

MEMORANDUM OF AGREEMENT

Entered into by and between:

THE NORTHERN CAPE GOVERNMENT

via the

NORTHERN CAPE PROVINCIAL TREASURY

(Herein represented by HV GUMBO in his capacity as the Acting Accounting Officer of the Provincial Treasury)

(Hereinafter referred to as "the Department")

and

PIXLEY KA SEME DISTRICT MUNICIPALITY

(Herein represented by R. PIETERSE in his capacity as Municipal Manager of Pixley ka Seme District Municipality)

(Hereinafter referred to as the Municipality)

WHEREAS the Provincial Government of the Northern Cape, in terms of section 154(1) of the Constitution of the Republic of South Africa, 1996, must support and strengthen the capacity of local government in the Province, to manage their own affairs, to exercise their powers and to perform their functions;

AND WHEREAS the Provincial Government, in terms of section 34(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003), must by agreement assist municipalities in building their capacity for efficient effective and transparent financial management;

[Handwritten signature and initials]

AND WHEREAS the parties have reached an agreement in terms of which the Department will transfer an amount of R 2 300 000 ("the funds"), as a contribution towards the **shared internal audit services for Pixley ka Seme District Municipality**. The purpose is as set out in the business plans, marked as Annexure A, which were submitted to the Department and incorporated herein ("the project").

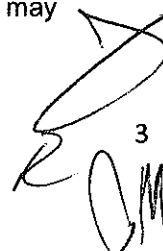
NOW THEREFORE THE PARTIES RECORD THEIR AGREEMENT AS FOLLOWS:

The Department shall effect payment of the funds not later than 31 March, subject to the following terms and conditions:

1. This agreement shall be effective as from the day of signature to give effect to the gazetting and transfer of the funds to the municipality.
2. Funds must only be utilised for the purpose as captured in the business plans that were submitted for funding to the Department.
3. The Municipality must appoint service providers in accordance with the statutory procurement processes that may be applicable.
4. The Municipality must ensure that the requirements of all applicable circulars, instructions, guidelines and practice notes issued by the National Treasury in terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003) are adhered to.
5. The funds shall be deposited into the Municipality's primary bank account opened in the name of the Municipality with any banking institution in the Republic of South Africa, registered in term of Section 7 of the Municipal Finance Management Act, 2003 (Act 56 of 2003).
6. Interest earned may only be utilised for the benefit of the projects in the Business Plans.
7. Surplus funds, including interest earned thereon, must be paid back to the Department immediately after the completion of the project clearly indicating the project reference number.
8. Unspent funds at 30 June of each financial year must revert back to the Department unless a Municipality makes a roll over application for such funds to be rolled over to complete the projects and such application is approved by the Department in writing.
9. All financial records and documentation, indicating the project number or reference number, must be retained for audit purposes and must be made available by the Municipality to the Department on request.
10. A report signed by the Municipal Manager confirming that the transferred funds were only utilised for the financial management support, which indicates the total allocation, total expenditure and total interest generated must be forwarded to the Head of Treasury within six (6) months of the end of the 2016/17 Municipality's financial year.
11. The Municipal Manager must confirm that the utilisation of the funds was audited internally. This confirmation must form part of the documentation submitted to the Department for audit purposes which is being referred to in clause 9 of this agreement.

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12. The Municipality must submit monthly financial returns and quarterly non-financial reports as per the grant framework, to the Head of Treasury for the duration of this agreement. The returns are due on the same date that a municipal section 71 report is submitted.
13. The Department reserves its right to request additional information pertaining to any matters or issues raised in or relevant matters or issues omitted from a return, and the Department reserves its right to carry out on-site inspections of the project to inspect evidence of expenditure and to quantify the outputs.
14. The Municipality grants authorised provincial officials' access to its financial records pertaining to the projects at all reasonable times and these officials shall be entitled to inspect the Municipality records at the Municipality premises after the Department has furnished the Municipality with reasonable written notice of its intention to do so.
15. The Head of Treasury will:
 - (i) Ensure that the business plans meet the minimum requirements and that conditions contained in the gazette are complied with when transferring funds to the Municipality;
 - (ii) Receive written assurance from the Municipality, through signing this agreement, that the Municipality implements effective, efficient and transparent financial management and internal control systems;
 - (iii) Enforce compliance with prescribed conditions as contained in this Memoranda of Agreement and the allocations' gazette as published and
 - (iv) Ensure that the Department receives value for money from the transfers made to the Municipality,
 - (v) Cover 50% of the total cost required to sustain shared internal audit services
16. The Municipal Manager provides assurance that:
 - (i) The business plans that were submitted for funding meet minimum requirements;
 - (ii) The Municipality implements effective, efficient and transparent financial management and internal control systems to manage the funds; and
 - (iii) The Municipality will ensure value for money on the outputs that will be delivered.
 - (vi) Municipality submits a finance recovery plan to the Provincial Treasury through identification of revenue sources to ensure sustainability of internal audit services.
 - (vii) The funds are available to cover the remainder of the total costs falling out of Provincial Treasury support.
17. Should the Municipality breach any or all of the terms and conditions as set out in this agreement, and failing to remedy such breach within seven working days of receiving written notice from the Department requiring it to do so, the Department, without detriment to any other remedy which may be available to it in law, shall be entitled to cancel this agreement and to claim back all allocated funds with interest from the Municipality.
18. Any dispute which may arise between the parties as to the interpretation, application or performance of this agreement, including its validity or termination, or with regard to any further agreement which may result there from and which cannot be settled amicably, may be submitted by either party to final and binding arbitration, to be held in Kimberley, without detracting from a party's right to institute action or motion proceedings in a court of competent jurisdiction in Kimberley in respect of any dispute that may arise out of this agreement.



3

19. This Memorandum of Agreement constitutes the sole and only agreement between the parties pertaining to the subject matter thereof, and no amendments thereto shall be of any force or effect unless reduced to writing and signed by both parties.
20. If any of the clauses of this agreement or annexures thereto are found to be invalid or not binding on the parties, such finding will not affect the validity of this agreement and the parties agree to be bound by the other provisions of the agreement.
21. This agreement constitutes the entire agreement between the parties and no amendment alteration, addition or variation of any right term or condition of this Memorandum of Agreement will be of any force or effect unless reduced to writing and signed by the parties to this agreement.
22. The parties choose the following addresses for purposes of serving any notices -

22.1 Municipality: Pixley ka Seme
 Physical: Culvert road
 Postal: Private Bag X1012
 De Aar
 7000
 Facsimile: 053 631 2529
 Contact person: R. Pieterse

22.2 The Department: PROVINCIAL TREASURY
 For attention: HV Gumbo
 Physical: MetLife Tower Building
 Postal: Private Bag X5054
 KIMBERLEY
 8300
 Facsimile: 053 832 2220
 Contact persons: HV Gumbo


SIGNED AT  ON THIS 30th DAY OF MAY 2016

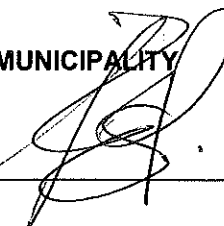

 THE DEPARTMENT

AS WITNESSES

1. _____

2. _____

SIGNED AT  ON THIS 30.05.2016 DAY OF MAY 2016


 THE MUNICIPALITY

AS WITNESSES

1. 

2. _____