

11.

**PROPOSED AMENDMENT TO CONTRACT NUMBER SC1644/2015: PROVISION OF BANKING SERVICES FOR A CONTRACT PERIOD ENDING 30 NOVEMBER 2017**

5/18/1

B A King

(028) 313 8154

Corporate Head Office

19 July 2017

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**1. Executive Summary**

The purpose of this report is to provide the necessary information and motivation on the proposed amendment of CONTRACT NUMBER SC1644/2015: Provision of banking services for a contract period ending 30 November 2017, in terms of the enabling provisions of Section 33 and Section 116(3) of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), in order to enable the Council to make an informed decision whether to consent to the amendment of the contract.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Finance

Department: Accounting Services

**3. Compliance with Strategic Priority**

Provision of democratic, accountable and ethical governance

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)

Overstrand Municipality Supply Chain Management Policy, as amended

Overstrand Municipality Contract Management Policy, as amended

MFMA Circular No. 73 issued by National Treasury

**6. Background/Discussion/Evaluation/Conclusion****Background**

In terms of the Municipal Financial Management Act (MFMA) and Supply Chain Management Regulation 30, the Municipality must procure banking services. The Primary Bank Account receives all revenue due to the Municipality, all income received on its investments, all income received in connection with its interest in any municipal entity including dividends, all money collected by the Municipality, entity or other external mechanism on behalf of the Municipality and any other monies as may be prescribed. It is also used for all

disbursements for the payment of creditors, salaries and wages and any other monies due.

A transversal agreement SC1644/2015 was awarded to ABSA Bank by the Bid Adjudication Committee on 30 October 2015 for a period of 2 years, ending 30 November 2017. The piloting of the Municipal Standard Chart of Accounts (mSCOA) and the further implementation thereof by Overstrand Municipality raises many challenges and risks as well as unquantified opportunities in terms of the Modernisation Project for the SAMRAS financial system, e.g. Ratepayers' Portal, other new enhanced components and continuous innovation, inclusive of security relating to anti-hacking and functional data security. It was recognised from the onset that integrated banking in the system software was important in the implementation of mSCOA and the challenges that would be posed if the integrated banking had to change to a different financial institution while implementing mSCOA.

Section 116(3) of the MFMA provides as follows:

“(a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and  
 (b) 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 proposed amendment of contract SC1644/2015 was advertised for public comment as follows (See Annexure A):

- |    |                            |  |
|----|----------------------------|--|
| a) | For public comment:        |  |
|    | Date of advertising:       | 21 April 2017  |
|    | Method of advertising:     | Die Burger, Cape Times, Overstrand Website & Municipal Notice Boards |
|    | Closing date for comments: | 22 May 2017  |

No comments were received from the public by the closing date of 22 May 2017.

- |    |   |               |
|----|---|---------------|
| b) | National and Provincial Treasury & COGTA: |               |
|    | Date of requesting comments:              | 24 April 2017 |
|    | Closing date for comments:                | 26 May 2016   |

A general communication was received from National Treasury and is attached as Annexure E.

Section 116 (3) of the MFMA should however be read together with MFMA Circular No. 73 issued by National Treasury, May 2013. In terms of the said circular, the following power/duty was conferred to Council, which is cited as follows (emphasis added):

'Considering the reasons for the proposed amendment of a contract or agreement and any representations that may have been received regarding the proposed amendment of a contract or an agreement procured through the supply chain management policy of the municipality and deciding whether to consent to the amendment of the contract or agreement.'

The municipality must be in a position to collect and receive revenue due and to pay its creditors. Integrated banking services play a major role in the collection of revenue and the payment of creditors. Integrated systems must be in place to update debtors' accounts with payments received, so that monies due to the municipality can be determined at all times.

### **Discussion and Evaluation**

Cost saving benefits and the minimising of risks are summarised as follows:

- a) No establishment costs and training:  
No establishment costs (electronic bank services implementation) will be incurred, as the service provider remains the same as the current service provider. There will be no re-training with possible costs of training of staff on new systems.
- b) Revenue Collection:  
Numerous risks would be encountered of which revenue collection is the major risk. The integration of client accounts with the current software system and financial institution is paramount in sustainable revenue collection.
- c) Modernisation:  
The current software system provider is implementing modernisation of the current service offering, with the implementation of mSCOA, to be implemented from 1 July 2017. The service provider for the current financial system (SAMRAS) is continuously switching on different components of newly developed software, as could be the case over the next twenty-four months. It is therefore deemed critical to, as far as possible, have a stable and manageable environment, inclusive of avoiding any negative impact of collecting outstanding monthly accounts via electronic transactions, bank statement downloading, bank file uploads to the financial system, creditors and remuneration runs, etc.
- d) Admin Expenses:  
Costs will be incurred relating to expenses for a change to another financial institution, as a campaign will have to be rolled out to inform all customers thereof.
- e) Tariffs are market related (Rates of award):  
The rates of award of the current contract (Langeberg municipality transversal contract) are favourable relating to the major expense items, in that savings were generated from the onset compared to the rates prior to engaging the transversal tender.

### **Scope:**

The scope of work addresses ABSA Bank providing banking services, which would include cash management, revenue collection, internet banking and

electronic and cheque payments. The key outcome sought is cost effective and efficient systems integrated banking services for the municipality.

### Conclusion

We are of the opinion that the procurement of banking services under a contract secured by another organ of state, namely: Langeberg Municipality, for banking services offered by ABSA Bank has demonstrated financial cost saving benefits at this stage and will continue over the next nineteen months. The extension of the contract will be on the same terms, conditions and at the same rates and escalation. The extension of the contract will further provide a stable environment for integrated banking into the financial system to enable revenue collection and creditor payments.

From the onset, it was recognised that the integrated banking in the system software was important in the implementation of mSCOA and challenges that would be posed if the integrated banking had to change to a different financial institution while implementing mSCOA.

## 7. Financial Implications

### Source of Funding Operating Budget Provisions

LICENSE AND SUPPORT FEES			
YEAR	Budget 2017/2018	Budget 2018/2019	Budget 2019/2020
SCOA Description	OperCost: Bank Charges Bank Acc		
SCOA Cost Account	10180221580000	10180221580000	
SCOA Unique Key	20170525079129	20170525079129	
Budget Provision	R1 390 620	R1 460 151	
Balance Available	R1 390 620	R1 460 151	
Total Estimated Expenditure (excl VAT)	R1 390 620	R1 460 151	
Total Estimated Expenditure Extension (excl VAT)	R2 850 771		
Escalation (if any)	Not to exceed CPI according to SLA		
Escalation date	Annual basis after giving 30 days prior written notice according to SLA		

## 8. Staff Implications

None

## 9. Comments from other Departments, Divisions and Administrations

### Supply Chain Management:

A compliance check in terms of the Supply Chain Management Policy has been undertaken and verified and the SCM Unit is satisfied that ABSA Bank Limited complies in all respects. See Annexure G.

**Contract Management Office:**

It is confirmed that contract SC1644/2015 is still active and the proposed amendment of the contract is supported. This is the first amendment to the existing contract and a Section 116(3) amendment as required by the MFMA has been followed. In terms of Section 33 of the MFMA, due process has been followed, making provision for the contract having future budgetary implications.

No recommendations or representations were received from any relevant stakeholders against the intention to amend the contract.

The amendment of this contract carries exceptional reason for the amendment of the contract and is perceived to contribute to a financial benefit for the municipality, without having an impact on the municipality's future tariffs and revenue.

**10. Annexures**

- Annexure A: Public notice of intention to amend the contract
- Annexure B: Addendum to the contract (intend to amend)
- Annexure C: ABSA Draft service level agreement
- Annexure D: MFMA Information statement
- Annexure E: Request for comments from stakeholders and response from National Treasury
- Annexure F: Extract from minutes of contract amendment meeting
- Annexure G: SCM compliance checklist

**RECOMMENDATION TO THE COUNCIL:**

1. that it **be noted** that no representations were received from the local community or other stakeholders by the closing date of 22 May 2017 against the intention to amend contract SC1644/2015;
2. that **cognisance be taken** of the reasons for the proposed amendment of Contract SC1644/2015 for the provision of banking services for a contract period ending 30 November 2017, to be extended to 30 June 2019, in terms of the enabling provisions of Section 33 and Section 116(3) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), and that the amendment **be consented to**; and
3. that the Municipal Manager be authorised to sign the contract.

**RESPONSIBLE OFFICIAL :****BA KING****TARGET DATE FOR IMPLEMENTATION :****1 DECEMBER 2017**



ANNEXURE A

NOTICE/KENNISGEWING/ISAZISO

Proposed long term and amendment of contract SC1644/2015 for the provision of banking services with ABSA in Overstrand Municipality, giving effect to the Local Government: Municipal Finance Management Act (MFMA) No. 56 of 2003: Section 33 and 116(3).

Duly authorised by resolution of Council, the Overstrand Local Municipality, in terms of the provisions of Section 33 and 116 (3) of the Local Government: Municipal Finance Management Act. No. 56 of 2003, hereby makes it public that Overstrand Municipality intend to amend the existing agreement with ABSA, entering into a long term contract for the provision of banking services, ending 30 June 2019.

The proposed contract and an information statement summarising the Municipality's obligations in terms of the proposed contract can be inspected at the Municipality's head and satellite offices and libraries during the official office hours; or accessed on the Municipality's official web-site www.overstrand.gov.za, from 20 April 2017.

The contract will be considered by the Municipal Council of the Overstrand Local Municipality at its Council meeting to be held on 28 July 2017 at the Municipal Office in Hermanus.

Notice is hereby further given in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendment and long term contract for Banking Services. Such comments or representations must be submitted by not later than Monday, 22 May 2017 at 12:00.

Comments or representations must be submitted in a sealed envelope clearly endorsed "SC1644/2015: Long term contract for Banking Services" and be deposited in tender box no.7.

All submissions must be addressed to:

The Municipal Manager  
Tender box no. 7  
Overstrand Municipality  
Magnolia Avenue  
Hermanus  
7200

Enquiries can be directed to Mr Bernard King, Tel: 028 313 8154 and e-mail: bking@overstrand.gov.za.

Persons who are physically disabled or who cannot read or write but wish to participate in the process, may come during office hours to the Municipal Offices, Magnolia Avenue, Hermanus where that person will be assisted by the Director. Finance or a person designated by her to transcribe that person's comments or representations.

C.Groenewald  
Municipal Manager

Voorgenome langtermyn- en wysiging van kontrak SC1644/2015 vir die verskaffing van bankdienste met ABSA in die Overstrand Munisipaliteit, in naksoming van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, Wet No. 56 van 2003: Artikel 33 en 116(3).

Soos goedgekeur deur die raad, ooreenkomstig die bepalings van artikel 33 en 116(3) van die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur, Nr 56 van 2003, gee Overstrand plaaslike Munisipaliteit hiermee kennis dat hul van voorneme is om die bestaande kontrak te wysig met ABSA, met 'n langtermynkontrak vir bankdienste, eindigend 30 Junie 2019.

Die voorgenome kontrak en die inligtingstuk wat die Munisipaliteit se verpligtinge ten opsigte van die voorgenome kontrak vervat kan by die Munisipaliteit se hoof-en satellietkantore en biblioteke gedurende amptelike kantoorure geïnspekteer word; of die kontrak en inligtingstuk is ook verkrygbaar op die amptelike webblad van die Munisipaliteit by www.overstrand.gov.za vanaf 20 April 2017.

Die voorgenome kontrak sal vir oorweging voor die Munisipale Raad van die Overstrand Plaaslike Munisipaliteit dien tydens die Raadsvergadering geskeduleer vir 28 Julie 2017 by die Munisipale Kantore in Hermanus.

Kennis geskied verder ingevolge artikel 21 en 21A van die Wet op Plaaslike Regering: Munisipale Stelsels, 2000 (Wet 32 van 2000), dat die plaaslike gemeenskap en geïnteresseerde partye genooi word om kommentaar of vertoë oor die voorgenome wysiging en langtermyn Kontrak vir Bankdienste. Hierdie kommentaar of vertoë moet teen nie later nie as Maandag, 22 Mei 2017 om 12:00 ingedien word.

Kommentare of vertoë moet ingedien word in 'n verseëelde koevert, duidelik gemerk "SC1644/2015 Langtermyn kontrak vir Bankdienste" en geplaas word in tenderbus nr. 7.

Alle voorleggings moet gearresseer word aan:

Die Munisipale Bestuurder  
Tenderbus nr.7  
Overstrand Munisipaliteit  
Magnoliataan  
Hermanus  
7200

Navrae kan gerig word aan Mnr Bernard King, Tel: 028 313 8154 en e-pos: bking@overstrand.gov.za

Personne wat liggaamlik gestremd is of nie kan lees of skryf nie, maar aan die proses wil deelneem, kan gedurende kantoorure na die Munisipale Kantore, Magnoliataan, Hermanus kom, waar die Direkteur: Finansiële van 'n persoon soos deur haar aangewys daardie persoon sal help om die kommentaar of vertoë neer te skryf.

C.Groenewald  
Munisipale Bestuurder

Isivumelwano SC1644/2015 sexhessa elide esiphakanyiswayo ngokwandise kwisivumelwano sokunikezwa kwenkonzo zebhanki ngu ABSA kuMasipala waseOverstrand ngokwemimiselo kaMasipala weNgingqi: Umthetho wokuLawula ezeMali kaMasipala onguNombolo 56 ka2003: iCandelo 33 no116 (3).

Isigqibo esisesikweni esigunyaziswe libhunga likaMasipala waseOverstrand, ngemimiselo yemibandela yeCandelo 33 no116 (3) kaMasipala weNgingqi: Umthetho wokuLawula ezeMali kaMasipala onguNombolo 56 ka2003, ipapasha ukuba uMasipala waseOverstrand uceba ukwandisa isivumelwano esesikhona noABSA, angene kwisivumelwano sexesha elide sokunikezwa kwenkonzo ze bhanki esiyophela nge30 Juni 2019.

Esi sivumelwano siphakanyiswayo kunye nenkcukacha ezishwankathela izibophelelo zikaMasipala ngokwesi sivumelwano esiphakanyiswayo singahloiswa kwi-ofisi eyintloko kaMasipala nakwi iofisi ezingamasesyena kwakunye namathala eencwadi ngeeyure zokusebenza zezi ofisi nala mathala eencwadi. Esi sivumelwano siphakanyiswayo kunye neenkcukacha siyatumaneka kwi website esentlathweni yakwa Masipala engu- www.overstrand.gov.za ukususela nge 20 ka-Aprili 2017 kotuna ukusiqwalasela.

Esi sivumelwano siya kuqwalasela iibhunga likaMasipala elikuMasipala weNgingqi iOverstrand ngesesha lentlanganiselo yeBhunga eya kube ibanjelwe eHermanus ngomhla we 28 Julayi 2017 kwiOfisi zikaMasipala eHermanus.

Isaziso sinikwa ngokwemimiselo ye Candelo 21 no 21A kaMasipala weNgingqi: Umthetho wokuZiphatha kaMasipala, 2000 (uMthetho 32 ka2000) ukuba abantu abasuka ekutlatheni nabanye abantu abanomdla bayamanywa ukuba bathumele izimvo zabo okanye izinto abazibhalileyo kuMasipala mayelana nesivumelwano sexhessa elide esiphakanyiswayo nesilintshelwayo sokunikezwa kwenkonzo zebhanki, oko kwenziwa phambi kuka 12:00, 22 Meyi 2017.

Izimvo ezibhalhwayo mazifakwe kwimvulophu ebhalwe ngokucacileyo, etyulihwayo kubhalwe "Isivumelwano SC1644/2015 sexhessa elide sokunikezwa kweNkonzo zeBhanki" zifakwe kwi Bhokisi ye Ziniki-maxabiso no.7.

Zonke iziphakamiso mazithuyelwe ku:

Umphathi kaMasipala  
Bhokisi yeZiniki-maxabiso no. 7  
UMasipala weNgingqi yase-Overstrand  
Magnolia Avenue  
Hermanus  
7200

Imibuzo ingathuyelwa ku Mnu. Bernard King, Ummxeba: 028 313 8154 ne-imeyili: bking@overstrand.gov.za

Nawuphi na umntu onqwenela ukuthumela izimvo zakhe okanye izimvo abazibhalileyo, abangakwaziyo ukubhala baya kuncedwa ngumlawuli wezeMali okanye ngumntu omiselwe nguye kwi-ofisi zikaMasipala eMagnolia Avenue, eHermanus.

C.Groenewald  
UMfanjela kaMasipala

ANNEXURE B



Enquiries: Bernard King  
Date: 3 April 2017

OFFICE OF THE DIRECTOR:  
FINANCE

ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract SC1644/2015, which were signed between them on 6 April 2016 and record this was done freely and willingly, without any coercion whatsoever from any one party:

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to the 30 June 2019 on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions.

The parties agree that the amendment of the contract is subject to the completion of a Supply Chain Management process, including completing a process as prescribed by section 116(3) of the Municipal Finance Management OR Circular 62 from National Treasury.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at Cape Town this 07 day of April 2017  
2017 in the presence of the undersigned witnesses

WITNESSES:

- 1. [Signature] (M. Bookley)
- 2. [Signature] (A. van Schoor)

**ELIZE PLATEN**  
 9114828 / ABEP358  
 SPECIALIST RELATIONSHIP EXECUTIVE  
 Email: elize.platen@absa.co.za  
**ABSA** Bank Limited/Beperk  
 PREMIUM & KEY ACCOUNTS / 3043  
 PUBLIC SECTOR

for and on behalf of Absa Bank Limited: Director:.....

Thus done and signed at ..... this ..... day of .....  
2017 in the presence of the undersigned witnesses

WITNESSES:

- 1. ....
- 2. ....

for and on behalf of Overstrand Municipality: Director:  
Finance: Santie Reyneke-Naude.

**Operational Service Level Agreement****between****Absa Bank Limited  
(Registration No. 1986/004794/06)  
("Absa")****and****Overstrand Municipality  
("the Client")****"Tender No. SC 1644/2015: The Provision of Banking Services to  
Overstrand Municipality for a contract period ending 30 June 2019."**



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1. **VERSION CONTROL**

Version	Date	Updated By
1.00		

2. **ACRONYMS**

The following table depicts the acronyms that are used within this document.

Acronyms	Definition
SLA	Service Level Agreement
CPI	Consumer Price Index

3. **DEFINITIONS**

Object	Definition
Business Hours	Monday to Friday 08h00 to 17h00; Saturdays 08h00 to 12h00, excluding Sundays and Public Holidays.
Business Day	Any day of the week, excluding Sundays and Public Holidays.
Banking Services	The commercial banking services as set out in the Tender Documents which will be provided by Absa to the Client.
Party/Parties	Absa and the Client and/or either of them.
Tender Documents	The Client's Request for Proposal pertaining to the provision of banking services ;Absa's tender in response to the Client's Request for Proposal; the Client's acceptance of Absa's tender/bid award.

#### 4. INTRODUCTION

- 4.1 Absa submitted a tender for the provision of Banking Services in response to the Client's Request for Proposal no **SC 1644/2015**, which tender was accepted by the Client.
- 4.2 This document sets out the obligations of the Parties with regards to the provision of the Banking Services as well as the terms and conditions governing the relationship between the Parties including but not limited to service levels, key deliverables and performance level indicators.

#### 5. REVIEW AND CHANGE CONTROL

- 5.1 This SLA is a working document and will be reviewed and updated as appropriate by the responsible role-players of both Parties.
- 5.2 Following any amendments to the SLA, the version number as indicated in clause 1 above, will be updated accordingly.

#### 6. RELATION TO OTHER AGREEMENTS AND CONFLICT

- 6.1 The provisions of this SLA shall, to the extent that they are not contrary to the Tender Documents, be supplementary to the Tender Documents in all aspects as they are contained therein.
- 6.2 Some services offered by Absa as part of the Banking Services may be governed by separate terms and conditions. If there is any inconsistency between this SLA and the said separate terms and conditions, the separate terms and conditions will prevail in respect of that specific service.

#### 7. DURATION

This SLA will endure and may be terminated in accordance with the provisions of the Tender Documents.

#### 8. PRICING

- 8.1 The fees payable by the Client to Absa for the provision of the Banking Services are set out in the Tender Documents as quoted by Absa and accepted by the Client.
- 8.2 Absa may amend the fees on an annual basis by giving the Client 30(thirty) days prior written notice, provided that any increase in fees shall not exceed the latest published CPI available at that time.

## 9. HIGH LEVEL IMPLEMENTATION PLAN

- 9.1 Before roll-out a detailed plan of action with time-lines will be discussed and agreed between the Parties.
- 9.2 Where applicable, the transition process of moving accounts from other bank(s) to Absa will be implemented as follows:
- 9.2.1 The Client will provide Absa with the business process flows and all the required statutory account opening documents as soon as possible.
- 9.2.2 All accounts (domestic and cross border) will be opened and where necessary, cheque and deposit books will be ordered and delivered to the Client. Cash management and pooling arrangements will be set up according to the Client's request.
- 9.2.3 Access to electronic banking systems will be arranged, in conjunction with the relevant training of the Client's staff.
- 9.2.4 Letters will be prepared and supplied to the Client of details of new banking account numbers for submission to the Client's debtors and clients.
- 9.2.5 Absa will arrange that all the Client's debit orders details be changed from the old bank to the Absa account details.
- 9.2.6 All accounts except deposit accounts will be transferred immediately to Absa. Deposit accounts will be transferred to Absa at a later stage.
- 9.2.7 The Parties anticipate that the transfer of the Client's accounts to Absa can be completed within 3 months.
- 9.2.8 The lead-time to cover all aspects before rollout will take approximately 8 to 10 weeks.

## 10. BANKING SERVICES

Absa shall provide the Banking Services to the Client as more fully described in the Tender Documents and in the manner as set out hereafter.

- 10.1 Absa must-
- 10.1.1 Use and adopt reasonable professional techniques and standards in providing the Banking Services;
- 10.1.2 Inform the Client accordingly when implementing any changes necessitated by technological advancement.
- 10.1.3 Provide the Banking Services with all due care, skill and diligence;
- 10.1.4 Ensure continuity of Banking Services to the Client.
- 10.2 Absa needs to provide reasonable evidence to the Client for the evaluation of performance in line with this SLA.
- 10.3 Description of specific Banking Service
- 10.3.1 Full transactional banking services.

**11. OBLIGATIONS OF THE CLIENT**

The Client must-

- 11.1 provide Absa with timeous-
  - 11.1.1 Management decisions and any necessary approvals or authorizations to enable Absa to fulfil its obligations under this SLA; and
  - 11.1.2 Access to documents or information owned by the Client, which Absa may reasonably require in executing this SLA.
- 11.2 Monitor and review the services provided by Absa;
- 11.3 Co-operate with Absa in good faith to give effect to this SLA.

**12. RELATIONSHIP MANAGEMENT**

- 12.1 Each Party must, in writing, provide the other Party with names and contact details of individuals authorized to act on the Party's behalf in respect of the Banking Services and the respective scope of authority of such individuals.
- 12.2 Absa must-
  - 12.2.1 provide the Client with the names, contact details and curriculum vitae of the intended client relationship executive within fourteen days after any changes to its team;
  - 12.2.2 Assign a single point of contact for the resolution of information security related issues, and furnish the Client with the names and contact details of such person.
  - 12.2.3 Ensure that the client relationship executive is readily accessible to the Client at all times during the Client's normal business hours. Should the need arise outside Business Hours, reasonable arrangements may be requested by the Client.
- 12.3 The Parties agree to meet regularly to assess performance under this SLA and to consider revision of the SLA.

**13. CONFIDENTIALITY**

- 13.1 For the purposes of this clause "Confidential Information" means all information (including but not limited to financial information), data, reports, records and documentation which either Party may have disclosed and may from time to time disclose to the other or its employees, agents or representatives relating to the provision of the Banking Services.

- 13.2 Except with the prior written consent of the other Party, neither Party shall reveal or otherwise disclose such Confidential Information to any third party, other than to the extent necessary for the provision of the Banking Services.
- 13.3 The obligations set out in this clause 14 shall not apply to information which:
- 13.3.1 at the time of its acquisition had already been published or was otherwise publicly available; or
- 13.3.2 subsequent to its acquisition became (through no fault or failure of either of the Parties) part of the public domain; or
- 13.3.3 can be shown by a Party to have been in its possession prior to acquisition of the Confidential Information from the other Party; or
- 13.3.4 the receiving Party is compelled to disclose the Confidential Information pursuant to any legal or regulatory proceeding or requirement.

#### 14. FORCE MAJEURE

- 14.1 If the performance of any obligation of a Party (except for any payment obligation of the Client) is prevented or interfered with by force majeure, that Party shall be excused from that performance to the extent of that prevention or interference, but shall use commercially reasonable endeavours to perform the affected obligations and shall resume performance as soon as performance becomes reasonably possible. However, should the force majeure continue for a period of 21 (twenty one) days, then the other Party may terminate the affected Banking Service by giving 5 (five) days written notice to the Party that is prevented from performing any of its obligations as a result of force majeure.
- 14.2 For the purposes of clause 15.1, "force majeure" shall include war, earthquake, fire, flood, acts of God or of government, legislative amendment, regulatory interference, strikes and any other industrial disputes, and all other causes beyond the reasonable control of a Party.

#### 15. BREACH

- 15.1 Should any party ("the Defaulting Party") breach any provision of this SLA, the non-defaulting Party, (hereunder referred to as the 'Aggrieved Party') shall give the Defaulting Party written notice of the breach.
- 15.2 Should the Defaulting Party fail to remedy the breach complained of within 7 (seven) days after having received such notice, the Aggrieved Party shall have the right, but not the obligation, to elect to either cancel this SLA, or to claim specific performance which election shall not prejudice the Aggrieved Party nor shall it be deemed to be a waiver by the Aggrieved Party, of any other right, claim or remedy or of its rights to claim damages from the Defaulting Party.
- 15.3 Should the Client be the Defaulting Party and fail to remedy the breach within the aforementioned remedy period, all amounts owing or due to Absa by the Client shall immediately become due and payable notwithstanding that the due date for payment or performance has not arrived yet.

**16. ARBITRATION**

- 16.1 Should any dispute arise between the Parties in regard to this SLA, that dispute shall first be referred for consideration to the Chief Executive Officer of each Party who shall meet and seek to resolve the dispute in good faith.
- 16.2 Should the Chief Executive Officers of the Parties fail to resolve the dispute, the dispute will be referred to and be determined by arbitration in terms of this clause.
- 16.3 This clause shall not preclude any Party from obtaining interim relief on an urgent basis from a court of competent jurisdiction pending the decision of the arbitrator.
- 16.4 The arbitration shall be held:
- 16.4.1 at Johannesburg;
- 16.4.2 with only the legal and other representatives of the Parties to the dispute present thereat; and
- 16.4.3 be subject to the arbitration legislation for the time being in force in the Republic of South Africa,
- it being the intention that the Parties shall use their reasonable endeavours to procure the expeditious completion of the arbitration.
- 16.5 The arbitrator shall be, if the matter in dispute is principally:
- 16.5.1 a legal matter, an independent practising advocate or attorney of Johannesburg of at least 10 (ten) years' standing;
- 16.5.2 an accounting matter, a practising chartered accountant of Johannesburg of at least 10 (ten) years' standing;
- 16.5.3 a tax matter, an independent practising advocate of Senior Counsel status specialising in tax matters, of at least 10 (ten) years standing;
- 16.5.4 any other matter, any appropriately qualified independent person,
- agreed upon between the Parties to the dispute.
- 16.6 Should the Parties fail to agree whether the dispute is principally a legal, accounting, tax or other matter within 7 (seven) Business Days after the arbitration was demanded, the matter shall be deemed to be a legal matter.
- 16.7 Should the Parties fail to agree on an arbitrator within 14 (fourteen) Business Days after the giving of the notice requesting arbitration, the arbitrator shall be appointed at the request of either Party to the dispute by the President for the time being of The Law Society of the Northern Provinces or any successor to that organisation, taking account of whether the dispute is principally a legal, accounting, tax or other matter.
- 16.8 The decision of the arbitrator shall be final and binding on the Parties to the dispute and may be made an order of court at the instance of any of the Parties to the dispute.
- 16.9 The Parties hereby consent to the exclusive jurisdiction of the High Court of South Africa (South Gauteng High Court, Johannesburg) in respect of any proceedings contemplated in the arbitration provisions of this SLA.

- 16.10 The Parties agree to keep the arbitration including the subject-matter of the arbitration and the evidence heard during the arbitration confidential and not to disclose it to anyone except for purposes of an order or court order to be made or as required by any law or regulation or regulatory authority.
- 16.11 The arbitrator shall have the power to fix all procedural rules for the holding of the arbitration, including discretionary powers to make orders as to any matters which he may consider proper in the circumstances of the case with regard to submissions, pleadings, discovery, inspection of documents, examination of witnesses and any other matter relating to the conduct of the arbitration. The arbitrator may receive and act on all such evidence, whether oral or written, strictly admissible or not, as he in his discretion may deem fit. Unless the arbitrator otherwise expressly directs, the arbitration shall be conducted according to the procedures laid down by the Uniform Rules of the High Court of South Africa as amended and adapted by any special rules or practices applicable in the South Gauteng Division of the High Court of South Africa (as presently constituted).
- 16.12 The provisions of this clause:
- 16.12.1 constitute an irrevocable consent by the Parties to any proceedings in terms hereof and no Party shall be entitled to withdraw there from or claim at any such proceedings that it is not bound by such provisions;
- 16.12.2 are severable from the rest of this SLA and shall remain in effect despite the termination of or invalidity for any reason of this SLA.

## 17. DOMICILIA AND NOTICES

17.1 The Parties choose the addresses below for the purpose indicated.

17.2 Domicilium citandi et executandi of ABSA :

The Manager  
 Legal – Documentation and Governance Services  
 Absa Capital, a division of Absa Bank Limited  
 Ground Floor  
 15 Alice Lane  
 Sandown  
 Sandton  
 2196

17.3 Domicilium citandi et executandi of the Client is its address stated in any application or service registration form pertaining to the Banking Services.

17.4 Any notice, document, title document, proof, advice, disclosure, consent, approval, condonation, demand, confirmation, certification, request or communication referred to, required, or permitted to be given in terms of this SLA, and any waiver of any right or provision, shall be valid and effective only if in writing (including a notice or communication transmitted by fax or email).

17.5 Either Party may by notice to the other Party change the physical address chosen as its domicilium citandi et executandi to another physical address in the Republic of South Africa,



C/10/11

provided that the change shall become effective on the 3<sup>rd</sup> (third) Business Day from the deemed receipt of the notice by the addressee.

- 17.6 Any notice to a Party:
- 17.6.1 sent by courier in a correctly addressed envelope to it at its chosen address shall be deemed to have been received on the 3<sup>rd</sup> (third) Business Day after sending (unless the contrary is proved); or
- 17.6.2 sent by prepaid registered post to it at its chosen address shall be deemed to have been received 7(seven) days after posting; or
- 17.6.3 delivered by hand to a responsible person during ordinary business hours at its chosen address shall be deemed to have been received on the day of delivery; or
- 17.6.4 sent by fax to its chosen fax number shall be deemed to have been received at the time of transmission (unless the contrary is proven); or
- 17.6.5 sent electronically by e-mail to its chosen e-mail address shall be deemed to have been received at the time the notice enters an information system designated or used for that purpose by the Party and is capable of being retrieved and processed by the Party.
- 17.7 Notwithstanding anything to the contrary herein contained a written notice or communication (other than a Title Document) actually received by a Party shall be an adequate written notice or communication to it notwithstanding that it was not sent to or delivered at its chosen legal address.

## 18. SANCTIONS

- 18.1 Absa is part of a global financial institution that complies and will in future comply with international and local anti-money laundering, counter terrorist financing, financial sanctions and prohibited business activity laws, regulations, policies and requirements.
- 18.2 Absa may screen, verify and process information of the Client and thereafter monitor all information, instructions and transactions by and on behalf of the Client in relation to all transactions and to the business relationship on a continuous basis.
- 18.3 This may result in the prohibition, limitation, delay in the execution of instructions or transactions and even in the declining or terminating any transaction or the business relationship with the Client.

C11/11

18.4 To the extent permitted, Absa shall advise the Client of any action it intends to take in terms hereof.

18.5 The Client acknowledges and confirms that neither Absa nor its affiliates, employees, officers, or directors, shall be liable for any direct, indirect or consequential loss, damage, costs or expenses whatsoever that may be suffered or incurred by the Client as a result of, arising from or relating to any such prohibition, limitation, delay, decline or termination due to the implementation of this clause.

## 19. GENERAL

19.1 The Client shall not cede any of its rights or delegate any of its obligations under this SLA, provided that Absa shall be entitled to cede and/or delegate any of its rights and obligations to any third party without the prior written consent of the Client.

19.2 No relaxation or indulgence which either Party may show to the other shall in any way prejudice any of that Party's rights hereunder or be construed as a waiver or novation of any of its rights against the other Party.

19.3 This SLA shall, in all respects, be governed by and construed in accordance with the laws of the Republic of South Africa.

19.4 This SLA constitutes the whole agreement between the Parties relating to the subject matter hereof.

19.5 No alteration, cancellation, variation of or addition to the provisions of this SLA shall be of any force or effect unless reduced to writing and signed by both Parties.

## 20. SIGNATURES

The following people from Absa and the Client have agreed to the commitment of this SLA:

Name	Department	Date	Signature



**TENDER NO.: SC 1644/2015**

**TRANSVERSAL AGREEMENT: PROVISION OF BANKING SERVICES  
MFMA INFORMATION STATEMENT**

**1. OBJECTIVE**

Duly awarded by the Bid Adjudication Committee on 30 October 2015, the Municipality hereby makes public its intention to amend an existing contract and enter into a long term contract regarding the provision of banking services.

As the proposed Contract would extend beyond a period of three years, the Municipality must comply with S33 and S116 of the Local Government: Municipal Finance Management Act No. 56 of 2003.

The objective of this Information Statement is to inform the community and other interested parties of the proposed contract regarding the Municipality's provision of banking services.

**2. INVITATION**

The local community and other interested parties are hereby invited to submit to the Municipality comments or representations in respect of the proposed contract for the provision of banking services.

**3. PROCEDURE FOR GIVING COMMENTS**

Members of the local community and other interested persons are invited to submit to the Municipality their comments or representations in respect of the proposed contract for the provision of the Municipality's banking services **before 12:00 on Monday, 26 June 2017 in a sealed envelope clearly endorsed "Provision of Banking Services"** and addressed to: Municipal Manager, P.O. Box 20, Hermanus, 7200 and to be deposited in Tender box no. 7.

Written enquiries for clarification can be directed to Mr Bernard King e-mail: [bking@overstrand.gov.za](mailto:bking@overstrand.gov.za).

Any person who wishes to submit comments or representations in respect of the proposed contract and who cannot write will be assisted by the Director: Finance or a person designated by her at Overstrand Municipality, Hermanus up to Monday, 26 June 2017.

#### **4. PROJECT BACKGROUND**

In terms of the Municipal Financial Management Act (MFMA) and Supply Chain Management Regulation 30, the Municipality must procure banking services. The Primary Bank Account receives all revenue due to the Municipality, all income received on its investments, all income received in connection with its interest in any municipal entity including dividends, all money collected by the Municipality, entity or other external mechanism on behalf of the Municipality and any other monies as may be prescribed, as well as all disbursements for the payment of creditors, salaries and wages and any other monies due.

A transversal agreement SC1644/2015 was awarded to ABSA by the Bid Adjudication Committee on 30 October 2015 for a period of 2 years, ending 30 November 2017.

Due to the piloting of the Municipal Standard Chart of Accounts (mSCOA) and the further implementation thereof by Overstrand Municipality, which raises many challenges and risks as well as unquantified opportunities in terms of the Modernisation Project for the SAMRAS financial system, e.g. Ratepayers' Portal, other new enhanced components and continuous innovation, inclusive of security relating to anti-hacking and functional data security, it was recognised from the onset that the integrated banking in the system software was important in the implementation of mSCOA and challenges that would be posed if the integrated banking had to change to a different financial institution while implementing mSCOA.

#### **5. THE CONTRACT**

##### **5.1. Key Driver**

The key driver of the Contract is the need to:

Procure Banking Services in terms of the Municipal Finance Management Act, No 53 of 2006, as a municipality must have a Primary Bank Account.

The following monies are paid into the Primary Bank Account:

- All revenue due to the Municipality.
- All income received by the Municipality on its investments
- All income received by the Municipality in connection with its interest in any municipal entity including dividends.
- All money collected by the Municipality, entity or other external mechanism on behalf of the Municipality.
- Any other monies as may be prescribed.
- All disbursements

## 5.2. Key Outcomes

The key outcome sought is cost effective and efficient systems integrated banking services for the Municipality.

## 5.3. Scope

The scope of work addresses ABSA providing banking services which would include cash management, revenue collection, credit card facilities, internet banking and electronic and cheque payments.

## 5.4. Term

The contract term is for a term of one year and seven months, as it is planned that the contract will become effective 1 December 2017 and end 30 June 2019.

## 5.5. Risk Transfer

Cost saving benefits and the minimising of risks are summarised as follows:

- Establishment cost and training

No establishment costs (electronic bank services implementation) will be incurred as the service provider remains the same as the current service provider. No re-training and possible costs of training of staff on new systems.

- Revenue Collection

Numerous risks would be encountered of which revenue collection is the major risk. The integration of client accounts with the current software system and financial institution is paramount in sustainable revenue collection.

- Modernisation

The current software system provider is implementing modernisation of the current service offering, with the implementation of mSCOA, to be implemented by 1 July 2017. The service provider for the current financial system (SAMRAS) is continuously switching on different components of newly developed software, as could be the case over the next twenty four months. It is therefore deemed critical to, as far as possible, have a stable and manageable

environment, inclusive of avoiding any negative impact of collecting outstanding monthly accounts via electronic transactions, bank statement downloading, bank file uploads to the financial system, creditors and remuneration runs, etc.

#### **Admin Expenses**

Costs will be incurred relating to expenses for a change to another financial institution as a campaign will have to be rolled out to inform all customers thereof.

#### **5.6. Remuneration Model**

We are of the opinion that the procurement of banking services under a contract secured by another organ of state, Langeberg Municipality, for banking services offered by ABSA Bank has demonstrated financial cost saving benefits at this stage and will continue over the next nineteen months. The extension of the contract will be at the same terms, conditions and rates.

#### **5.7. Impacted employees**

No employees are impacted by this contract.

### **6. NEXT STEPS**

Members of the local community and other interested persons are invited to submit to the Municipality their comments or representations in respect of the proposed contract.

The Municipality will finalise the contract with the preferred bidder and will solicit and receive the views and recommendations of stakeholders, including National and Provincial Treasuries and the National department responsible for local government. The contract and all comments and views received relevant to the contract will be presented to Council for the final decision as to whether to enter into the Contract.

ANNEXURE E1/3



Navrae:  
Enquiries: B A King

Leerwysing:  
File Reference: SC1644/2015

Datum:  
Date: 21 April 2017

KANTOOR VAN DIE MUNISIPALE BESTUURDER /  
OFFICE OF THE MUNICIPAL MANAGER

To: National Treasury – Messrs TV Pillay & W McComans  
Provincial Treasury Western Cape – Mr Z Hoosain  
Co-operative Governance and Traditional Affairs (COGTA) – Mr T Lebohang

**AMENDMENT OF CONTRACT SC1644/2015: PROVISION OF BANKING SERVICES FOR A CONTRACT PERIOD OF 2 YEARS, ENDING 30 NOVEMBER 2017**

In order to give effect to the provision of section 33 of the Local Government: Municipal Financial Management Act, No 56 of 2003 (MFMA), your solicited views and recommendations are hereby requested with regard to the above.

In order for you to express your views and recommendation(s) as required in terms of section 33(1)(b)(iv) please find attached the following:

1. Annexure A: Information Statement
2. Annexure B: Existing Contract
3. Annexure C: Draft Amended Contract
4. Annexure D: Adendum to the existing contract indicating the intent of both parties to extend the existing agreement, subject to the approval of the SCM Bid Adjudication Committee and the Overstrand Municipal Council.
5. Annexure E: Advertisement inviting the local community and interested stakeholders to submit representations or comments on the amendment of the existing contract for a period beyond three years.

Cognisance must be taken that a contract for a period beyond three years will be proposed, giving effect to section 33 of the MFMA, 2003.

In terms of section 33 (1)(a) you are hereby notified of the Overstrand Municipality's intent to enter into a contract which will impose a financial obligation beyond the three years covered in the annual budget for the 2017/2018 & 2018/2019 financial year.

Please express your views and recommendation(s) to the undersigned on or before 26 June 2017, in order for the local council to take all representations into account for decision making, giving effect to section 33(1)(b)(i-iv) of the MFMA.

Yours sincerely

  
\_\_\_\_\_  
C.C. GROENEWALD  
MUNICIPAL MANAGER





**national treasury**

Department  
National Treasury  
REPUBLIC OF SOUTH AFRICA

Private and Confidential  
Tel: 012 312 3550 Fax: 012 312 4000  
MFMA/nstresury@tax.za.gov.za

The Municipal Manager  
Overstrand Municipality  
P. O Box 20  
HERMANUS  
7200

For Attention: Mr C Groenewald

Fax: (028) 313 0030

Dear Sir

**RE: PROPOSED LONG TERM AND AMENDMENT OF CONTRACT SC1644/2015 FOR THE PROVISION OF BANKING SERVICES WITH ABSA IN OVERSTRAND MUNICIPALITY, GIVING EFFECT TO LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (MFMA) NO. 56 OF 2003: SECTION 33 AND 116(3)**

Your letter, dated 21 April 2017 and received 24 April 2017, requesting the National Treasury's comments in terms of section 33 and 116(3) of the MFMA on the municipality's intention to amend its current banking services contract and enter into a long-term contract, has reference.

We have noted the contents of the letter, including the copy of the information statement, the current contract and draft contract, the notice of intention to amend signed by both the municipality and financial service provider and the newspaper advertisement inviting comments from the public.

From the information provided it is our understanding that the municipality wishes to extend an existing contract. The applicable section in this instance would be section 116(3) of the MFMA. The municipality must ensure that any comments received during this process must be considered and responded to before the finalisation of the transaction including tabling the reasons for amending the contract in council. Kindly also ensure that appropriate budget allocation exist for this additional expenditure to be incurred

Yours sincerely

**Jayce Nair**  
**Acting Accountant-General**

Date: 2017-06-05

Cc: Chief Financial Officer  
Cc: MFMA Coordinator: Western Cape Provincial Treasury



**CONTRACT AMENDMENT MEETING**

**ATTENDANCE REGISTER AND UNDERTAKING OF CONFIDENTIALITY AND IMPARTIALITY**

<b>DATE:</b>	03/04/2017	<b>CONTRACT NO:</b>	SC1644/2015
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I, the undersigned, hereby declare:

1. that all information, documentation and decisions regarding any matter before the committee are confidential and undertake not to make known anything in this regard
2. that I will treat all providers and potential providers equitably and will not purposefully favour or prejudice anybody
3. that I will make known details of any private or business interest which I, or any close family member, partner or associate may have in any proposed procurement or disposal process of, or in any award or contract and that I will immediately withdraw from participating in any manner whatsoever

NAME	DEPARTMENT / SECTION MUNICIPALITY	SIGNATURE
LORRAINE BOTMA	FINANCE	<i>Botma</i>
B.A. KING	FIN. SERVICES	<i>B.A. King</i>
Johanndie Grobler	SCM	<i>J Grobler</i>
DRM POTGIETER	SCM	<i>DRM Potgieter</i>
SG. Rejshale Nande	Finance	<i>Rejshale Nande</i>



DATE OF MEETING	03/04/2017	SC NUMBER:	SC1644/2015
		BIN NUMBER:	SC1644/2015

**MINUTES OF A CONTRACT AMENDMENT MEETING HELD IN THE SCM UNIT**

CONTRACT TITLE:	Transversal Agreement: Contract 24/2013: Provision of Banking Services for a contract period of 2 years, ending 30 November 2017		
BUDGET HOLDER	Bernard King	TEL. NO:	028 313 8154
CONTACT PERSON (Municipal Official)	Bernard King	TEL. NO:	028 313 8154
CONTACT PERSON (Contractor)	Eliza Platen	E-mail address	Eliza.Platen@gabea.co.za
Current Agreement: Expiry date:	30/11/2017		

**1. FINANCIAL INFORMATION - CURRENT CONTRACTUAL**
**a. Budget information**

	YEAR 1 (2015/2016)	YEAR 2 (2016/2017)	YEAR 3 (2017/2018)			
Current Contract Expenditure (EXCL. VAT):	R840 000 +	R 1526 400 +	R 074 160 =	Total Contract Cost (EXCL. VAT)	R3 040 560	Total (INC. VAT)
Budget 1	R 1 057 766	R1 737 764	R1 842 030	U-Key	20150212013391	
				Cost Account	10180203840000	
				SCOA Project Segment	Municipal Running Cost	
				SCOA Item Segment	Oper Cost: Bank Charges Bank Acc	
Budget 2				U-Key		
				Cost Account		
				SCOA Project Segment		
				SCOA Item Segment		
Total budget	R1 057 766 +	R1 737 764 +	R1 842 030 =	TOTAL BUDGET	R4 637 560	

b.	Points	80/29		90/10		Recurring Contract	YES	X	NO
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c.	VERIFICATION CERTIFICATE FROM THE CFO – bids in excess of R10M – all applicable taxes incl.) issued PRIOR to advertising (Form A1)	YES		NO
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**2. FINANCIAL INFORMATION - AMENDMENT**

	YEAR 1 (2017/2018)	YEAR 2 (2018/2019)	YEAR 3 (2019/2020)			
QUOTED Contract Expenditure (EXCL. VAT):	R1 390 620 +	R 1 460 151 +		Total Contract Cost (EXCL. VAT)	R2 850 771	Total (INC. VAT)
Budget 1	R1 390 620	R1 460 151		U-Key	20150212013391	
				Cost Account	10180203840000	
				SCOA Project Segment	Municipal Running Cost	
				SCOA Item Segment	Oper Cost: Bank Charges Bank Acc	
Budget 2				U-Key		
				Cost Account		
				SCOA Project Segment		
				SCOA Item Segment		
Total budget	R1390 620 +	R1 460 151 +	R0 =	TOTAL BUDGET	R2 850 771	



DATE OF MEETING	03/04/2017	SC NUMBER:	SC1644/2015
		B/M NUMBER:	SC1644/2015

3	CDB DETAILS		At least a minimum of:		
	CDB GRADING (Indicate with an "X")				
	1 = UP TO R200,000.00	2 = UP TO R650,000.00	3 = UP TO R2M	4 = UP TO R4M	5 = UP TO R8.5M
6 = UP TO R43M	7 = UP TO R40M	8 = UP TO R130M	9 = NO LIMIT		
4	CONTRACT AMENDMENT INCREASE National Treasury Circular 62 Threshold = 20%				
	Contract Number and Name				
	Total value		Extension/amendment Value		Value %
	Date Awarded				
5	MOTIVATION FOR AMENDMENT – COMPULSORY FOR A SECTION 62 AND 116 AMENDMENT				
	<p>The piloting of mSCOA and implementation thereof by Overstrand raises many challenges and risks as well as unquantified opportunities in terms of the Modernisation Project for the SAMRAS financial system, e.g. Rate-payers' Portal, other new enhanced components and continuous innovation, inclusive of security relating to anti-hacking and functional data security.</p>				
	<p>We are of the opinion that the procurement of banking services under a contract secured by another organ of state, Langeberg Municipality, for banking services offered by ABSA Bank has demonstrated benefits at this stage and will continue over the next nineteen months.</p>				
	<p>Cost saving benefits and the minimising of risks are summarised as follows:</p>				
	<p><b>Establishment cost and training</b> No establishment costs (electronic bank services implementation) will be incurred as the service provider remains the same as the current service provider. No re-training and possible costs of training of staff on new systems.</p>				
	<p><b>Revenue Collection</b> Numerous risks would be encountered of which revenue collection is the major risk. The integration of client accounts with the current software system and financial institution is paramount in sustainable revenue collection.</p>				
	<p><b>Modernisation</b> The current software system provider is implementing modernisation of the current service offering, with the implementation of mSCOA, to be implemented from 1 July 2017. The service provider for the current financial system (Samras) is continuously switching on different components of newly developed software, as will be the case over the next twelve months. It is therefore deemed critical to, as far as possible, have a stable and manageable environment, inclusive of avoiding any negative impact of collecting outstanding monthly accounts via electronic transactions, etc.</p>				
	<p><b>Admin Expenses</b> Costs will be incurred relating to expenses for a change to another financial institution as a campaign will have to be rolled out to inform all customers thereof.</p>				
	<p><b>Tariffs are market related (Rates of award)</b> The rates of award of Langeberg municipality is favourable against the award of the current service provider in that the major expense items are equal or lower than that award. In that savings were generated from the onset compared to the rates prior to engaging the Langeberg tender.</p>				
	<p>From the onset it was recognised that the integrated banking in the system software was important in the implementation of mSCOA and challenges that would be posed if the integrated banking had to change to a different financial institution while implementing mSCOA.</p>				



DATE OF MEETING	03/04/2017	SC NUMBER:	SC1644/2015
		BIN NUMBER:	SC1644/2015

<b>6. ADVERTISEMENT</b>			
Date Advertised	21/04/2017	Closing Date	26/06/2017
Closing Time	12H00	BIN / Tender Box Number	7

**ADVERTISE IN THE FOLLOWING MEDIA:**

NAME	ADV.	SENT	NAME	ADV.	SENT	NAME	ADV.	SENT
Overstrand Website	X		Notice Boards	X		Purchasing Department		
Hermanus Times	X		Cape Times	X		Die Burger	X	
Gansbaai Courant			Overstrand Herald			e-Tender		
CIDB Website			Other					

<b>7. CONTRACT CLASSIFICATION</b>			
SET VALUE	TARIFFS /RATES	AS AND WHEN	

<b>8. MEETING DATES</b>		Submit before: 14/07/2017	Submit before: 27/08/2017
COUNCIL MEETING	28/07/2017	BID EVALUATION COMMITTEE	06/07/2017
		BID ADJUDICATION COMMITTEE	14/07/2017

**9. Budget Office: (COMPLETED SPECIFICATIONS MUST BE ATTACHED)**  
 I hereby certify that the project and item segments and a budget allocation exist for the cost account/s listed above as at this date

Comments:	The budget office does not confirm the budget amounts listed above unconditionally, as it is the Budget Holder's responsibility to ensure that sufficient funds are available before the award of the tender and to ensure that all prior commitments have been taken into consideration.		
Name	B.A. KING	Signature	
		Date	2017-4-13

**10. Expenditure & Assets Office: (COMPLETED SPECIFICATIONS MUST BE ATTACHED)**  
 I hereby certify that the correct cost accounts are used for the project and that this project will be funded by the: (Please indicate with an 'X')

Capital Budget	Operational Budget	X
Comments	Normal operational expenditure.	
Name	J. Vanster	Date
	Signature	13/4/2017

**CERTIFICATION BY DULY DELEGATED BUDGET HOLDER**

In the capacity as: (Designation) **SNR MANAGER: FINANCIAL SERVICES**

I hereby certify that the attached draft specifications have been prepared, duly considering the requirements of Clause 27(2) of Council's Supply Chain Management Policy (Annexure A), that the project has been duly budgeted for and that the estimated budget for the project is a reasonable reflection of what might be expected in the current market conditions cognisant of the requirements of Clause 8 of Council's Preferential Procurement Policy (Annexure B).

In terms of my duties as technical expert I hereby recommend that the attached specifications be approved.

B.A. KING		2017-04-13
Name	Signed	Date



DATE OF MEETING	03/04/2017	SC NUMBER:	SC1644/2015
		BIN NUMBER:	SC1644/2015

CERTIFICATION BY DIRECTOR		
In the capacity as DIRECTOR:	finance	
<p>I hereby approve the attached bid specification as recommended above (Paragraph 27.1 of the Supply Chain Management Policy states that the appropriate bid specification committee must compile the specifications for each procurement transaction for goods or services by the Municipality, depending on the department involved. The specifications must be approved by the relevant director prior to publication of the invitation for bids in terms of clause 27.2.g of this Policy.), and confirm that:</p> <ol style="list-style-type: none"> <li>budgetary provision exists for procurement of the goods, services and/or Infrastructure; and</li> <li>provision has been made for any ancillary budgetary implications related to this bid, e.g. does budgetary provision exist for the operation of this project, maintenance costs relating to this project, administration costs and rehabilitation / renewal costs</li> </ol>		
St. Reynolds-Noude		21/04/2017
Name	Signed	Date



<b>DATE OF MEETING</b>	03/04/2017	<b>SC NUMBER:</b>	SC1644/2015
		<b>BIN NUMBER:</b>	SC1644/2015

**NOTES:**

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Overstrand Municipality Evaluation in terms of the Preferential Procurement Regulations			
Compliance Check of Tender No.		SC 1644A/2015	
CONTRACT NUMBER:		EXTENSION OF CONTRACT SC1644/2015: TRANSVERSAL: PROVISION OF BANKING SERVICES	
Name of Service Provider		Absa Bank Limited	
Authority to sign bid		Authorised	
Valid Tax Clearance Certificate (provide expiry date)	MBD2	2018/03/03	
TCC Number		0700/1/2017/A000784652	
VAT Registration (provide number)		4940112230	
Income Tax Number		9575117719	
Declaration of Interest	MBD4	Declared	
Declaration of Past SCM Practices	MBD8	Declared	
Certificate for Payment of Municipal Services	MBD15	Declared	
Municipal Account		* Declared	
Declaration		Completed & Signed	
Suppliers database registration		644	
National Treasury Register for Tender Defaulters		Not Listed	
National Treasury Database for Restricted Suppliers		Not Listed	
E-Mail address		elize.platen@absa.co.za	
NOTES		* The bidder indicated that they cannot provide copies of municipal accounts for the non-executive directors	
<b>Certification:</b> It is hereby certified that the abovementioned information have been compiled from the applicable tender documents and that verifications required in terms of the Supply Chain Management Policy have been undertaken and that the recommended tenderer(s) comply in all respects, except if and where specifically indicated otherwise.			
Compiled by: (SCM Office)	A Moore	Signature	2017/05/15
	Name		Date
Verified by: (SCM Office)	L du Preez	Signature	2017/05/15
	Name		Date