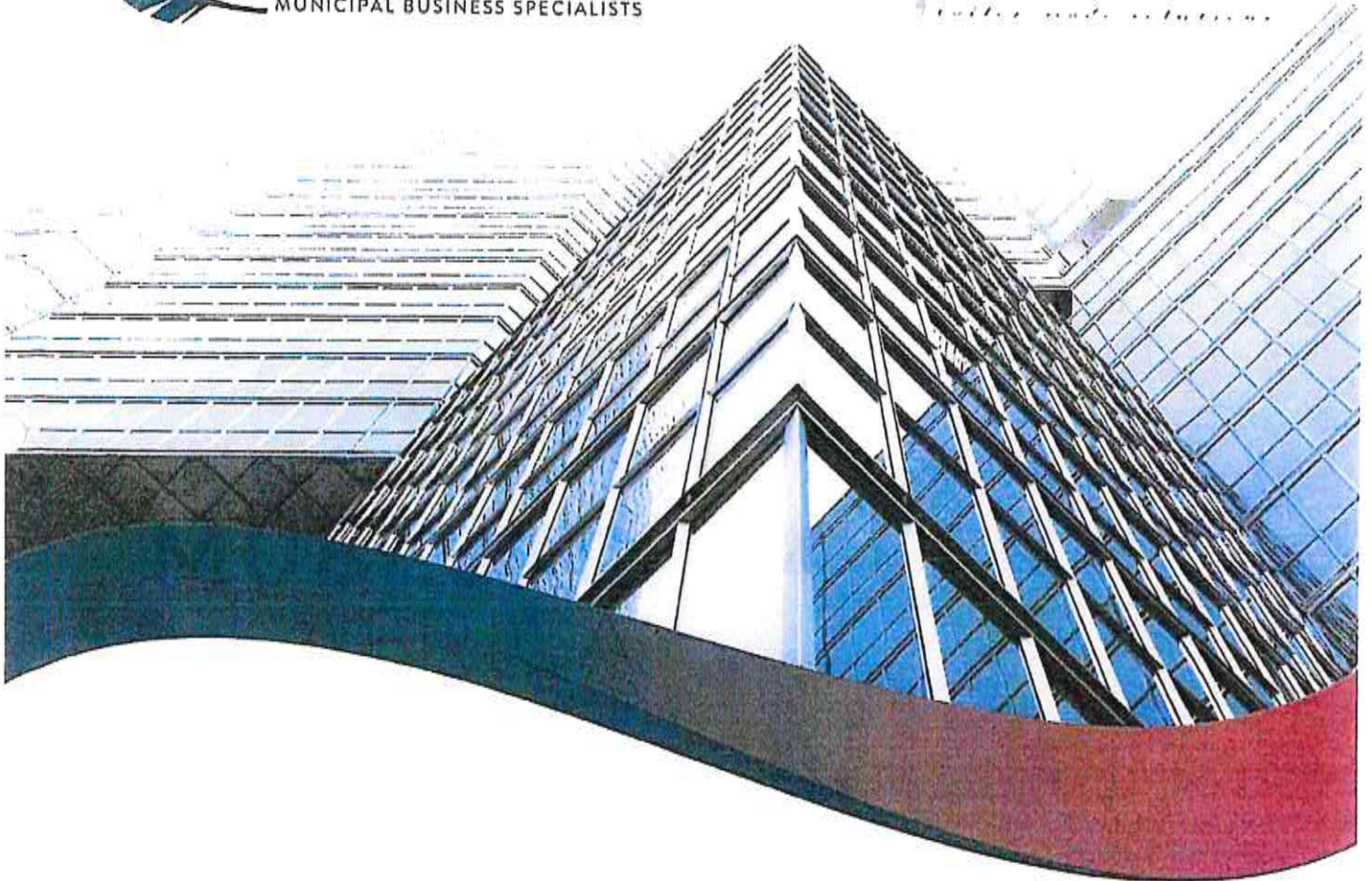




KAROO HOOGLAND **MUNISIPALITEIT**
MUNICIPALITY

An amalgamation of Fraserburg, Sutherland, Williston and surrounding rural areas

**SERVICE PROVIDER AGREEMENT FOR
BID KHM T001/04/2023: FINANCIAL SERVICES –
PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS
IN CASEWARE AND GRAP COMPLIANT ASSET REGISTER
FOR A PERIOD OF THREE (3) YEARS 2022/23 – 2024/25**



SERVICE LEVEL AGREEMENT - BID KHM T001/04/2023: FINANCIAL SERVICES – PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS IN CASEWARE AND GRAP COMPLIANT ASSET REGISTER FOR A PERIOD OF THREE (3) YEARS 2022/23 – 2024/25

SERVICE PROVIDER AGREEMENT

Entered into by

KAROO HOOGLAND LOCAL MUNICIPALITY
(‘The Client’)

And

**THE MUBESKO AFRICA (Pty) LTD in consortium with TSHOLO
CONSULTING SOLUTIONS (PTY) LTD**
(‘The Service Provider’)

**BID KHM T001/04/2023:
FINANCIAL SERVICES – PREPARATION OF THE ANNUAL FINANCIAL
STATEMENTS IN CASEWARE AND GRAP COMPLIANT ASSET REGISTER
FOR A PERIOD OF THREE (3) YEARS 2022/23 – 2024/25**

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- (a) WHEREAS the Karoo Hoogland Local Municipality appointed Mubesko Africa (Pty) Ltd for Bid KHM T001/04/20233 in terms of Section 12 of the Municipal Supply Chain Regulations to render any of the following services as required by the Karoo Hoogland Local Municipality:

The services required but not limited to the following related activities for support with the Preparation of Annual Financial Statements in Caseware and GRAP Compliant Asset Registers are:

Financial processes and General ledger review of policy/procedure Manuals

- Review the financial system modules to control accounts on SEBATA EMS FINANCIAL SYSTEM, including and not limited to Consumer Debtors, Sundry Debtors, Creditors, Stores, Bank, Income, and Expenditure and accumulated surplus/deficit;
- Review all control accounts and suspense votes;
- Review the general ledger in its entirety;
- Review deposits and control accounts; and
- Direct expenditure – correct allocations, budgetary control.

Reconciliations of General Ledger, Asset register and Annual Financial Statements

- Agree the general ledger to the AFS and accumulated surplus;
- Align the Annual Financial Statements to the asset register;
- Creditors as reflected in the Financial Statements;
- Determine the accrual transactions;
- Analyse and clear suspense accounts;
- Reconcile all transactions to audit evidence for the year. (Debtors, Creditors, Payroll, Bank and VAT.);
- Use of CaseWare for Annual Financial Statements preparation;
- Present the completed interim and Annual Financial Statements on CaseWare working papers;
- Prepare a programme to transfer skills to Finance staff;
- Compliance with GRAP 3 for correction of errors;

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- Unbundling of Assets (Infrastructure);
- Update of Asset register;
- Update of Investment Property Register;
- Update Intangible Asset Register;
- Verification of Assets (Movable and Immovable Assets);
- Calculation of Depreciation and Impairment;
- Conduct all processes for the physical verification for the rehabilitation of landfill sites (3 Sites), one each in Williston, Fraserburg and Sutherland and include in AFS; and
- Include GRAP 25 reports in AFS.

Analysis and correction of all significant financial statement areas

- Presentation of prior year error note for all significant Annual Financial Statements areas above;
- Preparation of working papers;
- Reconciliation of working papers for corrections;
- Compilation of audit file; and
- Address prior year audit findings.

Assist with municipal Standard Chart of Accounts (mSCOA) setup

- Reviewing of the municipality's compliance in terms of mSCOA implementation;
- Unbundling of the TB of the municipality for integration into the mSCOA financial system; and
- Reporting on issues and risks identified.

Training and Transfer of skills to the municipal staff

- Provide hands on training throughout the duration of the project; and
- Organise group training on specific financial reporting topics.

It is therefore agreed as follows:

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1. INTERPRETATION

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

- 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 the Karoo Hoogland Local Municipality;
 - 1.2.3. "commencement date" means the date on which the parties commenced with the performance of their obligations, namely 09 June 2023;
 - 1.2.4. "contract price" means the fees that will be charged by the Service Provider as stipulated in the 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;



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- 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 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 Mubesko Africa (Pty) Ltd / Tsholo Consulting Solutions (Pty) Ltd Consortium;
 - 1.2.11. "services" refers to the professional work to be performed by the Service Provider in terms of this Agreement; and
 - 1.2.12. "tender" means Bid KHM T001/04/2023 of the Karoo Hoogland Municipality in terms of Section 12 of the Municipal Supply Chain Regulations.
- 1.3. figures are referred to in numerals and letters, and if there is any conflict between the two, then the letters shall prevail;

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 31 December 2025.



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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 tender;
- 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 aforesaid documentation and this Agreement, the provisions of this Agreement shall prevail.

4. SCOPE OF SERVICES

4.1. The Service Provider shall provide support with the Preparation of Annual Financial Statements in Caseware and GRAP Compliant Asset Registers to the Karoo Hoogland Local Municipality, as listed in paragraph (a) above.

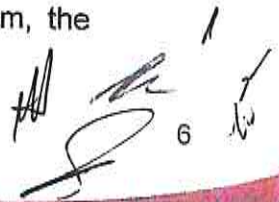
4.2. Support shall be provided with regard to the proposals and requirements of the Client.

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.

5. OBLIGATIONS OF THE SERVICE PROVIDER

5.1. 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:

5.1.1. The Service Provider shall accomplish the key results set out in this Agreement. If the Service Provider fails to perform, the Client reserves the right to terminate the contract and,



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5.1.2. 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 perform its obligations successfully.

5.2. The support as mentioned above shall be rendered diligently and to the standard required by the Client.

6. AGREED PRICING

The agreed pricing and tariffs for rendering the aforementioned services are set out in the tender submitted by the Service Provider.

7. PERFORMANCE MEASURES

7.1. During the planning phase, the Service Provider and the Client will agree on set timeframes, and a planning schedule will be compiled;

7.2. The Service Provider must provide monthly feedback to the Municipal Manager, or his delegates, on progress made w.r.t deliverables or in terms of such timeframes agreed to;

7.3. The Service Provider must inform the Municipal Manager, or his delegates, promptly of any delays or challenges experienced which might have an impact/delay on the set timeframes of deliverables;

7.4. The Service Provider must ensure that services are performed within the timeframes set by the Client and that sufficient time is provided to make any adjustments if needed; and

7.5. The Service Provider must ensure adherence to legislative timeframes for reporting purposes.

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8. OBLIGATIONS OF THE CLIENT

8.1. 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.

8.2. The Client shall remunerate 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.

9. REMUNERATION

9.1. The Client hereby agrees to remunerate the Service Provider strictly in accordance with the provisions of payment method utilised in the Karoo Hoogland Local 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. For the purpose of GRAP 104 the "due date", as determined in terms of this paragraph, shall be the last day before interest is being charged by the Service Provider and any interest-free extension of payment by the Service Provider beyond the normal due-date should be treated as an extension of the due-date.

10. LIMITATION OF LIABILITY

10.1. 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.

10.2. 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.

10.3. 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.

11. DISPUTES

11.1. 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:

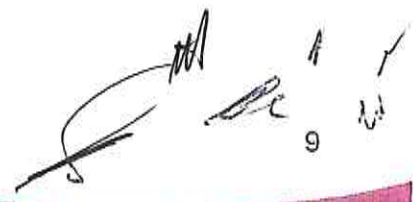
11.1.1. A mediator shall be appointed by the parties, to preside over the mediation; and,

11.1.2. The parties shall seek ways and means to resolve the dispute in the most expedient manner.

11.2. Should the dispute not be resolved within 10 (ten) business days of the commencement of mediation it shall be referred to arbitration. Accordingly:

11.2.1. 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,

11.2.2. The rules of AFSA shall govern the conduct of the arbitration; and



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11.2.3. The responsibility of carrying the cost of arbitration shall be determined by the arbitrator.

11.3. 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 11.1 and 11.2 must first be followed before such an approach.

12. BREACH

12.1. 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 not less than 10 (ten) business days.

12.2. Should the party in breach have failed to rectify the breach within the aforementioned period, the other party may cancel this Agreement and claim recovery of damages.

13. TERMINATION

13.1. 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.

13.2. 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.

14. WHOLE AGREEMENT

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



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15. DOMICILIUM CITANDI ET EXECUTANDI

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

15.1.1. Client:

Office of the Municipal Manager
Karoo Hoogland Local Municipality
7 Mulder Street
WILLISTON
8920

15.1.2. Service Provider:

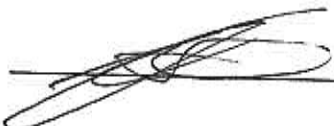
Mubesko Africa (Pty) LTD / Tsholo Consulting Solutions
Consortium
2nd Floor Block B
Bonitas Office Park
21 Carl Cronje Drive
BELLVILLE
7530

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

Dated at Williston on this 9th day of JUNE 2023.

AS WITNESSES:

1. 

2. 

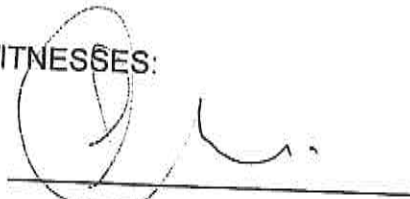

CLIENT

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ANNUAL FINANCIAL STATEMENTS IN CASEWARE AND GRAP COMPLIANT ASSET REGISTER FOR A PERIOD
OF THREE (3) YEARS 2022/23 – 2024/25

Dated at Bellville on this 9th day of JUNE 2023.

AS WITNESSES:

1.



2.


SERVICE PROVIDER