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PROVINCIAL TREASURY CIRCULAR NO. 46 OF 2018

TO:

THE MUNICIPAL MANAGER: EHLANZENI DISTRICT MUNICIPALITY (MR FS SIBOZA)
THE MUNICIPAL MANAGER: BUSHBUCKRIDGE LOCAL MUNICIPALITY (MS C NKUNA)
THE MUNICIPAL MANAGER (ACTING): CITY OF MBOMBELA (MR N DIAMOND)
THE MUNICIPAL MANAGER: NKOMAZI LOCAL MUNICIPALITY (MR MD NGWENYA)
THE MUNICIPAL MANAGER (ACTING): THABA CHWEU LOCAL MUNICIPALITY (MS SS MATSI)
THE MUNICIPAL MANAGER: GERT SIBANDE DISTRICT MUNICIPALITY (MR CA HABILE)
THE MUNICIPAL MANAGER (ACTING): CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY (MR MA DLAMINI)
THE MUNICIPAL MANAGER (ACTING): DIPALESENG LOCAL MUNICIPALITY (MS TC MAMETJA)
THE MUNICIPAL MANAGER (ACTING): DR PIXLEY KA SEME (MR P THWALA)
THE MUNICIPAL MANAGER (ACTING): GOVAN MBEKI LOCAL MUNICIPALITY (MR C MOROLO)
THE MUNICIPAL MANAGER: LEKWA LOCAL MUNICIPALITY (MS GP MHLONGO - NTSHANGASE)
THE MUNICIPAL MANAGER: MKHONDO LOCAL MUNICIPALITY (MR M KUNENE)
THE MUNICIPAL MANAGER: MSUKALIGWA LOCAL MUNICIPALITY (MR M ZUNGU)
THE MUNICIPAL MANAGER: NKANGALA DISTRICT MUNICIPALITY (MS MM SKHOSANA)
THE MUNICIPAL MANAGER: (ACTING): DR JS MOROKA LOCAL MUNICIPALITY (MR MF MONKOE)
THE MUNICIPAL MANAGER: EMAKHAZENI LOCAL MUNICIPALITY (MS EK TSHABALALA)
THE MUNICIPAL MANAGER (ACTING): EMALAHLENI LOCAL MUNICIPALITY (MR HS MAISELA)
THE MUNICIPAL MANAGER (ACTING): STEVE TSHWETE LOCAL MUNICIPALITY (MR B KHENISA)
THE MUNICIPAL MANAGER: THEMBISILE HANI LOCAL MUNICIPALITY (MR O NKOSI)
THE MUNICIPAL MANAGER: VICTOR KHANYE LOCAL MUNICIPALITY (MS ST MATLADI)

THE ACTING DIRECTOR GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA (MR KM MOHLASEDI)
HEAD: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR TP NYONI)

THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT
THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT
THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE

CONTRACTS AND CONTRACT MANAGEMENT INFORMATION

1. PURPOSE

All the Accounting Officers of Municipalities in the Mpumalanga Province are hereby requested to submit contract registers of the existing contracts.

2. BACKGROUND

In terms of Section 116 of the Municipal Finance Management Act, No. 56 of 2003, Accounting Officers need to prioritize the importance of contract management for enhancing compliance on procurement processes, mitigate audit findings initiated by poor management of contracts and maintain accurate filing or good record keeping of Supply Chain Management information.

3. DISCUSSION

Contracts and contract management are of significance to ensure completeness of all contractual agreements. In terms of Section 116 of the Municipal Finance Management Act, No. 56 of 2003: "A contract or an agreement procured through the Supply Chain Management system of a municipality or municipal entity must be in writing and stipulate the terms and conditions of the contract or agreement, which must include provisions providing for the termination of the contract or agreement in the case of non or underperformance. The Accounting Officer of a municipality or municipal entity must:

- a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- b) after the contract has been signed by the Municipal Manager it should be captured into the contract register, the register should at least be monitored on a regular basis or monthly basis;
- c) monitor on a monthly basis the performance of the contractor under the contract or agreement;
- d) a periodic review of the contract on a regular basis or once every three years in the case of a contract or agreement for longer than three years;
- e) and any other matters that may be prescribed."

4. SUBMISSION OF REQUESTED SCM INFORMATION

Municipalities are requested to submit their updated Contract registers, to the Provincial Treasury to ensure uniformity on contract management as per SCM requirements and enable the Provincial Treasury to monitor the processes for compliance purposes **on or before 23 August 2018**.

Information requested should be submitted in the format that includes the following:

- a) Contract Number
- b) Name of the contractor
- c) Brief description of the goods or services to be provided
- d) Duration of the contract (start date to end date)
- e) Variation order under the contract
- f) Payments made to date
- g) Penalties paid by the municipality or contractor
- h) Amendment to the contract
- i) Remarks/Comments

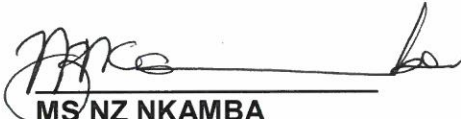
5. **DISSEMINATION OF THE INFORMATION**

Municipal Managers should disseminate the contents of this Circular to their respective Chief Financial Officers and Supply Chain Management Units in order to accelerate the submission process.

All submissions should be forwarded to: Ms Zanele Magagula at 013 766 4189 or at email address: zcmagagule@mpg.gov.za or Ms Thuli Gumede at 013 766 4452 or at email address: ptgumede@mpg.gov.za.

Your co-operation in this regard is appreciated.

Kind regards



MS/NZ NKAMBA
HEAD: PROVINCIAL TREASURY
DATE: 03/08/2018