



BA-PHALABORWA MUNICIPALITY
MEMORANDUM
- BUDGET AND TREASURY _

TO : *Prospective Service Provider*
FROM : **SCM /STORES**
DATE : **23/02/2022**
ENQUIRIES : **STORES**
TELEPHONE : **015 780 6362/61**
REF : **134871**

Kindly furnish this office with a written quotation for supply of services as detailed below. The quotation must be submitted on the letterhead of your Business and Brought to our offices 3 Nyala Street, Phalaborwa not later than 01/03/2022 12H00

QUANTITY	Description	PRICE/UNIT (Inc. VAT)	DELIVERY PERIOD
One Month	VALUE ADDED TAX (VAT) SERVICES REQUIRED: - Analysis, Processing, SARS Submissions & Reporting.		
	TOTAL (Price & Days)	R..... Days
DESCRIPTION OF SERVICES:			
VAT ANALYSIS	1. Inspection, Review, analysis and other relevant procedures on the Ba-Phalaborwa financial records, including annual financial statements, in order to confirm the types or nature of supplies that the municipality conducts and categorize them into taxable supply at standard rate, taxable supply at zero rate, exempt supply and out of scope supply.		
VAT ANALYSIS	2. Recalculations of the municipality VAT input ratio for mixed use supply including a well-documented working paper detailing the procedures followed in arriving at the mixed-use ratio.		
SKILLS TRANSFER & TRAINING	3. Workshop discussions or training (In-Person contact discussions) of the municipality expenditure manager & his staff on the VAT process in terms of the Act, regulations and VAT Guides. These discussions need to occur before the VAT work and submission for the month of February 2022 starts in order for the manager and his staff to be able to follow and understands the work to be done by the consultant.		
VAT ANALYSIS & PROCESSING	4. Detailed Inspection and Review of the February 2022 bank statements (Three bank accounts) in order to identify and process related VAT receipts and payments.		
VAT ANALYSIS & PROCESSING	5. Reconciliations of the bank statements transactions to the general ledger accounts for validity, accuracy and completeness.		

VAT ANALYSIS & PROCESSING	6. Inspection & analysis of the bank accounts to identify payments (such as debit orders) and receipts with no supporting documents and make follow-up with management.	
VAT ANALYSIS & PROCESSING	7. Inspection, Review & other relevant procedures on the billing report and other revenue sub-ledgers for the confirmation of correct processing of output vat.	
VAT ANALYSIS & PROCESSING	8. Inspection & Verification of Revenue Cash Receipts in Bank Statements and cash slips for raising of output Vat Purposes.	
VAT ANALYSIS & PROCESSING	9. Inspection, Review & other relevant procedures on the payment reports and creditors reports for the confirmation of correct input vat recording and processing.	
VAT ANALYSIS & PROCESSING	10. Inspection & Verification of Expenditure Cash Payments in the Bank Statements and supporting documents for the compliance and claiming of Vat Refund. There is on average 250 payments voucher bundles per month to be inspected.	
VAT ANALYSIS & PROCESSING	11. Test the payment vouches for compliance with Section 20 of the VAT Act. On average there are 250 payment vouchers in a month.	
VAT ANALYSIS & PROCESSING	12. Inspection, Review & other relevant procedures to the General Ledger accounts for confirmation of the recording of the Vat in revenue and expenditure accounts.	
VAT ANALYSIS & PROCESSING	13. Inspection Review & other relevant procedure to the VAT general ledger accounts (mSCOA VAT Accounts: 12 for Input Vat & 12 for Output Vat) for confirmation of correct recording / accuracy and transfer of the vat per invoices and other supporting documents.	
VAT ANALYSIS & PROCESSING	14. Propose Adjusting and correcting journal entries postings in the system for errors and/or omissions detected from performing the above transactions.	
VAT ANALYSIS & PROCESSING	15. Inspection, Review & other relevant procedures to identify and calculate change of use adjustments that might be applicable, and propose adjusting journal entries to management.	
VAT SARS SUBMISSION	16. Determine final VAT amounts to be disclosed in the VAT 201 form.	
VAT SARS SUBMISSION	17. Submit VAT 201 return to SARS based on the work done, and extract the statement of account after submissions from the SARS efile system and submit to management.	
VAT REPORTING	18. Propose month end closing VAT journals to management.	
VAT REPORTING	19. Propose journal entries to reconcile the accrual basis of accounting to the cash basis of accounting to management. After processing of the close off journals, perform procedures to agree the Vat balance per the SARS statement of account to the accounting system (trial balance / afs) Vat balance.	
VAT REPORTING	20. Prepare and submit an audit file to management that will detail the work done.	
VAT REPORTING	21. Conduct a closing meeting with management and walkthrough the audit file to management.	
VAT REPORTING	22. Other relevant Services and procedures	

A. Pricing:

1. The total price for the services to be rendered as indicated on the Description of Services must be indicated in the above table.

B. Additional & Complementary Description of Services to be rendered:

1. Make VAT 201 monthly submission to the South African Revenue Services (SARS) for the month of February 2022
2. Follow up and ensuring the recovery of any VAT refund for the month of February 2022 or payments to SARS for any VAT due in order to prevent interest penalties from SARS for the VAT of February 2022.
3. Compiling supporting schedules and documents for the month to support the VAT 201 in a manner that is clear and understandable to the Auditor General South Africa (AG).
4. Prepare a working paper that details the work done and agrees to the supporting schedules that supports the VAT 201.
5. Submit proposed journals to be processed in the accounting system in order to record the VAT 201 amounts for the month of February 2022. The proposed journals should take into account that VAT is accounted for at an accrual basis of accounting by the municipality while SARS accounts for VAT at a cash basis.
6. Submit a VAT reconciliation between the Accrual Basis of accounting used by the municipality and Cash Basis as outlined in point 5 above.
7. Attend to SARS queries that might arise relating to the VAT 201 submission for the month of February 2022.
8. Review the input VAT apportionment formula currently used and advice on its correctness.
9. Review the VAT accounts used by the municipality and advice on their compliance with mSCOA regulations.
10. Ensure skills transfer to relevant municipal staff members.

C. Minimum Requirements:

1. Team Capacity:

- a. The team must at minimum consist of a team leader, manager/supervisor and 1 general accountant. *An organogram of the team with the names, highest qualifications and memberships of any professional bodies must be indicated / submitted.*
- b. The team leader must be a registered tax practitioner with the South African Revenue Services (SARS). *Proof of registration or membership as Tax Practitioner either from SARS or any of the controlling professional bodies, namely; IRBA or SAICA or SAIPA or any professional body recognised by SARS as a controlling body must be submitted. The confirmation must indicate the tax practitioner number of the team leader that will be used for Vat 201 submissions.*
- c. The team leader must be a member in good standing with the professional body indicated in part (b) above. *Proof of membership with the stated professional body must be submitted.*
- d. The team leader must have experience of at least 7 years as a member of the above stated professional body. *Proof of membership of the body must be submitted.*
- e. The team leader must in overall have at least 10 years working experience in the commerce industry, namely: accounting and auditing, or finance or taxation environment. *A Curriculum Vitae (CV) must be submitted indicating the years of experience and previous work done.*
- f. The manager or supervisor on the team must be a member in good standing of any of the stated professional bodies stated in part (b) above. *Proof of manager or supervisor membership with any of the professional bodies must be submitted.*
- g. *Submit a methodology of not more than one page long, outlining how the VAT reconciliation will be done indicating the nature (e.g., output Vat or input Vat or any other account) of accounts to be used. This is the reconciliation of VAT per the accrual basis as applied by the municipality and the cash basis as applied by SARS.*

2. Company Mandatory Requirements:

- a. The company, as a corporate entity, must be registered with either IRBA, SAICA, SAIPA or any professional body recognised by SARS as a controlling body. *Proof of company registration or membership with the professional body must be submitted. The proof can be a company membership certificate or letter from the professional body confirming membership and indicating the company's membership / registration number with the professional body.*

3. Supply Chain Mandatory Requirements:

- a. The price to be quoted must be in absolute Rands Value (i.e., not a percentage).
- b. Price (s) quoted must be valid for at least thirty (30) days from date of your offer.
- c. The quoted price must be all inclusive of VAT and any relevant disbursements for subsistence and travelling allowances (S&Ts).
- d. The municipality retains the prerogative to reject any quotes it deems to be excessive.
- e. Valid Tax Clearance Certificate.
- f. Certified Identity Document (ID) copy of the team leader and company director must be submitted.
- g. Certified ID copy of the team manager or supervisor must be submitted.
- h. A service provider be registered with central supplier database (CSD). *The CSD report must be submitted that is less than three months old.*

- i. CIPC certificate must be submitted together with any other relevant CIPC documents such as change of address or director changes or name changes or MOI changes as the case might be.
 - j. BBBEE certificate as either issued by the CIPC or a sworn affidavit commissioned / certified the South African Police Services or in the case of a large corporation issued by a SANAS accredited institution.
 - k. Completed MBD4 (Declaration of Interest) Form.
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