



MOHOKARE
LOCAL MUNICIPALITY



COMPILATION OF A GRAP & MSCOA COMPLIANT IMMOVABLE ASSET REGISTER

1. SCOPE OF BID

The purpose of this "**Terms of Reference**" document is to invite potential service providers for proposals on verification, cleansing and componentisation of the existing asset register together with the capturing of the relevant data to complete a comprehensive compilation of a GRAP compliant asset register including the effective management and recording of the assets using MSCOA aligned asset management processes and procedures to ensure sustainability on the basis reflected in the specific "**Scope of Work**" paragraph.

Furthermore, the proposals must include details on the skills transfer process of the municipal officials to manage the asset management processes & procedures and maintain the assets in a sustainable manner with minimum external assistance.

The following system is currently used by the municipality and the successful bidder will have to utilise these systems to either extract or populate the information from the project into such systems:

- MunSoft Financial System

the project will run over the year under review, it will kick off on **14 October 2022** and will come to an end by **30 June 2023** and the tenderer will ensure that all existing assets (those listed in the current Asset Register (AR) and those not listed in the current AR) will be fully verified by 31 October 2022 for the draft submission and the final submission to done by 15 November 2022.

2. CLOSING DATE

2.1. Sealed bids clearly marked "**SCM/MOH/02/2022: COMPILATION OF A GRAP & MSCOA COMPLIANT IMMOVABLE ASSET REGISTER**" must be placed in the Municipal Tender Box **before or at 14:00 on Friday, 30 SEPTEMBER 2022** and will be opened directly thereafter in the Councillor Chambers at the Municipal Offices.

3. GENERAL REQUIREMENTS

3.1. This bid document as a whole, without any alteration, modification, deletion, editing or formatting of the documents content, must be completed and returned no later than the closing date and time to be evaluated. Any incomplete, altered, modified, edited or formatted document will not be considered.

3.2. The lowest or only bid will not necessarily be accepted.

3.3. Bids per fax or E- mail will also not be considered, only the original signed document will be accepted.

3.4. The following forms, Summary of items and bid price, MBD 1, MBD 4, MBD 6.1, MDB 7.2, MBD 8 and MBD 9, must be completed.

3.5. Bids will be evaluated in accordance with the applicable Preferential Point Scoring System as set out in the Councils Supply Chain Management Policy.

3.6. Bidders must be registered at National Treasury's Central Suppliers Data Base (CSD) and proof must be submitted.

3.7. A copy of the tax clearance certificate issued and/or the document issued by SARS indicating the tax clearance PIN. Please note that it is the responsibility of the supplier to ensure that all tax related matters are in order daily.

4. COMPULSORY DOCUMENTATION

These documents **must be attached** to the bid form. **Bids not containing these documents will be deemed as non-responsive.**

4.1. A copy of the Municipal account not older than 3 months.

4.2. If the bidder is not liable for levies for municipal services, a Sworn Affidavit indicating reasons as to why a municipal account cannot be submitted and/or a Lease Agreement indicating such must be provided.

4.3. **B-BBEE points would be allocated if:**

4.3.1 A certified copy of the B-BBEE verification certificate must be attached to the bid. A verification certificate will only be accepted if the verification agency is accredited by South African National Accreditation System (SANAS) or

4.3.2 An original Sworn Affidavit fully completed with black ink, must be attached to the bid document

4.4 The company must have personnel registered at the following affiliations:

- Engineering Council of South Africa (ECSA) as Professional Engineer or Professional Technologist.
- South African Institute of Chartered Accountant (SAICA)
- Professional GIS registration with the South African Geomatics Council (SAGC). **If no proof is submitted, the bid will be deemed as nonresponsive.**

4.5 At least seven year's municipal experience in the field of physical asset register compilation and verification;

4.6 Company profile together with at least three contactable municipal references;

4.7 Proof of qualifications of each member of technical team of expertise;

4.8 Previous experience in municipal Infrastructure unbundling and verification;

4.9 Knowledgeable persons to perform verification of assets in the field;

4.10 The tenderer must, in the form of a letter to the municipality, confirm that they will use the data structure provided to capture the new assets geospatially in GIS according to the asset hierarchy structure used by the municipality;

4.11 The tenderer must complete the costing sheet in full in order to determine yearly inputs and costs.

4.12 The company must have a local office. If the company don't have a local office, an office must be established within two months of appointment.

5. BID PRICING

5.1. Bidders are required to quote prices according to the price schedules and specifications.

5.2. Price(s) quoted must be valid for at least 120 (hundred and Twenty) days from bid closing date

5.3. Price(s) quoted must be firm and must be inclusive of VAT.

5.4. All prices must include delivery cost, accommodation and travel cost.

6. SPECIFIC REQUIREMENTS

Overall Objective

The Service Provider will be responsible for:

- Assisting the municipality in contributing towards the financial viability and sustainability of the municipality through improved asset management practices.
- Assist the municipality in populating the information from the asset management project into the existing asset management system and/or amicable processes of eventually ensuring that the asset register is fully automated.
- The Service Provider will be required to be of service for the period until 30 June 2023

SPECIFIC SCOPE OF WORK

The scope of assets includes all Immovable assets such as, but not limited to:

- Water Infrastructure
- Sewer Infrastructure
- Roads & road furniture
- Storm water Infrastructure
- Solid waste including Land Fill sites & Quarries
- Electricity Infrastructure
- Community Assets
- Municipal owned buildings
- Land and servitudes associated with above
- Investment properties
- Unbundling of Fixed Assets Projects

The scope of work is defined in eight major sections:

1. Panoramic Imagery (Street View Imagery)
2. Existing Assets
3. Work in Progress Assets
4. Newly Completed Assets
5. Software and Database Support
6. Property Register
7. Audit Support
8. Skills Transfer

1. Panoramic Imagery (Street View Imagery)

Mohokare Local Municipality (MLM) utilises the street view imagery as a base line for proof of existence of assets. This imagery should be made available in the current GIS software.

2. Existing Assets as at 30 June of each financial year

There are five major deliverables in this section, namely:

- Full Asset Verification & Condition Assessment;
- Remaining Useful Life Adjustments;
- Impairments;
- Disposals; and
- Depreciation

Full Asset Verification & Condition Assessment

The tenderer needs to do a full asset verification in the first year of the contract where all visible assets should be visited and condition assessed and at least one photograph taken of each visited asset as proof of existence evidence and be populated in the GIS System.

Assets underground should be condition assessed via interviews with the various technical departments as part of a desktop exercise. Elaborate on the counts of each group of assets to be physically visited and condition assessed.

Any assets found in the field that do not reflect in the asset register must be brought into the asset register with a depreciated replacement cost.

In the first year, all fixed assets must be fully verified, but the tenderer must indicate how and at what cost the verification of assets will be done in the second and third year.

Remaining Useful Life Adjustments

Condition assessments must be performed each year of the contract period on all infrastructure assets with a useful life of less than 2 years and a new useful life be provided in conjunction with the custodian of the asset.

MLM has developed specific movement forms in this regard and the tenderer must ensure that these forms are adequately completed, filed and captured in the GIS system.

Impairments

The tenderer will identify any impairment of existing assets each year of the contract period and provide the municipality with a list of assets that should be considered for impairment and what indicator was used to identify the impairment. MLM has developed specific movement forms in this regard and the tenderer must ensure that these forms are adequately completed, filed and captured in the GIS system.

Disposals

The tenderer will identify disposals of existing assets each year of the contract period and provide the municipality with a list of assets that should be disposed of, as well as the reason for the disposal. MLM has developed specific movement forms in this regard and the tenderer must ensure that these forms are adequately completed, filed and captured in the GIS system.

Depreciation

Although the Asset Register is incorporated in the GIS software, the final Asset Register must be supplied in an Excel spreadsheet format indicating the yearly depreciation.

3. Work in Progress (WIP) Assets as at 30 June of each financial year

The tenderer must identify all projects that will remain as work-in-progress at 30 June of each financial year of the contract. All work-in-progress assets indicated by the tenderer at 30 June must be accompanied by a certificate by the relevant departmental head/manager of MLM and a list in Excel format must be provided to MLM of all the working-progress assets as at 30 June of each financial year of the contract.

A hardcopy file must be compiled for all the Work in Progress Capital Projects consisting of the following documents:

- Progress report Form – Signed by the relevant Project Manager from the Municipality confirming that the project will stay Work in Progress for the current financial year as at 30 June and also indicating why the project will roll-over to the next financial year
- A Copy of all Invoices (Consultant fees) and Payment Certificates (Contractor), as well as all journals done on the financial system. For smaller projects, only Invoices of suppliers.

4. Newly Completed Assets as at 30 June of each financial year

Projects to be unbundled each year. The tenderer must identify completed projects (roll-over projects and current year projects) as at 30 June of each financial year of the contract.

The tenderer should provide MLM with the information populated in the GIS system. The information should at least include the following:

- GIS link (spatial link) & feature
- Completed Project linked to the componentised asset
- Technical attributes of componentised asset (from as-builts, BOQ's and field verification)
- GRAP classification & hierarchy of the componentised asset
- Description of the componentised asset
- Cost of componentised asset
- Estimated Useful life of componentised asset
- Location of componentised asset
- Field verification and photographic evidence of unbundled immovable assets (linked to asset)
- Completion date of componentised asset
- Condition assessment of componentised asset

Each project/asset must reconcile as per the capital expenditure on the relevant mSCOA string provided by the municipality. Payment certificates must be analysed to split projects into their respective asset classes.

A hardcopy file must be compiled for each completed Capital project for fixed assets consisting of the following documents:

- Progress report Form – Signed by the relevant Project Manager from the Municipality indicating the Completion Date of the Project and confirming that the project is completed and all Invoices/Payment Certificates have been paid;
- Completion Certificate submitted by Consultants for the external Projects done via a Tender process;
- A Copy of all Invoices (Consultant fees) and Payment Certificates (Contractor) as well as all journals done on the financial system;
- Financial Reconciliation sheet between expenditure on the Financial System and the Bill of Quantities;
- Unbundling Sheet, showing componentisation of Assets;
- Costing, EUL and unique identifier from GIS for each Asset which was unbundled;
- Tender document of successful bidder as well as Tender Committee resolution for appointing Contractor and Consultant; and
- As-built plans.

All documents specified above will be provided by MLM upon request (where applicable) Tenderer must be available to the municipality throughout the duration of the unbundling process and the completion of the Annual Financial Statements. These files will be used for auditing purposes by the Auditor General.

Level of Unbundling - The tenderer must use the existing CIDMS Asset Hierarchy (which is aligned to the prescribed mSCOA chart) to unbundle projects completed. Where the MLM infrastructure database structure requires additional unbundling or an exception it should be implemented as such.

5. Software and Database Support

The tenderer must provide support to MLM personnel in the form of expertise with project unbundling during the year, database maintenance, and daily support.

6. Property Register

In this section, there are 3 main areas to concentrate on, namely:

- Property, Plant & Equipment (PPE) Properties;
- Investment Properties;
- Biological assets
- Infrastructure assets and
- Properties for sale or RDP properties

The tenderer must revisit the classification of the properties and have MLM sign off on the proposed classification each year. The PPE properties must be reflected in the

Asset Register whereas the Investment Properties can be reflected in an Investment Register.

The properties for sale or RDP properties must have a separate register indicating the description of each property. On a yearly basis these registers must be update with the movement of properties with regards to ownership changes and classification changes. MLM has opted for the revaluation model for investment properties. The tenderer must for each financial year during the contract period revalue these investment properties.

7. Audit Support

The tenderer must for each year of the contract period prepare a methodology document to present to the Auditor General (AG). This document must first be presented to the CFO for sign-off. The tenderer must assist with the register to floor and floor to register exercises of the AG, doing field exercises and supplying the needed transport. The tenderer must assist MLM in answering RFIs related to fixed assets.

8. Skills Transfer

The tenderer must ensure that the needed skills are transferred to the personnel of MLM during this 3-year contract. Where possible, MLM personnel in the Financial Assets Department must be utilised during the entire project execution. Proof of this must be presented to the CFO and must be filed in the audit file for presentation to the AG. There should also be specific training sessions to ensure a full understanding of the processes.

The tenderer must ensure that all assets and its components are represented in GIS format to allow technical personnel to prepare and perform asset maintenance actions in the 2022/23 financial year and thereafter;

It needs to be noted that the Asset Register will not be managed in a spreadsheet. The asset register should be fully automated (system based) and should provide the following outputs:

- Comply with the requirements regarding asset management as stipulated in the MFMA;
- Comply with the prevailing GRAP Reporting Framework; and
- Have the capacity to comply with the Municipal Standard Chart of Accounts (mSCOA) requirements

➤ Reporting & Querying

❖ Financial reporting:

- Asset Summary reports: Extent, Value (Including elements such as cost, accumulated depreciation and impairment, carrying value), Remaining Useful Life, Condition, etc;

- Financial summaries;
- Components, effective useful lives;

- Work in progress on capital projects -WIP Register;
- ❖ Technical reporting (Water Supply, Sanitation, Roads, Storm water, Electricity, Solid Waste, Buildings & Property):
 - Full technical layout of infrastructure;
 - Technical attributes of assets;
 - Blue and Green Drop AR extracts; and
 - Asset summary reports, e.g. Pump stations, Switch Stations, Treatment Works, etc.
- **Asset Register & Accounting**
 - ❖ Recording asset changes through asset Input forms-(movement of Assets);
 - ❖ Recording and logging of asset information on:
 - Description, Unique identifier, Document reference numbers, Ownership, Age, Condition Assessments, Valuation, Annual Depreciation, Impairments, Reversal of Impairments, Recognitions, De-recognitions and reason/manner, Restrictions on disposal (e.g. basic service), Changes made to the asset register (audit trail) and Data accuracy.
 - ❖ Record Work-in-Progress (WIP) projects:
 - Attachment of invoices;
 - Available / remaining budget amounts; and
 - Unbundling according to the asset hierarchy and components
 - ❖ Project Control
 - Recording, logging and controlling of all expenditure on Infrastructure capital projects;
 - Logging and reporting physical and financial progress; and
 - Unbundling completed projects in accordance with the asset policy.

Location of Works

The service provider will carry out the work on all municipal assets in the Mohokare Municipal Area.

Information that will be provided by the municipality

Details of existing asset register.

Key Performance Indicators

The following Key Performance Indicators will be used to assess the performance of the Service Provider during the execution of the project:

- Bi-monthly progress reports containing the progress on the project
- Completed Asset Movement Forms
- Milestones achieve per project plan.

7. SERVICE PROVIDER DELIVERABLES

7.1 Project Management (Key Resource - Project Manager)

- a) Assist MLM to setup a project steering committee
- b) Inception Meeting (Present and Agree on Project Charter, Scope, Communication Plan and Project Plan)
- c) Conduct bi-monthly project steering committee meetings; submit bi-monthly progress reports
- d) Conduct Technical Department meetings monthly, manage asset movement forms on site
- e) Submit annual closure report

7.2 Assessment Report on Existing Asset Register (Key Resources - Project Manager, GIS Data Manager, Accountant)

- a) List GRAP compliancy shortcomings in Asset Register
- b) Gather and analyse available support documentation of previous years' audits
- c) List audit findings related to assets and actions to be followed to address findings
- d) Asset Register Financial Hierarchy
 - i. Define asset classification and component level
 - ii. Sign off by municipality

7.3 Mobile Mapping (Key Resource - Project Manager)

- a) Conduct a 3D survey of the road reserves and municipal infrastructure sites
- b) Supply 360 degree photographs every 4 meters of line of travel in native format to be imported into Planet GIS

7.4 Field Survey and Verifying of Fixed Assets (Key Resource - Project Manager, GIS Data Manager, Field Data Collector) Field Survey: Full Verification to be performed with an electronic Data Logger lively synchronised with the Office System (Condition measurement, photographs)

- a) Document condition assessment assumptions
- b) Roads and Roadside Items - Verify all visible infrastructure data from 3D mobile mapping and capture missing items
- c) Storm Water Items - Field Visit Verification
- d) Water facilities - Field Visit Verification- excl. consumer meters
- e) Sewer facilities - Field Visit Verification)
- f) Solid Waste, Quarries, Railway, Comms facilities - Field Visit Verification
- g) Heritage, Community facilities & Buildings - Field Visit Verification

7.5 Capital Projects (Key Resources - Project Manager, Professional Engineer, Accountant, GIS Data Manager) based on expected completed projects per year and WIP projects per year

- a) All WIP Projects
 - i. Gather all source documentation
 - ii. Plot projects in Planet GIS
 - iii. Reconcile with General ledger in Munsoft Financial System and source documentation

- iv. Update WIP Register with expenditure for the prior and the current year
- b) Projects completed & Donated Projects in current year
 - i. Gather all source documentation
 - ii. Reconcile with General Ledger in MunSoft Financial System and source documentation in Excel Work Paper
 - iii. Capturing As-built in Planet GIS
 - iv. Field survey and geo-tag componentized items to confirm existence (performed with an electronic Data Logger lively synchronised with the Office System)
 - v. Componentize (Unbundle) based on source documentation and final bill of quantities in Excel Work Paper
 - vi. Update WIP Register with projects cost per year

7.6 Property Register (Key Resources - Project Manager, Accountant, GIS Data Manager)

- a) Gather all source documentation relevant to the Property Portfolio
- b) Update deeds data of municipal owned properties as at 30 June
- c) Revaluation of Investment Properties
- d) Identify transfers in the past year and current year
- e) Identify additions in the past year and current year

7.7 Financial calculation and reconciliation (Key Resources - Project Manager, Professional Engineer, Accountant)

- a) Perform Current Replacement Cost (CRC) calculation of assets not previously found
- b) Perform Depreciated Replacement Cost (DRC) calculations of assets not previously found
- c) Manage & Control Existing Fixed Asset Movement Forms
- d) Incorporate Landfill & Quarries Report supplied by Municipality
- e) Perform depreciation calculation of assets
- f) Perform remaining useful life adjustments for identified assets (documentation of assumptions and factors)
- g) Perform impairment adjustments for identified assets (documentation of assumptions and factors)
- h) Prepare Disposal list for approval by Council

7.8 Audit support (Key Resources - Project Manager, Accountant, Professional Engineer, GIS Data Manager, Field Data Collector)

- a) Prepare methodology documentation and present to Auditor General
- b) Prepare audit file, present to CFO and sign-off by CFO
- c) Assist with register to floor exercise of Auditor General (in field, supply transport)
- d) Assist with floor to register exercise of Auditor General (in field, supply transport)
- e) Propose adjustment to the assets management policy where required

7.9 Hardware, Software and Information Population (Key Resources - Project Manager, GIS Data Manager)

- a) The hardware that the municipality has invested in, with reference to the data loggers for asset maintenance, must be setup and used.
- b) Planet GIS is the spatial information system and must be customised according to the financial asset hierarchy to be utilised during this project
- c) All support documentation must be filed in hard cover lever-arc files

7.10 On Site Training for Municipal Officials (Key Resources - Project Manager)

- a) General knowledge of asset management (including ground level personnel)
- b) GIS-based asset management system
- c) Report Extraction from the system on all customised modules

7.11 Supply Final Register (Key Resources - Project Manager, Accountant)

- a) Supply a Draft Asset Register by 30 October 2022
- b) Supply the Final Register with changes 15 November 2022

Project Costing

The tenderer must complete the following costing layout in order for MLM to determine the cost for the project.