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Ref 14/3/R

## **PROVINCIAL TREASURY CIRCULAR NO. 66 OF 2024**

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**TO:**

**ACTING DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA**

**HEADS OF DEPARTMENTS**

**CEOS OF THE PUBLIC ENTITIES**

**CFOS OF DEPARTMENTS AND PUBLIC ENTITIES**

**THE CHIEF DIRECTORATE: SUSTAINABLE RESOURCE MANAGEMENT**

**THE CHIEF DIRECTORATE: ASSETS AND LIABILITIES MANAGEMENT**

**THE CHIEF DIRECTORATE: FINANCIAL GOVERNANCE**

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**SUBJECT: OUTSTANDING PAYMENTS AND CONSEQUENCE MANAGEMENT FOR TRAVEL AND ACCOMMODATION**

### **1. OBJECTIVE**

The objective of this circular is to request the Heads of Departments and Accounting Officers of Public Entities in the Mpumalanga Provincial Government to comply with the signed service level agreements (SLA) with appointed service providers for travel and accommodation and related services as well as to create awareness of the consequences in the event of delayed payments.

### **2. BACKGROUND**

Provincial Treasury has entered into a contract for Travel, Accommodation and Related Service on behalf of the Mpumalanga Provincial administration for a period of three (3) years, bid number: MPPT002/22/03

The SLA commenced on the 1<sup>st</sup> June 2023 and shall thereafter remain in force for a period of three (3) years, ending on 31 May 2026.

A total of six service providers were appointed to provide service to all participating Departments and Public Entities as follows:

- ZAPG Travel and Tours
- City of Choice Traven and Tours
- Vakasha Travel
- Dana Travel Agency
- Let's Cruize Travel and tours

· Big Sky Travel

The following clauses regarding payments and breach of contract are outlined in the signed SLA:

- Payment
  - The Participating Departments or Public Entities shall transfer the payment for the services rendered into a banking account agreed upon by the Parties within 30 (thirty) days of receiving a valid invoice from the Service Provider.
  - Over and above the submission of a valid invoice, payment in terms of clause 6.3.1. shall only be made after endorsement by the Participating Department or Public Entity's responsible official that the deliverables have been met in terms of quantity and quality.
  - The responsible Official shall ensure that he/she makes the endorsement within five (5) days of receipt of the invoice from the Service Provider.
  - If the deliverable meets the specifications agreed upon by the Parties, and should the Responsible Official fail to make the endorsement within the said time period, the deliverable shall be deemed to be endorsed and the Service Provider shall be paid by the Participating Department or Public Entity in terms of clause 6.3.1. provided that the Service Provider's invoice and supporting documentation is correct and as per the purchase order.
  - For the purposes of clause 6.3.2. the responsible Official/s will rely on the specifications agreed upon where reasonably applicable to determine if the deliverables meet the quality and the expected outcomes.
- Breach
  - Should a Party commit a material breach of this Agreement ("the defaulting party") and, fail to remedy such breach within 14 (fourteen) days of written demand from the other Party, then such other Party may, in addition to any other rights and remedies that it may have, including the right to recover damages: -
    - claim specific performance; or
    - terminate this Agreement or the Services to which such breach relates, such termination to be effective immediately upon receipt by the defaulting party of written notice to that effect

### 3. DISCUSSION

Provincial Treasury has noticed a tendency of non or slow payments exceeding a 30 days' period for services rendered by the appointed service providers. As hotels and guest houses are requesting upfront payment from the appointed service providers, slow and lack of payments are having detrimental effects on their businesses and abilities to render quality service to government departments.

It was also noted that emergency services are requested without an order or commitment letter by some departments and that travel agents are having difficulty obtaining orders or proof of request after the service have been rendered.

It is further noted that fair and equal rotation of service providers still remains a challenge. All service providers must be used and must be fairly rotated.

In the event of a breach of agreement, Paragraph 17.2 states that a party has the right to **“terminate this Agreement or the Services** to which such breach relates, such termination to be effective immediately upon receipt by the defaulting party of written notice to that effect.

#### 4. RECOMMENDATION

- a) All payments to be made according to the service level agreement to prevent any termination of service
- b) All service requests must be followed by an order. All outstanding orders to be issued
- c) Fair and equal rotation of service providers.

For any enquiries kindly contact Mr. SJ Mpila on (013 766 8711) or 0716239185 , alternatively on email at [sjmpila@mpg.gov.za](mailto:sjmpila@mpg.gov.za)



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**MS. GUGU MASHITENG**  
**HEAD: PROVINCIAL TREASURY**  
**DATE: 27-11-2024**