

LEPELLE NKUMPI LOCAL MUNICIPALITY
CONTRACT MANAGEMENT POLICY

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2. DEFINITIONS & ABBREVIATIONS

2.1 PPP	PUBLIC-PRIVATE PARTNERSHIP
2.2 MFMA	MUNICIPAL FINANCE MANAGEMENT ACT
2.3 MSA	MUNICIPAL SYSTEMS ACT
2.4 SLA	SERVICE LEVEL AGREEMENT
2.5 MUNICIPALITY	LEPELLE NKUMPI LOCAL MUNICIPALITY
2.6 USER DEPARTMENT	The departmental unit that required or responsible for the contract or intended contract.
2.7 CONTRACT	For the purpose of this policy a contract is a written agreement between the municipality and any other party including the organ of state an or private entity.
2.8 AGREEMENT	An agreement is an undertaking between the two or more person to undertake a certain service
2.9 EMPLOYEE	This includes the permanent, temporary and casual employee appointed under the scope of employment at the municipality.

3. INTERPRETAION

- 3.1 This policy must be interpreted subject to the governing laws of the republic.
- 3.2 If the provisions of this policy is found to be inconsistent with any laws of the republic, the extend of such inconsistency shall not be applied.

4. GUIDELINES

These guiding principles are intended to assist the municipality in managing the municipality's contract and assist the municipality in choosing the most appropriate service delivery mechanism for its communities.

These guideline is intended to strengthen the provisions of section 116 of MFMA¹.

5. APPLICABLE PROVISIONS

- 5.1 Public Private Partnership regulations published und GNR dated 1 April 2005
- 5.2 Lepelle-Nkumpi Municipality Supply Chain Policy
- 5.3 File Plan
- 5.4 Municipal Assets Transfer Regulations dated the 22 August 2008

6. FORMS OF CONTRACT

6.1 PUBLIC-PUBLIC PARTNERSHIP/ PUBLIC-PRIVATE PARTNERSHIP

The municipality enters into an agreement with another public or private entity in terms of which the private/public entity performs a municipal function for or on behalf of a municipality. The municipality may enter into the public private partnership agreement, but only if the municipality can demonstrate that the agreement will provide

- value for money to the municipality,
- be affordable for the municipality and transfer appropriate technical, operational and financial risk to the private party

6.2 MUNICIPAL DEBT INSURANCE

The municipality issues bonds to raise capital directly from private investors to finance the capital costs of building or expanding an infrastructure system. The municipality maintains total control of the project, and bears all associated risks.

6.3 SERVICE CONTRACT

The municipality pays a fee to a private firm to provide specific operational services such as meter reading, billing and collection, and operating facilities.

¹ A contract or agreement procured through the supply chain management system of a municipality.

6.4 MANAGEMENT CONTRACT

The municipality pays a fee to a private firm to assume overall responsibility for the operational and or maintenance of service delivery systems.

6.5 LEASE CONTRACT

The private/public institutions rents movable or immovable properties from the municipality or the municipality rents a movable or immovable property from a private/public institution.

6.5 EMPLOYMENT CONTRACT

The municipality enters into an employment contract with the appointed employee.

6.7 TRANSFER OF CAPITAL AND SUBSIDIARY ASSETS²

The municipality may enter into an agreement with the private or other organ of state to transfer the ownership of its assets and or receive the transfer of another entity/institutional assets.

6.8 ANY OTHER CONTRACT

The municipality may enter into any other agreement that is not mentioned above but under the guidelines of act of parliament, regulations and or common law.

7. SUBMISSION OF CONTRACT INFORMATION

The requestor of the of contract must provide the office of the legal advisor with the necessary written information, including the specification and or any other relevant information required for the purpose of drafting the complete contract.

8. FILING OF CONTRACT

- 8.1 Every copy of the signed contract shall be kept at the office of user department concern and;
- 8.2 Every contract procured through supply chain processes shall be kept at the office of the supply chain unit.
- 8.3 The office of the legal advisor shall keep the signed contract.
- 8.4 This section is subject to the provision of the Municipal File Plan.

9. SIGNING OF THE CONTRACT

9.1 Before every contract is signed it must be drafted, checked and or corrected by the legal department;

9.3 The procurement unit shall ensure that every contract procured through supply chain processes is signed by both parties and witnessed by at least two persons to each party to the contract;

² Refer to municipal transfer regulations dated the 22 August 2008, chapter 1



9.4 The human resource department shall ensure that every employment contract entered into between the appointed employee and the municipality is duly signed by the employer and where necessary by the employer;

9.5 The user-department shall ensure that every contract entered into beyond the supply chain process is duly signed by both parties.

10. MONITORING

10.1 It is the responsibility of the user department to monitor the terms and conditions of the contract as follows:

10.1.1 Report any non-compliance with the contract to the legal division;

10.1.2 Request and or consult with the legal division regarding any necessary extension or termination of the contract;

10.1.3 Report any necessary review or amendments that need to be made to the contract;

10.1.4 Enforce any provisions of the contract;

10.1.5 Keep the minutes of any meetings held with the service provider;


10.1.6 Report the progress made on the implementation of the contract to the council.

11. ELEMENTS OF CONTRACT

Any contract entered into with the municipality must be signed, stipulate the terms and conditions of the contract and represented by the Accounting officer of the municipality and should contain the following minimum terms:

- Name of the parties;
- Services to be rendered; if any
- Properties; if any
- Contract price;
- Duration;
- Termination;
- Extension;
- Risk;
- Limitation of liability;
- Variation of the contract;
- Periodical review of the contract
- Any other matters that may be prescribed

Thus Contract Management policy has been signed by the speaker of the Lepelle-Nkumpi Local Municipality on this the 28 May 2015.



CLLR NAKEDI SIBANDA (SPEAKER)
28 MAY 2015