municipal Bill is more than 3 months in arrears.
- Compulsory submission of MBD forms 4, 8 and 9
- Bidders must be registered on CSD and provide confirmation of registration.
- Specific goals will be allocated at 20 points for SMME's, and means of verification will be a full CSD Report
- No bidders in the service of the state are allowed to bid.

OTHER ADMINISTRATIVE REQUIREMENTS

- Raymond Mhlaba Municipality Supply Chain Management Policy will apply.
- Raymond Mhlaba Municipality does not bind itself to accept the lowest bid or any other bid and reserves the right to accept the whole or part of the bid and value for money will be the key determinant of the appointment.
- Certified BBBEE certificate or sworn affidavits for EME's and QSE's (non-elimination item). Certification of documents must be within a period of 90 days and must be originally certified.

Enquiries should be sent to Mr. M. Ngxowa at: mngxowa@raymondmhlaba.gov.za, cell no: 0066 196 7448

SPECIFICATION

See attached

Yours Faithfully

M. Ngxowa
Chief Financial Officer

REQUEST FOR A SERVICE PROVIDER TO ASSIST THE MUNICIPALITY WITH QUALIFICATION MATTERS ON ITS 2023/24 AUDIT

SCOPE:

Background

In the previous audit (2023/2024 financial year), the Municipality obtained a qualified audit opinion. The following components were critical in the prior year audit:

1. Payables from exchange transactions:
   i) Creditors statements not agreeing to creditor's age analysis
   ii) Creditor's ageing not agreeing to Trial Balance and General Ledger
   iii) Creditors in the Creditor's ageing with debit balances
2. Cashflow Statements
3. Irregular expenditure – Completeness issue

In addition to the above qualification paragraphs, the following component had an issue:

iv) Receivables (exchange and non-exchange) - Debtors ageing not agreeing to Trial balance and General ledger

Receivables imbalance is caused by the following main transactions:

- Payments in the subledger are allocated to the different services in a customer account but all integrate into the Rates control account in the main ledger
- Most subledger journals (transaction code JC and JD) integrate incorrectly into the main ledger – they debit and credit the same control account
- Debtors written off during AFS preparation processed as a ledger journal and not through the subledger (actual account balance write off)
- Other AFS adjustments processed in the GL and not processed in the subledger

Scope of the work

Objective

- To ensure that ALL creditors in the age analysis are VALID for the periods JUNE 2023 AND 2024
- To ensure that the General ledger / TB balances for Payables agree with the Total Balance in the Creditors Age Analysis
- To ensure that To ensure that the General ledger / TB balances for Debtors agree with the Total Balance in the Debtors Age Analysis for the period June 2025
- To ensure that the TB/General Ledger balances for bank agree with the Balances in the Bank statements for the periods June 2023 and 2024 after processing all the adjustments in the sections above

Payables from exchange

Creditors statement not agreeing to ageing and Debit orders

Group the supplier in the subledger into the following categories: Contracts, Debit orders and Quotation and do the following for Contracts and Quotations

- Request statements from each creditor in the Age analysis as at 30 June 2023 and 2024
- Request balance confirmations for the year 2022 June from each creditor

- Analyse each suppliers ledger and agree transactions to suppliers statements
- Identify misallocations, errors and unprocessed transactions from above
- Write proposed corrections for approval by management
- Follow up to ensure that all corrections have been processed and balances in the subledger agree to supplier statements for the relevant periods

For Debit orders, do the following:

- Ensure that payments for each debit order have been raised in the subledger (12 months)
- Ensure that all invoices for each debit order have been raised in the subledger (12 months)
- Write proposed corrections for approval by management
- Follow up to ensure that all corrections have been processed and balances in the subledger agree to supplier statements for the relevant periods

Cash and bank

- For all corrections affecting cash and bank as a result of the above, perform bank reconciliations and ensure that the bank balance after all corrections agree to the bank statements

Contingent Liabilities that subsequently meet the definition of a liability

- Obtain lawyers confirmations for each of the following periods, June 2023 and 2024
- Compare the list of cases in the confirmations and for all cases in the 2023 year that do not appear in the 2024 financial year confirmations do the following:
- Obtain a ruling and for all cases lost and compensation granted, ensure creditors are raised for those
- Trace payments for the above in the ledger and ensure correct allocation and classification

Creditors ageing not agreeing to General ledger

- Agree age analysis to General ledger to quantify the difference
- Analize the general ledger to identify transactions / journals processed in the control account and in the creditor's subledger
- Obtain explanations and supporting documentation for the above and correctly account for the transactions in the subledger
- Reverse the transactions / adjustments that were processed directly to the control account
- Ensure that the Ageing and the Control account agree after processing all corrections necessary in the subledger and the ageing

Receivables (Exchange and non exchange transactions)

Debtors ageing not agreeing to General ledger

- Agree age analysis to General ledger to quantify the difference
- Analize the general ledger to identify transactions / journals processed in the control account and in the debtor's subledger
- Obtain explanations and supporting documentation for the above and correctly account for the transactions in the subledger
- Reverse the transactions / adjustments that were processed directly to the control account
- Ensure that the Ageing and the Control account agree after processing all corrections necessary in the subledger and the ageing

Incorrect integration of payments in the control account

- Obtain a subledger ledger file for all payments allocated to each service (complete and agreeing to sum of all receipts in the bank statements + cashier receipts
- Summarize above by service type and agree to payments in the general ledger control accounts for each service
- Identify error and / or misallocations and propose corrections
- Ensure all proposed corrections are processed in the ledger and agree to the workings

Most subledger journals (transaction code JC and JD) integrate incorrectly into the main ledger – they debit and credit the same control account

- Obtain a subledger ledger file for all journals allocated to each service
- Summarize above by service type and agree to payments in the general ledger control accounts for each service
- Identify error and / or misallocations and propose corrections
- Ensure all proposed corrections are processed in the ledger and agree to the workings

Irregular Expenditure

- Perform all the necessary procedures to ensure completeness of irregular expenditure.

Perform all other necessary procedures to ensure the objectives are met for each section.

REQUESTED BY	**APPROVED BY**
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M NGXOWA	UT MALINZI
CHIEF FINANCIAL OFFICER	MUNICIPAL MANAGER