



MINUTES OF THE VIRTUAL BRIEFING SESSION HELD ON 06 OCTOBER 2021 AT 10:00 am

BID 1236/2021-F: APPOINTMENT OF SERVICE PROVIDER TO PROVIDE BANKING SERVICES FOR THE PROVINCIAL GOVERNMENT OF KWAZULU-NATAL FOR A PERIOD OF THIRTY-SIX (36) MONTHS.

Present:	
Mr. F Pretorius	
Ms. J. Pretorius	
Ms P. Mohamed	
Mr. N. Dube	
Ms. W. Tracey	
In Attendance:	
Ms. A. Zondo	
Ms. T. Thusi	
Mr. N. Nxumalo	
Mr. L. Ngema	

ITEM	
1	WELCOME: The meeting was declared open at 10H00. The Facilitator, Ms. A. Zondo welcomed all the bidders and thanked them for attending.
2	ITEM FOR DISCUSSION: 2.1 Completion of tender documents 2.2 Terms of Reference 2.3 Questions and responses 2.4 Closure
2.1	COMPLETION OF TENDER DOCUMENTS: Ms. Zondo presented how the tender document should be completed. She highlighted Sections that need to be completed in order for the bidder to be not disqualified, emphasizing that the bid was to be valid for 180 days. She thereafter went through the following sections:



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	<ul style="list-style-type: none">- Section A: Invitation to Bid and Terms and Conditions for Bid. Ms. Zondo went through section A and highlighted the closing date, 18 October 2021 and time, 11H00; drawing the attention of bidders to that the Department will not under any circumstances accept faxed or emailed bids. Bids were to be delivered or deposited in the bid box available in the ground floor of the address provided in SBD 1.- Section B: Notices to bidders regarding the completion of forms. Ms. Zondo indicated that the bidders were not allowed to retype the document and the bid must be completed in full.- Adding on, Ms. Zondo emphasized that the use of correcting fluid is prohibited throughout the document and any alterations must be initialed by the bidder. She went on to say that signatures on the document must be original and no copies or electronically signatures will be accepted and bidders were reminded to initial each page of the bid.- She also mentioned that no bid sent through the post will be considered if it is received after the closing date and time stipulated in the bid documentation, and proof of posting will not be accepted as proof of delivery. She further explained that a specific box is provided for the receipt of bids, and no bid found in any other box or elsewhere subsequent to the closing date and time of bid will be considered- Section C: List of all returnable & compulsory documents. Ms Zondo highlighted the list of all returnable and compulsory documents, explaining the importance of returning all the required documents.- Section D: Registration on the Central Supplier Database (CSD). It is imperative that bidders are registered on CSD because the Department does not conduct business with suppliers who are not registered on the database.- Section E: Declaration of interest. A bidder must declare his/her position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest, all pages must be completed in full. Ms Zondo brought to the attention of the bidders clause 2.11 of the declaration, she explained that most bidders submit information that is contrary to other systems that the Department checks when verifying this information. Failure to complete this information in full will nullify the bid submitted.- Section F: Preference points claim (SBD 6.1): Ms. Zondo emphasized that bidders must complete this document in full in order to be eligible to claim their preference points. Bidders must clearly



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	<p>indicate the B-BBEE level that they are claiming as well as the financial year annual revenue on which the B-BBEE level claimed is based on.</p> <ul style="list-style-type: none">- Section G: Special conditions of contract: Ms. Zondo indicated that bidders need to familiarize themselves with the conditions of the contract and that they are generic conditions that are issued with each and every bid, some of the conditions that are there might not be applicable to the bid that we are discussing. Service provider were advised to go through the conditions and advise the Department of any questions relating to this special conditions. It was highlighted that if bidder were going to submit as joint ventures, consortiums or trusts; bidders must submit a consolidated B-BBEE Certificate based on the joint ventures', consortiums' or trusts' consolidated financial statements for which the B-BBEE Certificate was based on. Bidders must also attach the copy of Tax Compliance Status Pin together with the bid. Failure to submit the copy of a valid tax compliance pin at the time of submission may result in the invalidation of the bid.- Section H: A completed Briefing Certificate will not be signed as the briefing session is not compulsory due to the Covid-19 restrictions.- Section I: Local Content is not applicable for this bid.- Section J: Authority to sign a bid: Ms. Zondo emphasized the importance of properly completing Section J of the bid document. It was indicated that if a bidder is a company, a certified copy of the resolution by board of directors which is personally signed by the chairperson of the board authorizing the person who signs the bid to do so must be attached with this bid. It was brought to the attention of the service providers that this form is being evaluated when the bids goes to the committees in terms of the applicable legislation. If the company has a delegated director, a letter indicating that information must be attached.- Section K: Conditions of bid: Ms. Zondo emphasized on the importance of fully completing the information in terms of the law, service providers are required to complete the <i>domicilium citandi et executandi</i> failing to do will result to the disqualification of the bidder. <p>Ms. Zondo handed over to Mr F.J Pretorius to elaborate on the Terms of Reference issued with the bid.</p>



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2.2	<p data-bbox="331 324 810 358">TERMS OF REFERENCE PRESENTATION</p> <p data-bbox="331 398 1500 481">Mr F.J Pretorius proceeded to go through the terms of reference (TOR) and emphasized on the following topics:</p> <ul data-bbox="379 521 874 772" style="list-style-type: none">- Pre-requisites of a Financial Institution- Minimum operational requirements- Additional information- Contractual Arrangements- Social Commitment <p data-bbox="331 846 896 880">PRE-REQUISITES OF A FINANCIAL INSTITUTION</p> <ul data-bbox="379 925 1305 1126" style="list-style-type: none">- Financial stability and positive financial position and performance- Strong Shareholder Support (main shareholder)- Sufficient branch network infrastructure throughout KwaZulu-Natal- Administrative and Information Technology must be of the highest standard <p data-bbox="331 1198 826 1232">MINIMUM OPERATIONAL REQUIREMENTS</p> <ul data-bbox="379 1276 1497 1585" style="list-style-type: none">- Must be registered as a Financial Institution with a Banking license- Must be a member of a Clearing House- Must provide a Payment Conversion Programme for automatic upload of payments over R 1 million to the Financial Institution as per National Treasury Instruction- Must meet the Minimum Operational Requirements- Provide an approved overdraft facility <p data-bbox="331 1653 1002 1686">The following should be clearly demonstrated in the proposals:</p> <ul data-bbox="379 1731 1500 1921" style="list-style-type: none">- Ability to transact electronically via the bank with suppliers of goods and services as and when required- Comprehensive on-line cash management system that will accommodate cash balance consolidation



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	<ul style="list-style-type: none">- On line real time notification of movements of significant cash movement out of the main PMG Accounts- Direct on-line, real time account enquires- Supply bank statements in a prescribed format and supporting documents on a daily basis (max of 3 days in arrears);- Printing, supply and safekeeping of deposit slips- Favorable interest rates on credit balances- Cost effective Banking service - Comprehensive Service Fee Schedule- Development and supply of a compatible interface of all banking transactions with the financial system utilized by the Provincial Government- On-line, real time management browsing facilities- Overdraft facility- Interest Rate- Approved Amount- Where no agency/branch facilities are available, the banking institution will be responsible to negotiate with other banking institutions at the same tariff as per the bid.- Training must be supplied to officials on the cash management system that will be utilized to effect electronic transfers. <p>ADDITIONAL INFORMATION</p> <ul style="list-style-type: none">- General Financial Information- Online Transaction- Magnetic Tape Facility- Salary Payments- Creditor Cheque Payments- General Information- Travel Card System- Cash in Transit Facility- General information <p>GENERAL FINANCIAL INFORMATION</p> <ul style="list-style-type: none">- The Exchequer Account and currently fourteen (14) Paymaster-General Accounts as well as the Tribal Levies and Trust Account must be operated from Pietermaritzburg.



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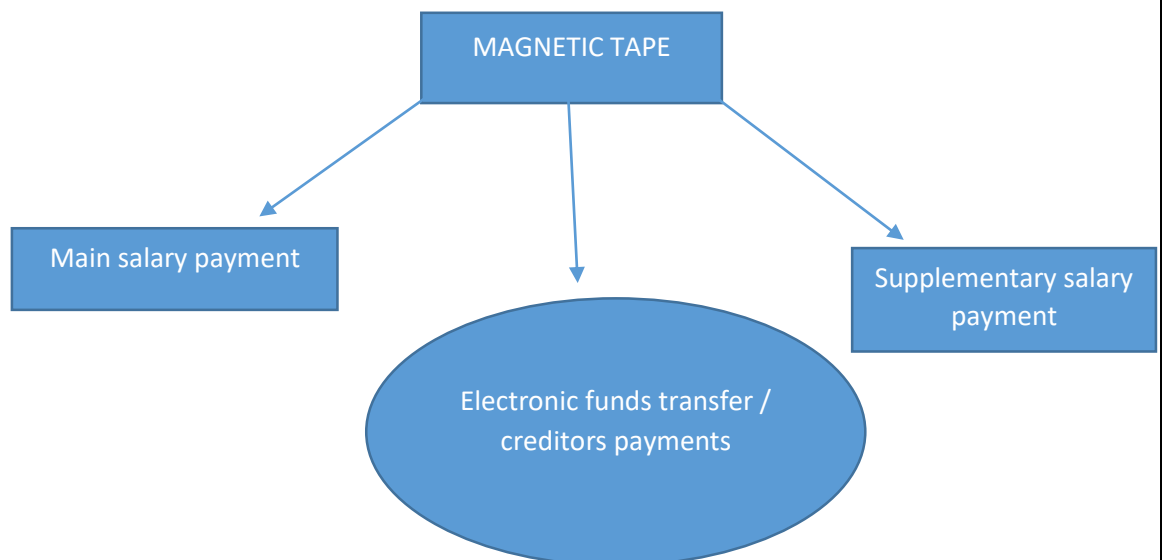
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- The expected annual income and expenditure for the Provincial Government of KwaZulu-Natal is in excess of R 130 billion and R 30 million for the Tribal Levies and Trust Account.
- All Petty Cash and Imprest Accounts are subsidiary bank accounts which are operating throughout the Province of KwaZulu-Natal. Approximately 270 bank accounts are currently active.
- Additional 16 cheques account are being maintained

ONLINE TRANSACTIONS

- The following on-line transactions via electronic connection to the financial institution will be transacted daily/weekly/monthly:
- Transfers from the Exchequer Account to the Paymaster General Accounts amounting to approximately R 9, 5 billion per month.
- Transfer to creditor's amount to approximately R 2.5 billion per month.



MAIN SALARY PAYMENTS

- 5 Days Service (Time period for ACB to process the tapes)
- Approximately 300 000 transactions per month split over 2 pay dates
- Pay dates: 15th of the month and last working day of the month.
- Month end pay over date: Last working day of month
- Approximately 1500 deduction pay over transactions amounting to R 2.2 billion per month
- Monthly main salary expenditure: Presently approximately R 4, 5 billion per month

SUPPLEMENTARY SALARY PAYMENTS

- 2 Days Service (Time period for ACB to process the tapes)
- Approximately 40,000 transactions per month



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	<ul style="list-style-type: none">- Currently once a week: Monday evening- Monthly supplementary salary expenditure: Approximately R 250 million per month <p>ADDITIONAL SALARY PAYMENTS</p> <p>The following special requirements must be available:</p> <ul style="list-style-type: none">- Facility to recall salaries up to the day before payment the pay date- Capacity to return rejections within two days <p>CASH IN TRANSIT</p> <ul style="list-style-type: none">- Collection of deposits on a daily basis as and when required- Supply of Cash Acceptance Devices as and when required <p>ELECTRONIC FUNDS TRANSFER CONVERSION PROGRAMME</p> <ul style="list-style-type: none">- A separate programme must be supplied by the bank which is compatible to both the KwaZulu-Natal Provincial Administration Financial System (BAS) and the Banking Online System- The programme must have the ability to extract particular payments from a Cashbook File on the Basic Accounting System into a file format which can be downloaded into a Host to Host format for processing of the payments to creditors when necessary- The Banking limit for payments is R 5 million, however the BAS system has been adjusted to have a limit of R 1 million. All payments exceeding this limit will need to be processed via the Conversion programme mentioned above.- 4 Day Service (Time period for ACB to process the tapes)- Approximately 8 000 transactions per month- Currently four times a month <p>TRAVEL CARD SYSTEM</p> <ul style="list-style-type: none">- Payment for Travel- Payment for Accommodation- Payment for Vehicle Hire- The card should make provision for payment of the above only and have a facility to block any other types of payments- Notification of transaction value over a certain amount- Interface with Travel Agent System- Currently all 14 departments are using Travel cards/ Virtual Travel Cards- Online Travel Card statement enquiry



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	<p>GENERAL INFORMATION</p> <ul style="list-style-type: none">- Statement information on all accounts must be available for 6 months on the on-line system;- The monthly expected average value of cash deposited will be as follows:<ul style="list-style-type: none">o Exchequer Account : Nilo Fourteen Paymaster General Bank Accounts : R 70 milliono Tribal Levies and Trust Account : R 500 000 <p>CONTRACTUAL ARRANGEMENTS</p> <ul style="list-style-type: none">- Service Level Agreement- Set-off Agreement- Off-setting of Debit Balances and Credit Balances on all bank accounts before interest is calculated.- Facility letter- ACB facilities- Overdraft facilities <p>SOCIAL COMMITMENTS</p> <ul style="list-style-type: none">- Demonstrate social commitment over the contract period- Demonstrate current and future commitments to BEE transaction(s) in KZN <p>BID PROCESS</p> <p>Bidding Committee of Provincial Treasury, assisted by co-opting Technical Experts Evaluation based on:</p> <ul style="list-style-type: none">o Infrastructureo Cost effective serviceo Good standing and financial stabilityo Government Experienceo Presentation <p>Short-listed bidders will be required to make a presentation of their proposals to the Technical Committee.</p> <p>Mr. Pretorius handed over to Ms. A. Zondo to elaborate on the evaluation process of the bid.</p>



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	<ul style="list-style-type: none">- It was explained that this bid has 4 phases of evaluation and they were explained accordingly to the service providers as follows:- Phase 1 : The Pre-Qualification Criteria- Phase 2 : Mandatory Requirement- Phase 3 : Functionality Criteria- Phase 4 : Price and Preference Points <p>❖ Phase 1</p> <ul style="list-style-type: none">• It was emphasized that service providers must make sure that their sworn affidavit indicates the BBBEE level that they are claiming, failure to do so will result to their bid being disqualified and a bidder must have a minimum level 2 B-BBEE status level contributor• Service providers to also indicate the year of which their annual total revenue is based on, failure to do so will result to their bid being disqualified.• The Department had identified that signing of the sworn affidavit, was a challenge in most cases where it is found that the Deponent and the Commissioner did not sign on the same date. The regulation that relates to the commissioning of the document states that it must be signed in front of the commissioner on the same date. <p>❖ Phase 2</p> <ul style="list-style-type: none">• The Mandatory requirements were read to the service providers and they were requested to ensure that all mandatory requirements are submitted with the bid and all information is supplied. <p>❖ Phase 3</p> <ul style="list-style-type: none">• Ms Zondo went through the functionality criteria and highlighted that Phase 3 was divided into two sections that are indicated below:<ul style="list-style-type: none">- Compulsory technical documents- Functionality Criteria• The technical proposal will be evaluated according to the criteria and thresholds set in the technical scorecard with a minimum score for functionality is 70% to be further evaluated on the Phase 4 Price and Preferential)



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2.3 2.3.1	<ul style="list-style-type: none">❖ Phase 4 price and preference points• She emphasized that short-listed bidders will be required to make a presentation of their proposals to the Technical Committee and the presentation must be based on the information submitted with the bid, new information that is not submitted with the bid shall not be considered.• <p>QUESTIONS AND ANSWERS:</p> <p>General</p> <ul style="list-style-type: none">• Page 68 - 5 Days Service - confirmation required as Nedbank provides 2 days and 1-day service<ul style="list-style-type: none">- <i>File will be delivered to the Financial Institution 5 days in advance.</i>• Page 74 – 10.3.2 FUNCTIONALITY CRITERIA -reference is made to Identification of fraudulent cheques - clarity required as cheques are discontinued and points are awarded to this evaluation criterion<ul style="list-style-type: none">- <i>As no cheques are being used by financial institutions all bidders will be allocated 2 points</i>• Page 79 - (b) PRICING SCHEDULE - Charge for Transactions exceeding R1 million – confirmation required as pricing is differentiated at R5mil industry wide<ul style="list-style-type: none">- <i>National Government set the limit for Provincial Governments at R 1 million. Industry norm is R 5 million.</i>• Page 80 - (b) PRICING SCHEDULE - Redirection fee – further clarity required on this requirement<ul style="list-style-type: none">- <i>Some financial institution open new account for clients and then redirect the salaries to the new account and then charge a fee.</i>• Please advise whether Section H (page 32) of the tender document should be completed as it is noted as N/A, even though there is a virtual briefing session taking place on the 5th.<ul style="list-style-type: none">- <i>Section H (page 32) does not need to be completed.</i>- <i>The facilitator, did explain this during the briefing session and that the attendance of the Teams meeting will be accepted.</i>



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2.3.2	<ul style="list-style-type: none">• Page 67 – (o) Where no agency/branch facilities are available, the financial institution will be responsible to negotiate with other financial institutions/CIT for facilities at the same tariff as per the bid• Please clarify: Is there a requirement for a branch onsite or does the first part refer to facilities that the client can use i.e., the nearest existing branch to their location? <i>- If the successful bidder do not have representation in that specific town the above will apply.</i> <p>Devices</p> <ul style="list-style-type: none">• Please confirm that there are 6 devices at 6 different sites. <i>- There are 6 devices at 6 different sites</i>• Please provide confirmation in relation to the below. <i>- 3 different sheets in the spreadsheet.</i>• If applicable - Manual Deposits at a Cash Centre (Not branch deposits)								
2.3.3	<table border="1" data-bbox="331 1294 1497 1420"><thead><tr><th data-bbox="331 1294 501 1352">Site Name</th><th data-bbox="501 1294 727 1352">CIT Frequency</th><th data-bbox="727 1294 1102 1352">Insurance for CIT required?</th><th data-bbox="1102 1294 1497 1352">Cash deposited per month</th></tr></thead><tbody><tr><td data-bbox="331 1352 501 1420"></td><td data-bbox="501 1352 727 1420">Daily</td><td data-bbox="727 1352 1102 1420"></td><td data-bbox="1102 1352 1497 1420"></td></tr></tbody></table> <ul style="list-style-type: none"><i>- No manual deposits at cash centre. Only by appointed CIT Companies.</i> <p>Working Capital</p> <ul style="list-style-type: none">• Amount of Overdraft for Adjudication purposes? <i>- Financial institution to use own initiative to offer an overdraft facility.</i>• What is the value of the ACB limit that is required? <i>- R 8 billion</i>	Site Name	CIT Frequency	Insurance for CIT required?	Cash deposited per month		Daily		
Site Name	CIT Frequency	Insurance for CIT required?	Cash deposited per month						
	Daily								



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2.3.4	<ul style="list-style-type: none">- <i>This was presented during the briefing session and a follow-up question was also made during the presentation.</i>• What is the average value of deposits in the Current account?- <i>Refer to page 69 point 7.7</i>- <i>This was also presented during the briefing session slide 19</i>
2.3.5	<p>Cash management</p> <ul style="list-style-type: none">• Cash volumes split into percentage of notes and coins- <i>95% notes and 5 % coins</i>• Current way of doing cash banking – is this a manual solution?- Manual and CIT• Are there withdrawal requirements and if yes, how often?- <i>Yes, on all petty cash accounts only. Weekly</i>• CIT frequency- <i>Daily</i>
	<p>Audited Financials</p> <ul style="list-style-type: none">• May you please confirm that the latest updated financials are as per what is published on the KZN provincial website as per attached. We noted that the total revenue line for the province at R1 074 711 000 (2019/20) vis R1 016 112 000 (2018/19) on page 232 of the report. We thought this number was low, may you please confirm?• We obtained the report from the KZN Provincial website <p>https://provincialgovernment.co.za/units/view/53/kwazulu-natal/provincial-treasury</p> <ul style="list-style-type: none">- <i>This information is in respect of Provincial Treasury only and not the Consolidated Financial Statements.</i>



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2.3.6	<ul style="list-style-type: none">- <i>Audited Financial statements had been forwarded to all Financial Institutions</i> <p>Line of Business System in use</p> <ul style="list-style-type: none">• What line of business does the province use, i.e. SAP, Oracle, Sage, etc.- <i>BAS (Basic Accounting System) Developed by National Treasury (Creditors Payments)</i>
2.3.7	<ul style="list-style-type: none">- <i>Persal, Developed by National Treasury (Salary Payments)</i> <p>Completion of documents:</p> <ul style="list-style-type: none">• Page 6 point 17: must we also initial every page of our own documents or only the bid specification document?- <i>Only the Bid specification documents.</i>• Please confirm the submission requirements as follows: 1 original hard copy, 1 duplicate hard copy, 1 soft copy?- <i>1 Original hard copy and 1 duplicate hard copy</i>• May the soft copy be on a USB drive? FirstRand no longer uses CD Rom.- <i>No soft copy needed</i>• May we submit our financial statements on USB?
2.3.8	<ul style="list-style-type: none">- <i>No, Hard copy only</i> <p>Transactional Values and Volumes:</p> <ul style="list-style-type: none">• Cash Sites: kindly populate the table below with information on the current cash sites which cash-in-transit services are required for? (We previously received the attached list 'Banking Sites' for the 2018 bid and attach it for ease of reference, as well as the excel template for completion by you)



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	Site Name	Site Address	Cash Volumes/Month Notes	Cash Volumes/Month Coin	Cash in Transit Frequency/Week	Cash Device Required (Y/N)	Manual Banking - Cash in Transit Only (Y/N)

(i) Cash-in-Transit contract:

- Was this contract concluded by the current provincial banker on behalf of the Province, or by the Province directly with the CIT Service Provider?
 - *Contract was concluded with current provincial banker*
- If the contract was concluded by the Province directly; with which service provider and until when is it valid?
 - *Not applicable. See above*

(ii) Petty Cash and Float Requirements:

- Please give us an indication of the sites where Float is required and how regularly float is replenished at present?
 - *Float is included in the petty cash account. Petty cash account is used throughout the province. In about 90% of all KZN towns.*
- Credit balances: what is the average net credit position of the Province on a daily basis (i.e. after debit and credit balances have been set-off)?
 - *R 1, 5 billion*
- Please could you furnish us with the audit action plans for the Departments of Health and Transport, for purposes of obtaining credit approval?
 - *An action Plan has been submitted to KZN Cabinet and still needs to be approved before it can be made public.*

(iii) Pricing Schedule – page 77:



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	<ul style="list-style-type: none">• Are all transaction volumes and values on the schedule monthly? These are then converted to annual on page 81; which is used to calculate the estimated price increases? - <i>That is correct</i> (iv) The Pricing Schedule lists:<ul style="list-style-type: none">• Cash R35m- <i>Monthly figure</i> • Service provider were informed that should they have further questions relating to this Bid, they must submit their questions in writing to the Department. The department requested to be given a reasonable time to respond to inquiries.
2.4	CLOSURE OF MEETING The Facilitator thanked all attendees and the meeting was declared closed at 11h40.