

Appendix 13

National Bid Adjudication Reports approved by

Mr Tom Moyane

17 December 2015

15 February 2018

"E"

BID ADJUDICATION REPORT

TO	National Bid Adjudication Committee (NBAC)
ATTENTION	The Chairperson
PREPARED BY	Holeng Kola Commodity Leader And Noxolo Ngubo Senior Manager: Procurement
DATE	7 December 2015
SUBJECT	RFP 28/2015 – Appointment of a panel of Debt Collection Service Providers



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1. Annexure "A" BU Memo/Approved Business Case
2. Annexure "B" Request to Procure
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Abbreviations

BAC	Bid Adjudication Committee (this is the present National Treasury Terminology)
BEE	Black Economic Empowerment
BEC	Bid Evaluation Committee
SBD	Standard Bidding Document
SARS	South African Revenue Service
JBCC	Joint Building Contracts Committee
PFMA	Public Finance Management Act
EP	Executive Procurement
GE	Group Executive
BBBEE	Broad Based Black Economic Empowerment
CIDB	Construction Industry Development Board
HDI	Historically Disadvantaged Individual
NBAC	National Bid Adjudication Committee
PPPFA	Preferential Procurement Policy Framework Act
SMME	Small, Medium and Micro Enterprise
SCM	Supply Chain Management
QSE	Qualifying Small Enterprise
EME	Exempted Micro Enterprise
VDP	Value Delivery & Planning
NT	National Treasury

Definitions

- **Black people** shall mean South African citizens from previously disadvantaged communities and shall comprise African, Coloured and Indians.
- **Executive Management** refers to the highest executive body after the board of directors or equivalent structure that is entrusted with the day-to-day running of the enterprise's economic activities and resources.
- **Bid Adjudication Committee (BAC)** is a governance committee constituted to assist the Commissioner in executing his PFMA responsibility of ensuring that SARS has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
- **Responsive bid** – means a bidder has submitted a bid, which conforms in all material respects to the invitation to bid.
- **Black women-owned enterprise** is one with at least 30% representation of black women within the black equity and management portion.
- **Joint Venture** means an association of persons for the purpose of combining, but limited to, their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.
- **Contracts** –In these Procedures the terms 'tender' and 'contract' are used extensively. In that regard, except where the intention is to the contrary, 'tender' includes written quotations, proposals and bids and 'contract' includes formal written contracts, a properly authorised purchase order (to which may be attached terms and conditions relating to that purchase) and any other agreements in writing between SARS and a supplier of goods or services.
- **Consultant** –A consultant is an individual with appropriate experience and recognised level of expertise in a specific field of activity, with ability to perform a particular service and give comprehensive and independent advice without influence from external interests. A consultant can be appointed through a private consulting firm or in his/her personal capacity.
- **Small, Medium and Micro Enterprise (SMME)** bears the same meaning assigned to this expression in the National Small Business Promotion Act, 1996 (Act No. 102 of 1996).
- **National Bid Adjudication Committee (NBAC)** is a governance committee constituted to assist the Commissioner in executing his PFMA responsibility of ensuring that SARS has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.

Table 0A: Industry Turnover

Sector	Size or Class	Total full-time equivalent of paid employees Less than	Total annual turnover Less than	Total gross asset fixed value Less than
Construction	Medium	200	R20m	R4m
	Small	50	R5m	R1m
	Very small	20	R2m	R0.40
Catering, Accommodation & other trade	Medium	100	R10m	R2m
	Small	50	R5m	R1m
	Very small	10	R1m	R0.20m
Transport, Storage & Communications	Medium	100	R20m	R5m
	Small	50	R10m	R2.50m
	Very small	10	R2m	R0.50m

BBBEE COMPLIANCE (IN TERMS OF THE CODES OF GOOD PRACTICE)

- **QUALIFYING SMALL ENTERPRISES (QSE's)** Qualifying Small Enterprises (QSE's) are defined by the Codes as companies with an annual total turnover of between R 5 million and R35 million.
- **EXEMPTED MICRO-ENTERPRISES - Exempted Micro Enterprises (EME's)** are defined by the Codes, as companies with an annual total turnover of R 5 million or less. EME's enjoy a deemed BBBEE recognition of a Level 4 contributor and those, which are more than 50% owned by black people or more 50% owned by black women are promoted to a Level 3 contributor.
- **LARGE ENTITY (LE)** Large Entities are defined by the Codes as companies with an annual total turnover of greater than R 35 million.

Table 0B: B-BBEE levels

B-BBEE Status	Qualification
Level One Contributor	≥ 100 points on the Generic Scorecard
Level Two Contributor	≥ 85 but < 100 points on the Generic Scorecard
Level Three Contributor	≥ 75 but < 85 on the Generic Scorecard
Level Four Contributor	≥ 65 but < 75 on the Generic Scorecard
Level Five Contributor	≥ 55 but < 65 on the Generic Scorecard
Level Six Contributor	≥ 45 but < 55 on the Generic Scorecard
Level Seven Contributor	≥ 40 but < 45 on the Generic Scorecard
Level Eight Contributor	≥ 30 but < 40 on the Generic Scorecard

B-BBEE Status	Qualification
Non-Compliant Contributor	< 30 on the Generic Scorecard

Reference Documents

- SARS Procurement Policy;
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its Regulations;
- Supply Chain Management Regulations;
- BBEEE Act, 2003 (Act No. 53 of 2003) and BBEEE Codes of Good Practice;
- Public Finance Management Act, 1999 (Act No. 1 of 1999);
- National Treasury – Supply Chain Management Guidelines for Accounting Authorities;

1. SUBJECT

RFP 28/2015: Request approval to award the bid for the appointment of a panel of Debt Collection service providers.

2. PURPOSE

The purpose of this submission is to obtain approval from the NBAC to appoint a panel of Debt Collection service providers for the period of 36 months with an option to extend the contract for a period of twelve (12) months.

The current status of the submission process (please mark with an X)

	Business Case Tender	X	Post Tender Awarding of Business
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3. SYNOPSIS OF THE PROCUREMENT PROCESS

The current South African economic climate and forecast is putting pressure on SARS' tax collections. The current SARS management intends to utilize alternative means to ensure that the set revenue targets are achieved and this includes outsourcing a specified category of debt to debt collection agencies.

The current debt book stands at approximately R100bn and can be stratified into the following categories:

- Category A: Outstanding debt less than 4 years;
- Category B: Outstanding debt older than 4 years;
- Category C: Outstanding debt that is untraceable and/or taxpayer is no longer operational; and
- Category D: Outstanding debt flagged for temporary write-off.

For the purpose of this RFP, SARS will outsource Category B, that is outstanding debt old than 4 years. The debt book in this category is estimated at R15bn. From time to time SARS will also embark on outsourcing certain categories of debt and tax returns to the pre-approved debt collection agencies on its panel.

Work will be allocated as and when the services are required by SARS and will not necessarily be supplied to the successful bidders on an equitable basis, but based on performance. Successful bidders will not be required purely on a project-specific basis, but may be required for both defined assignments and on an ad-hoc basis.

4. LEGISLATIVE GUIDELINES FOR ESTABLISHMENT OF PANELS

The Supply Chain Management Guide for Accounting Officers provides guidelines on the establishment of a list of approved suppliers i.e. A Panel. Section 4.9 states:

"Where goods, services or works of a technical / specialised nature are required on a recurring basis, a list of approved suppliers for the supply of the goods, services or works may be established. These lists should be established through the competitive bidding process."

The Supply Chain Management Guide for Accounting Officers, in section 4.9; states the following regarding utilisation of approved lists of service providers:

"Once the list of suppliers has been approved, only the successful applicants are approached, depending on the circumstances, either by obtaining quotations on a rotation basis or according to the bid procedure when the goods, services or works are required, with the exception that the requirement is not advertised in the Government Tender Bulletin again".

"The list of pre-qualified firms in such instances should be updated periodically."

Verification of the information provided in the submission for pre-qualification should be confirmed at the time of award of contract and award may be denied to a bidder that is judged to no longer have the capability or resources to successfully execute the contract".

5. SOURCING STRATEGY

Procurement evaluated the options available to SARS in sourcing the Debt Collection Agency according to the National Treasury prescripts and the SARS procurement policy. These options include:

- Utilizing Transversal Term Contracts and Ad-hoc contracts established by other state organs where open competitive bidding process has been followed to establish valid contracts with the permission of Accounting Officers
- Utilizing a paper-based bidding system, which may include:
 - inviting competitive bids (open tender, known as Request for Proposal),
 - pre-qualification of bidders (open tender to establish a panel of service providers, known as Request for Information), and
 - two-stage bidding (open tender and limited tender known as Request for Information followed by Request for Proposal)

The first method explored was utilising the Transversal Term contract in line with Regulation 16A6.6.

On 18 September 2015, the Acting Executive: Procurement approved the procurement method of appointing a debt collection service provider(s) through a transversal/institutional term contract. Subsequent to the approval, Procurement sent letters via emails to 5 Municipalities, 4 State Owned Enterprises and 2 Government Departments, soliciting information and requesting approval from their respective Chief Executive Officers/Director-Generals to piggyback from their existing contracts with debt collection service providers. As at the 18 October, no state organ had shared any information with SARS.

On 28 October only 1 state organ, Department of Water & Sanitation, provided SARS with the information requested. Legal and Business reviewed the information and concluded that the existing contract is not in line with SARS terms of reference.

The other state organs confirmed receipt and never reverted to SARS and the 3 State Owned Enterprises never responded. The transversal as a sourcing method was not successful.

Due to the lack of positive response and the uncertainty in relying on other State Organs to piggyback from existing contracts, a second method, an open tender, was initiated. The procurement planning and process followed is outlined in the next paragraph.

6. PROCUREMENT PLANNING AND PROCESS

6.1 Planning and Preparation

- 9 October – NBAC noted and approved the advertisement of open tender for 17 working days.
- 6 October 2015 – Tender Bulletin and SARS website.
- 8 & 9 October – Tender was advertised in the Sunday Times and SARS website, respectively.
- 19 October 2015 – Non-compulsory briefing session was held and a total number of thirty-seven (37) prospective bidders attended the session.
- 2 November 2015 – RFP closed at 11.00. Forty (40) tender submissions were received.

7. BID EVALUATION COMMITTEE AND CRITERIA

7.1 Bid Evaluation Committee (BEC) consisted of the following members:

Name	Designation	Role in the tender
Holeng Kola	Commodity Leader: Procurement	Sourcing Lead
Baitseng Montsho	Graduate Trainee	Administrative Support
Tinto Seotloadi	Project Manager: Professional Services	Programme Manager
Temitope Azubike	Contract Specialist	Contract Management
Itumeleng Tihomelang	Ops Specialist: Methods, Procedure & BEE	BEE Evaluator
Thabang Thinane	Ops Specialist: Procurement Value Delivery	Price Evaluator
Campher Serfontein	Senior Manager: Debt Management	Technical Evaluator
Chris Madima	Executive: Debt Management	Project Manager and Specification Committee member
Danie Muller	Senior Manager: Effectiveness	Technical Evaluator
Epaphrus Tsoaeli	Specialist: Debt Management	Technical Evaluator
Anél Burroughs	Legal Specialist	Legal Advisor
Mmatshepo Mothabela	CA Trainee	Financial Evaluator

All BEC members completed and signed the Confidentiality Agreement.

7.2 Evaluation Criteria

7.2.1 Gate 0 - Pre-qualification criteria

The following standard documents were requested for pre-qualification purposes:

- SBD 1 – Invitation to Bid
- SBD 2 – A valid, original Tax Clearance Certificate
- SBD 4 – Declaration of Interest
- SBD 6.1 – Preferential Points Claim Form (non-submission will lead to a zero score for B-BBEE)
- SBD 8 – Declaration of Bidder's Past Supply Chain Management Practices
- SBD 9 – Certificate of Independent Bid Determination
- Signed Oath of Secrecy
- Valid Certificate of Registration Proof of registration by the Debt Collectors Council of South Africa or a letter of good standing from Law Society

7.2.2 Gate 1 – Technical Evaluation Criteria

In line with paragraph 3 of the NT Instruction of 03 September 2010, the threshold / disqualification in Gate 1 was only applied to the Functionality. The set technical threshold required bidders to attain a minimum of 70 out of 100 points in order to proceed to Gate 2 (Price and B-BBEE evaluations).

The Technical Evaluation Scorecard (Annexure A of the RFP) was issued. The BEC applied a detailed Technical Scorecard with a clear evaluation guide for allocation of points and rating.

Table 7A: Technical Evaluation Criteria

No.	Technical Evaluation Criterion for consideration	RFP Reference	Weight
12:1	Company Profile & Resources	8:2:1	20
	Provide: <ul style="list-style-type: none"> (a) Company profile and clearly indicate debt collection and related services, organisational structure, national footprint and infrastructure to render the services; (b) Proposal on its staff's area of experience, languages, qualifications and competencies relevant to the scope of services; (c) Size of call/contact center(s) and number of seats; (d) Amount of time required by the bidder to commence with the services once appointed; and (e) Full details of the dedicated Account Manager who will attend to regular contract review meetings between the bidder and SARS. 		
12:2	Capability	8:2:2	25
	Provide a schedule of bidder's experience and proven track record over the past 4 years in debt collection and related services. The information provided for each client must include: - <ul style="list-style-type: none"> • Client name; • Contact person, phone number, the company's business address; • Debt book value; • Contract period; • Description of debt collection services rendered; • State nature of account (collection for consumers, businesses or both); • Challenges; 		

No.	Technical Evaluation Criterion for consideration	RFP Reference	Weight
	<ul style="list-style-type: none"> Recovery rate; and Value added services. <p>Please note that SARS will sample and contact the clients for a reference check. It is important to ensure that the clients listed on the bidder's schedule are contactable.</p>		
12.3	Collection Process	8:2:3	20
	<p>Provide a detailed process implemented by the bidder in ensuring that debt is collected efficiently and ethically.</p> <p>Provide proof of Association of Debt Recovery Agents membership or any other relevant statutory bodies.</p>		
12.4	Insurance	8:2:4	15
	Provide proof that the bidder has Professional Indemnity Insurance.		
12.5	Technology & Reporting	8:2:5	20
	<ul style="list-style-type: none"> Provide details on the:- Process and procedure implemented for submitting and updating accounts; IT resources to enable tracing, monitoring, predictive dialler tools, preview dialling and call centre management tools; Capability of bidder's system to integrate with systems (e.g. SAP); Nature and format of reports available and these include but not limited to online 		
TOTAL POINTS			100

7.2.3 Gate 2 – Price and B-BBEE Evaluation Criteria

A. Price Evaluation Criteria

Bidders were issued with a standard pricing schedule to complete as outlined in Annexure B. Pricing was not a disqualifier. However, bidder(s) were encouraged to submit this information for internal analysis, and to form the basis for future engagement with the successful bidders as and when the services are required.

B. B-BBEE Evaluation

The B-BBEE was evaluated out of 10 points as outlined in the NT Instruction of 3 September 2010. The checklist below indicates the B-BBEE documents that were to be submitted for tenders, failure to submit resulted in the score zero for B-BBEE.

Table 7B: B-BBEE evaluation criteria

Turn Over	Classification	Submission Requirement
Exempted Micro Enterprise (EME)	Below R5 million p.a.	Certified copy of B-BBEE Rating Certificate from a SANAS Accredited rating agency or a Registered Auditor approved by IRBA or a letter from an Accounting Officer as contemplated in the CCA.
Qualifying Small Enterprise (QSE)	Between R5 million and R35 million p.a.	Certified copy of B-BBEE Rating Certificate from a SANAS Accredited rating agency or a Registered Auditor approved by IRBA.
Large Enterprise (LE)	Above R35 million p.a.	Certified copy of B-BBEE Rating Certificate from a SANAS Accredited rating agency or a Registered Auditor approved by IRBA.

8. TENDER EVALUATION OUTCOME

8.1 Gate 0 - Pre-Qualification Evaluation Outcome

On the closing date and time, forty (40) bids were received and assessed for compliance with the pre-qualification criteria. A full CIPC verification was done on all bidders. All members of the BEC were requested to confirm their Declaration of Interest and none had any interest to declare.

The table below reflects the bidders who submitted proposals and were assessed for the pre-qualification requirements.

Table 8A: Pre-qualification outcome

No	Company Name	SBD 1	SBD 2	SBD 4	SBD 6.1	SBD 8	SBD 9	Oath of Secrecy	Proof of Registration (DCCSA/LSSA)	Qualified/Not qualified
1	Africollect (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
2	Africred Collections	✓	✓	✓	✓	✓	✓	✓	✓	Q
3	Asili Risk Management (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q

No	Company Name	SBD1	SBD2	SBD4	SBD6.1	SBD8	SBD9	Oath of Secrecy	Proof of Registration (DCCSA/LSSA)	Qualified//Not qualified
4	Balimi Barui Trading (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
5	Barrisford Brent Petersen Law Incorporated	✓	✓	✓	✓	✓	✓	X	✓	D
6	BAS Collectors & Correctors (Pty) Ltd	✓	✓	✓	✓	✓	✓	X	✓	D
7	Bham and Dahya CC	✓	✓	✓	✓	✓	✓	✓	✓	Q
8	Blake & Associates (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
9	Brian Blignaut Attorneys	✓	✓	✓	✓	✓	✓	✓	✓	Q
10	Confirm Direct Call Centre (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
11	Credit Intelligence (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
12	Credit Recovery Management Services	✓	✓	X	✓	✓	✓	✓	✓	D
13	CSS Credit Solution Services (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
14	Deptin Consultants (Pty) Ltd	✓	✓	✓	✓	✓	✓	X	✓	D
15	Fusion Asset Recoveries (Pty) Ltd	✓	✓	✓	✓	✓	✓	X	✓	D
16	Hahn Collections (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
17	Hybrid Collections	✓	✓	✓	✓	✓	✓	✓	✓	Q
18	In-Quest Investigations (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
19	ITC Business Administrators (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
20	Lekgotla Trifecta Consortium	✓	✓	✓	✓	✓	✓	✓	✓	Q
21	Lerato Moabelo T/A LWM Debt Recovery	✓	✓	✓	✓	✓	✓	X	✓	D
22	Louw Genis & Rajoo Incorporated	✓	✓	✓	✓	✓	✓	✓	✓	Q
23	MBD Credit Solutions (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
24	Medaco Capital Services (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
25	Mogaswa Incorporated	✓	✓	✓	✓	✓	✓	✓	✓	Q

No	Company Name	SBD/1	SBD/2	SBD/4	SBD/6.1	SBD/8	SBD/9	Oath of Secrecy	Proof of Registration (DCCSA/ISSA)	Qualified/Not qualified
26	NDS Credit Management	✓	✓	✓	✓	✓	✓	✓	✓	Q
27	New Integrated Credit Solutions (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
28	Ngikhona Debt and Recovery (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
29	Norman Bisset & Associates Group (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
30	Nudebt Management (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
31	Phakamani Debt Collection Services (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
32	Revenue Consulting (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
33	Shapiro Shaik Defries and Associates (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
34	Smith Tabata Inc.	✓	✓	✓	✓	✓	✓	✓	✓	Q
35	Sustainable Collection Services (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
36	T.J. Maodi Incorporated	✓	✓	✓	✓	✓	✓	✓	✓	Q
37	TIM Risk Management	✓	✓	✓	✓	✓	✓	✓	✓	Q
38	Van De Venter Mojapelo (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	✓	Q
39	Van Rhyns Attorneys	✓	✓	✓	✓	✓	✓	✓	✓	Q
40	Zandile Management Services	✓	X	✓	✓	✓	✓	✓	✓	D

Notes:

- ✓ means the bidder signed and/or submitted the required documents
- X means the bidder did not submit the required documents
- Q means the bidder qualified for the next stage of evaluation.
- D means the bidder failed to submit all the necessary pre-qualification documents and was disqualified. The BEC disqualified the bidder in line with paragraph 8.1 of the main RFI which states that, "Bidder's proposal may be disqualified for non-submission of any of the documents."

7 Bidders were disqualified at prequalification stage of the tender process and 33 bidders who qualified were evaluated for functionality

8.2 Gate 1 - Technical Evaluation

8.2.1 Technical Evaluation Outcome

The 33 bidders who complied with the pre-qualification criteria were further evaluated for technical capability. The main RFP document states that bidders must obtain a minimum of 70 out of 100 points and only the top 6 will be shortlisted and evaluated for financial statement analysis and BEE.

The table below shows the points achieved by the bidders for functionality.

Table 8B: Technical Evaluation Outcome

No	Bidder Name	Company Profile & Resources	Capability	Collection Process	Professional Indemnity Insurance	Technology & Reporting	Threshold (70/100)
Maximum Points		20.00	25.00	20.00	15.00	20.00	100.00
1	Norman Bisset & Associates Group	18.00	13.89	18.33	15.00	16.44	81.67
2	Medaco Capital Services	17.56	13.89	18.33	15.00	16.44	81.22
3	MBD Credit Solutions	17.78	12.22	18.33	15.00	17.78	81.11
4	Revenue Consulting	16.89	12.22	20.00	15.00	16.89	81.00
5	CSS Credit Solution Services	17.56	11.11	18.33	15.00	16.89	78.89
6	Van De Venter Mojapelo	18.44	9.45	18.33	15.00	16.89	78.11
7	ITC Business Administrators	16.22	13.33	18.33	15.00	14.22	77.11
8	Lekgotla Trifecta Consortium	17.56	11.67	16.67	15.00	11.99	72.88
9	T.J. Maodi Inc.	16.00	14.44	16.67	15.00	10.22	72.33
10	NDS Credit Management	13.33	11.11	16.67	15.00	16.00	72.11
11	New Integrated Credit Solutions	16.89	22.22	16.67	-	15.56	71.33
70 points threshold							
12	Low Genis & Rajoo Inc.	16.89	7.22	13.33	15.00	13.78	66.22
13	Africollect	10.00	13.33	15.00	15.00	12.44	65.78
14	Blake & Associates	13.33	11.67	13.33	15.00	11.55	64.89
15	Sustainable Collection Services	10.22	11.11	11.67	15.00	13.78	61.78
16	In-Quest Investigations	17.33	11.11	16.11	-	16.44	61.00
17	Van Rhyns Attorneys	12.89	6.11	9.67	15.00	16.89	60.55

Nö	Bidder Name	Company Profile & Resources	Capability	Collection Process	Professional Indemnity Insurance	Technology & Reporting	Threshold (70/100)
Maximum Points		20.00	25.00	20.00	15.00	20.00	100.00
18	Nudebt Management	15.56	12.78	15.00	-	14.22	57.55
19	Hahn Collections	8.89	10.00	13.33	15.00	9.78	57.00
20	Africred Collections	14.22	13.89	13.33	-	13.78	55.22
21	Bham and Dahya	11.78	6.67	10.00	15.00	8.89	52.33
22	Hybrid Collections	9.33	6.11	9.67	15.00	11.55	51.66
23	Shapiro Shaik Defries and Associates	12.44	9.45	15.00	-	13.78	50.67
24	Asili Risk Management	10.67	7.78	13.33	-	14.22	46.00
25	Phakamani Debt Collection Services	9.11	6.11	15.00	-	13.78	44.00
26	Brian Blignaut Attorneys	11.11	2.78	16.67	-	12.89	43.44
27	TIM Risk Management	12.22	3.33	15.00	-	12.89	43.44
28	Smith Tabata Inc.	4.22	3.33	11.67	15.00	4.89	39.11
29	Balimi Barui Trading	7.11	8.89	13.33	-	8.00	37.33
30	Mogaswa Inc.	6.44	6.11	11.67	-	5.33	29.56
31	Ngikhona Debt and Recovery	9.33	-	11.67	-	-	21.00
32	Credit Recovery Management Services	8.00	-	10.00	-	2.22	20.22
33	Confirm Direct Call Centre	2.00	0.56	8.33	-	5.33	16.22

Notes:

- 11 Bidders met the threshold of 70 out of 100 points.
- Bidder number 11 (NICS) met the threshold of 70/100 points; this bidder did not submit Professional Indemnity Insurance (PII). Had they submitted, they would have scored the highest points. Non-submission resulted in a score of 0 out of 15 points (NICS will be required to submit the PII once they appointed on the panel).
- 13 Bidders did not submit PII, and Bidder number 16 (In-Quest) would have scored above 70 points had they submitted the PII.
- 2 Bidders did not submit the "Capability" information and were then scored 0; and
- 1 Bidder did not submit the "Technology and Reporting" information and they were scored 0.
- The very low scores of a significant number of bidders was due to a lack of capability/infrastructure, resources and technology.

On 27 November, the BEC discussed the matter and decided that instead of shortlisting only the top 6 bidders, as per the RFP, all top 11 bidders which met the threshold of 70 out of 100 points should be shortlisted, i.e. the 5 bidders which scored higher than the top 6 bidders would also be shortlisted, based on the size of the debt book. The project sponsor and business project manager were also in support of shortlisting the top 11 bidders which met the threshold of 70 out of 100 points.

8.3 GATE 2 - PRICE AND B-BBEE EVALUATION

8.3.1 PRICE EVALUATION

Bidders were issued with a standard pricing schedule to complete as outlined in Annexure B. Pricing was not part of the evaluation process. However, bidders were encouraged to submit this information which will be used for internal analysis and form the basis for future engagement with the agencies as and when the services are required. The table below shows a summary of the pricing submitted by the bidders.

Table 8C: Internal Analysis of the shortlisted bidders

Percentage Collected / Performance Recovery	Bidders proposed commission											Analysis	
	NBA	Medaco	MBD	Revco	CSS	VVM	ITC	Lekgotla	NICS	NDS	TJ Maodi	Bidders Average Commission	SARS Benchmark
0 - 5%	15%	14%	21%	15%	8%	10%	9%	10%	7%	11%	7%	12%	
6 - 15%	14%	15%	8%	15%	10%	12%	9%	11%	10%	17%	9%	12%	
16 - 30%	13%	18%	4%	15%	12%	15%	9%	14%	12%	28%	11%	13%	
> 30%	12%	21%	4%	15%	15%	18%	10%	15%	13%	29%	12%	15%	
0 - 5%	14%	11%	12%	15%	8%	10%	9%	10%	7%	10%	7%	10%	
6 - 15%	13%	14%	6%	15%	10%	12%	9%	11%	10%	16%	8%	11%	
16 - 30%	12%	17%	3%	15%	12%	15%	9%	14%	12%	22%	9%	13%	
> 30%	11%	21%	3%	15%	15%	18%	10%	15%	13%	27%	10%	14%	
0 - 5%	13%	11%	11%	15%	8%	10%	8%	9%	7%	10%	7%	10%	10%
6 - 15%	12%	14%	5%	15%	9%	12%	8%	10%	10%	15%	7%	11%	
16 - 30%	11%	16%	2%	15%	10%	15%	9%	12%	12%	21%	8%	12%	
> 30%	10%	19%	2%	15%	12%	18%	9%	14%	13%	27%	9%	13%	
0 - 5%	10%	11%	10%	15%	7%	10%	8%	8%	7%	9%	7%	9%	
6 - 15%	10%	14%	5%	15%	8%	12%	8%	9%	10%	15%	7%	10%	
16 - 30%	10%	16%	2%	15%	9%	15%	9%	10%	12%	21%	8%	12%	
> 30%	10%	19%	2%	15%	10%	18%	9%	12%	13%	26%	8%	13%	
AVERAGE	12%	16%	6%	15%	10%	14%	9%	12%	10%	19%	8%	12%	10%

Notes:

White
Blue

The % commission proposed by bidders are in line with the 10% benchmark.

The % commission proposed by bidders are not in line with the 10% benchmark.

Confidential (for SARS internal use only)

RFP 28/2015 – Appointment of a panel of Debt Collection Service Providers

- The aggregate rate proposed by bidders is 12% versus SARS benchmark rate of 10%.
- Medaco (16%), Revco (15%), VVM (14%) and NDS' (19%) proposed commissions are significantly higher than the aggregate rate of 12%.
- MBD (6%), T J Maodi (8%) and ITC (9%) offered the most competitive percentage commission.

The percentage commissions that are not in line with the market norm/ SARS benchmark will be negotiated with all the respective bidders prior to conclusion of Master Service Agreements with them.



8.3.2 B-BBEE EVALUATION

The B-BBEE requirement was not a disqualifying element in the evaluation criteria. The table below depicts the B-BBEE scores.

Table 8D: B-BBEE evaluation outcome

No	Bidder Name	Score	Contributor Level	Comments
1	Norman Bisset & Associates Group (Pty) Ltd	8.00	Level 3 Contributor	<ul style="list-style-type: none"> • Generic Rated by EMPOWERDEX • Black Ownership – 28.93% • Black Women Ownership – 13.62% • Certificate Expires - 2016/04/29 • Authenticated • No Sub-contracting
2	Medaco Capital Services (Pty) Ltd	10.00	Level 1 Contributor	<ul style="list-style-type: none"> • QSE Rated by SAB&T • Black Ownership – 28.00% • Black Women Ownership – 22.41% • Certificate Expires – 2016/03/23 • Authenticated • No Sub-contracting
3	MBD Credit Solutions (Pty) Ltd	0.00	Non-Compliant	<ul style="list-style-type: none"> • Certificate expired on the 27 October 2015
4	CSS Credit Solution Services (Pty) Ltd	8.00	Level 3 Contributor	<ul style="list-style-type: none"> • Generic Rated by NERA • Black Ownership – 26.00% • Black Women Ownership – 13.26% • Certificate Expires - 2016/04/23 • Authenticated • No Sub-contracting
5	Van De Venter Mojapelo (Pty) Ltd	5.00	Level 4 Contributor	<ul style="list-style-type: none"> • Generic Rated by SMITH & SMITH • Black Ownership – 0% • Black Women Ownership – 0% • Certificate Expires - 2015/11/25 • Authenticated • No Sub-contracting
6	Revenue Consulting (Pty) Ltd	9.00	Level 2 Contributor	<ul style="list-style-type: none"> • QSE Rated by ACCOUNTANTS ON SITE • Black Ownership – 51.00% • Black Women Ownership – 20.00% • Certificate Expires – 2015/11/03 • Authenticated • No Sub-contracting
7	ITC Business Administrators (Pty) Ltd	9.00	Level 2 Contributor	<ul style="list-style-type: none"> • QSE Sworn Affidavit by ACCOUNTANTS ON SITE • Black Ownership – 51.00% • Black Women Ownership – 0.00% • Certificate Expired – 2016/10/06 • Authenticated • No Sub-contracting

No	Bidder Name	Score	Contributor Level	Comments
8	Lekgotla Trifecta Consortium	10.00	Level 1 Contributor	<ul style="list-style-type: none"> • QSE Rated by SAB&T • Black Ownership – 63.00% • Black Women Ownership – 0% • Certificate Expires - 2016/10/29 • Authenticated • No Sub-contracting
9	T.J. Maodi Incorporated	9.00	Level 2 Contributor	<ul style="list-style-type: none"> • QSE Rated by MUTHELO-BEE • Black Ownership – 100.00% • Black Women Ownership – 0.00% • Certificate Expires – 2016/05/20 • Authenticated • Sub-contracting up to 25%. List not provided.
10	NDS Credit Management (Pty) Ltd	8.00	Level 3 Contributor	<ul style="list-style-type: none"> • QSE Rated by LOGISTA • Black Ownership = 0% • Black Women Ownership – 0% • Certificate Expires - 2016/04/16 • Authenticated • No Sub-contracting
11	NEW Integrated Credit Solutions (Pty) Ltd	9.00	Level 2 Contributor	<ul style="list-style-type: none"> • QSE Rated by AVANT • Black Ownership – 65.80% • Black Women Ownership – 4.5% • Certificate Expires - 2016/09/15 • Authenticated • No Sub-contracting

Notes:

- The BEE levels range from 1 to 4.
- More than 50% of the bidders are either level 1 or 2.
- 8 Out of 11 bidders have Black Ownership varying between 24% – 100%.
- 2 Bidders have 0% Black Ownership and Black Women Ownership.

Procurement and the custodians of the panel will set out goals in the utilisation guide for SARS to achieve the government's broader policy of enhancing BEE and promoting Historically Disadvantage Individuals as required in the Preferential Procurement Regulations of 2001.

9. DUE DILIGENCE

National Treasury Database of Restricted Suppliers

The 11 bidders have been verified against the National Treasury list for tender defaulters and restricted suppliers. None of the names appear on the list.

Summary of Directors

The list of company directors is attached as per Annexure "G" - Due Diligence Report.

10. FINANCIAL IMPLICATIONS

The Memorandum dated 20 July 2015, from the Acting COO, requested approval for the utilisation and funding of an external debt collection agency to collect specified debt categories of debt on SARS' behalf. The memo indicated a budget approval of R150m for this project. The initiative was approved in principle during an EXCO meeting that was held on 23 July 2015.

On 5 August, the CFO signed the memo and stated that, *"My understanding is that this payment will be recovered from National Treasury. CFO and Acting COO to engage National Treasury to agree on the principle"*

On 11 August, the Commissioner's comments on the memo read as follows, *"The comments by the CFO are noted and supported. Once the matter is approved by the parties we implement. It is important that we collect the outstanding debt amount"*, 11 August 2015

On 27 November, the CO: BAIT signed the Request To Procure (RTP) form to confirm budget approval of R150 million.

11. VALUE FOR MONEY

Value for money is presented below based on the 'three Es' - Economy, Efficiency and Effectiveness.

Economy

The shortlisted bidders scored exceptionally well in terms of infrastructure, experience and availability of resources. The average technical evaluation score was 17 out of 20 points

Efficiency

The 10% commission was used as a benchmark against the proposed fee by the bidders. 8 out of 11 bidders' commission fees are inline.

The BEC will further negotiate the fees with the shortlisted bidders prior to the signing of the MSA's.

Effectiveness

The shortlisted bidders scored exceptionally well in terms of their debt collection process and technology. The bidders scored on average 18/20 points and 15/20 points, respectively.

12. LEGAL IMPLICATIONS

A Master Services Agreement (MSA) will be negotiated and entered into between SARS and all debt collection service providers appointed to the panel for a period of 36 (thirty six) months, with an option to renew the contract for a period of twelve (12) months.

An addendum will be drafted and signed-off for every debt collection project assigned to service providers and added to the main SLA.

13. PROCUREMENT SELECTION CRITERIA – PANEL UTILISATION

A detailed utilisation guide will be finalised and signed by Procurement and the custodians of the panel. SARS must take into account the following utilisation principles prior to allocation of work to a service provider.

13.1 Declaration of Interest

- The service provider is required to render professional and objective service at all times.
- Service provider must declare interest to avoid conflicts between the obligations under the SARS contract and other clients.

13.2 Broad Based Black Economic Empowerment (BBBEE)

- The BBBEE certificate will be verified annually.
- The allocation of work will take into account the composition in terms of shareholding
- Preferential Procurement strategy within the utilisation guide shall stipulate the goals for SARS to achieve the government's broader policy of enhancing BEE and promoting Historically Disadvantage Individuals as required in the Preferential Procurement Regulations of 2001.

13.3 Capability and Resources

- Bidder's agreement to take on the assignment.
- The personnel complement will be verified annually to confirm whether the pre-approved service provider still has the capability and resources to successfully execute the contract.

13.4 Performance

- Allocation of debt book and tax returns. The allocation will not be on equitable basis, but on successful recovery from previous assignments with SARS.

- The performance of the services shall be monitored and reported. SARS shall evaluate the performance periodically in line with the Master Services Agreement.

13.5 Pricing

- The pricing shall be maintained in line with the market norms for the services.
- All else equal, the applicable fees and commission shall be applied in accordance with the least-cost selection method.
- Where applicable, price adjustment will be based on Consumer Price Index (CPI) and negotiated annually.

13.6 Rotation of service providers

If all else are equal, service providers must be rotated.

14. PUBLIC FINANCE MANAGEMENT ACT (PFMA)

The process of appointing the service providers complies with section 51 of the PFMA whereby the practice of fair, equitable, transparent, competitive and cost effective measures was applied.

15. RECOMMENDATIONS BY BID EVALUATION COMMITTEE

The BEC recommends the appointment of the following 11 bidders into the panel of Debt Collection Service Providers:

- CSS Credit Solution Services
- ITC Business Administrators ✓
- ~~Lekgotla Trifecta Consortium~~
- MBD Credit Solutions
- Medaco Capital Services
- ~~NDS Credit Management~~
- New Integrated Credit Solutions
- Norman Bisset & Associates Group
- Revenue Consulting
- T.J. Maodi Inc.
- Van De Venter Mojapelo

16. BEC DECLARATION

We as members of the BEC confirm that this recommendation was done collectively in accordance with the Procurement Policy and in terms of:

- Value for money and affordability
- Efficiency and effectiveness
- Open and effective competition

We hereby certify that we are not personally related to the bidders who responded to the RFP, and were not influenced by outside or external factors other than the criteria set for the evaluation of this bid.

RECOMMENDED BY:

NAME	ROLE IN THE TENDER	SIGNATURE	DATE
Holeng Kola	Sourcing Lead		2/12/2015
Baitseng Montsho	Administrative Support		03/12/2015
Tinto Seotloadi	Programme Manager		2/12/2015
Itumeleng Tlhomelang	BEE Evaluator		20/12/2015
Temitope Azubike	Contract Management		02/12/2015
Thabang Thinane	Price Evaluator		2015/12/02
Campher Serfontein	Technical Evaluator	see the attached	
Chris Madima	Project Manager		2015/12/0
Danie Muller	Technical Evaluator		2/12/2015
Epaphrus Tsoaeli	Technical Evaluator		2/12/2015
Anel Burroughs	Legal Advisor		2/12/2015
Mmatshepho Mothabela	Financial Evaluator		

16. BEC DECLARATION

We as members of the BEC confirm that this recommendation was done collectively in accordance with the Procurement Policy and in terms of:


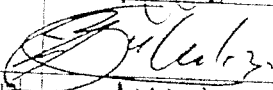

- Value for money and affordability
- Efficiency and effectiveness
- Open and effective competition

We hereby certify that we are not personally related to the bidders who responded to the RFP, and were not influenced by outside or external factors other than the criteria set for the evaluation of this bid.

RECOMMENDED BY:

NAME	ROLE IN THE TENDER	SIGNATURE	DATE
Hileng Kola	Sourcing Lead		2/12/2015
Batsang Mentsho	Administrative Support		2/12/2015
Tinto Seofoad	Programme Manager		2/12/2015
lumeleng Thonweng	BEE Evaluator		22/12/2015
Tentoga Azubhe	Contract Management		22/12/2015
Trabang Tshere	Price Evaluator		22/12/2015
Campier Sententsh	Technical Evaluator		22/12/2015
Onns Medina	Project Manager		22/12/2015
Doris Muter	Technical Evaluator		22/12/2015
Ecephus Tsoeli	Technical Evaluator		22/12/2015
Anel Burroughs	Legal Advisor		22/12/2015
MmaShepho Mstrabela	Finance Evaluator		22/12/2015

17. SUPPORTED BY:

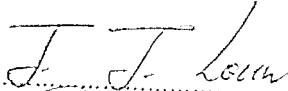
NAME	TITLE	SIGNATURE	DATE
Noxolo Ngubo	Senior Manager: Professional Services		02/12/2015
Basil Buthelezi	Acting Executive: Procurement		02/12/15
Jonas Makwakwa	Chief Officer: Business and Individual Tax		03/12/2015

18. RECOMMENDED TO THE COMMISSIONER: NATIONAL BID ADJUDICATION COMMITTEE

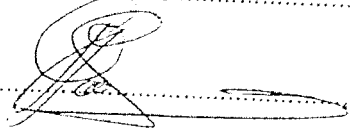
The NBAC chair, on behalf of the NBAC, recommends the appointment of the eleven (11) shortlisted bidders to the panel of debt collection service providers for Category B and the outstanding Tax Returns. The panel will be appointed for a period of thirty six (36) months with an option to extend the contract for a period of twelve (12) months. The recommendation is subject to:

- The written agreement by parties on the recovery of funds/expenditure from National Treasury;
- Achieve the government's broader policy of enhancing BEE and promoting Historically Disadvantage Individuals as required in the Preferential Procurement Regulations of 2001;
- Obtain the New Integrated Credit Solutions' Professional Indemnity Insurance;
- MBD Credit Solutions' valid BEE certificate;
- Agreement on the recovery percentage fees/commission;
- Negotiate and agree on Master Service Agreement Terms and Conditions; and
- Report of the pilot on Category B before expanding to other categories of the debt book.

Chair of NBAC:



Signature:



Date Signed:

10/11/2015

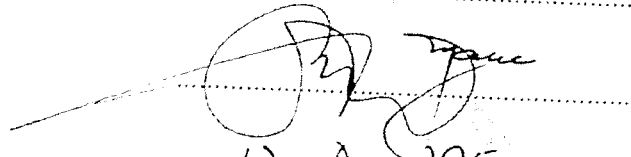
19. APPROVED BY: COMMISSIONER

The Commissioner approves the appointment of the eleven (11) shortlisted to the panel of debt collection service providers. The panel will be appointed for a period of thirty six (36) months with an option to extend the contract for a period of twelve (12) months.

The Commissioner:

T.S. Moynihan

Signature:

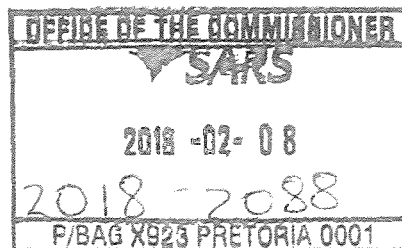


Date Signed:

17 Dec 2015

BID ADJUDICATION REPORT

TO	National Bid Adjudication Committee (Tier 2)
ATTENTION	The Chairperson
PREPARED BY	Holeng Kola Commodity Leader And Noxolo Ngubo Senior Manager: Procurement
DATE	29 January 2018
SUBJECT	RFP 29/2017 – Appointment of service providers for debt collection services (Phase 2)



08:45

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Attachments:

1. Annexure "A" BU Memo/Approved Business Case
2. Annexure "B" Request to Procure
3. Annexure "C" RFP Document
4. Annexure "D" Technical Scorecard
5. Annexure "E" Proposed Percentage Commission Fees
6. Annexure "F" Declaration of Interest – BEC Members
7. Annexure "G" Directors and Shareholders of Companies
8. Annexure "H" NT Database of Restricted Suppliers
9. Annexure "I" TCC & B-BBEE Certificates
10. Annexure "J" RFP 28/2015 NBAC Submission
11. Annexure "K" Pilot Phase Submission (Briefing Note 01/2015)
12. Annexure "L" Approved Business Case (RFP 28/2015)
13. Annexure "M" Example of Issued MSA
14. Annexure "N" NDS recusal letter
15. Annexure "O" GRC Report

MW

Abbreviations

BAC	Bid Adjudication Committee (this is the present National Treasury Terminology*)
B-BBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
EME	Exempted Micro Enterprise
GE	Group Executive
NBAC	National Bid Adjudication Committee
NT	National Treasury
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
QSE	Qualifying Small Enterprise
SARS	South African Revenue Service
SBD	Standard Bidding Document
SCM	Supply Chain Management
SMME	Small, Medium and Micro Enterprise
VDP	Value Delivery and Planning

Handwritten signature

Definitions

Black people shall mean South African citizens from previously disadvantaged communities and shall comprise African, Coloured and Indians.

Black women-owned enterprise is one with at least 30% representation of black women within the black equity and management portion.

Consultant –A consultant is an individual with appropriate experience and recognised level of expertise in a specific field of activity, with ability to perform a particular service and give comprehensive and independent advice without influence from external interests. A consultant can be appointed through a private consulting firm or in his/her personal capacity.

Contracts –In these Procedures the terms 'tender' and 'contract' are used extensively. In that regard, except where the intention is to the contrary, 'tender' includes written quotations, proposals and bids and 'contract' includes formal written contracts, a properly authorised purchase order (to which may be attached terms and conditions relating to that purchase) and any other agreements in writing between SARS and a supplier of goods or services.

Executive Management refers to the highest executive body after the board of directors or equivalent structure that is entrusted with the day-to-day running of the enterprise's economic activities and resources.

Joint Venture means an association of persons for the purpose of combining, but limited to, their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

National Bid Adjudication Committee (Tier 2) is a governance committee constituted to assist the Commissioner in executing his PFMA responsibility of ensuring that SARS has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective. The NBAC (Tier 2) has been granted the delegation for approval of the procurement within the threshold of R30 000 000.00 to a maximum of R100 000 000.00

Responsive bid – means a bidder has submitted a bid, which conforms in all material respects to the invitation to bid.

Small Enterprise bears the same meaning assigned to this expression in the National Small Enterprise Act, 1996 (Act No. 102 of 1996).

Small, Medium and Micro Enterprise (SMME) bears the same meaning assigned to this expression in the National Small Business Promotion Act, 1996 (Act No. 102 of 1996).

B-BBEE COMPLIANCE (IN TERMS OF THE CODES OF GOOD PRACTICE)

EXEMPTED MICRO-ENTERPRISES - Exempted Micro Enterprises (EMEs) are defined by the Codes as companies with an annual total turnover of R 10 million or less. EMEs enjoy a deemed B-BBEE recognition of a Level 4 contributor and those which are more than 50% owned by black people or more than 50% owned by black women are promoted to a Level 3 contributor.

QUALIFYING SMALL ENTERPRISES (QSE's) - Qualifying Small Enterprises (QSEs) are defined by the Codes as companies with an annual total turnover of between R 10 million and R 50 million.

LARGE ENTITIES (LE) - Large Entities are defined by the Codes as companies with an annual total turnover of greater than R 50 million.

Table 0A: B-BBEE levels

B-BBEE Status	Qualification
Level One Contributor	≥ 100 points on the Generic Scorecard
Level Two Contributor	≥ 85 but < 100 points on the Generic Scorecard
Level Three Contributor	≥ 75 but < 85 on the Generic Scorecard
Level Four Contributor	≥ 65 but < 75 on the Generic Scorecard
Level Five Contributor	≥ 55 but < 65 on the Generic Scorecard
Level Six Contributor	≥ 45 but < 55 on the Generic Scorecard
Level Seven Contributor	≥ 40 but < 45 on the Generic Scorecard
Level Eight Contributor	≥ 30 but < 40 on the Generic Scorecard
Non-Compliant Contributor	< 30 on the Generic Scorecard

Reference Documents

- SARS Procurement Policy;
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and its Regulations;
- Supply Chain Management Regulations;
- B-BBEE Act, 2003 (Act No. 53 of 2003) and BBBEE Codes of Good Practice;
- Public Finance Management Act, 1999 (Act No. 1 of 1999);
- National Treasury – Supply Chain Management Guidelines for Accounting Authorities.

1. SUBJECT

RFP 29/2017: Request approval to appoint eight (8) Service Providers for the debt collection service – Outsourced (Phase 2)

2. PURPOSE

The purpose of this submission is to recommend to the National Bid Adjudication Committee – Tier 2 and the Commissioner the appointment of eight (8) debt collection Service Providers for a period of 18 months to assist SARS with the following categories:

- Debt book, cases less than R 50 000 and older than 12 months;
- Debt book, cases greater than R 50 000 and older than 24 months; and
- All debts which were temporarily written-off in the last 3 (three) years.

The current status of the submission process (please mark with an X)

	Business Case Tender	X	Post Tender Awarding of Business
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3. SYNOPSIS OF THE PROCUREMENT PROCESS

On the 17 December 2015, the Commissioner approved the appointment of a panel of debt collection Service Providers (RFP 28/2015) for a period of thirty-six (36) months with an option to extend the panel by twelve (12) additional months.

The pre-approved Service Providers are:

1. CSS Credit Solutions Services (Pty) Ltd (CSS).
2. ITC Business Administrators (Pty) Ltd (ITC).
3. MBD Credit Solutions (Pty) Ltd (now TCR).
4. Medaco Capital Services (Pty) Ltd (Medaco).
5. Norman Bisset & Associates Group (Pty) Ltd (NBA).
6. New Integrated Credit Solutions (Pty) Ltd (NICS).
7. Revenue Consulting (Pty) Ltd (RevCo).
8. T.J Maodi Incorporated – did not respond to Phase 2 (RFP 29/2017).
9. Van De Venter Mojapelo (Pty) Ltd (VVM).
10. NDS Credit Management (Pty) Ltd (NDS) – recused from the panel (RFP 28/2015).
11. Lekgola Trifecta Consortium (LTC) – disqualified in October 2017 and no longer a member of the panel (RFP 28/2015).

Subsequent to the approval, the following changes have been recorded.

- On 16 November 2016, the Gauteng Division of the High Court of South Africa, Pretoria, granted an order in terms whereof Lekgotla Trifecta Consortium (“LTC”) was ordered not to take any further steps to implement the Master Services Agreement entered into between SARS and LTC and Service Request No. 001, with effect from 18 November 2016.

On 18 October 2017, the Gauteng Division of the High Court of South Africa, Pretoria, granted an order which was agreed to between the Parties in terms whereof LTC's appointment to the panel of debt collection Service Providers was reviewed and set aside, and the Master Services Agreement and Service Request No. 001 were terminated.

- NDS Credit Management indicated in a letter dated 11 November 2017 to SARS that CSS bought minority shareholding in NDS in June 2017 and that NDS will not submit any bid in future due to the new shareholding agreement.

Pilot Phase

On 15 February 2016, Briefing Note 01/2015 was approved by the Commissioner to appoint three (3) agencies for a Pilot Phase for a period of six (6) months, effective 1 June 2016 to 30 November 2016, with continued deferment collection on debt arrangement up to 31 May 2017.

The three (3) appointed Service Providers on Pilot Phase were:

1. CSS Credit Solutions Services (Pty) Ltd
2. NDS Credit Management
3. Lekgotla Trifecta Consortium

At the time, the approved budget was R 150m. The approved Service Providers entered into agreement with SARS to collect R 2.2 billion each with a performance target of 10% for a commission target of 4.42%. The recorded collected revenue at the end of the Pilot Phase was a total of R 966 948 620.00

Phase 2

On 26 October 2017, Procurement received a request from Debt Management unit to initiate a competitive bidding process for the appointment of debt collection Service Providers for a period of 18 months. A summary of the terms of reference for Phase 2 are outlined in paragraph 4.

4. TERMS OF REFERENCE FOR PHASE 2

SARS is embarking on Phase 2 of the Outsourced Debt Collection project and the purpose of this phase is to appoint Service Providers from the panel (RFP 28/2015) for the collection of all outstanding debt and all outstanding returns linked to the debtors handed to the Service Providers.

4.1 SELECTION CRITERIA

- 4.1.1 SARS will utilise National Treasury selection criteria of 90/10, i.e. price and B-BBEE, respectively.
- 4.1.2 All Service Providers which meet SARS' criteria will be given an equitable share of the debt book based on capability and capacity to work on.
- 4.1.3 SARS is therefore requesting all the pre-approved Service Providers to submit a revised commission fee by no later than 17 November 2017. This must be a flat fee inclusive of VAT as a percentage of the debt recovered. The revised fee must not exceed SARS' affordability of between 3% - 4.5% (three to four point five percent), based on the estimation of R 76.6 billion of the SARS debt book that will be divided (a portion allocated) equitably to each selected Service Provider in the following categories:
- 4.1.3.1 All debts with values of less than R 50 000.00 (fifty thousand rand) and aged more than 12 (twelve) months;
- 4.1.3.2 All debts which were temporarily written-off in the last 3 (three) years; and
- 4.1.3.3 All debts with values of more than R 50 000.00 (fifty thousand rand) and age more than 24 (twenty-four) months.
- 4.1.4 The selection of the pre-approved Service Providers will be required to perform in terms of:
- 4.1.4.1 Provision of tender, RFP 28/2015;
- 4.1.4.2 Provision of Annexure A – Debt Collection Protocol;
- 4.1.4.3 Acceptance of Proposal submitted to SARS, RFP 29/2017;
- 4.1.4.4 Provision of the Master Service Agreement (to be concluded); and
- 4.1.4.5 Service Requests issued in terms of the Master Service Agreement.

4.2 APPROACH AND SUPPORT

- 4.2.1 A Service Provider's appointment is made in terms of Section 1 of the Tax Administration Act, 2011 (Act No. 28 of 2011) and the Service Provider shall, for the purposes of the said Act be a "SARS Official" as a person contracted or engaged by SARS for the purposes of the administration of a Tax Act. In this regard, SARS requires Service Providers to:
- 4.2.1.1 Establish a SARS working area within their business operations;
- 4.2.1.2 Activate a central dedicated telephone line and number/s; and
- 4.2.1.3 Manage responses in line with SARS protocols including but not limited to telephonic responses.
- 4.2.2 Service Providers will be permitted to make deferment arrangements based on the SARS protocols.
- 4.2.3 Service Providers may issue written communication on behalf of SARS during the debt collection process utilising the SARS branded templates (SARS to approve such communications). Strictly no co-branding will be allowed.
- 4.2.4 SARS will issue basic scripts and provide the necessary training to the Service Provider's employees.

4.3 KEY DELIVERABLES

All Service Providers are required to confirm in writing their willingness and capability to comply with the IT / System Security Protocol based on the following:

4.3.1 The data file will be provided in a text delimited file format;

4.3.2 In terms of file transfer, Connect Direct and a secure certificate will be needed from the Service Provider;

4.3.3 A MPLS line is required and connection to IS CLOUD will have to be arranged in order to put and get files on the DMZ; and

4.3.4 The above mentioned data exchange method does not require the file to be encrypted, so the delimited text file can be transferred and received as is.

5. LEGISLATIVE GUIDELINES FOR ESTABLISHMENT OF PANELS

The Supply Chain Management Guide for Accounting Officers provides guidelines on the establishment of a list of approved suppliers i.e. a Panel. Section 4.9 states:

"Where goods, services or works of a technical / specialised nature are required on a recurring basis, a list of approved suppliers for the supply of the goods, services or works may be established. These lists should be established through the competitive bidding process."

The Supply Chain Management Guide for Accounting Officers, in section 4.9; states the following regarding utilisation of approved lists of service providers:

"Once the list of suppliers has been approved, only the successful applicants are approached, depending on the circumstances, either by obtaining quotations on a rotation basis or according to the bid procedure when the goods, services or works are required, with the exception that the requirement is not advertised in the Government Tender Bulletin again".

"The list of pre-qualified firms in such instances should be updated periodically.

Verification of the information provided in the submission for pre-qualification should be confirmed at the time of award of contract and award may be denied to a bidder that is judged to no longer have the capability or resources to successfully execute the contract".

6. PROCUREMENT PLANNING AND PROCESS

6.1 Planning and Preparation

Key dates	Project milestone
3 November 2017	Notify the service providers on Phase 2 of the project.

9 November 2017	Receive pre-qualification documentations.
9 November 2017	Compulsory Briefing Session. A total number of ten (10) service providers attended the session.
9 November 2017	Issue of the RFP document.
17 November 2017	The RFP closed. Eight (8) tender submissions were received.

7. BID EVALUATION COMMITTEE AND CRITERIA

7.1 Bid Evaluation Committee (BEC) consisted of the following members:

Table 7A: BEC Members

Name	Designation	Role in the tender
Holeng Kola	Commodity Leader: Procurement	Sourcing Lead
Thobile Shange	Graduate Trainee	Administrative Support
Tinto Seotladi	Project Manager: Professional Services	Programme Manager
Temitope Azubike	Contract Specialist	Contract Management
Itumeleng Tlhomelang	Ops Specialist: Methods, Procedure & B-BBEE	B-BBEE Evaluator
Thabang Thinane	Ops Specialist: Procurement Value Delivery	Price Evaluator
Anél Burroughs	Senior Specialist: Corporate Legal	Legal Advisor
Chris Madima	Executive: Debt Management	Project Manager
Chris Solomon	Senior Specialist: DIT: Information Security	InfoSec Compliance Evaluator
Ravi Moodley	Senior Specialist: SARS Security Advisory and Strategist	IT Security Evaluator
Danie Muller	Senior Manager: Effectiveness	Technical Evaluator
Epaphrus Tsoaeli	Specialist: Debt Management	Technical Evaluator
Mergan Naidoo	Senior Manager: Debt Management	Technical Evaluator

All BEC members completed and signed the Confidentiality Agreement except for Ravi Moodley who was appointed late by the GE Strategy & Architect to do IT Security assessment. As the Service Providers were preparing to close in December, Ravi went to site inspection in order to expedite and not to delay the evaluation outcome. Thereafter, Ravi went on annual leave from 8 January 2018 to 5 February 2018 and has not visited Procurement to sign the necessary documentation (Confidentiality Agreement and Declaration of Interest) – he will sign these documents when he is back.

7.2 Evaluation Criteria

7.2.1 Pre-qualification criteria

The following standard documents were requested for pre-qualification purposes:

- SBD 1 – Invitation to Bid;
- SBD 4 – Declaration of Interest;
- SBD 8 – Declaration of Bidder's Past Supply Chain Management Practices;
- Signed Oath of Secrecy;
- Valid Certificate of Registration with the Debt Collectors Council of South Africa; OR a letter of good standing from Law Society;
- Service Provider's undertaking to take on the SARS Debt Collection Phase 2;
- Company share certificate;
- Service Provider's undertaking to provide Professional Indemnity Insurance to the value of R 10m within 30 (thirty) days from date of award; and
- Valid Tax Clearance Certificate and/or Tax Clearance Pin Number.

7.2.2 Technical Evaluation Criteria

The Technical Evaluation Checklist (Annexure A of the RFP) was issued. The BEC applied a detailed Technical Evaluation Checklist with a clear evaluation guide. Bidders were assessed based on the level of compliance to SARS requirements.

Table 7B: Documents to be submitted on 17 November 2017 (as published, para. 14.2 of the RFP)

No	Technical Criteria	Compliant	Partially Compliant	Non Compliant	Comments
1	Confirmed resources and capability to take the SARS Debt Collection Phase 2				
2	Submitted a completed SARS IT checklist.				
3	Indicated the amount of time the bidder required to commence with the services once appointed				
4	Provided full details of Account Manager who will attend to regular contract review meetings between SARS and the Service Provider				
5	Submitted valid B-BBEE certificate				

No	Technical Criteria	Compliant	Partially Compliant	Non Compliant	Comments
6	Submitted a completed SBD 6.1 (Preference Points Claim Form);				
7	Submitted a proposed percentage commission fee				

NOTE:

- It should be noted that item 1, 2, 3 and 4 were adopted by the BEC on the 17 November 2017 as the main technical evaluation criteria;
- Item 5, 6 and 7 the BEC were to check whether these were included in the responses on the closing date;
- The breakdown of Table 7B – Technical Evaluation criteria for use by the evaluators is indicated in table 7C and 7D below.

Table 7C: Technical Evaluation Scoresheet / Breakdown

No	Technical Criteria	Model Answer (Include but not limited to)	Compliant	Partially Compliant	Non Compliant	Comments
1	Confirmed resources and capability to take the SARS Debt Collection Phase 2	1.1 Number of resources 1.2 Contact centres 1.3 Languages supported 1.4 Infrastructure to render services				
2	Submitted a completed SARS IT checklist.	Check against the list provided				
3	Indicated the amount of time the bidder required to commence with the services once appointed	Commencement date: 3.1 Start within a month (Compliance) 3.2 Start after more than a month (Partial)				
4	Provided full details of Account Manager who will attend to regular contract review meetings between SARS and the Service Provider	Details provided at least the following minimum information: 4.1 Name 4.2 Contact details 4.3 Experience				

Table 7D: Information Security Evaluation Scoresheet / Breakdown

No	Security Domains	Information Security Requirements
1	IT Security	Logical Access Control
		Data Security
		Threat Protection
		Network Security
		Problem, Maintenance and Change Management
2	InfoSec Compliance	Security Policy
		Organization of Information security
		Asset Management
		Personnel Security
		Physical and Environmental Security
		Secure Information Management
		Information Security Incident Management
		Compliance with Legal Requirements
		Contingency Planning and Disaster Recovery
		Audit, Security/Vulnerability/Penetration Assessments

NOTE:

- Table 7D is a breakdown of Information Security Evaluation Scoresheet (checklist) that was applied for item 2 of the main technical evaluation criteria.

7.2.3 Price and B-BBEE Evaluation Criteria

A. Price Evaluation Criteria

Service Providers were requested to submit a proposed flat commission fee inclusive of VAT as a percentage of the debt recovered and that the proposed fee must not exceed SARS' affordability of between 3% - 4.5% in line with para. 9.3.3 of the RFP.

SARS further indicated in the published RFP (para. 12.1) that, after the evaluation of the percentage commissions proposed by Service Providers, SARS will aggregate these fees in order to determine the recommended commission that will be applicable for the provision of the services.

B. B-BBEE Evaluation

Bidders were issued with a SBD 6.1 (Preference Point Claim form) to complete. The checklist below indicates the B-BBEE documents that had to be submitted for tenders. Failure to submit the requisite documents would result in a bidder scoring zero for B-BBEE.

Table 7E: B-BBEE Evaluation Criteria

Turnover	Classification	Submission Requirement
Exempted Micro Enterprise (EME)	Below R10 million p.a.	Certified Copy of B-BBEE Rating Certificate from a SANAS Accredited rating agency or a Registered Auditor approved by the Independent Regulatory Board for Auditors ("IRBA") or a letter from an Accounting Officer as contemplated in the CCA.
Qualifying Small Enterprise (QSE)	Between R10 million and R50 million p.a.	Certified Copy of B-BBEE Rating Certificate from a SANAS Accredited rating agency or a Registered Auditor approved by IRBA.
Large Enterprise (LE)	Above R50 million p.a.	Certified Copy of B-BBEE Rating Certificate from a SANAS Accredited rating agency or a Registered Auditor approved by IRBA.

8. TENDER EVALUATION OUTCOME

8.1 Pre-Qualification Evaluation Outcome

On 9 November 2017, nine (9) responses for pre-qualification requirements were received and reviewed for compliance.

The table below shows the information that was submitted for the pre-qualification requirements.

Table 8A: Pre-qualification outcome

No	Company Name	SBD 1	SBD 4	SBD 8	Oath of Secrecy	Proof of Registration (DCCSA/LSSA)	TCC	Share Certificate	Qualified/Not qualified
1	CSS Credit Solution Services (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	Q
2	ITC Business Administrators (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	Q
3	Medaco Capital Services (Pty) Ltd	✓	✓	✓	✓	✓	✓	✓	Q
4	NDS Credit Management*	✓	✓	✓	✓	✓	✓	✓	Q

No	Company Name	SBD1	SBD4	SBD8	Oath of Secrecy	Proof of Registration (DCCSA/LSSA)	TCC	Share Certificate	Qualified / Not qualified
5	New Integrated Credit Solutions (Pty) Ltd	√	√	√	√	√	√	√	Q
6	Norman Bisset & Associates Group (Pty) Ltd	√	√	√	√	√	√	√	Q
7	Revenue Consulting (Pty) Ltd	√	√	√	√	√	√	√	Q
8	Transactional Capital Recoveries (Pty) Ltd	√	√	√	√	√	√	√	Q
9	Van De Venter Mojapelo (Pty) Ltd	√	√	√	√	√	√	√	Q

Notes:

- √ means the Service Provider signed and/or submitted the required documents.
- Q means the Service Provider qualified for the next stage of evaluation.
- * means NDS Credit Management submission was not considered for Gate 1 – Technical Evaluation. In a letter dated 11 November 2017, SARS was notified that CSS bought minority shareholding in NDS in June 2017 and NDS requested that their documents submitted on 9 November 2017 be discarded and preclude them from the Phase 2 procurement process.

8.2 Technical Evaluation

The Service Providers' compliance to SARS' requirements were evaluated in accordance with paragraph 9 of the RFP document. The outcome of Service Providers' compliance level and response is discussed below:

8.2.1 Professional Indemnity Insurance Cover

Service Providers were required to indicate in writing their willingness to take out a R10m Professional Indemnity Insurance Cover by 15 February 2018 as outlined in paragraph 9.5 of the main RFP document. Six (6) out of the eight (8) Service Providers already have the Professional Indemnity Insurance Cover and provided proof to SARS. Two (2) Service Providers as illustrated below confirmed in writing that they will meet the SARS' compliance requirements.

Table 8B: Professional Indemnity Insurance Cover

No	Service Provider	Professional Indemnity Insurance
1	CSS Credit Solution Services (Pty) Ltd	Submitted a valid cover

No	Service Provider	Professional Indemnity Insurance
2	ITC Business Administrators (Pty) Ltd	Agreed to cover
3	Medaco Capital Services (Pty) Ltd	Submitted a valid cover
4	New Integrated Credit Solutions (Pty) Ltd	Submitted a valid cover
5	Norman Bisset & Associates Group (Pty) Ltd	Submitted a valid cover
6	Revenue Consulting (Pty) Ltd	Submitted a valid cover
7	Transactional Capital Recoveries (Pty) Ltd	Submitted a valid cover
8	Van De Venter Mojapelo (Pty) Ltd	Agreed to cover

8.2.2 System Security Protocol

Service Providers were required to indicate in writing their willingness and capability to comply with the IT/ System Security Protocol based on the set criteria outlined in paragraphs 9.6 and 9.8 of the main RFP.

Site inspection was conducted to verify and assess risks based on the Service Provider's submission of compliance to the ISO standards, e.g. ISO/IEC 27001/2 standard. All the eight (8) Service Providers complied with the requirements

8.2.2.1 Information Security Compliance Assessment

Service Providers were assessed for compliance on the following Information Security:

- Security policy;
- Organisation of Information security;
- Asset Management;
- Personnel security;
- Physical and Environmental security;
- Security Information Management;
- Information Security Incident Management;
- Compliance;
- Contingency Planning and Disaster Recovery;
- Audit, Security / Vulnerability / Penetration;
- Contingency Planning and Disaster Recovery; and
- Audit, Security/Vulnerability/Penetration Assessments.

The table below shows how each Service Provider performed:

Table 8C: InfoSec Compliance Scores

No	Service Provider	Compliance Allocation out of 138 Points	Compliance Percentage level
1	CSS Credit Solution Services (Pty) Ltd	121	88%
2	ITC Business Administrators (Pty) Ltd	112	81%
3	Medaco Capital Services (Pty) Ltd	117	85%
4	New Integrated Credit Solutions (Pty) Ltd	122	88%
5	Norman Bisset & Associates Group (Pty) Ltd	130	94%
6	Revenue Consulting (Pty) Ltd	86	62%
7	Transactional Capital Recoveries (Pty) Ltd	134	97%
8	Van De Venter Mojapelo (Pty) Ltd	129	93%

Notes:

- Seven (7) Service Providers performed exceptionally well attaining over eighty percent (80%) scores; and
- RevCo, although complying with the SARS InfoSec Compliance, they will, however, need to be supported to address their policies that were not compliant to any standard as reference, e.g. the ISO/IEC 27001/2 standard.
- It must be noted that there is no material risk to allocating work to RevCo. SARS' Enterprise Information Security will review and assess all the Service Providers within nine (9) months again on InfoSec Compliance.

8.2.2.2 IT Security Assessment

Service Providers were assessed on the following IT Security compliance.

- Logical Access Control;
- Data Security;
- Threat Protection;
- Network Security; and
- Problem, Maintenance and Change Management.

The table below shows how each Service Provider performed

Table 8D: IT Security Scores

No	Service Provider	Compliance Allocation out of 44 Points	Compliance Percentage level
1	CSS Credit Solution Services (Pty) Ltd	36	82%
2	ITC Business Administrators (Pty) Ltd	37	84%
3	Medaco Capital Services (Pty) Ltd	36	82%
4	New Integrated Credit Solutions (Pty) Ltd	36	82%

No	Service Provider	Compliance Allocation out of 44 Points	Compliance Percentage level
5	Norman Bisset & Associates Group (Pty) Ltd	36	82%
6	Revenue Consulting (Pty) Ltd	36	82%
7	Transactional Capital Recoveries (Pty) Ltd	36	82%
8	Van De Venter Mojapelo (Pty) Ltd	36	82%

Notes:

- All the eight (8) Service Providers complied with the requirements.

8.2.3 Technical Requirement Compliance Checks

Service Providers were required to confirm the availability of resources, completion of the compliance checklist and the details of the key account manager. This information was verified during the site inspection with all the Service Providers as provisioned in paragraph 9.4. The table below illustrate level of compliance as verified and evaluated by the three (3) technical evaluators.

Table 8E: Availability of Resources and Compliance Checklist

No	Bidder Name	Resources and Capability			InfoSec Compliance Checklist			Notice Period to Start			Details of Account Manager		
		C	P	N	C	P	N	C	P	N	C	P	N
		G = Compliance P = Partial Compliance N = Non Compliance											
1	CSS Credit Solution Services (Pty) Ltd	3			3			Immediate			3		
2	ITC Business Administrators (Pty) Ltd	3			3			2 weeks			3		
3	Medaco Capital Services (Pty) Ltd	3			3			3 weeks			3		
4	New Integrated Credit Solutions (Pty) Ltd	3			3			7 days			2	1	
5	Norman Bisset & Associates Group (Pty) Ltd	3			3			2 weeks			3		
6	Revenue Consulting (Pty) Ltd	3			3			3 – 4 days			3		
7	Transactional Capital Recoveries (Pty) Ltd	3			3			3 days			3		
8	Van De Venter Mojapelo (Pty) Ltd	2	1		3			2 weeks			3		

Notes:

- The score, 3 shows that the 3 evaluators agree on the level of compliance, and that is whether the Service Provider is compliant, partial or non-compliant.

- Seven Service Providers complied with the availability and capability of the resources. The availability of the resources was verified during the site inspection. NICS did provide their Account Manager's CV. VVM had a limited number of languages. However, the BEC is confident that the Service Provider has the capability to deliver.
- All the Service Providers complied with the Information Security.
- Four Service Providers require between 2-3 weeks' notice period to commence with the project, whilst the other four could commence within 7 days.

8.3 PRICE AND B-BBEE EVALUATION

8.3.1 PRICE EVALUATION

The table below shows a summary of the pricing submitted by the bidders.

Table 8F: Internal Analysis of the shortlisted bidders

No	Service Provider	% Commission	Point
1	Medaco Capital Services (Pty) Ltd	3.42	90.00
2	New Integrated Credit Solutions (Pty) Ltd	3.70	82.63
3	ITC Business Administrators (Pty) Ltd	4.00	74.74
4	Van De Venter Mojapelo (Pty) Ltd	4.00	74.74
5	Transactional Capital Recoveries (Pty) Ltd	4.10	72.11
6	Norman Bisset & Associates Group (Pty) Ltd	4.28	67.37
7	CSS Credit Solution Services (Pty) Ltd	4.42	63.68
8	Revenue Consulting (Pty) Ltd	4.50	61.58

Notes:

- Service Providers' proposed percentage commission fees range between 3.42% - 4.5% which is in line with SARS affordability of 3.0% – 4.5%;
- Medaco proposed the lowest percentage commission of 3.42% and scored 90 points; and
- Revenue Consulting proposed the maximum percentage commission of 4.5%.

The average percentage commission of all Service Providers is 4.05% and this will be the fee that will be applicable to all Service Providers in line with para. 12.1 of the published RFP.

8.3.2 PROJECTED COST TO SARS

The table below illustrates the projected commission payable to the Service Providers over the 18 months period based on the following assumptions:

- The R 76.6 billion debt book will be distributed equitably to all the Service Providers in line with the Business Case para. 4;
- The Service Providers meet the 10% debt recovery rate, which amounts to a total of R 7.66 billion; and
- A flat percentage commission of 4.05% is payable to the Service Providers on the debt recovered.

Table 8G: Projected Cost to SARS for Debt Recovery

No	Service Provider	Debt Book Allocation	Debt Book Recovered	Commission (Cost of recovery)
		A	B = A x 10%	C = B x 4.05%
1	CSS Credit Solution Services (Pty) Ltd	R 76.6 billion	R 7.66 billion	R 310.23 million
2	ITC Business Administrators (Pty) Ltd			
3	Medaco Capital Services (Pty) Ltd			
4	New Integrated Credit Solutions (Pty) Ltd			
5	Norman Bisset & Associates Group (Pty) Ltd			
6	Revenue Consulting (Pty) Ltd			
7	Transactional Capital Recoveries (Pty) Ltd			
8	Van De Venter Mojapelo (Pty) Ltd			
		R 76.6 billion	R 7.66 billion	R 310.23 million

The table above shows that a 10% recovery on the debt book of R 76.6 billion will result in additional revenue collection of R 7.66 billion, at a total cost of R 310.23 Million.

8.3.3 B-BBEE EVALUATION

The B-BBEE requirement was not a disqualifying element in the evaluation criteria. The table below depicts the B-BBEE scores.

Table 8H: B-BBEE evaluation outcome

No	Bidder Name	Score	Contributor Level	Comments
1	CSS Credit Solution Services (Pty) Ltd	6.00	Level 4 Contributor	<ul style="list-style-type: none"> • LE – Nera • Black Ownership – 25% • Black Women Ownership – 25% • Certificate expires- 09/07/2018

No	Bidder Name	Score	Contributor Level	Comments
2	ITC Business Administrators (Pty) Ltd	9.00	Level 2 Contributor	<ul style="list-style-type: none"> • QSE - Affidavit • Black Ownership –51% • Black Women Ownership –0%. • Affidavit Expires- 27/09/2018 • No Sub- Contracting
3	Medaco Capital Services (Pty) Ltd	9.00	Level 2 Contributor	<ul style="list-style-type: none"> • QSE – Affidavit • Black Ownership – 82% • Black Women Ownership – 78.60%. • Affidavit expires – 06/11/2018 • No Sub- Contracting
4	New Integrated Credit Solutions (Pty) Ltd	10.00	Level 1 Contributor	<ul style="list-style-type: none"> • LE – Avant • Black Ownership – 65.80% • Black Women Ownership – 4.45%. • Certificate expires- 24/11/2017 • No Subcontracting
5	Norman Bisset & Associates Group (Pty) Ltd	0.00	Non-Compliant	<ul style="list-style-type: none"> • LE – Empowerdex • Black Ownership –10% • Black Women Ownership-4%. • Certificate expires – 19/12/2017 • No Sub- Contracting
6	Revenue Consulting (Pty) Ltd	9.00	Level 2 Contributor	<ul style="list-style-type: none"> • QSE - Affidavit • Black Ownership –51% • Black Women Ownership – 20%. • Affidavit Expires- 27/09/2018 • No Sub- Contracting
7	Transactional Capital Recoveries (Pty) Ltd	6.00	Level 3 Contributor	<ul style="list-style-type: none"> • LE – Empowerdex • Black Ownership – 25.48% • Black Women Ownership –10.18%. • Certificate Expires- 20/02/2018 • No Sub- Contracting
8	Van De Venter Mojapelo (Pty) Ltd	6.00	Level 3 Contributor	<ul style="list-style-type: none"> • Generic Rated by EMPOWERLOGIC • Black Ownership – 51.0% • Black Women Ownership – 30.0% • Certificate Expires – 2018/10/24 • Authenticated • No Sub-contracting

Notes:

- The BEE levels range from 1 to 4;
- 1 Service Provider, NBA, is non-compliant. The B-BBEE certificate submitted by the Service Provider from Empowerdex indicated that the Service Provider is non-compliant;
- 5 out of 8 Service Providers have Black Ownership varying between 51% – 82%;
- 4 out of 8 Service Providers have Black Women Ownership varying between 20% – 78.6%; and
- 4 out of 8 Service Providers have Black Women Ownership varying between 0% – 10.18%.

8.3.4 Price and B-BBEE Consolidation

The table below shows consolidated preferential points achieved by the Service Providers.

Table 8I: Suppliers Ranking on Preferential Points allocation

PRICE AND B-BBEE SCORE CONSOLIDATION				
No	Service Provider Name	Ps	B-BBEE	Total Points
Maximum Points		90	10	100
1	Medaco Capital Services (Pty) Ltd	90.00	9.00	99.00
2	New Integrated Credit Solutions (Pty) Ltd	82.63	10.00	92.63
3	ITC Business Administrators (Pty) Ltd	74.74	9.00	83.74
4	Van De Venter Mojapelo (Pty) Ltd	74.74	6.00	80.74
5	Transactional Capital Recoveries (Pty) Ltd (MBD)	72.11	6.00	78.11
6	Revenue Consulting (Pty) Ltd	61.58	9.00	70.58
7	CSS Credit Solution Services (Pty) Ltd	63.68	6.00	69.68
8	Norman Bisset & Associates Group (Pty) Ltd	67.37	0.00	67.37

Notes:

- Medaco scored the highest points followed by NICS and ITC; and
- All Service Providers are recommended.

9. DUE DILIGENCE

National Treasury Database of Restricted Suppliers

The eight (8) Service Providers have been verified against the National Treasury list for tender defaulters and restricted suppliers. None of the names appear on the list.

Summary of Directors

The list of company directors and shareholders is attached as per Annexure "G" – Due Diligence Report.

Table 9A: List of Directors and Shareholders

No	Service Provider	Directors	Shareholders
1	CSS Credit Solution Services (Pty) Ltd	1. Brooks, Guy David 2. Mayet, Lynn Karen 3. Braithwaite, Robin Kevin	1. Brooks & Luyt SA 2 2. Brooks & Luyt SA 1 3. Guy Brooks

No	Service Provider	Directors	Shareholders
2	ITC Business Administrators (Pty) Ltd	1. Coetzee, Martin 2. Sive, Larry Ian 3. Martin, Carel John	1. Shalamuka Capital 3 (Pty) Ltd 2. Jagfin Trust
3	Medaco Capital Services (Pty) Ltd	1. Bhimma, Kamal Dhinnath 2. Du Plessis, Simon Jurgens Petrus 3. Muiruri, Edward	1. Chisasa, Thandiwe Tina 2. Muiruri, Edward 3. Deepal (Bhimma), Natasha 4. Ubuntu Business Advisory Solutions (Pty) Ltd 5. Cider Mill Holdings (Pty) Ltd
4	New Integrated Credit Solutions (Pty) Ltd	1. Jonk, Christiaan Mauritz 2. Maseko, Mpakeleng Joas Baker 3. Richards, Pieter Cornelius 4. Makakaba, Moalosi Caleb 5. Makwakwa, Mpho Onicca	1. The BMJ Trust 2. Dark Capital
5	Norman Bisset & Associates Group (Pty) Ltd	1. Gordon, Rowan Stuart 2. Smart, Patrick Lynden	1. Norman Bisset & Associates Holdings (Pty) Ltd
6	Revenue Consulting (Pty) Ltd	1. Kokott, Robert Henry 2. Jennings, Vusumuzi Ivan 3. Raziya, Bongani	1. Kokott Family Trust 2. Woodforde Trust 3. Jennings, Vusumuzi Ivan
7	Transactional Capital Recoveries (Pty) Ltd formally MBD Credit Solutions (Pty) Ltd	1. De Villiers, Car 2. Kunene, Winnifred 3. Naidoo, Maheshini	1. Transaction Capital Risk Services 2. Ithemba Trust
8	Van De Venter Mojapelo (Pty) Ltd	1. Van de Venter, Karin 2. Woznica, Leonardo 3. Khan, Farhana	1. Karin Van de Venter 2. Leonardo Woznica 3. VVM BEE Holdings (Pty) Ltd

Notes:

- It should be noted that other shareholders are companies, trusts and the names of directors, shareholders, trustees and beneficiaries have been requested.

10. FINANCIAL IMPLICATIONS

The average percentage commission from all eight (8) Service Providers is 4.05% on the debt book of approximately R76.6 billion. The financial cost to SARS on 10% debt recovery rate (i.e. R 7.66 billion) amounts to R 341.23m (R 310.23 + R31m contingency amount of 10%) over the 18 months period.

Funds availability:

- R 67.5 million is available for the recovery of R1.5 billion for FY 2017/18; and
- An additional R 273.73 million (i.e. R 341.23m – R 67.5m) is required to achieve the R 7.66 billion debt recovery as outlined in paragraph 8.3.2 and must be made available to cover the overall bid over 2018/19 and part of 2019/20 Financial Years.

It should be noted that the projected financial implications is for the twelve (12) months remaining of original contract period (1 February 2016 to 31 January 2019), as well as a further six (6) month period from (1 February 2019 to 31 July 2019) for deferment.

In the event that the TOTAL ENVISAGED EXPENDITURE of R 341.23m is not available at the time of adjudication of this tender, the Committee should note Regulation 13 of the Preferential Procurement Regulation, 2017, published in the Government Gazette dated 20 January 2017, which reads:

16. (1) An organ of state may, before the awards of a tender, cancel tender invitation if –
 (b) funds are no longer available to cover the total envisaged expenditure.

Section 53. (4)

“The accounting authority for a public entity is responsible for ensuring that expenditure of that public entity is in accordance with the approved budget”.

11. VALUE FOR MONEY

Value for money is presented below based on the ‘three Es’ – Economy, Efficiency and Effectiveness.

Economy

All Service Providers can start within days as confirmed during site inspection.

Efficiency

The 2015 Business Case (Annexure L) approved by the Commissioner on 11 August 2015, indicated a maximum of 10% commission that SARS was willing to incur for a 10% debt recovery rate.

For the Pilot Phase, the percentage commission of 4.42% was contracted with the three (3) Service Providers (Annexure K). The rate applicable to all the Service Providers has reduced by 0.37%, which amounts to a cost reduction of R 28 342 000 for Phase 2.

Table 11 A: Pilot Phase Commission vs. Phase 2 Commission

	Historical	Actual Cost to SARS
Commission	4.42%	4.05%
Amount	(R 7.66b x 4.42%) R 338 572 000	(R 7.66b x 4.05%) R 310 230 000
Cost Reduction	R 28 342 000	

The 2017 Memorandum approved by the Chief Officer on 18 October 2017, indicated SARS' affordability percentage of between 3% - 4.5% for a 10% debt recovery rate. However, the debt book for Phase 2 may prove more difficult to collect as a significant portion thereof has been temporarily written off by SARS already and the 10% debt recovery rate for Phase 2 may therefore not be met. The Service Providers were informed that the maximum commission proposed by SARS will be capped at not more than 4.5%. The average percentage commission proposed by Service Providers is 4.05% as outlined in paragraph 8.3.1 above.

The table below shows the potential maximum cost that SARS was willing to pay compared to the actual cost to SARS.

Table 11B: Cost Avoidance for Phase 2

	Maximum Cost SARS willing to pay	Actual Cost to SARS
Commission	4.5%	4.05%
Amount	(R 7.66b x 4.5%) R 344 700 000	(R 7.66b x 4.05%) R 310 230 000
Cost Avoidance	R 34 470 000	

Effectiveness

All the Service Providers scored exceptionally well in terms of their debt collection capacity and capability. This was confirmed during the site inspection.

12. LEGAL IMPLICATIONS

A Master Services Agreement (MSA) will be negotiated and entered into between SARS and with the seven (7) debt collection service providers appointed to the panel for the remainder of the original thirty six (36) month period of the original tender (RFP 28/2015), with an option to renew the contract for a period of twelve (12) months. A Master Services Agreement was already entered into between SARS and CSS Credit Solution Services (Pty) Ltd for the Pilot Project, which is still in effect.

A Service Request specific to the Phase 2 shall be provided to each of the eight (8) Service Providers.

SARS reserves the right to withdraw the part of the debt book allocated to a Service Provider who does not perform adequately during Phase 2 and allocate such part of the debt book to another Service Provider(s).

13. PUBLIC FINANCE MANAGEMENT ACT (PFMA)

The process of appointing the Service Providers complies with section 51 of the PFMA whereby the practice of fair, equitable, transparent, competitive and cost effective measures was applied.

14. BEC DECLARATION

We as members of the BEC confirm that this recommendation was done collectively in accordance with the Procurement Policy and in terms of:

- Value for money and affordability;
- Efficiency and effectiveness; and
- Open and effective competition.

We hereby certify that we are not personally related to the bidders who responded to the RFP, and were not influenced by outside or external factors other than the criteria set for the evaluation of this bid.

RECOMMENDED BY:

NAME	ROLE IN THE TENDER	SIGNATURE	DATE
Holeng Kola	Sourcing Lead		24/01/2018
Thobile Shange	Administrative Support		24/01/2018
Tinto Seotladi	Programme Manager		24/01/2018
Temitope Azubike	Contract Management		24/01/2018
Itumeleng Tlhomelang	B-BBEE Evaluator		24/01/2018
Thabang Thinane	Price Evaluator		26/01/2018
Anél Burroughs	Legal Advisor		24/01/2018
Chris Madima	Project Manager		
Chris Solomon	Information Security Compliance Evaluator		24/01/2018
Ravi Moodley	IT Security Evaluator		
Danie Muller	Technical Evaluator		24/01/2018
Epaphrus Tsoaeli	Technical Evaluator		24/01/2018
Mergan Naidoo	Technical Evaluator		

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Ravi Moodley	IT Security Evaluator		24/01/2018
Danie Muller	Technical Evaluator		24/01/2018
Epaphrus Tsoaeli	Technical Evaluator		24/01/2018
Mergan Naidoo	Technical Evaluator		24-01-18

MW

15. SUPPORTED BY:

NAME	TITLE	SIGNATURE	DATE
Noxolo Ngubo	Senior Manager: Procurement (Professional Services & Travel)		24/01/2018
Moalosi Borotho	Acting Group Executive: Procurement		24/1/18
Mogola Makola	Chief Officer: Enforcement		25/01/2018

16. RECOMMENDED TO THE COMMISSIONER: NATIONAL BID ADJUDICATION COMMITTEE

The NBAC Tier 2 recommends to the Commissioner the appointment of the following eight (8) debt collection Service Providers for a period of eighteen (18) months at a projected total cost of R341 230 000 inclusive of VAT and a 10% contingency.

Table 16A: Recommended Service Providers

No	Service Provider	Debt Book Allocation	Debt Book Recovered	Cost of Recovery
		A	B = A x 10%	C = B x 4.05%
1	CSS Credit Solution Services (Pty) Ltd	R 76.6 billion	R 7.66 billion	R310.23 million
2	ITC Business Administrators (Pty) Ltd			
3	Medaco Capital Services (Pty) Ltd			
4	New Integrated Credit Solutions (Pty) Ltd			
5	Norman Bisset & Associates Group (Pty) Ltd			
6	Revenue Consulting (Pty) Ltd			
7	Transactional Capital Recoveries (Pty) Ltd			
8	Van De Venter Mojapelo (Pty) Ltd			

The NBAC chairperson, on behalf of the NBAC further recommends:

- A 10% contingency amount of R 31 023 000 for deferments and commissions in the event that the percentage performance debt recovery rate is exceeded;
- Approval for SARS to extend the contract by six (6) months after the expiry of the initial term of contract in order to allow for deferment; and
- As published in the RFP (para. 9.3.2 and 9.3.3), the allocation will be based on equitable share of the debt book based on capability and capacity to work on.

The recommendation is subject to:

- Service Providers submitting Professional Indemnity Insurance;

- Service Providers agreeing to the 10% recovery rate as published with the RFP in the draft Service Request;
- Service Providers agreeing to the percentage commission fee of 4.05%;
- Parties negotiating and agreeing to the Master Service Agreement's Terms and Conditions; and
- Signing a Service Request Terms and Conditions;
- Confirmation of funds availability of the full amount of R 341.23m as per Regulation 13 of the Preferential Procurement Regulation, 2017, published in the Government Gazette dated 20 January 2017; and
- Internal Audit providing a Report on proactive assurance by the 20th of February 2018.

Chairperson of NBAC:

Signature:

Date Signed:

JOHANNES MOKHUBA
Commit: ONLY THE AVAILABLE BUDGET MAY BE COMMITTED FURTHER EXPENDITURE TO BE COMMITTED ONLY FUNDING IS CONFIRMED.
 07/2/2018

17. APPROVED BY: COMMISSIONER

The Commissioner approves the appointment of the following eight (8) debt collection Service Providers for the period of eighteen (18) months at a projected total cost of R R341 230 000 inclusive of VAT and a 10% contingency.

Table 17A: Approved Service Providers

No	Service Provider	Debt Book Allocation	Debt Book Recovered	Cost of recovery
		A	B = A x 10%	C = B x 4.05%
1	CSS Credit Solution Services (Pty) Ltd	R 75.6 Billion	R 7.66 Billion	R310.23 Million
2	ITC Business Administrators (Pty) Ltd			
3	Medaco Capital Services (Pty) Ltd			
4	New Integrated Credit Solutions (Pty) Ltd			
5	Norman Bisset & Associates Group (Pty) Ltd			
6	Revenue Consulting (Pty) Ltd			
7	Transactional Capital Recoveries (Pty) Ltd			
8	Van De Venter Mojapelo (Pty) Ltd			

The Commissioner further approves:

- A 10% contingency amount of R 31 023 000 for deferments and commissions in the event that the percentage performance debt recovery rate is exceeded;

- Approval for SARS to extend the contract by six (6) months after the expiry of the initial term of contract in order to allow for deferment; and
- The allocation will be based on equitable share of the debt book based on capability and capacity to work on.

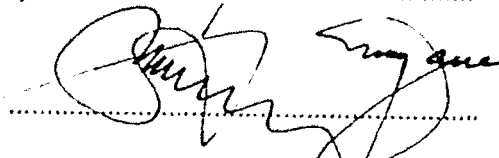
The Commissioner's approval is subject to:

- Service Providers submitting Professional Indemnity Insurance;
- Service Providers agreeing to the 10% recovery rate as published with the RFP in the draft Service Request;
- Service Providers agreeing to the percentage commission fee of 4.05%;
- Parties negotiating and agreeing to the Master Service Agreement's Terms and Conditions; and
- Signing a Service Request Terms and Conditions;
- Confirmation of funds availability of the full amount of R 341.23m as per Regulation 13 of the Preferential Procurement Regulation, 2017, published in the Government Gazette dated 20 January 2017; and
- Internal Audit providing a Report on proactive assurance by the 20th of February 2018.

The Commissioner:

T.S. MBOYAVE

Signature:



Date Signed:

15 February 2018

Appendix 14

**Extract of transcript from the
Standing Committee on Finance**

13 March 2018

EXTRACT FROM THE MEETING OF
THE STANDING COMMITTEE ON FINANCE
SARS FOLLOW-UP MEETING WITH THE COMMITTEE

HELD ON

13 MARCH 2018

VERITAS A DIVISION OF EOH LEGAL SERVICES (PTY) LIMITED

THE STANDING COMMITTEE ON FINANCE

MEETING CONVENES ON 13 MARCH 2014:

5 EXTRACT OF RECORDING AUDIO TIME 1:29:35 – 2:22:45

THE CHAIRPERSON: Thirdly, now I want to say something, Mr Moyane, to round this up as the Committee Chair. I have - yes?

MR LEES: Sorry to interrupt you, I am not sure where we are
10 going with process because there are some new matters that come up that ...[intervention]

THE CHAIRPERSON: [Microphone off, inaudible]

MR LEES: Yes, yes.

THE CHAIRPERSON: Oh okay, fine. About new matters.

15 MR LEES: Thank you, Mr Chairman. The question of the New Integrated Solutions issue.

THE CHAIRPERSON: Oh, ja. Okay fine, I think that – ja.

MR LEES: Ja. All right, so I just would like SARS or the
Commissioner to confirm whether or not New Integrated Credit
20 Solutions have been appointed to conduct debt collection and whether in fact there is the purported link to Mr Makwaka through Patrick Monyeki and, if so, you know surely that would have disqualified under the present circumstances that we are all talking about, that firm from being appointed and is it true,
25 were they appointed and is there, can he confirm the purported

link to Makwakwa? And if it is true, why did Makwakwa then sit on the National Adjudication Committee apparently, confirm whether or not he did, where the appointment of New Integrated Credit Solutions was made.

5 And then lastly, Mr Chairman, was Monyeki given a contract in the Department of Correctional Services at the time that the SARS Commissioner was employed at Correctional Services? And is that contract now under investigation by the SIU or any other authority?

10 THE CHAIRPERSON: Thandi?

MS TOBIAS: Chair, you caught me off guard in terms of the next process.

THE CHAIRPERSON: I thought you were going to raise ...[intervention]

15 MS TOBIAS: I have a lot of questions and you see you allow these people to, to always ...[intervention]

THE CHAIRPERSON: No, no, I ...[intervention]

MS TOBIAS: No, no, no, no Chair – ja, ja, ja, I will keep up, I will keep up. Chair, I need the Commissioner to confirm,
20 based on this question because I had a similar question on this New Credit Solutions, I want to know if – I am allowed to mention names in this meeting?

THE CHAIRPERSON: Well, if they are in the public domain anyway.

25 MS TOBIAS: Ja. There is a Mr Patrick Monyeki who is

mentioned as having a link to New Integrated Credit Solutions. I want the Commissioner to confirm if he is the service provider that is linked to New Credit Solutions. And there is also an allegation in the public discourse that Mr Monyeki is a close friend of the Commissioner. And I am also interested to know how did SARS outsource this credit collection process? Was it done through this company or – and what is the relationship between Mr Makwakwa and this company? Is he having some shareholding in it or – so that when we deal with these allegations we are clear as to whether we are not found wanting. Thanks, Chair.

THE CHAIRPERSON: Any other questions on these issues? No. Okay, over to you, Commissioner.

MR MOYANE: Thanks, Chair. We have committed to the mandate 19:00. We certainly would submit those documents but what we would request clarity from yourself as you have indicated is, upon the submission of the documents you need to read them. So we will have to, at one point or the other, extract some of the FIC information that may be potentially linked to these matters. We will not sanitise any part of it but anything that has to do with the tax matters which Mr Makwakwa will have to remove but you will get the full document.

The fact that the documents are in the public domain, not released by us. It is common cause that we want to share that

with you.

Secondly, I have requested, Chair, that – I am not sure whether your calendar has changed – you had indicated earlier on in our calendar that SARS would come here on the 27th.

5 THE CHAIRPERSON: No, we did – oh sorry, I thought what is her name, Cindy is here now. Maybe she was not there in the week but I discussed it with – Mr Maynier was not here, so you will see we did not take the decision but there is no rule that says when Mr Maynier is not there, there is no decision.
10 Right? Mr Lees was there, we agreed we are not going to call you. It is not going to happen again. I, not Allen, I am responsible, I botched up. Alright, I do apologise.

MR MOYANE: Chair, I would therefore then on the basis of what has been said in this meeting, because the documents
15 are for reading as you have indicated, that we will then submit to yourselves and have, especially from our side somebody who will be from a legal perspective, sit with yourselves. But we really request, Chair, that we not be called here because we are running exactly a tight campaign from a tax perspective
20 ...[intervention]

THE CHAIRPERSON: Ja, but the Committee is not going to budge on that. We have agreed that 14:00 next Tuesday 7PM. Once you say 7PM you have to come the next day and Commissioner, you have to be here. This thing is about
25 credibility of SARS which is linked to your campaign to get all

your money. People, as you know more than me – you are the tax person, the ombud, I mean the tax head, not me – they are not wanting to pay partly because they feel SARS is not above board. So there's no negotiations, I am sorry. Two o'clock.

5 We will finish swiftly because we will have the report. By four o'clock we will try to finish but there is no debate about that. I have got a mandate, we are 100% agreed, now we are not going back on that.

MS TOBIAS: Can I ask something?

10 THE CHAIRPERSON: Ja.

MS TOBIAS: Does SARS have a video conferencing facility?

MS MOKOENA: [?] Oh yes.

FEMALE SPEAKER: It does.

MS TOBIAS: Can we, can we check? No, no, I am not saying

15 we should prioritise it, depending on ...[intervention]

THE CHAIRPERSON: We could do that, yes.

MS TOBIAS: ... Ministry agreeing that we use the ...[intervention]

THE CHAIRPERSON: No, they always agree. Where is

20 Cindy?

MS TOBIAS: Can we use a teleconference?

THE CHAIRPERSON: Ja, but the media have to be there. It is not a closed meeting.

MS TOBIAS: No, it is fine.

25 THE CHAIRPERSON: Ja, okay.

MS TOBIAS: If they agree ...[intervention]

THE CHAIRPERSON: But your conferencing room does not accommodate how many people. How many?

FEMALE SPEAKER: It is small.

5 THE CHAIRPERSON: How many?

FEMALE SPEAKER: It is only about 10, Chairperson.

THE CHAIRPERSON: How many?

FEMALE SPEAKER: Only about 10, 10 people around the table.

10 THE CHAIRPERSON: Just speak into the mic.

FEMALE SPEAKER: There are committee rooms that have got conference facilities, like Z454. [Speaking simultaneously]

THE CHAIRPERSON: No, but ...[intervention]

FEMALE SPEAKER: Yes, you do.

15 FEMALE SPEAKER: We do not have any conference in parliament ...[intervention]

THE CHAIRPERSON: Theboho and Allen will work. We do.

MS TOBIAS: [?] No, we do not. I am telling you Chair, she is confusing conference ...[intervention]

20 THE CHAIRPERSON: Why are we arguing this now? Okay, if we can do it we are going to do it and if it means – maybe what we can even do, Theboho and Allen, if there is a hotel nearby and it is not going to be costly, right, if it is not going to be costly - for you to now get involved in endless debates
25 with ... okay leave it to us. By, what is today, Tuesday? We

have to let the Commissioner know, and his team. By
Thursday morning 10:00 the aim would be, you prepare to
come here by 14:00 but preferably if we can do it, maybe one
of the options that could be – I am sorry about that, I do not
5 know if it can be allowed, whether that cost can be shared
between SARS and our Committee and so on. I do not know,
we will look into all of that.

Can you give Theboho and Allen the name of, not
yourselves but an office secretary who can manage the
10 process, right, of how we do it? So A, plan A is to do it
teleconference-wise and save you four, five hours. Plan B is
that you are here at 14:00 with maybe a smaller team and with
Peace's[?] proposal that somebody from your Ethics
Committee be here. Okay, are we agreed on that? Good.
15 Okay, over to you.

MR MOYANE: Chair, a point of clarity. We submit the
documents at 19:00 as agreed. The meeting takes place the
following day as proposed in the different formats that you
have spoken about. The question that I want to ask for clarity,
20 is the report for reading? Because if it is for reading that day
then is it for clarity from ourselves on the basis of the
document, because members will say we have only seen the
document now and you are speaking about expedience,
between two and four and we are done. Now I am just
25 wondering as to whether that will be possible, but be it as it

may ...[intervention]

THE CHAIRPERSON: Ja, no, let us clarify that so that we – I think it is a useful question. As far as I know, between 19:00 and the following morning 10AM members have plenty of time to read. How long is the report, I mean how long, how many pages are they? They are in the public domain, you can read it now anyway. All you have got to do is click. This is utterly surrealistic – [Laughs] – you can find it in yesterday's ... I have not read it, right, because I have got no time to read long ... I do not know what it is. Thandi, you have it anyway. Can you print it out for her? Let her – print it out for her. So you have got the report. It is surrealistic, right?

MS TOBIAS: I want an official one.

THE CHAIRPERSON: Ja, ja, ja. Okay fine. This is absurd. I mean what am I doing here, Theboho? What am I doing here, Commissioner? This is an utterly, can you – surreal, it has got a surrealistic feel, wonderfully surreal, it is Kafkaesque you know, if you know what I mean. Right, so as absurd as it is, you will give us the official report at 19:00. I would urge members to read the unofficial report between now and then, right? This is what the DA brings us to, right?

Then we will simply ask questions, Commissioner, and if all goes well you may be out of the Committee in an hour. Now of course parliament being parliament, we may suddenly decide to have votes. So we will run in and out, so maybe we

go for G26, Theboho and Allen. Okay? Can you apply for exemption? And that, by the way, is a long process but still we will do it. Good, now we are settled. It will be questions and we have agreed on everything, over to you, Commissioner.

5 MR MOYANE: Chair, thank you very much. I would like to engage you. You are saying it is in the public domain. I think what is in the public domain is the FIC report.

THE CHAIRPERSON: That is minutes of the report.

10 MR MOYANE: Yes, but Hogan and Lovells' report is not in the public domain.

THE CHAIRPERSON: No. It does not matter. Okay, they have got plenty of time to read.

15 MR MOYANE: What I am saying, unless as you rightly say there are people with interceptions and what have you, that report is not in the public domain and therefore that is why I am asking you, when you say we will meet here at two o'clock and then it is not going to ...[intervention]

THE CHAIRPERSON: Very quickly, how many pages is it?

MR MOYANE: It is quite huge, Chairperson.

20 THE CHAIRPERSON: About how many?

MS TOBIAS: [Microphone off, inaudible]

THE CHAIRPERSON: Ja, but let us hear what the score is, what is it?

25 MR MOYANE: It could be 200, it has annexures, it has annexures Chair.

THE CHAIRPERSON: How many?

MR MOYANE: Close to 200, 300 pages.

THE CHAIRPERSON: That is okay. Right, fine. That is not in the public domain. What is there [indistinct] is the [indistinct] report.

MR MOYANE: Oh right, okay.

MS TOBIAS: Chair, that is not okay for me not to sleep and I am slow in reading.

THE CHAIRPERSON: All right, so what do you want?

MS TOBIAS: You know that I am the slowest amongst all of you.

THE CHAIRPERSON: All right, okay.

MS TOBIAS: 24 hours to get the report was going to be fine, it gives me ample time to read through it and so on. You cannot ...[indistinct] Chair.

THE CHAIRPERSON: All right, fine.

MS TOBIAS: Then I will not be ...[intervention]

THE CHAIRPERSON: Okay, Monday 10AM.

MS TOBIAS: No, no, no, Chair. 24 hours can work out very well. If you cannot wait for 24 hours between now and Monday – it is not Monday, Monday it will be more ...[intervention]

THE CHAIRPERSON: We are meeting on Tuesday.

MS TOBIAS: I do not know Chair, but I am saying give me enough time. Do not say I must not sleep, I will not be able to ...[intervention]

THE CHAIRPERSON: All right, all right.

MS TOBIAS: I will fall asleep quickly.

THE CHAIRPERSON: Can I suggest 24 hours before the meeting is 14:00 on Tuesday, is strictly speaking 14:00 on
5 Monday, Thandi. Well, if you get up at six o'clock or five o'clock, let us just make it you will re-email it to us at 8AM on Monday.

MS TOBIAS: Chair, are you able to read 300 pages in half a day?

10 THE CHAIRPERSON: I am not going to read every line now. I am going to read such as will help us to summarise the ...[intervention]

MS TOBIAS: [Indistinct] must keep quiet because they do not ...[intervention]

15 THE CHAIRPERSON: Ja fine, okay. Zakhele, you will summarise it for the Committee. If you get it at eight o'clock in the morning, between you and Antonio.

ZAKHELE: [?] Okay.

THE CHAIRPERSON: All right then, you know what, then why
20 don't we drop the whole thing then? I did not realise that it is – can you not give it to us ... So are you now proposing, oh my, are you now proposing that it is given 24 hours, never mind what the DA does? I think I will issue a press release. Okay Thandi, I will issue a press release, okay, of my letters
25 to you. Right [indistinct], before you write how wonderfully the

DA was and how they were so influential. You know you are stuck up there, statement – okay, I am just teasing you, right? I am being facetious. It is not directed at you, my friend. I am just saying the journalists will, not you. Okay, I will draft a
 5 press statement as soon as the report comes and then I will forward it. So what about, hey, I have got time to draw up the press statement today so I must choose when I can draw up the press statement because they will do the same. That is how we are going to operate. According to [indistinct] I can do
 10 that.

Okay, so what we are going to do then, it is hilarious – it is hilarious, it is surrealistic, Kafkaesque as I said.

MS TOBIAS: [?] Chair, I just want to remind you of the time.

THE CHAIRPERSON: Ja. No, no, we bring this upon
 15 ourselves here. Now then, you will give it to us on Friday – hey, Friday I am in a coalition meeting, I just want to decide my programme. Ja, Friday 9AM. How about Friday 9AM, then I will draft a press statement on Thursday night and issue it.

MS TOBIAS: Friday.

20 THE CHAIRPERSON: Good, okay. Remind me, Zakhele, I must draft a press statement, ja.

ZAKHELE: We will do it for you, Chair.

THE CHAIRPERSON: Ja. Mr Lebelo?

MR LEBELO: Just a small proposal that because the
 25 investigation and everything else was run by Hogan Lovells ...

THE CHAIRPERSON: Ja.

MR LEBELO: Then we might be expected to answer questions that we might not answer. Is the Committee maybe amenable to think that Hogan Lovells ...[intervention]

5 THE CHAIRPERSON: I had intended Hogan Lovells have to be here. Adv Motau must be here. We are going to do all that.

MR LEBELO: No, the other one.

THE CHAIRPERSON: Which one?

MR LEBELO: I am putting towards the presiding ...
10 [intervention]

THE CHAIRPERSON: Ja, ja, but he will be here and then Hogans Lovell will have to be here as well, ja.

MR LEBELO: We will prefer that they, they kind of answer the questions because ...[intervention]

15 THE CHAIRPERSON: Ja, ja, you are absolutely right. It is good you raised it. I would have done it anyway but to clarify. You are absolutely right, Mr Lebelo, absolutely right. Okay Mr Commissioner?

MR MOYANE: Chair ...[intervention]

20 MS TOBIAS: It takes long for you to listen to me, Chair.

MR MOYANE: Chair, I hope I am reiterating what you have said. The time has changed from 19:00 on Monday, now you want it on Friday this week.

MS TOBIAS: Mm.

25 MR MOYANE: At 10AM.

MS TOBIAS: Ja.

MR MOYANE: To be sent to yourself.

THE CHAIRPERSON: Yes. [Microphone off, inaudible]

MR MOYANE: Secondly, for clarity ...[intervention]

5 THE CHAIRPERSON: Mr Lebelo – [Microphone off, inaudible]
I think you know what I mean, this thing is so surrealistic,
okay. Does it resonate with you?

MS TOBIAS: [Indistinct]

THE CHAIRPERSON: Okay.

10 MR MOYANE: Chair, we are ticking the boxes now.

THE CHAIRPERSON: Ja.

MR MOYANE: 10AM on Friday sent to yourself. When is the
meeting?

THE CHAIRPERSON: 14:00 next week Tuesday and you,
15 Hogans Lovell and what is this, Adv Motau and any other
relevant person. If you have a proposal, Lebelo, for anybody
else to be here, or Mr Moyane, you can propose it. And it is
an open meeting and we will seek to do it through
teleconference, failing which we will let you know, yes. Sorry
20 ja, video – I meant that, sorry. Okay, are we agreed? Good.

MR MOYANE: Let me then, that clarified Chair, let me then
respond to the questions that were being raised.

THE CHAIRPERSON: Ja.

MR MOYANE: On the issue of NICS and the linkage with Mr
25 Monyeki, I do not know whether Mr Monyeki is a board member

or is a director of NICS, I do not know. All I can say that I do know Mr Monyeki like any other person that I know. I think it is prudent and therefore important that the Committee can do its homework to prove that he is a director there. Certainly
5 NICS has been doing work with SARS since 2004. They have been doing work with SARS on debt collection. That we have on record.

Now the point that says we may have – the procurement processes at SARS are very clear. There is all the tender
10 processes that are followed and then you have bid evaluation, the bid adjudication committee. The Commissioner does not sit in any of those committees, none at all. The bid adjudication committee which is the NBAC, which is the highest, comprises of all chief officers except the
15 Commissioner and then they take a decision based on the presentation of the bid evaluation committee and they make an announcement and the award of the tender to the preferring tender, tender presenter.

I do not get involved and I do not get informed as to who
20 the companies are, except when they indicate in a meeting that six, eight companies have been submitted and they have been awarded and this is what happens. I do not get involved.

Now as to whether Mr Makwakwa has shares with NICS, I
do not know. But it would be important, like I said, when you
25 raised Mr Maynier I hear it for the first time and I take action.

If Mr Makwakwa has shares, he has to come clean with me. For the moment I do not know whether he has shares with that company. All I know is that NICS has been there and there is a surname Makwakwa in that company. This was Onica?

5 SPEAKER: Mm.

MR MOYANE: Onica Makwakwa and Mr Makwakwa declared in the meeting which is attended by my chief officers which – that he has no relationship with this Onica Makwakwa that is in the, as a director of NICS, like any other person – Van Tonder and
10 whatever, Moyane, Moyane – but there is no relationship. It is the surname. But it is important therefore for credibility, yes, so for credibility purposes and the question of ethics he did declare that. I was informed that he did declare that he has no relationship with the Makwakwa that is mentioned as a director
15 in that company. It is on record and I think my colleagues who attend the NBAC can better put you in a situation wherein you can understand the procurement processes as indicated.

Now I find it very un – now perhaps I do not want to use a very wrong word in parliament here – I find it very invasive
20 and closer to creating an aspersion on my character that I know people who are in business becomes an issue. I have absolutely nothing – I am a civil servant, I know as many people as politicians that meet with me and therefore to have a certain credibility dotted line on this matter, I find it very
25 unbecoming. And in fact it so far brings the institution that we

are representing into disrepute. I have nothing altogether with his business dealings. Friends being friends, I have been asked about a number of people including Duduzane Zuma. I cannot deny that I do not know him.

5 THE CHAIRPERSON: We have covered that.

MR MOYANE: So I am just saying at this point in time because of my – I do not want to deny I know Patrick. I know him, for years. So that question ... Now the other issue that was raised by ma'am that Mr Monyeki had a tender or
10 relationship at DCS, none at all ma'am. There was no activity that Mr Monyeki had at DCS in relation to NICS. I had nothing to do with those, nothing at all. That I can put on record. It was, it was done through the procurement process and if there was anything untowards, like I have done in the previous
15 tender that affected my nephew, I stopped it.

So I just want to make it, put it on record – no relationship, he is a friend. I have no knowledge as to whether he is a member or he is a board member, he is a director at NICS. I do not know but all I can confirm, that he is a
20 businessman of his own right like any other businessman that meet, any politician that I meet. So friendship I cannot deny, yes, I know him as a friend like any other person. Therefore I would like to ask the colleagues in the National Bid Adjudication Committee to expand as to how the process of
25 procurement has been done, taking into account that this

company has been within SARS for the past 10 years. So it is not for the first time that they are coming here. So they were in SARS in 2008, so I am not sure what the nexus is all about here. Mr Lebelo, please.

5 MR LEBELO: No Chair, thanks and thanks so much to the Committee. I think the other two questions, and the first one the Commissioner has responded – the first one the Commissioner has responded in terms of how the process works. So you have got a bid adjudication committee which
10 then goes to the highest one who is the National Evaluation Committee. None of this [indistinct] Commissioner since there is no line that is forced to report to him and say there are two companies or three companies, do you know this person? He does not sit at all. We do not report anything to him. We
15 make the final decision at the National Bargaining, I mean the National Adjudication Committee.

And in the committee Mr Makwakwa voluntarily told the committee that he does not know Onica Makwakwa in the committee. But the newspaper goes further and says that
20 there is evidence that the company paid money either into Mr Makwakwa's account or into the company that pays Mr Makwakwa's company. I think we must say in front of the committee that that declaration was not made in the committee, if it exists, because we do not know whether it
25 exists because you will never know which company pays which

company. But the only thing that Mr Makwakwa declared was that he does not know the one but the other one he did not declare. And of course the Commissioner is saying if indeed there is evidence to any form of wrongdoing from SARS' side, 5 whoever he is, we will take action and we will take action strictly but what I felt, maybe the Committee does need to know that you – a lot of things in the document is not, is not as important as these two issues, that there is a company that has been with us since 2004 that has been collecting taxes.

10 Be that, and I think the question from the honourable member was: what was the process? The process was normal. We advertised, people applied and then we got a team of eight to collect the R16 billion that is owed and difficult to collect, so that our colleagues can focus on the fresh and [indistinct] with 15 that. So we thought it will make it easier if we outsource the one that is difficult to collect because it costs our people a lot of time. So on the basis of, they advertised and they got through their procurement process but the most important emphasis is the only people who would be responsible would 20 be the BEC in the procurement division and the chief officer at an Exco level who then looks at whether the processes were followed and we did that and that was the only declaration that was made. Thank you so much.

THE CHAIRPERSON: [Microphone off, inaudible]

25 MS MOKOENA: Thank you, Chair. just to add on that which

Luther has just said, now that information has come to our attention that this company NICS has been alleged to be having some form of link to Mr Makwakwa, that information only came to our attention yesterday. We cannot turn a blind eye to that information. Yes, we are definitely going to investigate it and investigation would mean we will put those allegations to Mr Makwakwa and ask him to respond formally to it. Thank you.

THE CHAIRPERSON: All right. [Indistinct] wants to or shall we move on? Oh, Mr Lees, I see.

MR LEES: Mr Chairman, thank you very much and thank you for that because I was getting the impression from the Commissioner that actually we must go and do our homework and then come and tell them, but thank you for the correct answer, to say listen, we are now aware of it and obviously we are going to, it can – and put it and see whether there is any truth in it. And there might not be any truth in it but to suggest that we should be doing it and then letting you know, I really, I appreciate that answer, Mr Chairman, I really do.

And the question really was not about the Commissioner, the question was Makwakwa because we know that the FIC report is not officially in the public domain but we know it is in the public domain and we know that it contains the suggestion or the possibility that suspicious and unusual payments were made to Mr Makwakwa via tortuous routes, various accounts

Appendix 15

Media Releases

Davis Tax Committee – 10 March 2017

KPMG – 18 September 2017

Letter to the media by Mr L Lebelo - 28 November 2016

RESPONSE TO JUDGE DENNIS DAVIS' ATTACK ON SARS' INTEGRITY (Article from SARS Website)

Pretoria, Friday 10 March 2017.

1. The South African Revenue Service ("SARS") has noted with grave disbelief at the unprovoked and unwarranted attacks on SARS by Judge Dennis Davis ("Judge Davis") when addressing the conference on tax evasion and illicit financial flows organised by the Alternative Information Development Centre, a NGO, in Cape Town, over this past weekend as published in City Press and Fin 24 on 05 March 2017. In his address, Judge Davis unashamedly misled the South African public and purported to undermine public confidence into SARS in a desperate endeavour to pursue a patently false narrative, by making the following statements:

1.1 "That the biggest challenge facing South Africa today is an erosion of the integrity of SARS;

1.2 That SARS has no capability of actually dealing with multinational corporation and capital that seeks to evade tax;

1.3 That he disagree with the number 103000 that falls into the new top marginal tax bracket of 45% and that he knows more people on the Johannesburg Bar earning R5 million a year than the tax table show. Further, that wealthy individuals are managing to escape the tax net and SARS is disingenuous to blame it on the economy;

1.4 That we know the revenue is down by R14Bn on personal income tax. The Commissioner for SARS suggests that that is because of a downturn in the economy, Unfortunately for the Commissioner for SARS, corporate tax went up by R6.5bn.

1.5 That the recent tax amnesty as implemented in terms of the Voluntary Disclosure Program ("VDP") will flop if tax dodgers were no longer scared of SARS; and

1.6 That some years ago, when SARS actually had a reasonably good transfer pricing unit, it audited 40 companies to see what the effect of a seriously audit would be. It collected R1.1 billion on one audit in one year. We are talking about a lot of money"

2. What makes SARS even more perturbed is that Judge Davis was, for all intents and purposes, speaking in the said conference in his capacity as the chairperson of the Davis Tax Committee ("DTC"). Hence SARS' shock on the degree of fabrication of truth contained in this attack and what the real intention of Judge Davis is.

2.1 The Judge ought to know that the challenges pertaining to transfer pricing affects all tax authorities across the globe and in particular the bigger African continent. SARS has been and is currently continuing to capacitate its transfer pricing unit and has an agreement with OECD countries such as United Kingdom for the training, capacity building and skill transfer

to employees within this transfer pricing unit, including strengthening the unit by the advent of the new operating model which has led to the recruitment of 13 additional highly qualified specialists to the existing already skilled unit. SARS therefore denies that it has no capability to deal with non-compliance by multinational companies. It is disappointing that Judge Davis has publicly misled the South African public notwithstanding his first-hand knowledge of the aforesaid initiatives;

2.2 We find Judge Davis' narrative which cast aspersions of wrongdoing at members of the Johannesburg Bar or any sector of society or category of taxpayers, including wealthy individuals, as non-compliant taxpayers quite bizarre and inappropriate. SARS respects and protects taxpayer confidentiality and will uphold taxpayers' rights as enshrined in the Tax Administration Act 28 of 2011 ("TAA"). If anything, Judge Davis is morally expected to have advised the Commissioner of SARS on categories of taxpayers which are non-compliant, which could include members of the Johannesburg Bar of which he alleges to be non-compliant.

2.3 Judge Davis is expected to be fully aware that SARS is not in a business of scaring taxpayers into compliance, but its mission is a trilogy of educating and serving with enforcement being the last resort. SARS seeks to inculcate tax morality in its dealings with taxpayers and shall not use any untoward investigative methods or scare tactics that instil fear in taxpayers. SARS assures all taxpayers that every taxpayer shall be dealt with within the confines of the TAA with regard to issues pertaining to investigations, audit, and assessments;

2.4 SARS rejects the notion by the Judge that the Voluntary Disclosure Program ("VDP") is expected to fail due to taxpayers not fearing SARS. SARS upholds that taxpayers are inherently good responsible citizens, patriotic to our country and respecting the tax laws and therefore sees no need to scare taxpayers into compliance. Enforcement remains a last resort. SARS shall continue to deal with all taxpayer disclosures with the required confidentiality, sensitivity and within the confines of the TAA;

2.5 SARS expected Judge Davis to be fully aware of the fact that the shortfall on revenue estimates is entirely due to economic factors based on macro-economic indicators developed by National Treasury. It is the Revenue Analysis Working Committee ("RAWC"), which is a committee of technical experts comprising of South African Reserve Bank ("SARB"), National Treasury and SARS, that is responsible and have the duty to recommend the Revenue Estimates to the Minister of Finance and SARS Commissioner, based on which the Revenue Target is set;

2.6 Judge Davis should therefore be fully cognisant that, according to the RAWC, the significant downward revision from the Printed Estimate of R1175bn by R30bn for the 2016/17 Financial Year accorded to the 2017, is attributed to economic performance of:

2.6.1 Customs Duties down by R6.5bn, as a result of contraction in real terms in imports;

2.6.2 VAT, similarly being dragged down by Import Vat collections to an underperformance by R11.3 bn;

2.6.3 PIT, for long being the anchor of Revenue Collections, underperforming by R15.2bn. The growth of PIT year to date, has declined from levels exceeding 12% to about 9% as a result of lower wage settlements, containment of bonus payments and job shedding.

2.7 All of the above are attributable to economic factors which were analysed by RAWC and taken into consideration when formulating the budget proposals. This process throughout the years, ensured integrity and transparency to the determination of revenue Estimates. We therefore find it suspicious that Judge Davis will ignore this and add his own interpretation of facts to what led to the R30bn revenue shortfall creating the impression that it is SARS that sets the revenue collection target for itself. Judge Davis should have been honest with the South African public on whose responsibility it is to grow the economy and create opportunities for more revenue collection.

3 SARS finds it shocking as well as unprecedented that where Judge Davis' role is to guide and advise the SARS Commissioner, he was supported at the said conference by amongst others, the discredited former SARS employee, Mr Yolisa Pikie, who was dismissed at SARS as a result of fraud relating to misrepresentation of his academic qualifications and who is currently facing criminal investigation as a result of the said fraud as well as by Mr Ivan Pillay, a former Chief Officer for SARS Strategy, Enforcement and Communication who is responsible for the irregular appointment of Pikie and who himself resigned from SARS whilst under disciplinary investigation for the said appointment.

4 In light of the above imprudent statements and for the reasons fully detailed hereunder, SARS is persuaded that Judge Davis is part of a systematically orchestrated narrative that primarily seeks to decimate and undermine the leadership of SARS in order to engulf SARS into a crisis of lack of public confidence and illegitimacy. It is of paramount importance to note that it would seem that Judge Davis has for some time now behaved in a manner that could be perceived as advocating a veiled strategy to mobilise a possibility of a tax revolt by taxpayers against the State.

5 It is important to note the following:

5.1 Judge Davis is the chairperson of the Davis Tax Committee ("DTC"), a specialist tax committee ("committee") appointed by the Minister of Finance ("Minister") in terms of Section 11 of the SARS Act 34 of 1997 (as amended). The primary mandate of Judge Davis' committee is to advise both the Commissioner and the Minister on any matter pertaining to tax administration within SARS. Therefore it borders on a lack of integrity and ethical conduct by Judge Davis to publicly and unfairly attack SARS and its leadership on issues that

the committee is legislatively required to render advice to the leadership of SARS, particularly with regard to the solutions thereof;

5.2 At no point has Judge Davis raised his concerns with regard to the erosion of the integrity of SARS and neither has he offered any advice with regard to issues of integrity affecting SARS. This is evidenced by Judge Davis Committee's minutes of meetings with SARS and in particular the meeting of 08 September 2016. It begs the question as to why Judge Davis resorted to a malicious public attacks on SARS instead of a decent engagement with the leadership of SARS within the established forums;

It is therefore irresponsible and unfortunate that Judge Davis is pursuing a malicious narrative by publicly attacking SARS through the aforementioned statements at a critical juncture when SARS is on an overdrive mission with regard to the collection of revenue in order to satisfy the revised target of R1.144 trillion. It leaves SARS with no option to conclude that Judge Davis' motive is to destabilise SARS and to cast doubt, particularly to its leadership.

6 In addition, it is not clear why Judge Davis would associate himself with the recent narrative that seeks to discredit SARS and its leadership, notwithstanding the success story of SARS since 1997, particularly in exceeding the revenue collection targets in the last two financial years, being 2014/2015 and 2015/2016. SARS undoubtedly can only conclude that Judge Davis has allowed himself to be used as a proxy in a recent campaign being waged against SARS and its leadership.

7 It is apparent that Judge Davis has violated section 12(4)(a) of the SARS Act by exposing himself to this situation in which he conflicted himself with his responsibility to advise Commissioner Moyane on tax administration matters. As a result, SARS has lost all confidence and respect for Judge Davis. Judge Davis is considered no longer a fit, independent or the proper person to lead and serve in any capacity within the specialist tax committee.

8 It is SARS' position that:

8.1 the relationship between SARS and Judge Davis has intolerably and irretrievably broken down as a result of Judge Davis' statements;

8.2 SARS intends to engage the Minister of Finance urgently with a view that Judge Davis should recuse himself from the specialist tax committee, or that his membership to the committee be terminated;

8.3 SARS is also in the process of seeking a legal opinion on the prospect of lodging a complaint with the Judicial Service Commission with regard to Judge Davis' aforementioned conduct given SARS position that it is treacherous and unprecedented for a judge to mislead the public.

9 SARS has sent Judge Davis a letter advising him of SARS' discontent, its position as well as our further intentions.

10 SARS continues to be committed to meeting its mandate and all SARS employees are hard at work to collect all revenue due to the state so that Government can meet its obligations to the citizens of the country despite tough economic conditions.



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3. SARS finds it shocking as well as unprecedented that where Judge Davis' role is to guide and advise the SARS Commissioner, he was supported at the said conference by amongst others, the discredited former SARS employee, Mr Yolisa Pokie, who was dismissed at SARS as a result of fraud relating to misrepresentation of his academic qualifications and who is currently facing criminal investigation as a result of the said fraud as well as by Mr Ivan Pillay, a former Chief Officer for SARS Strategy, Enforcement and Communication who is responsible for the irregular appointment of Pokie and who himself resigned from SARS whilst under disciplinary investigation for the said appointment.

4. In light of the above imprudent statements and for the reasons fully detailed hereunder, SARS is persuaded that Judge Davis is part of a systematically orchestrated narrative that primarily seeks to decimate and undermine the leadership of SARS in order to engulf SARS into a crisis of lack of public confidence and illegitimacy. It is of paramount importance to note that it would seem that Judge Davis has for some time now behaved in a manner that could be perceived as advocating a veiled strategy to mobilise a possibility of a tax revolt by taxpayers against the State.

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SARS responds to KPMG (Article from SARS Website)

PRETORIA, MONDAY, 18 SEPTEMBER 2017:

A) KPMG Conduct

SARS notes the media statement which was issued by KPMG international on the 15 September 2017. The statement includes KPMG International's action pertaining to among other things, the setting aside of the conclusions and recommendations of the 'Allegations of Irregular and Misconduct' report, (Report).

SARS received an email from Norton Rose Fulbright acting on behalf of KPMG International on the morning of the 15 September 2017, the content of which is attached to the media statement.

SARS has been completely taken aback by KPMG's aberrant and unethical conduct. KPMG unilaterally announced the purported withdrawal of its report despite the existence of a service level agreement governing the relationship between the parties.

It is important to note the material terms of the SLA which provides that:

- 1) All rights, title and interest, including all Intellectual Property Rights, literary works created, written and or presented by KPMG and or its agents and employees, which relate to the service performed by KPMG vest exclusively in SARS;
- 2) KPMG has irrevocably and in perpetuity transferred, made over and assigned to SARS, all intellectual property rights and which SARS has accepted; and
- 3) KPMG has waived all its moral rights conferred upon it as an author by the provision of Section 20 of the Copyright Act, 1978.

Accordingly, the above contractual obligations confirms that the report belongs to SARS as KPMG has surrendered all rights to SARS. It follows that the Report is an exclusive property of SARS as it constitutes SARS intellectual property.

SARS sees KPMG's conduct as nothing else but a dismal attempt to portray SARS, its leadership, and in particular SARS Commissioner as incompetent, corrupt, inefficient and

involved in a witch-hunt. This is the same narrative that has been perpetuated for years by some treacherous elements within society and the media.

This abhorrent, unethical, and unprofessional conduct by KPMG has left SARS with no option but to consider the following legal route:

- 1) Instituting legal proceedings against KPMG for reputational damage to SARS including but not limited to a civil claim;
- 2) Report KPMG to the relevant statutory audit bodies both locally and internationally;
- 3) Report KPMG to the Minister of Finance with the aim to blacklist KPMG for its unethical, immoral, unlawful and illegal behaviour.
- 4) Report KPMG to the Minister of Finance to consider stopping all work currently performed by KPMG in other departments as well as any work in the pipeline until all the work KPMG conducted for the state have been investigated and reviewed for quality and proper auditing quality and expected standards;
- 5) Immediately seize any work which KPMG is currently performing for SARS and assess the work KPMG has performed in the last 10 years with the aim to determine whether there was a value for money and whether SARS should demand its money back;
- 6) Report KPMG to Parliament through SCOPA and SCOF with the aim to investigate the immoral conduct of KPMG and determine the appropriate action.

B) Disciplinary cases completed and/or underway

SARS has observed with astonishment some former SARS employees and others who have been criss-crossing different media platforms while making unfounded and baseless conclusions as a result of KPMG's media statement.

SARS wishes to categorically state that the allegations that KPMG report was used as the basis for disciplinary actions as well as the institution of a criminal offence are at best false and at worse deceitful, and aimed at misleading the people of SA.

The following facts and sequence of events attest to the above statement:

1) During the period August 2014, the then Acting Commissioner for SARS, Mr Ivan Pillay Commissioned an Investigation led by Adv Sikhakhane SC with the mandate to investigate allegations that SARS ran a 'Rogue Unit'. The information was reported by the media then, in particular Sunday Times and City Press newspapers. The claims were amongst others that SARS had a Unit which was not only established illegally but which was illegally intercepting taxpayer's information and movements;

2) Upon the appointment of the Commissioner for SARS, Mr Moyane in September 2014, the Sikhakhane Commission delivered a report on the 5 November 2014 with serious conclusions and recommendations. Chief amongst others, the recommendations was that indeed SARS ran an unlawful rogue unit, led by and reporting to Mr Pillay as well as some insidious and gross misconduct committed by both Mr Pete Richer and Mr Loggenberg;

3) On the 28 of February 2015 the then Finance Minister, Mr Nene established a SARS Advisory Board, which was chaired by the retired Judge Kroon with the mandate to look into SARS processes with priority being on the investigation and guidance on the Sikhakhane report. It is common cause that the Kroon Advisory Board found that the establishment of the secret unit within SARS in 2007, which covertly gathered intelligence, was unlawful. The Board went further to instruct SARS to charge employees involved and open criminal charge against those implicated in this act of crime;

4) The three employees interalia Mr Johan Loggerenberg, Mr Ivan Pillay, Mr Pete Richer, were charged as a result of the Sikhakhane report respectfully for the following dates 14 January 2015, 5 February 2015, as well as 02 April 2015 respectively. Instead of facing the hearing and clear their names, all of the three opted to resign, with Mr Loggerenberg resigning in February 2015 and Mr Pillay and Ritcher resigning in May 2015.

KPMG report was delivered to SARS late in 2015 and was only made FINAL on the 26 January 2016. It therefore follows that the disciplinary hearings against the above were not conducted as a result of the KPMG report but on the basis of the Sikhakhane report.

Hence SARS's assertion that those affected are mainly endeavouring to claim innocence or otherwise on the withdrawal of the KPMG report, with others claiming that their careers

and careers of others were destroyed as a result of KPMG either grossly ignorant or outright mischievous and or a concerted but dismal attempt to mislead the South African public.

So SARS is calling on those who are unfairly and unjustly accusing SARS of improper conduct on the basis of the KPMG media statement to desist from such conduct.

C) Criminal Case on Rogue Unit and its Activities (Sunday Evening)

SARS has further observed another set of people who are trying hard to claim that the purported withdrawal of the Report by the KPMG automatically vindicates them from their responsibility to account to the alleged criminal acts. SARS places on record that such malicious and irresponsible claims are either some acts of gross ignorance but at worst, a dismissal attempt to circumvent the law and or to mislead the public.

The following sequence of events and activities will demonstrate the above assertion by SARS:

1) In early May 2015, two employees voluntarily demanded to see Mr Moyane as they wanted to make a confession. The two employees informed Mr Moyane about the existence of the illegal and unlawful Rogue Unit. Included in the confession was that they were instructed by Mr Ivan Pillay to install cameras to 12 offices of both the Police and the Scorpions at the time. Further that, the purchase of the equipment were made through R950 000 (Nine Hundred and Fifty Thousand) in cash which was given to them by Mr Gerrie Nel and his colleague. The two were advised by the Commissioner to confess to the police which as far as SARS is concerned, they did;

2) SARS then sought a legal opinion which advised that in terms of the Prevention and Combatting of Corrupt Activities Act, as a person holding a higher authority, he is legally obliged to open a criminal case, which SARS duly opened in May 2014. The case is in the hands of Hawks and SARS hope that the case will be concluded soonest.

As the above demonstrate, KPMG report was handed over to SARS only in late 2015 and made final on 26 January 2016. As this simply demonstrates, this was long after the criminal case was opened and all the necessary evidence was provided to the Hawks and the SAPS.

Given the above facts, SARS is left with no option but to conclude that those who are claiming exoneration from possible and alleged criminal offences, who are expected to be aware of this public facts, can only be attempting to mislead South Africans which SARS finds quite unfortunate.

From the position of SARS, the criminal case whose details is outlined above is in progress and we hope for its speedy conclusion.

SARS wishes to assure all South Africans, in particular taxpayers and traders that 14000 men and women of SARS continues to work tirelessly and selflessly in ensuring that all revenue due to the state are collected both legally and efficiently whilst protecting our borders and facilitating trade as we take South Africa forward, together.



Individuals

Businesses and Employers

Tax Practitioners

Customs and Excise

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SARS RESPONDS TO KPMG

PRETORIA, MONDAY, 18 SEPTEMBER 2017:

1) KPMG Conduct

SARS notes the media statement which was issued by KPMG international on the 15 September 2017. The statement includes KPMG International's action pertaining to among other things, the setting aside of the conclusions and recommendations of the 'Allegations of Irregular and Misconduct' report, (Report).

SARS received an email from Norton Rose Fulbright acting on behalf of KPMG International on the morning of the 15 September 2017, the content of which is attached to the media statement.

SARS has been completely taken aback by KPMG's aberrant and unethical conduct. KPMG unilaterally announced the purported withdrawal of its report despite the existence of a service level agreement governing the relationship between the parties.

It is important to note the material terms of the SLA which provides that:

- 1) All rights, title and interest, including all Intellectual Property Rights, literary works created, written and or presented by KPMG and or its agents and employees, which relate to the service performed by KPMG vest exclusively in SARS;
- 2) KPMG has irrevocably and in perpetuity transferred, made over and assigned to SARS, all intellectual property rights and which SARS has accepted; and
- 3) KPMG has waived all its moral rights conferred upon it as an author by the provision of Section 20 of the Copyright Act, 1978.

Accordingly, the above contractual obligations confirms that the report belongs to SARS as KPMG has surrendered all rights to SARS. It follows that the Report is an exclusive property of SARS as it constitutes SARS intellectual property.

SARS sees KPMG's conduct as nothing else but a dismal attempt to portray SARS, its leadership, and in particular SARS Commissioner as incompetent, corrupt, inefficient and involved in a witch-hunt. This is the same narrative that has been perpetuated for years by some treacherous elements within society and the media.

This abhorrent, unethical, and unprofessional conduct by KPMG has left SARS with no option but to consider the following legal route:

- 1) Instituting legal proceedings against KPMG for reputational damage to SARS including but not limited to a civil claim;
- 2) Report KPMG to the relevant statutory audit bodies both locally and internationally;
- 3) Report KPMG to the Minister of Finance with the aim to blacklist KPMG for its unethical, immoral, unlawful and illegal behaviour.
- 4) Report KPMG to the Minister of Finance to consider stopping all work currently performed by KPMG in other departments as well as any work in the pipeline until all the work KPMG conducted for the state have been investigated and reviewed for quality and proper auditing quality and expected standards;
- 5) Immediately seize any work which KPMG is currently performing for SARS and assess the work KPMG has performed in the last 10 years with the aim to determine whether there was a value for money and whether SARS should demand its money back;
- 6) Report KPMG to Parliament through SCOPA and SCOF with the aim to investigate the immoral conduct of KPMG and determine the appropriate action.

3) Disciplinary cases completed and/or underway

SARS has observed with astonishment some former SARS employees and others who have been criss-crossing different media platforms while making unfounded and baseless conclusions as a result of KPMG's media statement.

SARS wishes to categorically state that the allegations that KPMG report was used as the basis for disciplinary actions as well as the institution of a criminal offence are at best false and at worse deceitful, and aimed at misleading the people of SA.

The following facts and sequence of events attest to the above statement:

- 1) During the period August 2014, the then Acting Commissioner for SARS, Mr Ivan Pillay Commissioned an Investigation led by Adv Sikhakhane SC with the mandate to investigate allegations that SARS ran a 'Rogue Unit'. The information was reported by the media then, in particular Sunday Times and City Press newspapers. The claims were amongst others that SARS had a Unit which was not only established illegally but which was illegally intercepting taxpayer's information and movements;
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Hence SARS's assertion that those affected are mainly endeavouring to claim innocence or otherwise on the withdrawal of the KPMG report, with others claiming that their careers and careers of others were destroyed as a result of KPMG either grossly ignorant or outright mischievous and or a concerted but dismal attempt to mislead the South African public.

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SARS wishes to assure all South Africans, in particular taxpayers and traders that 14000 men and women of SARS continues to work tirelessly and selflessly in ensuring that all revenue due to the state are collected both legally and efficiently whilst protecting our borders and facilitating trade as we take South Africa forward, together.



LETTER: Gangster ratings agencies

Rating agencies, which are nothing but organised economic gangs, must be seen in the context of fear-mongering colonialism

28 November 2016 - 05:59



Picture: SUPPLIED

One of the tried and tested tools of colonialism is instilling fear. Rating agencies, which are nothing but organised economic gangs, must be seen and understood in this context. Our former oppressors, whose oppression has taken on a subtle and systematic manner, are now using these "gangs" to whip us into line.

Just like during colonial and apartheid times, the "gang" uses the whip to impose on developing countries their preferred economic and social system, which ultimately dictates how a supposedly free SA must behave, robbing us of the critical right to define our own destiny, a right that was central to our liberation struggle.

The governing ANC, which has been voted into power by the citizenry of SA, the majority of whom are black Africans, has been tamed and managed by the rating agencies. While the same ANC voters are suffering from high levels of unemployment, poverty, inequality, landlessness, homelessness and other serious social ills, the government is threatened with economic violence every time it tries to bring in projects and programmes to relieve the poor from their daily agony.

The ANC is more worried about what the rating agencies will think than about what the poor African majority thinks, hence its gradual loss of electoral power. The ANC must defeat the terror of fear from these CIA-organised gangs and start fearing the voters.

The Brics bank and its intended rating agency must be prioritised so that we can move towards total freedom from our Western masters. Our government must swiftly shed colonial-apartheid scarecrows.

Luther Lebelo

Head of communication and media, Progressive Professionals Forum

Appendix 16

Note prepared by the OECD

Centre for Tax Policy and Administration

NOTE prepared by
The Organisation of Economic Co-operation and Development (OECD), Centre for Tax
Policy and Administration (CTPA)

1. Background and Purpose

The Organisation for Economic Co-operation and Development (OECD), is an intergovernmental organisation, located in Paris, France. The OECD Council, the Organisation's supreme intergovernmental body, designated South Africa as a Key Partner¹ of the OECD in 2007. Key Partners are significant non-OECD economies, including Brazil, China, India, Indonesia and South Africa.

The OECD through its Centre for Tax Policy and Administration (CTPA²) has a long history of constructive engagement with the South African Revenue Service (SARS), particularly through the OECD's Committee on Fiscal Affairs (CFA) and related subsidiary bodies. In this connection, the Organisation wishes to provide through this document:

- I. a factual overview of the history of interaction between CTPA and SARS (sections 2—11 below) and
- II. a summary of selected governance arrangements in different tax administrations that may be of value in the possible design of future governance considerations for the tax administration in South Africa (section 13 below).

In light of the status of the OECD as an intergovernmental organisation, nothing in this document or its Appendix shall constitute or be considered in any way to be a limitation upon, or a waiver of, the privileges and immunities of the OECD and its staff members.

2. OECD's Centre for Tax Policy and Administration (CTPA) and SARS

The OECD's CTPA and SARS have worked together since 1999 to develop the tax capacity of South Africa, starting with several technical training events for SARS officials. Co-operation accelerated between the early 2000's and 2016 and the foundation was built for a number of strong technical streams of work between the OECD and South Africa through the CTPA and SARS, and with other South African government departments.

¹ <http://www.oecd.org/global-relations/keypartners/>

² <http://www.oecd.org/ctp/>

From 2016, SARS engagement with the OECD declined, with down graded levels of staff seniority and authority, and fewer strategic and technical contributions made.

3. The Committee on Fiscal Affairs (CFA)

In 2004, South Africa became a Participant³ to the Committee on Fiscal Affairs (CFA) and its subsidiary bodies through representation from SARS and National Treasury, contributing its views not only on technical matters, but also increasingly to the strategic development of the international tax system. As the sole African country participating in the Committee, South Africa also had an important role in expressing the views of other African countries. This paved the way later to the presence of many African countries joining the OECD hosted processes to develop the new wave of international tax rules through the Global Forum on Transparency and Exchange of information for Tax Purposes (Global Forum) from 2009 and the Base Erosion and Profit Shifting (BEPS) project from 2013.

4. Inclusive Framework on Base Erosion and Profit Shifting (BEPS)

In 2014, South Africa, together with other (non OECD) G20 members, became an Associate⁴ to the BEPS project - the global project that has overhauled the international tax rules to address tax avoidance. South Africa played a prominent role, steering the project through its membership of the CFA's Bureau Plus (the leadership group created to guide the BEPS project). South Africa was a key player in the development of BEPS solutions, as well as a strong supporter of, and voice for, other developing countries seeking to use the BEPS project outcomes to strengthen their tax systems. Today, there are 123 members of the Inclusive Framework, including 21 from Africa. SARS was an active participant and contributor to the BEPS work between 2013 and 2016, and served then as a member of the Steering Group of the Inclusive Framework until 2016. After this point, continuity was disrupted by a lack of regular expert input, often without the necessary authority or seniority to make technical contributions. From 2017, National Treasury has served as South Africa's Steering Group member.

³ The OECD has 36 Member countries. Other countries and economies may be invited to participate in any of the Organisation's 36 Committees and other bodies. These countries and economies will be referred to as Partners. *Participants* are entitled to be invited to all the Committee's non-confidential meetings

⁴ Associates participate in a Committee, a project or the development or discussion of a legal instrument with the same rights and obligations as OECD Members. However, they cannot attend discussions on the accession of new Members to the Organisation.

5. Global Forum on Transparency and Exchange of information for Tax Purposes (Global Forum) .

South Africa was one of four African countries (together with Liberia, Mauritius and Seychelles) first to join the Global Forum in 2009. SARS became an active participant in the Global Forum Steering Group, the Global Forum Peer Review Group and, since 2014, the Global Forum Automatic Exchange of Information Group. South Africa's first round of peer review by the Global Forum was completed in 2012 with a compliant rating. In recognition of South Africa's commitment to tax transparency, in 2013 a senior SARS official was elected to the position of Global Forum chair and served in that role until 2016. SARS also lent its expertise by providing expert assessors for more than 15 peer reviews, technical workshops for Africa, and hosted the Global Forum plenary meeting in 2012. Since 2016, SARS has been a less active participant in Global Forum plenary meetings, the Global Forum Steering Group and the Global Forum Peer Review Group. As an early adopter of the Common Reporting Standard, SARS has continued as an active member of the Global Forum Automatic Exchange of Information Group.

6. Forum on Tax Administration (FTA)

The Forum on Tax Administration (FTA), which was created in 2002, brings together tax commissioners from 51 OECD and non-OECD countries to identify, discuss and influence relevant global trends and develop new ideas to enhance tax administration around the world. SARS has been an active member of the FTA since 2004. The SARS Commissioner was Chair of the FTA from January 2008 to August 2009. SARS was a member of the FTA Bureau each year since 2004, with the exception of 2014. SARS' participation in the FTA between 2004 and 2014 provided the technical knowledge and comparative experience to develop SARS' compliance model, its risk management strategy, its high net worth individual policy, and its work dealing with the challenges of transfer pricing, self-service channels, voluntary disclosure programmes and large business taxpayers. Some of these developments were reversed by SARS after 2016 (the closure of the large business service, for example) and SARS officials were less active in FTA projects. At the FTA Plenary meeting hosted by South Africa in 2008, several African Tax Commissioners participated for the first time in FTA discussions. It was here that the idea of establishing a tax administration body for Africa was first mooted. This was followed by a conference on Taxation, Governance and Capacity Building in Africa, which SARS hosted in May 2008 (see details on ATAF below at section 9).

7. Tax crime and other financial crimes

The OECD launched the Oslo Dialogue in 2011 to promote a 'whole of government' approach to fighting tax crime and other financial crimes, while addressing cross-disciplinary issues such as tax evasion, bribery, corruption, and money laundering. SARS's contribution to the establishment in South Africa of the Multi-Agency Working Group (MAWG) as prominent anti-corruption initiatives was recognised by the OECD and cited in the 2012 edition of the "Effective Inter-Agency Co-Operation in Fighting Tax Crimes and Other Financial Crimes" report (Rome Report). SARS officials have also attended training at the OECD's International Academy for Tax Crime Investigation at both the Rome and Kenya centres.

8. Supporting Domestic Resource Mobilisation (DRM) - Tax and Development

The role of effective tax systems as a crucial element of Domestic Resource Mobilisation (DRM) has received increased recognition in recent years from the G20 and the United Nations, particularly in relation to its contributions towards the Sustainable Development Goals (Agenda 2030). Working closely with the OECD, SARS had, prior to 2014, co-chaired the pillar on DRM in the G20 Development Working Group. Co-Chaired by South Africa and the Netherlands from its inception, the OECD Task Force on Tax and Development is a multi-stakeholder advisory group set up to help improve the enabling environment for developing countries to collect taxes fairly and effectively. It is a unique multi-stakeholder body bringing together governments, business, civil society and international and regional organisations to support the OECD's work in this area. The SARS Commissioner chaired Task Force plenary meetings between 2010 and 2015. From 2016, chairing was delegated to a SARS official.

9. The African Tax Administration Forum (ATAF)

The process of establishing the African Tax Administration Forum began in earnest after the August 2008 Conference (see section 6 above) with the creation of a Steering Group, made up of seven Commissioners, to develop the draft ATAF founding documents and guide the process to its eventual launch. To assist these efforts, SARS, International Relations Division was tasked as the interim secretariat for ATAF, working closely with the OECD. In November 2009, ATAF was officially launched at its inaugural Conference in Kampala, Uganda, with 29 African countries as members; the SARS Commissioner was elected as the first Chairperson of the ATAF Council until September 2014. ATAF is now

the leading African tax administration body with 38 members and still benefits from considerable support from SARS. Working closely with SARS, the OECD has been a key supporter of ATAF since its inception in providing technical assistance in areas of key importance for developing countries.

10. Tax Inspectors Without Borders (TIWB)

SARS and ATAF are also working with the OECD on the Tax Inspectors Without Borders (TIWB) project, a joint OECD/UNDP initiative which facilitates hands-on, practical assistance to developing countries undertaking tax audits of multi-nationals involving complex international tax issues. SARS was actively engaged in TIWB at the inception and has provided audit experts under the programme.

11. Memorandum of Co-operation

SARS enhanced its relationship with the OECD in May 2012 by the signing of a Memorandum of Co-operation. This resulted in a more coordinated and structured relationship between SARS and the OECD up to 2016. One of the outcomes of interactions within this framework was the development of tailor-made advanced Transfer Pricing training for SARS officials; policy roundtables between the OECD, SARS, National Treasury and other stakeholder departments; and the secondment of both SARS and National Treasury staff to the OECD. For instance, SARS seconded a senior official to the CTPA in 2013.

12. Future collaboration

The OECD is committed to providing South Africa with the required support and assistance to help strengthen South Africa's tax administration. The CTPA looks forward to South Africa once again playing a prominent leadership role in the tax work at the OECD. To enhance SARS' cooperation with CTPA, it is recommended that a discussion is held with the Commissioner of SARS on how to strengthen participation in the CFA and its subsidiary bodies and how SARS can be supported to become a more efficient and effective revenue administration. Given the breadth and depth of South Africa's past involvement in the OECD's tax work, and the leadership shown in all areas of the CFA's work, it was proposed in 2016 that South Africa considers taking the natural next step of becoming an Associate to the CFA. This would establish South Africa with a direct, standard setting role in all areas,

effectively as a 'member' of the Committee. This proposal is still under consideration by SARS and National Treasury.

13. Summary of Tax Administration Governance Arrangements drawn from OECD Members

The Appendix to this document looks at some of the approaches taken to different aspects of governance by tax administrations, based mostly on the administrations that are members of the OECD FTA. It is not intended to be comprehensive nor prescriptive but rather to be an aid in stimulating thinking about alternative governance arrangements, which might be considered in particular contexts. In general, while there is a set of common core elements of good governance, there are a number of different forms in which these common elements appear. These forms are likely to be equally robust in ordinary circumstances, and differences will be conditioned by the legislative, regulatory and judicial regime and shaped by the cultural, historical and political background of each administration. While additional safeguards may be appropriate in some circumstances, there is no single governance model and multiple layers of governance can potentially impede efficiency and effectiveness. The following governance elements are covered in the Appendix:

- a. Appointment and removal of the Commissioner
- b. Powers of the Commissioner and accountability
- c. Ministerial powers
- d. Separation of functions: Ministry of Finance, Parliament and the tax administration
- e. Role and appointment of Boards
- f. Objective setting
- g. HR policies
- h. The relationship between the tax administration and taxpayer

References

The 2012 edition of the "Effective Inter-Agency Co-Operation in Fighting Tax Crimes and Other Financial Crimes" report (Rome Report) <http://www.oecd.org/tax/crime/effective-inter-agency-co-operation-in-fighting-tax-crimes-and-other-financial-crimes-first-edition.pdf>

The 2017 OECD Tax Administration Series (TAS) <http://www.oecd.org/ctp/administration/tax-administration-23077727.htm>

OECD Committee of Fiscal Affairs

<https://oecdgroups.oecd.org/Bodies/ShowBodyView.aspx?BodyID=963>

The Inclusive Framework on BEPS <http://www.oecd.org/ctp/beps-about.htm>

Global Forum on Transparency and Exchange of Information for Tax Purposes

<http://www.oecd.org/tax/transparency/>