government technical advisory centre
National Treasury
REPUBLIC OF SOUTH AFRICA

TERMS OF REFERENCE

For the Provision of External Service Providers to the GTAC

EXPRESSION OF INTEREST FROM SERVICE PROVIDERS FOR INCLUSION IN A DATABASE OF POTENTIAL TECHNICAL ADVISORS FOR SUPPORT IN LOCAL GOVERNMENT FINANCIAL MANAGEMENT

BACKGROUND INFORMATION

Programme Identification

Name of Client	National Treasury – Office of the Accountant General
Name of Project	PN 819 - Phase II of the Municipal Finance Improvement Programme
Contracting Authority	Government Technical Advisory Centre (GTAC)
Accountable Officer	Andrew Donaldson, Head of Unit, Government Technical Advisory Centre (GTAC)
Project Purpose	To manage a programme of technical assistance designed to build the financial management capacity of provincial treasuries and municipalities through the placement of technical advisors

TERMS OF REFERENCE FOR:

Technical Advisors to Municipalities and Provincial Treasuries

Rev 3: 18/09/14

1 Background to the Project

1.1 Introduction

The purpose of these Terms of Reference (ToR) is to define requirements for long-term Technical Advisors to be based in provincial treasuries and municipalities to capacitate, guide and assist in the development of officials working within municipal Budget and Treasury Offices (BTO) under the Municipal Finance Improvement Programme Phase II (MFIP II). The aim of this Programme is to progress the implementation of the broader financial management reform objectives of the National Treasury (NT), encompassing all the various dimensions of the municipal accountability cycle, from strategic planning, budgeting, in-year implementation, monitoring and evaluation, annual financial statements, annual reporting, asset management, supply chain management, internal auditing, risk management and oversight.

1.2 Context

As a result of persistent poor performance of municipalities over the past fifteen years, numerous support programmes and interventions have been initiated by both national and provincial government in an effort to improve the capacity of local government, to address inadequate service delivery issues and enhance good governance through better accountability and transparency.

The Municipal Finance Improvement Programme (MFIP) Phase 1 was incorporated into the NT Strategic Plan, and institutionalized within the NT, within the Office of the Accountant-General (OAG) through the Chief Directorate: MFMA Implementation, and commenced on 1 April 2011. The overall strategic goal of the programme was to facilitate the improved management of the financial affairs of municipalities in terms of compliance, and effective implementation of the Municipal Finance Management Act (MFMA), Act 56 of 2003. MFIP further supported Presidential Outcomes 9 and 12 in helping to build a responsive, effective and efficient local government system as it relates to the MFMA, and an efficient, effective and development-orientated public service and empowered, fair and inclusive citizenship as it relates to local government financial management respectively. MFIP in its current format concluded on 31 March 2014.

1.3 The Current Programme

The MFIP II is a demand driven programme of technical assistance designed to build the financial management capacity of municipalities through the placement of Technical Advisors within the BTO of municipalities to be supported in the following ways:

- Institutionally, to strengthen the ability of the organisation to both capacitate these units by appointing officials to perform the obligations necessary to ensure compliance with the MFMA,
- To build the capacity of the staff through training and development; and
- Technically, to help these officials ensure compliance with the MFMA provisions relating to budgeting, cash management, reporting, assets, liabilities, revenue, expenditure, supply chain management, internal audit and audit committees.

The MFIP II, although still strongly focusing on compliance, will also be directed towards achieving improvement in the implementation of the performance objectives as enshrined in the legislative and regulatory framework governing local government.

MFIP II is designed to proactively strengthen the current reforms and will exclude municipalities that are currently under any form of national or provincial intervention. Municipalities in this category may be considered for benefit in future under this Programme. The Programme objectives will be integrated either into a MFIP II Municipal or Provincial Support Plan, which combines all the necessary organisational and technical reform requirements.

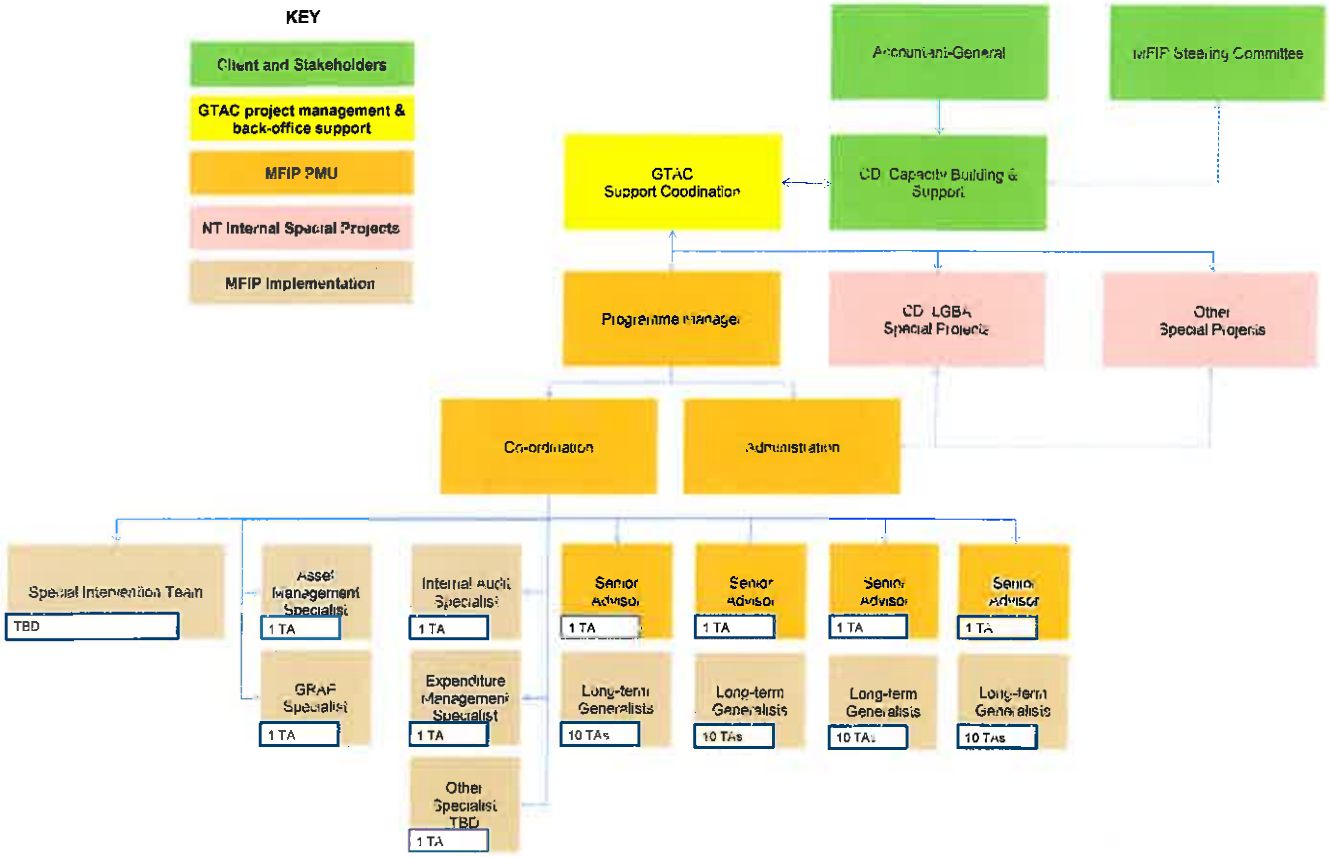
Support to municipalities is targeted predominantly to the smaller, financially weak and rural type municipalities.

1.4 Management of the Programme

NT's Strategic Plan – 2013/17, provides for the migration of the MFIP II to the newly established Government Technical Advisory Centre (GTAC), and the formal migration was concluded with effect 1 July 2014. The management of the MFIP II was also transferred from 1 July 2014 to GTAC through the Chief Directorate: Capacity Building (CD: CB) within the OAG.

A Programme Management Unit (PMU) is currently being established for GTAC to manage day-to-day aspects of the Programme as shown in Figure 1 below.

Figure 1: Proposed MFIP II Functions & Organisation



Note: Staffing requirements presented in Figure 1 are indicative

As indicated in Figure 1, the Accountant-General is responsible for MFIP II. While the Accountant-General remains responsible for the strategy and policy direction of the Programme, GTAC is mandated by the Accountant-General to operationalise and implement the Programme. The Accountant-General would be supported in this regard by the CD:CB. CD:CB would be supported by GTAC to provide procurement, contracting and financial management and the project planning and oversight support. A Steering Committee would also be constituted to advise on the strategic direction of the Programme.

The PMU is responsible for managing day-to-day aspects of Programme implementation based on an agreed intervention logic adopted by the Steering Committee. This includes agreement on the engagement process including how requests for support are to be addressed and diagnostics processes are to be implemented. This is the responsibility of the Co-ordination function in the PMU. The Co-ordination function is also responsible for quality assurance (QA) of all specialists and advisors in the field. QA is primarily based on an agreed targeted and customised support plan with each municipality. Contract management and administration, budgeting and consolidated programme reporting

including financial reporting, in conjunction with GTAC's Business Administration group, is the responsibility of the Administration function. This function will work closely with the GTAC core team to ensure effective and efficient collaboration on matters of procurement and processing of payments including Technical Advisor fees and disbursements.

1.5 Overall Objective of the Programme

- Assist in contributing towards the financial viability and sustainability of municipalities;
- Improved capacity of municipalities to implement the MFMA and fruitfully engage in the processes institutionalized by the NT and provincial treasuries;
- Improved overall compliance to the MFMA by municipalities; and
- Overall improved financial management performance in municipalities.

2 Scope of the Work

2.1 Key Responsibilities

The role of the Technical Advisor is to provide the municipality or provincial treasury with advice and support focused on building capacity as well as guidance and technical support in the implementation of the MFMA under the MFIP II in selected municipalities and provinces.

2.2 Required Services

2.2.1 Municipal Technical Advisors

The project services and deliverables are required:

General Services

- Act as liaison officer between relevant municipality or relevant provincial treasury and MFIP II PMU;
- Assist with the adoption and implementation of the MFIP II Support Plan within the relevant municipality;
- Ensure adherence to all MFIP II protocols and procedures;
- Coordinate, collate and submit inputs for MFIP II reporting purposes;
- Advise BTO on operational, tactical and strategic financial management matters including problem solving;
- Coordinate MFIP II information flow between relevant municipality, relevant provincial treasury and MFIP II PMU;
- Assist with quality control on submissions with financial implications;

- Assist with the interpretation and presentation of financial performance results to management and BTO;
- Promote a culture of support and advice from the BTO to line function units;
- Coordinate all MFIP II related financial management enquiries, returns and reports, inclusive of AG communications and facilitate sign-off;
- Provide the necessary support and advice to implement the support agreement between the relevant municipality, relevant provincial treasury and the PMU; and
- Identify financial risks within the relevant municipality and report to the Municipal Manager (MM), Chief Financial Officer (CFO), relevant provincial treasury, NT and MFIP II project team and recommend remedial strategies.

Financial Management

- In respect of the relevant municipality, assist with the provision of strategic, tactical and operational advice on financial management disciplines, including but not limited to:
    - Financial Accounting
    - Management Accounting
    - Revenue and Expenditure Management
    - Supply Chain Management
    - Internal Control
    - Enterprise Risk Management
    - Internal Audit and Audit Committee
    - External audit processes
    - Performance monitoring and evaluation
    - Capacity Building

Regulatory, Policy, Governance Frameworks - Strategic, Tactical, Operational Advice

- Advise on submissions with financial implications to the relevant CFO, MM, Council, relevant provincial treasury and NT;
- Provide advice on strategy, policy and governance matters in relation to public finance matters;
- Provide advice on responses to draft: bills, regulations, treasury instructions, strategy documents, policy documents, plans, reviews, frameworks and reports;
- Advise on the reporting of inability to comply with prescribed requirements;
- Assist with the development of tools and techniques for public finance management;
- Assist with the management of risks and prevention of fraud and corruption; and

- Develop best practice governance documents, procedures, policies, instruments, plans and frameworks and document relevant case studies.

Skills Development and Capacity Building

- Assist with the determination of capacity development needs and facilitate training, where appropriate; and
- Conduct coaching and mentoring of interns and other identified municipal staff.

Knowledge Management

- Assist with the monitoring of media reports with the aim to identify issues that may affect financial management within the municipality;
- Assist with the introduction of maintenance of an information back-up and recovery plan;
- Assist with the introduction and maintenance of a filing system and business continuity plan;
- Assist with the maintenance of a repository of documents on a filing system and website;
- Assist with the retention of financial information as per prescripts;
- Assist with the distribution of publications to management and staff;
- Assist with the preparation and implementation of financial management policies, processes and procedures; and
- Assist with the maintenance of a database of financial information in respect of the municipality.

Oversight Bodies, Committees and Forums

- Assist with the coordination, evaluation and preparation of:
    - Relevant provincial treasury, NT and AGSA visit responses;
    - IDP and SDBIP responses;
    - Expenditure overview responses;
    - Council and related Council Committees responses;
    - Parliament and Legislature responses; and
    - Internal Audit and Audit Committee responses.
- Assist with the recording/implementation/ monitoring/reporting on resolutions resulting from oversight bodies.
- Where appropriate, attend, in observer status only, relevant committees and forum meetings.

2.2.2 Provincial Treasury Technical Advisors

The following project services and deliverables are required:

General Services

- Act as liaison officer between relevant provincial treasury, NT and MFIP II project team;
- Assist with the adoption and implementation of the MFIP II Support Plan within the relevant provincial treasury;
- Ensure adherence to all MFIP II protocols and procedures;
- Coordinate, collate and submit inputs for MFIP II reporting purposes;
- Advise HOD and MFMA Coordinator on operational, tactical and strategic financial management matters including problem solving relating to the MFMA monitoring, supporting and oversight role;
- Coordinate MFIP II information flow between relevant provincial treasury, NT, and MFIP II project team;
- Provide the necessary support and advice to implement the support agreement between the relevant provincial treasury and NT;
- Assist in the coordination of delegations by the Select Committee on Finance and other parliamentary monitoring delegations; and
- Assist with the identification of potential risks within the relevant provincial treasury MFMA Coordinating unit and report to the HOD, MFMA Coordinator, NT, and MFIP II project team and recommend remedial strategies.

Financial Management

- In respect of the relevant provincial treasury, assist with the provision of strategic, tactical and operational advice on the monitoring, supporting and oversight role of the provincial treasury relating to financial management disciplines, including but not limited to:
    - Financial Accounting
    - Management Accounting
    - Revenue and Expenditure Management
    - Supply Chain Management
    - Internal Control
    - Enterprise Risk Management
        - Internal Audit and Audit Committee
        - External audit processes
        - Performance monitoring and evaluation

- Capacity Building

Regulatory, Policy, Governance Frameworks - Strategic, Tactical, Operational Advice

- Provide advice on strategy, policy and governance matters in relation to public finance matters;
- Provide advice on responses to draft: bills, regulations, treasury instructions, strategy documents, policy documents, plans, reviews, frameworks and reports;
- Assist with the development of tools and techniques for public finance management; and
- Develop best practice governance documents, procedures, policies, instruments, plans and frameworks and document relevant case studies.

Skills Development and Capacity Building

- Assist with the determination of capacity development needs and facilitate training, where appropriate; and
- Conduct coaching and mentoring of identified provincial treasury officials.

Knowledge Management

- Assist with the maintenance of a repository of documents on a filing system;
- Assist with the retention of financial information as per prescripts;
- Assist with the preparation and distribution of publications as per the legislative requirements; and
- Assist with the maintenance of a database of financial information on the respective delegated municipalities.

Oversight Bodies, Committees and Forums

- Assist with the coordination, evaluation and preparation of:
  - Mid-year performance assessment engagements;
  - Budget Benchmark engagements;
  - Provincial CFO forums;
  - Quarterly MFMA Coordinator meetings;
  - Parliament and Legislature responses; and
  - Other Joint Departmental forums as required.
  - Assist with monitoring of implementation and reporting on resolutions resulting from oversight bodies.

2.3 Required outputs

The following project outputs are required:

2.3.1 Municipal Technical Advisors

- Signed and council adopted MFMA Support Plan;
- Consolidated Monthly Status Reports on progress made with implementation of Support Plan;
- Monthly minutes of MFMA Steering Committee meetings with clear recommendations and resolutions;
- Reviewed BTO and IAU Organograms with documented recommendations and Council Resolution to the effect;
- Council approved training and development program for BTO and IAU staff on financial related matters;
- Finance Management Intern Rotational Work-plans;
- Council endorsed plan in terms of MFMA Circular 60 – minimum competency requirements;
- Reviewed and adopted System of Delegations as it relates to the MFMA;
- Council adopted Budget Implementation Plan;
- Funded municipal budget complying in all aspects with the Municipal Budget and Reporting Regulations (MBRR);
- Council adopted Service Delivery and Budget Implementation Plan (SDBIP);
- Annual Performance Agreements for all senior managers approved by the Mayor;
- Review, adoption and implementation of financial management related policies as per the Support Plan;
- All required monthly, quarterly bi-annual and annual reports as per the MBRR including the annual financial statements;
- Audit action plan addressing prior-year's findings;
- Asset Management System;
- Updated GRAP compliant Asset Register;
- Register of liabilities;
- Revenue Management System compliant with section (64)(2) of the MFMA;
- Expenditure Management System compliant with section (65)(2) of the MFMA;
- Three-year capital procurement plan;
- Operational procurement plan;
- Contract Management System;
- Internal Audit Charter;

- Risk Based Internal Audit Plan;
- Audit Committee Charter;
- FMG Budget and monthly progress reports;
- Completed Financial Management Capability Maturity Model (FMCMM) assessment;
- Council adopted Standard Chart of Accounts (SCOA) implementation plan;
- Standard performance indicators;
- Outputs as included in the previous section such as preparation for NT, relevant provincial treasury, AGSA visits; and
- Other outputs as may be requested by the PMU.

2.3.2 Provincial Treasury Technical Advisors

- Signed MFMA Support Plan;
- Consolidated Monthly Status Reports on progress made with implementation of Support Plan;
- Review of MFMA Coordination activities with recommendations;
- Detailed assessment of knowledge and technical capacity of all provincial treasury MFMA Officials, with recommendations and formal programme of training and development;
- Reviewed and approved written System of Delegations as it relates to the MFMA;
- Signed MoU between provincial treasury and DCoG with clear roles, responsibilities and planned activities in terms of the MFMA;
- Consolidated Budget Implementation Plan Assessment;
- Documented procedures and guidelines for reviewing of tabled budgets;
- Consolidated Budget Benchmark Report;
- Documented procedures and guidelines for evaluation of financial position of municipalities in terms of ability to incur new, and maintain current long-term debt;
- Consolidated review report on municipal Cash Management and Investment Policies;
- Quarterly consolidated s71 reports;
- Consolidated mid-year engagement assessment;
- Quarterly consolidated action plans to address municipal financial problems;
- Consolidated review report on municipal audit action plans;
- Consolidated Annual Report Assessment;
- Consolidated municipal cash-flow management report with recommendations;
- Consolidated municipal expenditure management evaluation report with recommendations;
- Consolidated SCM Committee functionality evaluation report;

- Consolidated review report on municipal Supply Chain Management Policies;
- Consolidated review report of municipal procurement plans;
- Consolidated review report with recommendations on functionality of municipal risk preventative measures;
- Consolidated review report with recommendations on functionality of municipal internal audit units and audit committees;
- Consolidated report on outcomes of Financial Management Capability Maturity Model (FMCMM); and
- Consolidated review report with recommendations on municipal Standard Chart of Accounts (SCOA) implementation plans.
- Other outputs as may be requested by the PMU.

2.4 Timelines for Availability

The Technical Advisor is required to be available full time for the period 01 November 2014 to 31 March 2017.

2.5 Location and Duration of the Programme

The Technical Advisor will be expected to dedicate his/her full-time work for the duration of the Programme, unless otherwise agreed by the parties and will be required to be based in the offices of supported municipalities or provincial treasuries located across South Africa over the period specified. Depending on supply and demand, Technical Advisors will be placed at supported municipalities or provincial treasuries as close as possible to their respective home base.

Dedicated office space will be requested for the Technical Advisors in the offices of the supported municipalities and provincial treasuries for the duration of the project.

2.6 Budget

The budget for these Technical Advisor positions is limited to the annual remuneration packages as well as pre-authorised travel and subsistence costs according to GTAC rules. Policies and procedures of GTAC will apply for payments, the administration of remuneration, and travel and subsistence.

2.7 Reporting

The Technical Advisor will for the duration of the project report directly to the respective Senior MFIP II Advisor (in the PMU) in terms of day-to-day operational requirements and performance management.

The Technical Advisor shall further be required to complete a monthly Progress Report in a prescribed format to report on progress attained toward achieving the work outputs contained in the agreed Support Plan.

The monthly Municipal Progress Report must be provided to the Mayor, Councilor responsible for finance, MM and CFO for review every month and **must** be signed by **both** the MM and CFO.

The monthly Provincial Treasury Progress Report must be provided to the Head of the Department and MFMA Coordinator for review every month and **must** be signed by **both** the HOD and MFMA Coordinator.

The signed monthly Progress Report shall then be submitted by the Technical Advisor to NT within three working days of month end.

2.8 Limitations of Assistance

The support to be provided by the Technical Advisor and the GTAC team, as set out in this ToR will be carried out in terms of the following guidelines which are drawn from the general agreement between GTAC and the respective municipality or provincial treasury.

Resources provided by GTAC:

- may not be used as replacements for any municipality or provincial treasury employees;
- have no authority or signing powers to bind either NT, the respective municipality or provincial treasury or GTAC unless as provided in this agreement;
- may only provide support as set out in the ToR;
- may not develop projects of their own within municipalities or departments without the express approval and permission of the parties; and
- may not take individual responsibility for project success.

3 Expertise

3.1 Qualifications

Minimum B Com or equivalent degree and 10 years senior financial management experience preferably in local government and/or public sector; or
Minimum 4-year diploma in financial management or similar discipline and 15 years senior financial management experience preferably in local government and/or public sector.

3.2 Competencies

- Specialist knowledge and experience of Local Government legislation and regulations including but not limited to the MFMA, Municipal Systems and Structures Acts, Division of Revenue Act and Municipal Property Rates Act;
- Thorough knowledge and understanding of NT and CoGTA Guidelines in respect of processes in municipalities;
- Demonstrated ability in consulting and advisory services (internal or external);
- Computer literate and demonstrable advanced Microsoft - Word, Excel and PowerPoint skills;
- Strong project management and leadership capabilities;
- Innovative, creative and willing to adopt fresh approaches in solving problems;
- Proven experience in managing large projects and deliverables of team outputs;
- Demonstrable all-round financial exposure and working related knowledge of Management and Financial Accounting, Supply Chain Management, Internal Audit and Risk Management;
- Good understanding of audit process and requirements (preferably from AGSA);
- Fluent in spoken and written English and excellent technical report writing skills;
- Good communication skills;
- Must be prepared to be based in remote rural areas; and
- Proven ability to build capacity and transfer skills.

3.3 Evaluation

The work to be performed by the Technical Advisor will be evaluated on the basis of these ToR and the more detailed projects plans to be developed by them.

4 Contracting Authority

4.1 The Technical Advisor will contract directly with the GTAC and will be accountable to the Head: GTAC:

Andrew Donaldson
Acting Head: GTAC
National Treasury
240 Madiba Street
Pretoria
Tel: 012 315 5110
Fax: 012 315 5786

4.2 Technical queries related to this ToR should be addressed to the NT: OAG CD:CB:

Danie Buekes
GTAC PMU
Email: Danie.Beukes@treasury.gov.za).

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