



DETAILED SCOPE OF WORKS

Bid Number	Name & Description	Closing date & time
ORTDM SCMU 34-10/11	Detailed review and update of financial procedures	03 June 2011, 12H00

Background

For any organization to successfully implement policies for the achievement of set goals and objectives, detailed processes need to be developed and followed. Overtime, these policies and processes and procedures need to be reviewed so as to be in line with the current organizational processes. Within most organizations some processes are automated and digitized and thus enabled by IT applications and systems.

An organization that conducts its business using efficient, controlled, flexible, well documented and regularly reviewed processes is in great control of its operations, is able to satisfy its customers, minimizes costs - and thus maximizes its shareholder benefits. Mostly processes are, at best determined by standard procedures manuals.

It is empirical for the success of the organization to document standardized processes to formalize its understanding of all its processes. Graphical representation of processes increases greater understanding of the processes in order to increase efficiency. The organization has a blueprint of how everything works, who does what, when, under what conditions, where the interactions are, and can adapt to change whilst at the same time being aware of the implications of that change.

A standard process procedure manual also enables organizations to achieve the following:

- Single version and common understanding of the current processes
- Easy identification of possible changes to improve the processes
- Clear roles and responsibilities
- A better understanding of how the process operates holistically

The Standard Procedure Manual includes the following key information about the process:

- Process steps
- Roles and responsibilities
- IT applications and systems used to execute the process
- Policies and Standards that guide or control the process

It is from this background that O.R. TAMBO District Municipality requests proposals from suitably qualified service provider to perform a detailed review and update of the Financial Procedures of the municipality for the following functional areas:

1. Revenue Management
2. Supply Chain Management or Procurement
3. Disbursements or Expenditure Management
4. Stores and Asset Management; and
5. General Ledger

Scope of Works

The successful service provider will be expected to perform a detailed review and update of financial procedures for the above listed taking into consideration the following:

1. Revenue

Currently the district municipality performs both the water services authority and a water services provisioning functions. It also receives revenue from other sources like hall hire rentals. The successful service provider will have to perform a detailed review and develop procedures and task for the following:

- Billing
- Customer receipts
- Deposits
- Debtors Control and;
- Bank Reconciliation.

2. Supply Chain Management

- The product flow
- The information flow and;
- The finances flow

For the above listed, the service provider will be expected to develop tasks to be performed in respect of:

- Requisitions and quotations
- Tender processing
- Processing of purchase orders
- Document control

3. Disbursements or Expenditure

In order to ensure that municipality's resources are used efficiently, wasteful and fruitless expenditure is minimized and the proper processes are being followed and the desired objectives are achieved, the successful service provider will have to perform a detailed review and update financial procedures to be performed

- Payments to suppliers for both general and capital expenditure
- Payments to employees and;

- Petty Cash administration and maintenance.

In order to successfully achieve the above, the service provider will have to develop task to be performed for the following:

Payments to Suppliers for both general and Capital Expenditure

- Comparison to Orders
- Verification of receipt of goods
- Checking of Invoices
- Discrepancies
- Certification of Payment
- Timing of payments
- Payment of foreign obligations
- Payment voucher processing
- Processing of cheques
- Distribution of manual cheques
- Voiding and cancellation of cheques
- Instruction for stopping cheques
- Storage of paid, void and cancelled cheques.
- Creditors Control

Payments to Employees

- Processing of councillors and permanent staff salaries
- Processing of casual staff wages
- Payroll voucher processing
- Payroll cheque procedures
- Payroll cheque distribution.
- Reconciliation of salaries accounting entries.

Petty Cash

- Designation of Custodian
- Change in custody of fund
- Disbursement of petty cash
- Monitoring
- Replenishment made to the fund.

4. Stores and Asset Management

Proper management of the above can never be over emphasized as this is the area most abused and misused if not properly managed and monitored. The successful service provider will have to review current procedures and develop task to be performed for:

- Receipt of Goods

- Issue of goods from Stores
- Maintenance of perpetual inventory system
- Year end stock count
- General Control procedures
- Acquisition of Assets
- Receipt and Maintenance of Assets
- Recognition of both non infrastructure and infrastructure assets
- Depreciation or impairment calculation
- Disposal of Assets

5. General Ledger

In order to produce reliable, relevant and accurate annual financial statements, the general ledger of an institution must be correct. In order to achieve this, the successful service provider will have to perform a detailed review and develop tasks to be performed for:

- Journal processing and;
- Annual Financial Statements processes