

# SERVICE LEVEL AGREEMENT

Entered by and between

## THE GEORGE MUNICIPALITY

(Herein represented by Dr M Gratz in her capacity as Acting Municipal Manager)

(Hereinafter referred to as "the George Municipality")

And

## MOORE CONSULTING SOUTHERN CAPE (PTY) LTD

(Hereinafter referred to as "the Service Provider")

(Hereinafter represented by... *Andriette Badenhorst*.....)

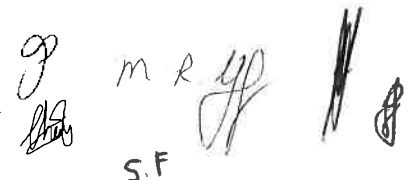
COLLABORATOR REFERENCE: 2134690

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*[Signature]* *S.F* *[Signature]*

**WHEREBY THE PARTIES AGREE AS FOLLOWS:**

**1. PREAMBLE**

- 1.1 The George Municipality has appointed the Service Provider, for a period of three (3) years under Tender No. MM021 of 2021 (MM021/2021), commencing on 10 January 2022 and terminating on 9 January 2025.
- 1.2 The Service Provider will provide the required capacity and expertise for internal audit related assurance, advisory and specialist services (hereafter referred to as the “services”) where management or the Audit Committee would require it, and assist the internal audit function and the Accounting Officer, in the effective discharge of their objectives, duties and responsibilities by bringing in a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes, as well as to transfer skills in the process.
- 1.3 The Service Provider has accepted such appointment and shall render the services to the George Municipality, on the terms and conditions as set out in this agreement, the tender specifications, the special conditions applicable to this tender, the stipulations in the bid document and the appointment letter dated 17 November 2021, which are hereto attached, and will all form part of this agreement.
- 1.4 The tender specifications provide for current and future inhouse capacity in the Internal Audit Department, as well as interns and students. Inhouse resources should be incorporated in project teams where possible, resulting in integrated project teams, on-the-job training, mentorship and skills transfer, i.e. co-sourced Internal Audit function.
- 1.5 The pricing of the services will be done in terms of the pricing proposal submitted by the Service Provider as per Tender No. MM021 of 2021.

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## 2. INTERPRETATION

2.1 The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have a corresponding meaning, namely:

2.1.1 **“Agreement”** shall mean this Service Level Agreement, together with all the bid documents, and any other annexures hereto, and **“this agreement”** shall have a corresponding meaning;

2.1.2 **“Municipality”** means the George Municipality;

2.1.3 **“Parties”** means the Service Provider and the George Municipality; and

2.1.4 **“Signature Date”** means the date on which this agreement is signed by the Party signing last in time.

## 3. DURATION

3.1 The Services shall be rendered for a period of three (3) years, starting from 10 January 2022, subject to compliance with any legislative prescripts.

## 4. THE SERVICES

4.1 The Service Provider shall render all expected deliverables to the Municipality, in accordance with the tender specifications, the special conditions applicable to this tender, the stipulations in the Bid document and the terms and conditions set out in this agreement, as well as the Standard Terms of Business, which is hereto attached as Annexure A.

4.2 Services in 4.1 *supra* will not be duplicated herein, but reference to specific salient areas are as follows:

4.2.1 Internal Audit Methodology:

4.2.1.1 Implement the Municipality’s own Internal Audit methodology.

4.2.1.2 Annually (or more often if required) review and recommend changes to the Internal Audit methodology to ensure continued conformance with the standards and mandatory elements of the International

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Professional Practices Framework (IPPF) and relevant regulations, legislation and leading practice.

4.2.1.3 Annually (or more often if required) review and recommend changes to the Internal Audit methodology to improve efficiency, effectiveness, economy and value-adding services delivery of Internal Audit.

4.2.2 Internal Audit Charter:

4.2.2.1 Annually (or more often if required) review and recommend changes to the Internal Audit Charter to ensure continued conformance with relevant regulations, legislation, standards and leading practice.

4.2.3 Facilitate the continued maturity of the Internal Audit Activity / Function / Department including *inter alia*:

4.2.3.1 Quality Capability Maturity Model: facilitate the continued improvement in the state of maturity.

4.2.3.2 Facilitate the implementation of the Quality Assurance Improvement Plan.

4.2.3.3 Facilitate the implementation of the recommendations from the External Quality Assurance Review.

4.2.3.4 Facilitate the implementation of key areas assessed by other entities including National Treasury and Provincial Treasury, relating to maturity and capability assessments.

4.2.3.5 Facilitate reporting and compiling Proof of Evidence (POEs) for the assessments.

4.2.4 Facilitate the timely achievement of and compiling related Proof of Evidence (POEs) for Internal Audit's approved Key Performance Indicators (KPIs).

4.2.5 Facilitate the timely achievement of and compiling related Proof of Evidence (POEs) for Internal Audit's compliance-related areas.

4.2.6 Assist internal audit with its activities relating to the Audit Committee when required.

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- 4.2.7 Assist internal audit with its activities relating to the external audit when required.
- 4.2.8 Prepare and hold workshops and presentations to the Municipality when required.
- 4.2.9 Prepare, implement and report on structured training and a formal skills transfer processes to the Internal Audit Department and relevant municipal officials.
- 4.2.10 Facilitate secure, complete and efficient document management, storage and archiving for all records relating to the services performed by the Service Provider. The records shall be accessible to the Internal Audit Department and includes relevant softcopies in MS-Excel and MS-Word format. When considering document management, storage and archiving, the Service Provider shall comply with *inter alia* relevant regulations, legislation, standards, leading practice, relevant Municipal policies, the Internal Audit methodology, the Internal Audit Charter, the Audit Committee Charter and requests of the Chief Audit Executive. All *archived* information shall be in electronic format.
- 4.2.11 Compliance with the Protection of Personal Information Act (POPIA).

## 5. LEVELS OF SERVICE AND PERFORMANCE MANAGEMENT OF THE SERVICE PROVIDER

- 5.1 The services shall be performed in a professional manner and in terms of agreed-upon timeframes and deliverables.
- 5.2 Regular evaluations of and reporting on the performance of the Service Provider shall include:
  - 5.2.1 The Service Provider shall obtain “customer satisfaction questionnaires” from relevant officials on completion of each project.
  - 5.2.2 The Municipality shall perform monthly evaluations on the Service Provider.
  - 5.2.3 The Audit Committee shall perform annual evaluations on Internal Audit.
- 5.3 Performance concerns will be addressed in line with this agreement and the Supply Chain Management Policy.

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## 6. INDEPENDENCE AND OBJECTIVITY OF STAFF

- 6.1 The Service Provider, including its staff, shall maintain objectivity by remaining independent of the activities they audit and shall have no executive or managerial powers, functions or duties. Both Parties agree to implement measures to safeguard Internal Audit's independence.

## 7. REPORTING BY THE SERVICE PROVIDER

- 7.1 The Service Provider shall facilitate monthly reporting on, *inter alia*, the following.:
- 7.1.1 Implementation status of the Internal Audit Plan;
  - 7.1.2 Budgeting reports including consideration of "Budget versus actual" analyses and "Budget versus expected actual" analyses;
  - 7.1.3 Internal Audit Report to the Audit Committee and Municipal Manager;
  - 7.1.4 Executive summaries for all deliverables during the month;
  - 7.1.5 Implementation status relating to training and skills transfer to the Internal Audit Department and relevant municipal officials;
  - 7.1.6 Implementation status of the QAR;
  - 7.1.7 Implementation status of the QAIP;
  - 7.1.8 Implementation status of Internal Audit Action Plans (i.e. recommendations);
  - 7.1.9 Implementation status of the Council Resolutions i.r.o. Audit Committee's recommendations;
  - 7.1.10 Implementation status of KPIs and Compliance Reports;
  - 7.1.11 Directorate Service Requests;
  - 7.1.12 Any other information or reports requested by the Municipal Manager, Chief Audit Executive and Audit Committee.

## 8. PAYMENT

- 8.1 The Service Provider shall issue a single monthly tax invoice to the Chief Audit Executive based on actual time and expenses incurred during the billing period.
- 8.2 A supporting detailed schedule shall be attached to the tax invoice, providing required information as stipulated in the tender specifications.
- 8.3 The Municipality shall pay the Service Provider, in accordance with the price schedule of the tender document, within 30 (thirty) days of receipt of the tax invoice and supporting detailed schedule, provided that the services to which the tax invoice relates have been completed to the satisfaction of the George Municipality.

- 8.4 The following details must be reflected on the tax invoice forwarded to the George Municipality by the Service Provider:
- 8.4.1 The total amount payable regarding the services, activities and outputs, as well as details of time spent on such activities;
  - 8.4.2 VAT payable; and
  - 8.4.3 Relevant "UKEY".
- 8.5 The George Municipality will verify the correctness of the invoice and supporting detailed schedule, and notify the Service Provider of any possible discrepancies within 10 (ten) days of receipt of the invoice. If the invoice and supporting schedule are correct the amount due shall be payable within 30 (thirty) days from receipt of the invoice documentation.
- 8.6 If the George Municipality identifies any material discrepancies the invoice and supporting detailed schedule will be referred back to the Service Provider, and the amount due will be payable within 30 (thirty) days from receipt of a correct invoice and supporting detailed schedule, provided that the Services to which the relevant invoice and supporting detailed schedule relates have been achieved to the satisfaction of the George Municipality.
- 8.7 Payments by the George Municipality to the Service Provider shall be made into a bank account in South Africa, as identified in writing by the Service Provider to the George Municipality.

## 9. INDEPENDENT CONTRACTOR

- 9.1 The Service Provider is appointed as an independent contractor, and not as an employee, and at all relevant times during the currency of this agreement no employer/employee relationship shall exist between the Parties.
- 9.2 This agreement replaces any other previous verbal or written agreement entered between the Parties.

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## 10. ENTIRE AGREEMENT

10.1 This agreement constitutes the entire agreement between the Parties and no amendment, alteration, addition or variation of any right, term or condition of this agreement will be of any force or effect unless reduced to writing and signed by the Parties to this agreement.

10.2 The Parties agree that there are no conditions, variations or representations, whether oral or written and whether expressed or implied or otherwise, other than those contained in this agreement.

## 11. WAIVER

11.1 No waiver of any of the terms and conditions of this agreement shall be binding unless expressed in writing and signed by the Party giving the same, and any such waiver shall be affected only in the specific instance and for the purpose given.

11.2 No failure or delay on the part of either Party in exercising any right, power or privilege precludes any other or further exercising thereof or the exercising of any other right, power or privilege.

11.3 No indulgence, leniency or extension of time which any Party ("*the Grantor*") may grant or show the other Party, shall in any way prejudice the Grantor or preclude the Grantor from exercising any of its rights in terms of this agreement.

## 12. CONFIDENTIAL INFORMATION

12.1 The Service Provider shall not, during the currency of this agreement, or at any time thereafter, utilize or cause to be utilised, and/or directly or indirectly publish or cause to be published or otherwise disclose or cause to be disclosed to any third party, any of the Confidential Information of the George Municipality, government in any other sphere, or any government institution or organ of state.

12.2 For purposes of this clause "Confidential Information" shall mean –

12.2.1 any information disclosed, revealed or exchanged and which pertains to, but is not limited to, all intellectual property rights, all trade secrets, all agreements (whether in writing or not) which exists at the time of revealing the content thereof to the Service Provider, the content of all possible future agreements which may be entered into with any other party, all knowledge obtained by

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way of research and development, irrespective of whether the aforementioned information that is revealed is applicable to technical, operational or financial aspects of the George Municipality, government in any other sphere, or any government institution or organ of state;

- 12.2.2 any information of whatever nature, which has been or may be obtained by the Service Provider, whether in writing or in electronic form or pursuant to discussions between the Parties, or which can be obtained by examination, testing, visual inspection or analysis, including, without limitation, scientific, business or financial data or information, know-how, formulae, processes, designs, sketches, photographs, plans, drawings, specifications, sample reports, models, studies, findings, computer software, inventions or ideas;
  - 12.2.3 analyses, concepts, compilations, studies and other material prepared by or in possession or control of the Service Provider which contain or otherwise reflect or are generated from any such information as is specified in this definition;
  - 12.2.4 all information which a third party has in terms of any agreement made available to the George Municipality and which has become known to the Service Provider in the course of rendering the Services; and
  - 12.2.5 any dispute between the Parties resulting from this agreement.
- 12.3 The Service Provider shall –
- 12.3.1 use the Confidential Information only for rendering the Services;
  - 12.3.2 treat and safeguard the Confidential Information as private and confidential; and
  - 12.3.3 ensure proper and secure storage of all Confidential Information.
- 12.4 Any documents or records (including written instructions, notes or memoranda) relating to the Services which are to be provided to the Service Provider or which come into the Service Provider's possession during the currency of this agreement, are deemed to be the property of the George Municipality and shall be surrendered to the George Municipality on demand, and in the event of the expiry or termination of this agreement, the Service Provider will not retain any copies thereof or extracts there from without obtaining the prior written permission of the George Municipality.

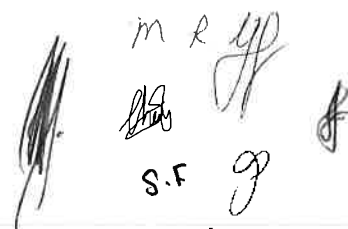
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## 12.5 The Service Provider –

- 12.5.1 acknowledges that he/she has carefully considered the provisions of the clause;
- 12.5.2 agrees that this clause is, after taking all relevant circumstances into account, reasonable and necessary for the proper protection of the interests of the George Municipality and the Government of the Republic of South Africa and that if he/she should at any time dispute the reasonableness of this clause, then the onus of proving such unreasonableness shall be on the Service Provider; and
- 12.5.3 acknowledges that he/she has entered into this agreement freely and voluntarily and that no circumstances exist and/or existed for him/her alleging, either now or at any future time, that he was at a disadvantage in agreeing to the restraints set out in this clause, or was not in an equal bargaining position with the George Municipality in agreeing thereto.

## 13. BREACH

- 13.1 The George Municipality may through its employees ensure that all specifications as stipulated are adhered to. Within one (1) day of the receipt of notice in writing from the Municipality calling upon it to do so, the Service Provider shall provide reason for failing to adhere to the specifications as stipulated herein.
- 13.2 Failing which the George Municipality shall be entitled to cancel and annul this contract without prejudice to the right of recovery from the Service Provider such amount in respect of loss or damage which the George Municipality may have sustained or expenses which may be entailed upon the George Municipality by reason of the failure of the Service Provider to observe and fulfil the conditions or performs or has performed unsatisfactorily under this contract.



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## 14. NOTICE AND DOMICILIUM

- 14.1 The Parties choose as their respective *domicilium citandi et executandi* for the purposes of legal proceedings and for the purpose of giving or sending any notice provided for or necessary in term of this agreement, the following addresses:

**THE GEORGE MUNICIPALITY:**

Municipal Manager  
George Municipality  
69 York Street  
George  
6530

**THE SERVICE PROVIDER:**

Moore Consulting Southern Cape (Pty) Ltd  
Church Corner Building  
2nd Floor  
Corner fo Courtenay and Church Street  
George  
6529

- 14.2 All notices to be given in terms of this agreement shall be given in writing and be delivered or sent by prepaid registered post to the Party's chosen *domicilium citandi et executandi*.
- 14.3 If delivered by hand, a notice shall be presumed to have been received on the date of delivery, or, if sent by prepaid registered post, be presumed to have been received 7 (seven) business days after the date of posting.
- 14.4 Notwithstanding anything to the contrary contained in this agreement, a written notice or communication actually received by one of the Parties from the other Party shall be adequate written notice of communication to such Party.

## 15. DISPUTE

- 15.1 In event of a dispute arise between the Parties, it will be resolved as follows:
- 15.2 The Parties hereby agree that in the event of a dispute arising out of this agreement then resolution of this dispute must be attempted by the way of consultation between the Parties. If the consultation process does not lead to a resolution of the dispute, within 10 days, then the Parties agree to refer the dispute for arbitration.

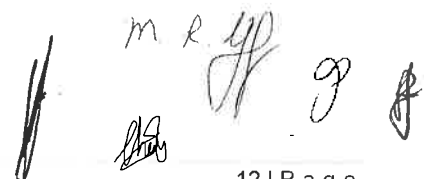
- 15.3 All arbitration proceedings shall be conducted in George. The arbitration shall be conducted informally, but in accordance with the provisions of the Arbitration Act, No. 42 of 1965, it being intended that if possible it shall be concluded within ten (10) days of referral.
- 15.4 If the Parties cannot agree on the appointment of an Arbitrator within three (3) days after arbitration has been agreed upon, then the President for the time being of the Cape Bar Council will be requested to appoint the arbitrator.
- 15.5 The fees payable to the arbitrator shall be determined and agreed to between the arbitrator and the Parties and the Parties shall be jointly and severally liable for the payment of the arbitrator's fees. Any Party may request the other Party to deliver an acceptable guarantee or reasonable deposit for his portion of the cost.
- 15.6 The Arbitrator shall be requested to hand down his/her award within ten days after the completion of the arbitration.
- 15.7 The decision of the Arbitrator shall be final and binding and may be an order of the Cape of Good Hope Provincial Division of the High Court upon the application by and Party to the arbitration.

## 16. ASSIGNMENT, CESSION AND DELEGATION

- 16.1 The Service Provider may not assign, cede, delegate or transfer any rights, obligations, share or interest acquired in terms of this agreement, in whole or in part, to any other Party or person without the prior written consent of the Municipality, which consent shall not unreasonably be withheld or delayed.

## 17. INJURY OR DAMAGE TO PERSON OR PROPERTY

- 17.1 The Contractor shall indemnify and keep indemnified the Municipality against all losses and against all claims for injury or damage to any person or property whatsoever, which may arise out of or in consequence of the Contractor or Contractor employees providing the services and against all claims, demands, proceedings, damages, costs, charges and expenses whatsoever, in respect thereof or in relation thereto.

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**18. ASSIGNMENT**

18.1 Neither of the Parties shall be entitled to cede its rights or assign its obligations in respect of this agreement without the prior written consent of other Party, which consent shall not be unreasonably withheld.


**SIGNED AT GEORGE ON THIS 6<sup>th</sup> DAY OF JANUARY 2022**

  
\_\_\_\_\_  
**M.R. GRATZ**  
**THE GEORGE MUNICIPALITY**

AS WITNESSES:


  
\_\_\_\_\_  
Signature

**C SEGON**  
\_\_\_\_\_  
Name also in capital letters


  
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Signature

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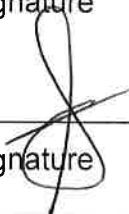
**SIGNED AT GEORGE ON THIS 6<sup>th</sup> DAY OF JANUARY 2022**

  
\_\_\_\_\_  
**MOORE CONSULTING SOUTHERN  
CAPE (PTY) LTD**

AS WITNESSES:

  
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Signature

**JOHAN SCHOEMAN**  
\_\_\_\_\_  
Name also in capital letters

  
\_\_\_\_\_  
Signature

**Schae-Lee Fourie**  
\_\_\_\_\_  
Name also in capital letters