

Bid 52/2012



C a c a d u

DISTRICT MUNICIPALITY

Province of the Eastern Cape

progress through development

**Value Added Tax (VAT)
Audit, Apportionment
Calculation and Related
Services Tender
Agreement**

52/2012

A handwritten signature in black ink, consisting of a stylized 'J' or 'A' shape with a long horizontal stroke extending to the right.

<u>CLAUSE</u>	<u>PAGE</u>
DEFINITIONS	3
1. INTRODUCTION	4
2. APPOINTMENT OF THE SERVICE PROVIDER	4
3. SERVICE REQUIRED	4
4. THE PROJECT WORK PLAN	5
5. IMPLEMENTATION FUNDS	5
6. THE PROJECT TEAM	5
7. THE PROJECT STEERING COMMITTEE AND REPORTING	5
8. PERIOD OF CONTRACT AGREEMENT	6
9. CONDUCT AND PERFORMANCE STANDARDS	6
10. OWNERSHIP OF MATERIAL	7
11. CESSION	7
12. WHOLE AGREEMENT	7
13. VARIATIONS AND CANCELLATION	7
14. BREACH	7
15. ARBITRATION	7
16. PREVAILING LEGISLATION	8
17. TERMINATION OF AGREEMENT	8
18. DOMICILIUM CITANDI ET EXECUTANDI	8



DEFINITIONS: In this Contractual Agreement, unless the context indicates otherwise, the following words and expressions shall have the meaning assigned to them below:

- “Agreement” means this Contractual Agreement entitled ‘VAT Audit and Related Services’;
- “The Client” means the Cacadu District Municipality
- “Service Provider”, means O.M.A Chartered Accountants
- “The Project” means the (VAT Audit and Related Services)
- “Deliverable” means the specific aim, objective or result of an act or action by the Service Provider as listed in this Agreement and in the original Tender Document marked “Tender 52/2012
- “Project Steering Committee” means a Committee constituted by the Client for the purpose of monitoring and overseeing the implementation of the project;
- “Project work plan” means the plan for the implementation of the project, prepared by the Service Provider and submitted with the original tender document.
- “Period of Contract Agreement” means the period commencing on signing of this Agreement until **3** Months after the successful completion of all activities as stipulated in the project work plan.



1. INTRODUCTION

The Client has its head office in Port Elizabeth, and administers the district known as the Cacadu District in the Eastern Cape Province. In terms of the Client's business model, it regards its core function as support and capacity building targeted at local municipalities in its area.

This contract governs the activities of the Service Provider in assisting the client to successfully implement the project:

2. APPOINTMENT OF THE SERVICE PROVIDER

The client appoints the Service Provider for the purpose of implementing the project and the Service Provider shall act as an independent contractor, and has no authority to enter into agreements binding the client.

The Service Provider accepts the appointment on the terms and conditions as stated herein.

3. SERVICE REQUIRED

This section forms an integral part of the Project Specifications. The purpose of this section is to provide the service provider with more information on the nature and extent of the Contract. It is not the intention of this Section to provide a full description of all tasks, functions and requirements and any omissions or ambiguities in this section shall not relieve the Contractor of any of his/her obligations under the Contract. Where minimum requirements are expressly specified in this section, such requirements shall however be binding on the Contractor.

The service provider will undertake a VAT audit and related services, including the following:

- Identify whether there are opportunities to reduce the CDM's VAT liability;
- Assist CDM in obtaining any refunds from the SARS due to CDM;



- Advise on apportionment calculations (re-calculation as well as adjustment required); and
- Adequately train employees on how to do the apportionment calculation.

4. THE PROJECT WORKPLAN

The Work Plan:

Forming part of this contract the service provider will submit a detailed work-plan with activities, responsible persons, as well as time frames. The format of the work plan must be a bar chart project work plan showing the sequence and duration of each activity in the project. A clear starting and end date for the project must be supplied.

5. THE IMPLEMENTATION FUNDS

The Total Project Cost and Budget:

The total project cost 5.7% (incl.vat) on recoveries which includes the payment for calculating the apportionment percentage and training. This is the amount proposed by the Service Provider in its submission and accepted by the client. This 5.7% on recoveries includes the cost of disbursements and cost of travelling and accommodation.

The Payment of Claims:

The Client upon approval will administer the payment of claims by the Steering Committee set-up solely for the purpose of monitoring and administering the implementation of the project. For the duration of this contract, the Client will settle claims that do not exceed to total project cost, upon approval by the steering committee. **The final payment** will be effected to the Service Provider after the Service Provider has submitted a satisfactory overall completion report and briefed the Steering Committee.

6. PROJECT TEAM

The Service Provider undertakes that the Project Team will consist of persons qualified, competent and experienced in terms of the nature of the work described in this project.

7. PROJECT STEERING COMMITTEE & REPORTING

The project will be managed by a project steering committee.

Meetings:

The Service Provider is required to attend the following meetings of the Project Steering Committee, and the Service Provider has made provision in its project budget for this activity:



- One meeting, at the inception of the project, at the premises of the Client;
- One meeting, at the completion and/or finalization of the project;
- One monthly, for the duration of the project; and
- Additional meetings with the client, if required due to problems being experienced with the project.

The agenda of the meeting will in general be as follows:

- Approval of the minutes of the previous meeting;
- Report-back on actions required in the minutes of the previous meeting;
- Progress report by the Service Provider
 - Activity report
 - Budget/expenditure report
 - Submission of project plan;
- Problems being experienced by the Service Provider, if any;
- Problems being experienced by the client, if any;
- Approval of Service Provider claims by the Client; and
- General.

All progress reports must be in writing, and must be submitted to the steering committee 7 days before the date of the meeting for inclusion in the agenda. An electronic version of the progress report must also be supplied to the Client (email address – ddelange@cacadu.c.o.za).

The Client will supply an electronic data projector and/or a slide projector. The Service Provider will supply any other audiovisual equipment required for reporting.

Service providers must complete a project map for submission to the Project Steering Committee on a monthly basis. The format of the map is based on the activities provided for in the project work plan.

8. PERIOD OF CONTRACT AGREEMENT

Having regard to the achievement of all required deliverables, this contract commences upon the signing of authorized signatories and terminates three (3) month after the successful completion of all activities, as stated in the Service Provider's Project Work Plan. The Project Work Plan should include the VAT Audit, VAT Apportionment calculation and related services for a three (3) year period, commencing with the VAT Audit of the 2011/2012 financial year. The time frames contained in the Project Work Plan to be submitted by the Service Provider will apply, after approval thereof has been obtained from the Client.

9. CONDUCT AND PERFORMANCE STANDARDS

By accepting appointment in terms of this agreement and tender documentation, the Service Provider warrants that it has the necessary expertise, experience and administrative infrastructure to perform the duties expected of it and hereby:

- a) undertakes to perform its duties in terms of this agreement with utmost care and diligence and in accordance with the dictates of the profession of the Service Provider; and
- b) undertakes to strictly comply with and adhere to the Code of Conduct applicable to the Professional Institute to which its Project Team is affiliated;

The Service Provider shall exercise all reasonable skill, care and diligence in the performance of the work under the Agreement and shall carry out all of its responsibilities in accordance with professional standards acceptable to the Client.

10. OWNERSHIP OF MATERIAL

The Service Provider hereby acknowledges that all reports in paper, electronic or any other recorded format produced by the him/her in furtherance of this Agreement shall become the property of the Client, which shall be entitled to use same for any purpose whatsoever and without payment to the Service Provider.

11. CESSION

It is agreed that neither party is entitled to cede or assign any of the rights, duties or obligations it has in terms of this Agreement.

12. WHOLE AGREEMENT

This Contract Agreement including the tender documentation constitutes the whole Agreement between the parties and no representations, either verbal or written, made by either party during the tenure of this Agreement shall be of any force or effect unless agreed to by both parties, reduced to writing and annexed hereto as an addendum.

13. VARIATIONS AND CANCELLATION

No agreement varying, adding to, deleting from or cancelling this Agreement shall be effective unless reduced to writing and signed by or on behalf of the Parties.

14. BREACH

Any Party may terminate this Agreement by reason of the material breach of the Agreement by another Party. Such termination shall be without prejudice to any



other claim that any Party may have, whether under this Agreement or in law, including any claim for damages.

For the purposes of this clause a breach shall be deemed to be material if it goes to the root of the Agreement, and the Party committing the breach fails to rectify the breach within 30 (thirty) days of receipt of written notice from the Party calling on it to do so, or within such longer period of notice that may reasonably be required to rectify the breach; or

If any Party commits any non-material breach of this Agreement then the other Party may claim specific performance or damages or both, as the case may be, but shall have no right of termination.

15. ARBITRATION

Any dispute between the Parties in regard to:

- the interpretation of;
- the effect of;
- the Parties' respective rights and obligations in terms of;
- a breach of;
- any matter arising out of;

this Agreement or consequent upon the termination thereof shall be referred to and finally resolved by arbitration, by an arbitrator to be appointed by the Arbitration Foundation of South Africa ("AFSA") in accordance with the AFSA rules and regulations, which arbitrator's findings shall be subject to an appeal in terms of the AFSA rules, and may be made an order of court.

16. PREVAILING LEGISLATION

The terms and conditions of this Agreement shall be interpreted and governed in accordance with the laws of the Republic of South Africa.

17. TERMINATION OF AGREEMENT

Should the Service Provider **conduct itself in a manner that is** contrary to the conditions of this Agreement, the Client may terminate this Agreement forthwith without any prejudice to any other rights it may have.



18. DOMICILIUM CITANDI ET EXECUTANDI

The Cacadu District Municipality chooses as its domicilium citandi et executandi for all purposes arising from this Agreement:

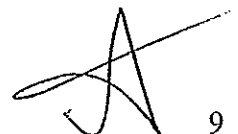
**Standard Bank Building
32 Govan Mbeki Avenue
Port Elizabeth
6001**

O.M.A Chartered Accountants Inc. chooses as its domicilium citandi et executandi for all purposes arising from this Agreement:

**98 Doreen Street
Colbyn
Hatfield
0083**

Either party may change its domicilium citandi et executandi by means of a written notice to the other party.

All notices contemplated under this Agreement shall be delivered by hand or sent by pre-paid registered post, in which event such notice shall be deemed to have been received by the addressee 14 (fourteen) business days after the proven date of posting.



9

Thus done and signed by the CACADU DISTRICT MUNICIPALITY by DJ DELANCE
at PORT ELIZABETH this 7 day of SEPTEMBER 2012

As witnessed:



For the CACADU DISTRICT MUNICIPALITY

1.

2.

Thus done and signed by

at this day of 2012

As witnessed:

For Messrs O.M.A CHARTERED ACCOUNTANT INC.

1.

2.