

PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO



Verwysing
Reference
Isalathiso

PT 7/1/3

Navrae
Enquiries
Imibuzo

Henriette Robson

TREASURY CIRCULAR NO. 13/2008

THE PREMIER

THE MINISTER OF AGRICULTURE
THE MINISTER OF COMMUNITY SAFETY
THE MINISTER OF CULTURAL AFFAIRS, SPORT AND RECREATION
THE MINISTER OF EDUCATION
THE MINISTER OF ENVIRONMENT, PLANNING AND ECONOMIC DEVELOPMENT
THE MINISTER OF FINANCE AND TOURISM
THE MINISTER OF HEALTH
THE MINISTER OF LOCAL GOVERNMENT AND HOUSING
THE MINISTER OF SOCIAL SERVICES AND POVERTY ALLEVIATION
THE MINISTER OF TRANSPORT AND PUBLIC WORKS

THE SPEAKER: PROVINCIAL PARLIAMENT
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

ALL OTHER MEMBERS OF PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (MS V PETERSEN)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR P WILLIAMS)
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR RB SWARTZ)
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS S FOLLENTINE) (ACTING)
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MS S MAJLET)
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR R ELLIS) (ACTING)
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR T MANYATHI)
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS J JOHNSTON) (ACTING)
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR MN LINDIE)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR H ARENDSE)
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MS A SMIT)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR PAJ BRAND) (ACTING)
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR A ASSIM)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
THE HEAD: SUSTAINABLE RESOURCE MANAGEMENT (MR A PHILLIPS) (ACTING)
THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)
THE HEAD: FINANCIAL GOVERNANCE (MR TC ARENDSE)
THE HEAD: PUBLIC FINANCE (MR H MALILA)
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)
THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS PG PIEDT)
THE SENIOR MANAGER: ACCOUNTING (MR A REDDY)
THE SENIOR MANAGER: NORMATIVE FINANCIAL MANAGEMENT (MR F JACOBS) (ACTING)
THE SENIOR MANAGER: ENTERPRISE RISK MANAGEMENT AND GOVERNANCE SYSTEMS (MR B VINK) (ACTING)
THE CHIEF AUDIT EXECUTIVE (MS H ROBSON) (ACTING)
THE SENIOR MANAGER: ECONOMIC ANALYSIS (MS W MAPIRA) (ACTING)
THE SENIOR MANAGER: FISCAL POLICY: PROVINCIAL GOVERNMENT (MS A PICK) (ACTING)
THE SENIOR MANAGER: FISCAL POLICY: LOCAL GOVERNMENT (MR G PAULSE) (PRO TEM)
THE SENIOR MANAGER: BUDGET MANAGEMENT (MR PP PIENAAR) (ACTING)
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK) (ACTING)
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (MR G PAULSE)
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
THE HEAD: OFFICE OF THE MINISTRY (MR G GESWINDT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

} For information

INTERNAL AUDIT CO-SOURCE AGREEMENT – EXTENSION OF CONTRACT WITH SIHLUMA SONKE CONSORTIUM

PURPOSE

1. To bring to the attention of Accounting Officers and Chief Financial Officers the contents and stipulations of the contract extension pertaining to the delivery of co-sourced internal audit services, attached hereto.

BACKGROUND

2. Provincial Treasury contracted with the Sihluma Sonke Consortium for the delivery of co-sourced internal audit services. The Consortium consists of 6 firms, i.e. NYZ Afripeak, Ernst & Young, Gcabasche Inc, PricewaterhouseCoopers Inc, Ramathe Inc and SAB&T Inc.
3. The Memorandum of Agreement was signed on 20 February 2004 stipulated that the agreement commenced on 15 December 2003, and was valid for a period of 3 years. On 14 December 2006 the contract was extended for another 2 years, expiring on 15 December 2008.
4. In terms of the contract extension, specific firms are responsible for conducting internal audit services within each department.
5. To prevent instances of conflict within each Department, very specific provisions in terms of additional services that could be rendered by the individual firms responsible for the internal audit service within each department, was agreed.
6. In summary, the contract stipulates that "no member of the Contractor shall render no services (additional to the Internal Audit services) in any Provincial Department in respect of which the member is responsible for Internal Audit Services...".

REQUIRED

7. Accounting Officers and Chief Financial Officers are required to take note of the content of the attached contract extension and cooperation is requested to enforce the stipulations.

8. Supply Chain managers should be inform of the stipulations of the contract extension to prevent the appointment of the firm responsible for conducting the internal audit services in a specific department to be appointed for any additional services.

ENQUIRIES

9. If there are any questions relating to this matter, they can be directed to Henriette Robson at (021) 483-6276.



PROVINCIAL ACCOUNTANT-GENERAL

DATE: 17 March 2008

ADDENDUM TO AGREEMENT

Entered into by and between

**THE WESTERN CAPE PROVINCIAL GOVERNMENT
VIA ITS PROVINCIAL TREASURY**

(Herein represented by Dr J C Stegmann, in his capacity as the Head Official: Provincial Treasury)

(Hereinafter referred to as "the Customer")

and

SIHLUMA SONKE CONSORTIUM

(PricewaterhouseCoopers Advisory Services (Pty) Ltd (formerly PricewaterhouseCoopers Inc.), Gcabashe Inc., Ernst & Young Advisory Services Limited (formerly Ernst & Young), Ramathe Inc (formerly Barends Knight), SAB & T Business Innovations Group (Pty) Ltd (formerly SAB & T Inc.) and NYZ Afripeak (formerly Afripeak Management (Pty) Ltd)

Herein represented by YUNUS NAIDOO, in his ~~her~~ capacity as Chairperson of the Consortium, duly authorised thereto)

(Hereinafter referred to as "the Contractor")

(Collectively referred to as "the Parties")

WHEREAS the Parties entered into an agreement on 20 February 2004, a copy of which is annexed hereto, marked "A", and hereinafter referred to as "the Agreement";

AND WHEREAS the Parties have agreed to amend clause 11 of the Agreement.

NOW THEREFORE THE PARTIES AGREE:

1. On the date of signature of this Addendum by the party signing last in time clause 11 of the Agreement will be amended to read as follows:

"11. PERFORMANCE OF ADDITIONAL WORK

11.1 Without detracting from the Contractor's obligation to perform work of a transversal nature as contemplated by this Agreement, the member firms of the Contractor will be responsible for rendering Internal Audit Services on behalf of Provincial Departments, as follows:

11.1.1 PricewaterhouseCoopers Inc. & Gcabashe Inc.:

Department of Agriculture;
Department of Community Safety;
Department of Economic Development and Tourism;
Department of the Premier (up to 31 March 2007); and
Department of Social Development

11.1.2 Ernst & Young & Ramathe Inc.:

Department of Health;
Provincial Treasury;
Department of Cultural Affairs and Sport;
Provincial Parliament
Department of the Premier (from 1 April 2007)

11.1.3 SAB&T Inc. & NYZ Afripeak :

Department of Education;
Department of Environmental Affairs and Development Planning;
Department of Transport and Public Works; and
Department of Local Government and Housing

[Handwritten signatures and initials]

- 11.2 No member of the Contractor shall render additional services in any Provincial Department in respect of which the member is responsible for Internal Audit Services, as determined by clause 11.1.
- 11.3 For purposes of clause 11.2 additional services shall mean all services additional to Internal Audit Services rendered in terms of this Agreement.
- 11.4 No member of the Contractor shall perform work on behalf of the Auditor-General in any Provincial Department in respect of which the member is responsible for Internal Audit Services, as determined by clause 11.1.
- 11.5 No member of the Contractor shall render any other services in the Provincial Treasury.
- 11.6 A member of the Contractor will disclose to the Customer any intention to bid for, or to accept, or to render additional services at a Provincial Department or Departments in respect of which the member is not responsible for Internal Audit Services.
- 11.7 The Customer will assess all disclosures and notify the respective members of the contractor should any reason exist which may prevent the member from accepting an appointment to render additional services.
- 11.8 In such instances, the Customer, together with the member of the Contractor will refer the matter to the relevant Audit Committee for a determination on whether the member should be permitted to bid for, accept or render the additional services.
- 11.9 In respect of clause 11.8, should the Audit Committee determine that the member should not be permitted to bid for, accept or render the additional services, the member will not bid for, accept or render the additional services.
- 11.10 Should a member of the Contractor render services additional to Internal Audit Services, the member will not bring to bear human resources generally used in

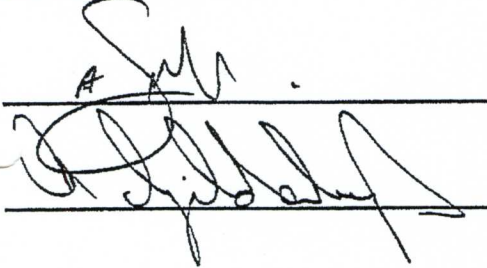
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the execution of Internal Audit Services that must be performed in terms of this Agreement."

- 2. Save for the amendment to the Agreement as set out in clause 1 of this Addendum, the balance of the provisions of the Agreement remains unaltered.

SIGNED AT CAPE TOWN ON THIS 14 DAY OF DECEMBER 2006.

AS WITNESSES

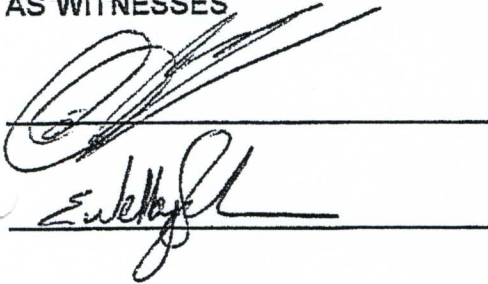




FOR THE CUSTOMER

SIGNED AT CAPE TOWN ON THIS 14th DAY OF DECEMBER 2006.

AS WITNESSES





FOR THE CONTRACTOR