



!Kheis
Munisipaliteit • Municipality
Service delivery starts with us.
Dienslewering begin by ons.

Ons verw.:

Our ref.:

Navrae:

Enquiries: D Block

03 December 2014

The Director
Risoluzionne Solutions
168 Groenpunt weg
Upington
8800

Attention: Mr. G. Basson

Letter of Appointment – Compilation of AFS, mid- year audit & Section 72 report

!Kheis Municipality wish to inform Risoluzionne Solutions that they had been appointed per Council resolution 01/2013 for the provision of Consulting Services for Upgrading of Bulk Water Supply in Wegdraai en Grootdrink had been approved.

Through this appointment, the municipality expect from Risoluzionne Solutions to provide the following services:

- The execution of the contract include the following:
 - Compilation and verification of Annual Financial Statements for the 2104/15 and 2015/16 financial years,
 - Monitoring and training of !Kheis employees,
 - Provide competent staff members, and
 - Provide monthly progress reports.

-Together we can build better communities-

Tel. 054 833 9500 • Faks/Fax 054 833 9509
Privaatsak/Private Bag X2 • GROBLERSHOOP 8850

*Alle korrespondensie moet aan die Munisipale Bestuurder gerig word.
All correspondence must be addressed to the Municipal Manager.*

- The assignment only relates to the provision and rendering of professional services for the duration of the contract management,
- The contractor shall be expected to carry out supervision for the entire duration of the contract and manage the complete project cycle. To this end the municipality has requested Council for the approval of the assignment.

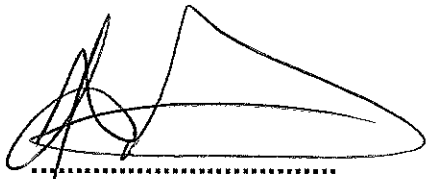
The tenderer's attention is also drawn to part 3 of the agenda points regarding the scope of the tender, where a detail project specification is outlined for the services the municipality required.

This appointment shall be on the terms and condition as contained in the agreement of services rendered between IKheis Municipality and Risoluzionne Solutions.

On accepting the terms as set out above, your company is requested to furnish the municipality with a signed copy of the Memorandum of Agreement as a proof of accepting the appointment.

Hope you find it in order.

Yours faithfully

A handwritten signature in black ink, appearing to be 'HT Scheepers', written over a horizontal dotted line. The signature is stylized with loops and a long horizontal stroke.

HT Scheepers

Municipal Manager

AGREEMENT OF SERVICES RENDERED

ENTERED INTO BETWEEN

KHEIS MUNICIPALITY

(Duly represented by Mrs H.T Scheepers in her capacity as Municipal Manager)

! Kheis

AND

**Munisipaliteit
Municipality**

RISOLUZIONE SOLUTIONS

(Duly represented by Mr G. Basson in his capacity as Director)

1. SCOPE

!Kheis Municipality hereby appoints Risoluzione Solutions as per approved Council resolutions nr 01/2013 for the compilation of the 2014/15 and 2015/16 AFS, interim financial statements and section 72 report.

2. TERMS

Agreement is valid from 03 December 2014 until all related contracts are completed.

Through this appointment, the municipality expect from Risoluzione Solutions to provide the following services:

- The execution of the contract include the following:
 - Compilation and verification Annual Financial Statements for the 2104/15 and 2015/16 financial years,
 - Monitoring and training of !Kheis employees,
 - Provide competent staff members, and
 - Provide monthly progress reports.
- The assignment only relates to the provision and rendering of professional services for the duration of the contract management,
- The contractor shall be expected to carry out supervision for the entire duration of the contract and manage the complete project cycle. To this end the municipality has requested Council for the approval of the assignment,

The tenderer's attention is also drawn to part 3 of the agenda points regarding the scope of the tender, where a detail project specification is outlined for the services the municipality required.

This appointment shall be on the terms and condition as contained in the agreement of services rendered between !Kheis Municipality and Risoluzione Solutions.

On accepting the terms as set out above, your company is requested to furnish the municipality with a signed copy of the Memorandum of Agreement as a proof of accepting the appointment.

Risolutionne Solutions will provide competent staff members as set out in their formal proposal to execute abovementioned services.

3. PAYMENT

!Kheis Municipality shall pay Risolutionne Solutions in accordance with the pricing schedule as agreed upon per Council resolution 01/2013 as well as their formal price quotation of R1, 990, 000. 00 (VAT inclusive).

!Kheis Municipality undertakes to pay Risolutionne Solutions per above mentioned Council approved amount, including other contingent expenses.

4. CONFIDENTIAL

Each party shall treat and hold all information as confidential which they may receive from the other party or which becomes known to them concerning the the other party during the currency of this Agreement.

5. AMENDMENTS

No amendments or consensual termination of this Agreement will be binding unless reduced to writing and signed by the Parties.

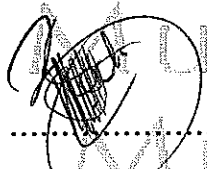

6. GOOD FAITH

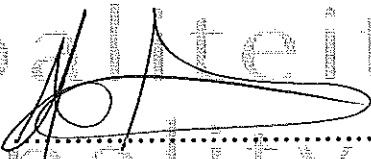
The Parties undertake to act in good faith at all times in pursuance of their respective roles in terms of this agreement as well as to the spirit and intent of the agreement.

7. SIGNATURES

Dates and signed at Groblershoop on this 03... day of DECEMBER 2014.

As Witnesses

1. 
2. 


H.J. Scheepers
Municipal Manager
!Kheis Municipality

Dates and signed at Groblershoop on this 03... day of December..... 2014.

As Witnesses

1.....

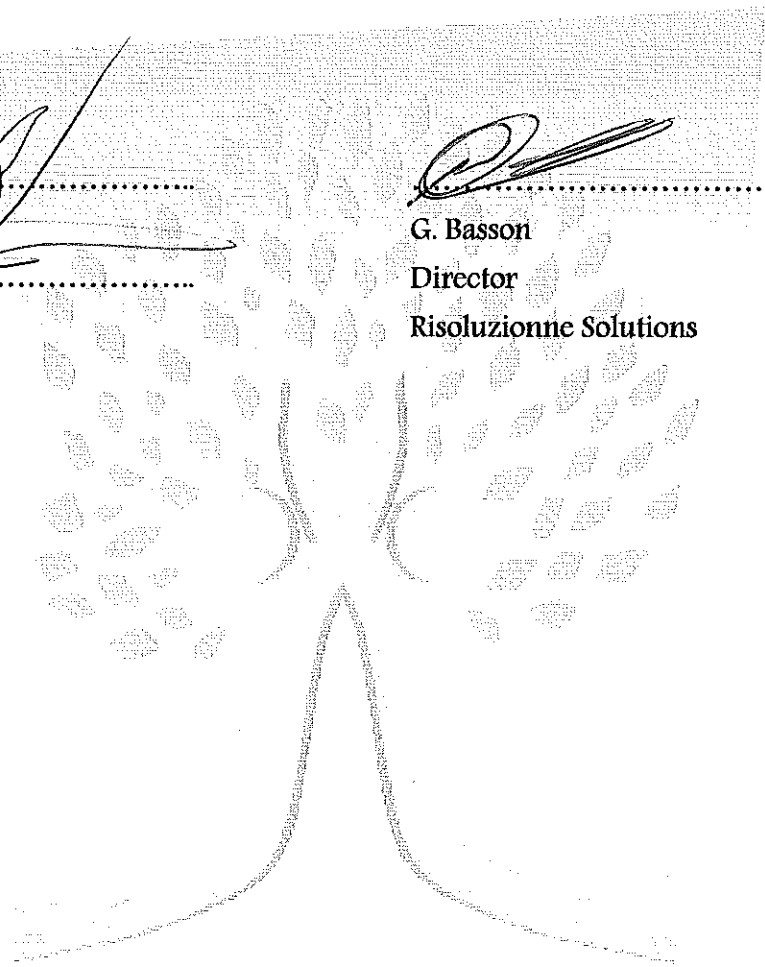
2.....



G. Basson

Director

Risoluzionne Solutions



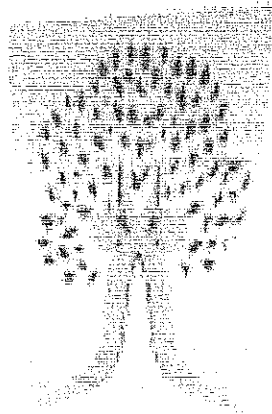
! Kheis

Munisipaliteit

Municipality

REPORT FOR COUNCIL

PROJECT: BID 01/2013: COMPILARTION OF ANNUAL FINANCIAL STATEMENTS : 2012/13-2013/14



!Kheis

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Project name: Contract: 01/2013

Service required: Extension of scope of work

SCOPE OF WORK: Contract nr. 01/2013 : Compilation of Financial Statements, Interim Financial Statements and Section 72 Reports.

LEGISLATION

In terms of the Municipal Finance Management Act, 2003 (Act.no 53 of 2003) Supply Chain Management Regulations and the Kheis Local Municipality Supply Chain Policy the Council of this municipality must maintain oversight over the implementation of its Supply Chain Management Policy.

PURPOSE

The main purpose of this report is to seek approval from Council for amendment of this contract in accordance within the Supply Chain Management and the MFMA legislation:

- Firstly, to extend the contract for compilation of AFS for 2014/15 and 2015/16, cost R1 710 000.00
- Secondly, to render additional services, i.e Section 72 report and mid-year AFS with Audit, cost R 280 000.00

BACK GROUND

Risoluzione Solutions was appointed through a competitive bidding process for the compilation of Financial Statements, Interim Financial Statements and Section 72 Reports. Risoluzione Solution was awarded the contract for the amount of R 1690 000.00 including VAT and contingencies.

Council approval is seek to extend the contract to include AFS for 2014/15 and 2015/16, Interim Financial Statements 2014/15 and Section 72 Reports.

Based on the consultant estimate the Risoluzione Solutions contract amount will increase to R 1990 000.00, inclusive of VAT, should council approve the increase in the scope of the contract work.

The budget available for the Financial Statements, Interim Financial Statements and Section 72 Reports is R 2 000 000.00

OBJECTIVE:

To amend the current contract is to ensure that this project is implemented in a transparent, efficient, equitable, competitive, ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development and comply within the supply chain management legislation.

PROPOSED PROCUREMENT PROCESSES IN ACCORDANCE THE RELEVANT LEGISLATION:

1. MFMA Circular No 62 made provision for the management of expansion or variation of orders against the original contract.

It is recognized that, in exceptional cases, an accounting officer of a municipality or municipal entity may deem it necessary to expand or vary orders against the original contract.

The expansion or variation of orders against the contract has, however, led to wide scale abuse of the current SCM system.

In order to mitigate such practices, accounting officers of municipalities and municipal entities are advised that, from the date of this Circular, contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Municipal Council and Board of Directors of municipal entities are required to amend their supply chain management policies accordingly. Furthermore, anything beyond the abovementioned thresholds must be reported to council or the board of directors.

Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.

2. **Municipal Finance Management Act, 2003 (Act.no 53 of 2003) Section 116 (3)**

A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after-

- The reasons for the proposed amendment have been tabled in the council of the municipality or, in case of a municipal entity, in the council of its parent municipality; and
- The local community –
 - (i) has been given reasonable notice of the intention to amend the contract or agreement; and
 - (ii) has been invited to submit representations to the municipality or municipal entity.

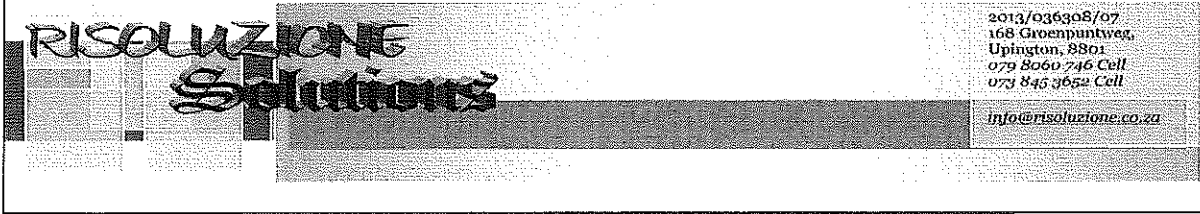
The Municipal Management/Accounting officer in consultation with the Chief Financial Officer recommends as follows after the local community has been given reasonable notice and has been invited to submit representation to the Municipality:

RECOMMENDATIONS TO COUNCIL

1. Council considers the amendment of the contract between the Municipality and Risoluzione Solutions for Compilation of Financial Statements, Interim Financial Statements and Section 72 Reports.

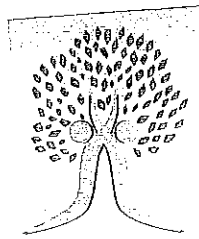
RESOLVED

2. Council resolved the amendment of the contract between the Municipality and Risoluzione Solutions for Compilation of Financial Statements, Interim Financial Statements and Section 72 Reports.



Risoluzione Solutions - Fee structure for 2015/2016

Period	Monthly fee	Balance
Contract amount	1 990 000.00	1 990 000.00
December 2014	168 000.00	1 822 000.00
January 2015	145 894.86	1 676 105.14
February 2015	90 894.73	1 585 210.41
March 2015	90 894.73	1 494 315.68
April 2015	90 894.73	1 403 420.95
May 2015	90 894.73	1 312 526.22
June 2015	90 894.73	1 221 631.49
July 2015	90 894.73	1 130 736.76
August 2015	90 894.73	1 039 842.03
September 2015	90 894.73	948 947.30
October 2015	90 894.73	858 052.57
November 2015	90 894.73	767 157.84
December 2015	90 894.73	676 263.11
January 2016	90 894.73	585 368.38
February 2016	90 894.73	494 473.65
March 2016	90 894.73	403 578.92
April 2016	90 894.73	312 684.19
May 2016	90 894.73	221 789.46
June 2016	90 894.73	130 894.73
July 2016	90 894.73	40 000.00
August 2016	40 000.00	0.00
	1 990 000.00	



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Ons verw.:

Our ref.:

Navrae:

Enquiries: F. Stevens
03 Desember 2014

Die Raadsvergadering van die 03 Desember 2014, het op die volgende besluit tydens die mededelings aangevoer deur die Burgemeester.

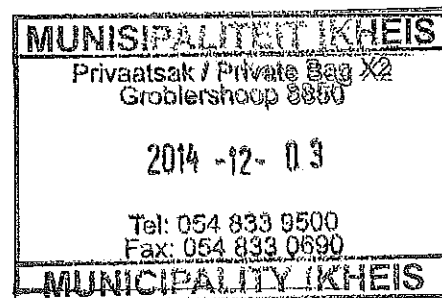
*1. Uitbreiding en verlenging van Tender 01/2013
Risoluzione Solutions (Pty) Ltd*

Voorstel: Rdl K Esau

Sekondeer: Rdl E Cloete

HT Scheepers (Mev)

Munisipale Bestuurder



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