

SERVICE PROVIDER AGREEMENT

Entered into by:

CAPE AGULHAS MUNICIPALITY

('the Client')

and

SIYANDA BUSINESS SOLUTIONS (PTY) LTD

('the Service Provider')

FINANCIAL SERVICES

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Preamble

Whereas :

a) Cape Agulhas Municipality seeks to procure the services of the Siyanda Business Solutions (Pty) Ltd in terms of the proposal pertaining to the formal tender SCM 40/2015/16 (FINANCIAL MANAGEMENT AND ACCOUNTING SERVICES) to render any of the following services as required by the municipality:

- 1) Technical support relating to GRAP implementation at the municipality and annual review of accounting policy to ensure compliance with the directives issued by the Accounting Standards Board (ASB);
- 2) Asset Management other than infrastructure assets, including assurance of a GRAP compliant asset register;
- 3) Accounting Support and assisting municipal staff with the implementation of internal controls measures / amendment of standing operating procedures (SOP's) accordingly;
- 4) Assistance with monthly / quarterly reporting to National Treasury as needed;
- 5) Assistance with MFMA compliance where necessary;
- 6) Assistance with compliance and requirements of Predetermined Objectives where applicable;
- 7) Assistance with Auditor General queries and clean audit report business plans if required;
- 8) Assistance with the budget (annual & adjustment) and reporting which amongst others includes:
 - a. Compliance with National Treasury formats (A & B Schedule) and GRAP;
 - b. Reporting to Management and Council in prescribed format; and
 - c. Ongoing assessment and verification of budget schedules aligned with the financial audit outcome figures.
- 9) Assistance with financial year-end planning and preparation of the audit file if required;
- 10) Development of financial related policies, strategies, status quo assessment and benchmarking as necessary;
- 11) Training of Non-Financial Officials and Councillors in the requirements of GRAP and any revised standards as well as budgeting;

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- 12) Assistance with the roll-out and implementation mSCOA which may include but are not limited to the following:
- a. Assist with the implementation of the mSCOA project implementation plan and development of actions to address any challenges or backlogs when necessary;
 - b. Assist the municipality to ensure that the current chart of accounts is compared on an account by account level to mSCOA (all 7 segments);
 - c. Assist the municipality to assess the impact of mSCOA on business processes and develop a business process implementation plan to address change with specific reference to the impact on current municipal vote structure, functions, internal operational work flows, costing methodology and business processes inclusive of project base budgeting (Operational & Capital Projects);
 - d. Assist with data purification, conversion and movement to mSCOA compliant system if required,
 - e. Assist with the facilitation of budgetary planning and provisions for mSCOA to ensure that the project is adequately funded; and
 - f. Any other support as needed.
- 13) Preparation of GRAP Annual Financial Statements based on a balanced trial balance, registers and sub-systems;
- 14) Annual measurement of Rehabilitation Cost for Landfill Sites – Annual updating of the rehabilitation cost report according to GRAP standard requirements;
- 15) Annual Actuarial measurement of Post-Employee Liabilities – Annual updating of Post-Employee Medical Aid Benefits, Long Service Bonuses and Pension Fund Benefits according to GRAP standard requirements;
- 16) Assessment and development of a new Tariff Structure – Water, Electricity, Sewerage and Refuse Removal; and
- 17) On-site training on all interventions above to ensure successful transferring of skills to relevant officials within the municipality.
- b) The parties wish to record the terms and conditions of acceptance of the formal written quotation and proposal of the service provider.

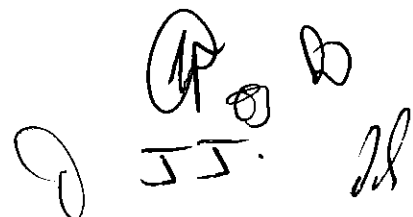
It is therefore agreed as follows:

1. Interpretation

The headings of the paragraphs in this Agreement are for the purposes of reference only and shall not be used in the interpretation of this Agreement. In this Agreement, unless a contrary intention clearly appears:

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- 1.1. the singular includes the plural and vice versa;
- 1.2. the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely :
 - 1.2.1. '**business day**' means any working day, excluding Saturdays, Sundays and public holidays;
 - 1.2.2. '**Client**' means Cape Agulhas Municipality;
 - 1.2.3. '**commencement date**' means the date on which the parties commenced with the performance of their obligations, namely 1 July 2016;
 - 1.2.4. '**contract price**' means the fees that will be charged by the Service Provider as stipulated in the formal tender for the performance of the services in terms of this Agreement;
 - 1.2.5. '**key result**' means an indicator or yardstick in terms of which the Service Provider's successful performance of its obligations may be gauged;
 - 1.2.6. '**methodology**' means the professional expertise and the system of methods required by the Service Provider to perform the obligations set out in terms of this Agreement;
 - 1.2.7. '**prime rate**' means the variable interest rate as charged and calculated by the Service Provider's bankers from time to time;
 - 1.2.8. '**project**' means the services to be performed by the Service Provider in terms of the Tender and the corresponding obligations to be fulfilled by the Client;
 - 1.2.9. '**project plan**' means the strategy prepared by the parties for the successful completion of the Project;
 - 1.2.10. '**Service Provider**' means the Siyanda Business Solutions (Pty) Ltd
 - 1.2.11. '**services**' refers to the professional work to be performed by the Service Provider in terms of this Agreement;
 - 1.2.12. '**formal tender**' means tender SCM 40/2015/16 of Cape Agulhas Municipality.
- 1.3. figures are referred to in numerals and in letters and if there is any conflict between the two then the letters shall prevail;

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2. **Appointment and Duration**

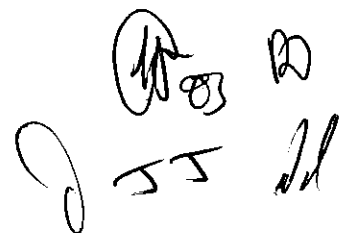
- 2.1. The Client hereby appoints the Service Provider to carry out the services detailed in this Agreement upon the terms and conditions set out herein.
- 2.2. The Service Provider will commence and complete the performance of the services on the dates as may be agreed by the parties.
- 2.3. The agreement shall terminate on 30 November 2019, being the date on which the annual audit for the financial year ending 30 June 2019 is expected to be finalised. The Client may extend the agreement for a period after 30 November 2019.

3. **Extent of terms and conditions**

- 3.1. This Agreement consists of the terms and conditions set out in the documentation listed as follows:
 - 3.1.1. The Service Provider's formal tender to Cape Agulhas Municipality.
 - 3.1.2. Letter of appointment and,
 - 3.1.3. This Agreement.
- 3.2. In the event of conflict between the provisions of any of the aforementioned documentation and this Agreement, the provisions of this Agreement shall prevail.

4. **Scope of Services**

- 4.1. The Service Provider shall provide accounting support **Cape Agulhas Municipality**, as listed in par (a) above.
- 4.2. Services shall be rendered with regard to the proposals and requirements of Cape Agulhas Municipality.
- 4.3. Proposal and service levels or requirements as stipulated in this agreement shall govern the Service Provider's performance of its obligations, unless agreed otherwise.

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5. Contract Price

- 5.1. The contract price is based on the following rates (Vat Exclusive):
- Hourly tariffs: Directors and Senior Managers - **R650.00**
Managers – **R500.00**
Junior Consultant – **R350.00**
Travel Time (all levels) – **R250.00**
 - Travel rate of **R4.00** per kilometre
 - Daily out-of-town subsistence of **R270.00** per day
 - Daily subsistence of **R73.50** per return day from site visit
 - Fixed Prices: Preparation of GRAP Annual Financial Statements – **R25 000.00**
Annual Measurement of Landfill Site Rehabilitation Costs - **R18 500.00**
Annual Actuarial Valuations – **R23 500.00**
Development of New Tariff Structure – **R52 000.00**
- 5.2. Tariffs, Rates and Fixed Prices included in 5.1 will increase on an annual basis (1 July). Annual increases will be guided by prevailing CPI rate at the time and is estimated not to exceed 6%. Tariff increases will be communicated and agreed upon with the Client before implementation thereof.

6. Obligations of the Service Provider

- 6.1. The Service Provider shall render all required services in compliance with the methodology and timeframes set out in this Agreement or as may further be agreed. In this regard:
- 6.1.1. The Service Provider shall accomplish the key results set out in this agreement, if the Service Provider fails to perform the municipality reserves the right to terminate the contract and,
- 6.1.2. The Service Provider shall not be bound to the methodology or external professional assistance it elects to employ, provided that whatever external assistance or methodology is selected enables the Service Provider to successfully perform its obligations.
- 6.2. The aforementioned services shall be rendered diligently and to the standard required by the Client.

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7. Obligations of the Client


- 7.1. The Client shall ensure that the Service Provider has reasonable access to and the support of whatever information or personnel, respectively, may be necessary for the Service Provider to fulfil its obligations.
- 7.2. The Client shall effect remuneration to the Service Provider upon the latter's performance of its obligations within 30 days of receiving a supporting invoice. The Service Provider shall submit a statement of account on a monthly basis to the client in order to reconcile payables with the client's own accounting records, and if, for any reason, is unable to submit such statements, will inform the client in writing of the reasons for such failure. The Client will not unreasonably demand such statements or withhold payment because of such failure to deliver statements of account.

8. Remuneration

- 8.1. The Client hereby agrees to remunerate the Service Provider strictly in accordance with the provisions of payment method utilised in Cape Agulhas Municipality (within 30 days of receiving the Invoice). Should the Client default or falls into arrears with any payment then the Service Provider reserves its right to claim payment of interest at the prime rate, calculated from the day payment has become due to the actual date of payment.

9. Limitation of liability

- 9.1. The Service Provider hereby protects and secures the Client against all legal liability with regard to any claims that may arise as a result of a breach of contract or negligence on the part of the Service Provider in respect of its obligations in terms of this Agreement.
- 9.2. The maximum liability of the Service Provider in respect of the aforementioned claims shall be limited to the aggregate of fees that have accrued to the Service Provider for the obligations that form the subject of the breach of contract or negligence as at the time that the cause of action arose.
- 9.3. The Client warrants that all required supply chain procedures were followed for the appointment of the Service Provider and that the Service Provider can act on this appointment in utmost good faith.

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10. Disputes

- 10.1. In the event that a dispute arises between the Client and the Service Provider it shall be referred to mediation within 5 (five) business days of either party declaring such a dispute. In this regard:
- 10.1.1. A mediator shall be appointed by the parties, to preside over the mediation; and,
- 10.1.2. The parties shall seek ways and means to resolve the dispute in the most expedient manner.
- 10.2. Should the dispute not be resolved within 10 (ten) business days of the commencement of mediation it shall be referred to arbitration. Accordingly:
- 10.2.1. An arbitrator shall be appointed by the parties, alternatively by the chair of the Arbitration Foundation of South Africa ('AFSA'), to preside over the arbitration; and,
- 10.2.2. The rules of AFSA shall govern the conduct of the arbitration; and
- 10.2.3. The responsibility of carrying the cost of arbitration shall be determined by the arbitrator.
- 10.3. Nothing in this paragraph shall prevent either party from approaching the High Court for suitable judicial relief, but the parties agree that the procedures in paragraphs 9.1 and 9.2 must first be followed before such an approach.

11. Breach

- 11.1. If either party breaches this Agreement or fails to perform any of its obligations, then the other party shall provide written notice, calling upon the first party to rectify its breach within a period of not less than 10 (ten) business days.
- 11.2. Should the party in breach have failed to rectify the breach within the aforementioned time period, the other party may cancel this Agreement and claim recovery of damages.

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12. Termination

- 12.1. This Agreement may be terminated upon 20 (twenty) business days' written notice, after the terminating party has consulted the other about its intention in writing.
- 12.2. The aforementioned termination shall not prejudice either party's rights in respect of the obligations already performed or to be performed as at the date of termination.

13. Whole agreement

This Agreement constitutes the whole agreement between the parties unless supplemented by further agreements, which shall be in writing.

14. *Domicilium citandi et executandi*

- 14.1. The parties choose as their *domicilia citandi et executandi* the addresses set out hereunder :

- 14.1.1. Client :

Municipal Manager
Cape Agulhas Municipality
1 Dirkie Uys Street
BREDASDORP
7280

- 14.1.2. Service Provider :

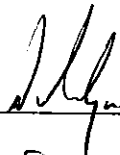
Siyanda Business Solutions (Pty) Ltd
10 Graanenzicht
Graanendal Estate
DURBANVILLE
7550

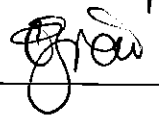
- 14.2. Either party may change its *domicilium citandi et executandi* by giving written notice to the other, the new address becoming effective at the expiry of 10 (ten) business days from the communication of notification.

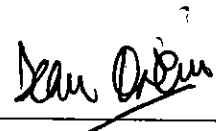


Dated at BREDASDORP this 01 day of July 2016

AS WITNESSES:

1. 

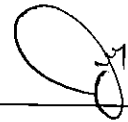
2. 



CLIENT

Dated at BREDASDORP this 01 day of July 2016

AS WITNESSES:

1. 

2. 


SERVICE PROVIDER