# INTERNAL MEMORANDUM

## Request for Deviation in terms of Treasury Regulations 16A.6.4

### **FINANCE** Procurement

<table>
<tr><td>TO</td><td colspan="3">Mr. Mzolisi Rungqu<br>Act. Executive: Professional Service</td><td colspan="2">COST CENTRE NUMBER(s)</td><td colspan="2">102026</td></tr>
<tr><td>FROM</td><td colspan="3">Mechel Mokgehle<br>Acting Manager Sourcing</td><td colspan="2">REFERENCE</td><td colspan="2"></td></tr>
<tr><td>TEL NUMBER</td><td colspan="3">0783378466</td><td colspan="2">DATE</td><td colspan="2">22 February 2023</td></tr>
<tr><td>REQUESTING DIVISION</td><td colspan="7">Enterprise Data Management</td></tr>
<tr><td>NAME OF EXECUTIVE OF REQUESTING DIVISION</td><td colspan="7">Naresh Ramsumair</td></tr>
<tr><td>SUBJECT</td><td colspan="7">The purpose of the document is to request approval for deviation from the normal procurement processes in terms of National Treasury Regulations 16A.6.4, read together with National Treasury SCM instruction note 03 of 2021/2022 for the procurement of information and documentation: SANS 15489-2:2020, SATR 17797:2015, SATR 13028:2010, and SANS 13008:2012 standards from the South African Bureau of Standards (SABS) for a total cost of R 2 642.70</td></tr>
<tr><td>NAME OF SUPPLIER</td><td colspan="7">South African Bureau of Standards (SABS)</td></tr>
<tr><td>TERM REQUESTED</td><td colspan="3">Once off</td><td colspan="2">AMOUNT REQUESTED (INCL VAT)</td><td colspan="2">R 2 642.70</td></tr>
<tr><td>REASON FOR DEVIATION FROM TR 16A.6.4</td><td>SOLE SUPPLIER:</td><td>X</td><td>CASE OF EMERGENCY:</td><td></td><td colspan="2">OTHER (IMPRACTICAL):</td><td></td></tr>
<tr><td>PROCUREMENT RECOMMENDATION</td><td colspan="7">Procurement recommends the appointment of South African Bureau of Standards (SABS) to provide SARS with ISO standards (SANS 15489-2:2020, SATR 17797:2015, SATR 13028:2010, and SANS 13008:2012) at a total cost of R 2 642.70.</td></tr>
<tr><td>LEVEL OF APPROVAL REQUIRED</td><td colspan="7">Executive</td></tr>
<tr><td colspan="8">(For Procurement Use):</td></tr>
<tr><td>eSourcing number:</td><td colspan="7"></td></tr>
<tr><td>Deviation number:</td><td colspan="7"></td></tr>
</table>

**Forwarded to you for:**

- ☐ Approval
- ☐ For Your Records
- ☐ Action as required
- ☐ Verification
- ☐ Information
- ☐ Proof Reading

**On completion please forward to:**

- ☐ Sender
- ☐ Other

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**Comments:**

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| CHECKLIST - SUBMISSION PACK FOR APPROVAL | | | | | |
|---|---|---|---|---|---|
| **Tick the applicable box:** | | **Yes** | **No** | **N/A** | **Comments** |
| **1.** | **Current deviation submission** | | | | |
| 1.1 | • Is the submission completed in full and correctly signed off? | √ | | | |
| 1.2 | • Does the submission articulate the Purpose, Background, Scope, Sourcing Strategy, Stakeholders, Legal & Financial Implications, Recommendations and Signatures? | √ | | | |
| **2.** | **Sole supplier** | | | | |
| 2.1 | • Is the sole supplier certificate attached? | √ | | | |
| **3.** | **Impractical** | | | | |
| 3.1 | • Is the National Treasury approval attached? | | | √ | |
| **4.** | **Minutes of previous approval** | | | | |
| 4.1 | • Are the minutes of the previous approval(s) attached? | | | √ | |
| 4.2 | • Were the previous approved minutes, action plans and recommendations considered in this submission? | | | √ | |
| **5.** | **Approved business case** | | | | |
| 5.1 | • Is the approved business case attached? | √ | | | Memo |
| **6.** | **Confirmation of budget availability** | | | | |
| 6.1 | • If the applicable Finance official did not sign the deviation form, is a signed confirmation from Finance of budget availability attached? | | | √ | RTP signed by Finance and deviation will be signed by Finance also |
| 6.2 | • Is the request (inclusive of VAT) within the approved budget? | | | √ | |
| **7.** | **Demand plan** | | | | |
| 7.1 | • Was the project registered on the approved demand plan? | | | √ | |
| **8.** | **Supplier(s) proposal, quotation and/or pricing schedule** | | | | |
| 8.1 | • Is the supplier's proposal, quotation and/or pricing schedule attached? | √ | | | |
| 8.2 | • Does the financial implication in the submission agree to the supplier's pricing? | √ | | | |

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| | | | | | | |
|---|---|---|---|---|---|---|
| **9.** | **Due diligence** | | | | | |
| 9.1 | • If the supplier is a foreign supplier, is the supplier's SBD 1 attached? | | | √ | | |
| 9.2 | • Is the supplier's CSD registration report attached? | √ | | | | |
| 9.3 | • Is the supplier's tax compliance status verification in order? | √ | | | | |
| 9.4 | • Is the supplier's SBD 4 attached? | √ | | | | |
| 9.5 | • Are the responses provided by the supplier on the SBD 4 verified, and the directorship(s) on the SBD 4 confirmed against the CSD report? | √ | | | | |
| 9.6 | • Is it confirmed that the supplier is not blacklisted and not on the NT list of restricted suppliers? | √ | | | | |
| 9.7 | • Is it confirmed that the supplier is not in the service of the state? | √ | | | | |
| 9.8 | • Is the supplier(s) oath of secrecy attached? | | | √ | | |
| **10.** | **B-BBEE** | | | | | |
| 10.1 | • Is the supplier(s)' valid B-BBEE certificate(s) attached? | √ | | | | |
| **11.** | **Other documents attached** | | | | | |
| 11.1 | • | | | | | |
| 11.2 | • | | | | | |
| 11.3 | • | | | | | |

Comments

## Table of Contents

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# INTERNAL MEMORANDUM

## 1. Purpose

The purpose of this request is to obtain approval from the Acting Executive: Professional Service and Travel Management to appoint the South African Bureau of Standards (SABS) to provide SARS with SANS 15489-2:2020, SATR 17797:2015, SATR 13028:2010, and SANS 13008:2012 ISO standards at a total cost of R 2 642.70.

The South African Bureau of Standards (SABS) is the sole provider for all ISO Standards in South Africa.

## 2. Business requirement background

Enterprise Data Management division supports SARS with data and information management practices that supports SARS officials in the performance of their data and information management.

The division is acquiring the ISO standard that will assist in finalising the Digital Preservation Policy aimed at ensuring that SARS records, information, and data stored, and preserved electronically are secured. The policy will guarantee the validity of digital records, ensure authenticity, reliability, and integrity aligned with international standards and best practices.

| | Content | Details |
|---|---|---|
| 1. | Business Case signed off date: | 11 November 2022 |
| 2. | Request To Procure (RTP) date: | 28 October 2022 |
| 3. | OPE allocation date to Sourcing | 02 February 2023 |
| 4. | Date Procurement engaged Business: | 02 February 2023 |
| 5. | Sourcing Strategy commencement date: | 06 February 2023 |
| 6 | No. of days taken from date of OPE receipt (point 3 above) to date of approval request | |

## 3. Procurement background

On 02 February 2023, Business Unit submitted a request (RTP) to Procurement to procure the Information and Documentation: SANS 15489-2:2020, SATR 17797:2015, SATR 13028:2010, and

SANS 13008:2012 standards from the South African Bureau of Standards (SABS) who is the sole provider for ISO Standards in South Africa. (Annexure C).

## 4. Scope of goods and services

The following standard are required by Data Management division:

1. SANS 15489: Information and documentation - Records management

   **Purpose:** Provides guidance on managing records of originating organizations, public or private, for internal and external client. ISO 15489 also supports other ISO standards with specific recordkeeping requirements. The standard enables government organisations to develop policies, strategies and programs, which will ensure that State records have the essential characteristics of accuracy, integrity and reliability.

   **Benefits**: ISO 15489 is for any organisations that need to ensure their records (both paper and electronic) are properly maintained, easily accessible and correctly documented from their creation right through to ultimate disposal, be that archiving, imaging or destruction.

2. SATR 17797:2015: Electronic archiving

   **Purpose:** Electronic archiving – Selection of digital storage media for long-term preservation. Gives guidelines on a selection of the most appropriate storage media for use in long-term electronic storage solutions. Includes a discussion on magnetic, optical and electronic storage.

   Benefits: No Chance of Losing Data: Everything is available within a few clicks. Complete Data Security: tangible files and documents are always at the risk of getting in the wrong hands. If you don't lock your documents well and keep them out of reach of people, anyone can access your important information, and it can be a threat in several ways. Provides faster access to data and it is simpler to manage.

3. SATR 13028:2010: Information and documentation – Implementation guideline
   - Establishes guidelines for creating and maintaining records in digital format only, where the original paper, or other non-digital source record, has been copied by digitizing.
   - Establishes best practice guidelines for digitization to ensure the trustworthiness and reliability of records and enable consideration of disposal of the non-digital source records.
   - Establishes best practice guidelines for the trustworthiness of the digitized records which may impact on the legal admissibility and evidential weight of such records.

- Establishes best practice guidelines for the accessibility of digitized records for as long as they are required.
- Specifies strategies to assist in creating digitized records fit for long-term retention; and establishes best practice guidelines for the management of non-digital source records following digitization.

**Benefits**: Digital document files are encrypted and secure. It'll take more than a hammer to access your documents. Save on resources — Stop buying paper and toner for physical documents and save money on office supplies. Environmentally friendly — Less paper means less waste.

4. SANS 13008:2012: Information and documentation — Digital records conversion and migration process

**Purpose**: This International Standard specifies the planning issues, requirements and procedures for the conversion and/or migration of digital records (which includes digital objects plus metadata) in order to preserve the authenticity, reliability, integrity and usability of such records as evidence of business transactions. These digital records can be active or residing in a repository.

## 5. Sourcing strategy conducted by Procurement in substantiating the deviation

In substantiating this deviation, Procurement conducted a high-level sourcing strategy the following:

### 5.1. Commodity Definition

Standards form the basis for introduction of new technologies and innovations, as well as ensuring that products, components and services supplied by different companies will be mutually compatible.

Standardisation bridges the gap between research and the end market. Standards assist the transfer of research results to the local and international market. Every moment an innovation is developed into a product or system there is a need for a new standard or adjustment of existing standard to assure the quality is consistent.

An ISO standard is essentially an internationally recognised way of doing something. It means that everyone follows the same set of guidelines no matter where they are based, resulting in a safer, more consistent end result. This benefits both the organisation and the customer or end user. For companies, they are secure in the knowledge that this standard is followed and recognised worldwide. For customers, they know they are getting a product or service which is safe, good quality and trustworthy.

### 5.2. Supply market

The South African Bureau of Standards (SABS) is a South African statutory body that was established in terms of the Standards Act, 1945 (Act No. 24 of 1945) and continues to operate in terms of the latest edition of the Standards Act, 2008 (Act No. 29 of 2008) as the national institution for the promotion and maintenance of standardization and quality in connection with commodities and the rendering of services.

As the national standardization authority, the SABS is responsible for maintaining South Africa's database of more than 6,500 national standards, as well as developing new standards and revising, amending or withdrawing existing standards as required.

Internationally, SABS experts represent South Africa's interests in the development of international standards, through their engagement with bodies such as the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

### 5.3. Market Structure

The market structure is referred to as monopoly market structure. There is no competition in the market, as the South African Bureau of Standards is the sole provider for the SANS 15489-2:2020, SATR 17797:2015, SATR 13028:2010, and SANS 13008:2012 standards in South Africa.

### 5.4. Final sourcing strategy recommendation

Procurement believes that the Sourcing Strategy process conducted above provides adequate motivation to substantiate the deviation.

## 6. Motivating the reason for deviating from competitive bidding i.t.o. TR16A.6.4

Treasury Regulation 16A6.4 and Instruction Note no 3 of 2021/2022 prescribe that, if in a specific case it is impractical to invite competitive bids, the accounting authority may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting authority.

One of the deviation provisions in instruction note 3 of 2021-22 is limited bidding 4.2 (a). According to instruction note 3 of 2021-22, limited biding means "a bidding process reserved for a specific group or category of possible suppliers through procurement by":

1. A sole source where there is no competition in the market and only one supplier is able to provide the goods or services,
2. Single source where a thorough analysis of the market and a transparent and equitable pre-selection process is used to decide on one supplier and a few prospective bidders to make a proposal.
3. Multiple source where a thorough analysis of the market indicates that there is a limited competition and only a few prospective bidders are requested to make a proposal.

In view of Treasury Regulation 16A.6.4 and the above provisions of instruction note 3 of 2021/22, it would be impractical to procure the service by means of a normal open tender process primarily due to fact that the South African Bureau of Standards (SABS) is a sole provider all ISO standards in South Africa.

## 7. Financial implications

The financial implication to SARS amount to R 2 642.70 Inclusive of VAT. Below is a detailed breakdown of the financial implications.

| Standard | Quantity | Unit Price (Excl. VAT) |
|---|---|---|
| SANS 15489-1:2020:2 | 1 | R 529.00 |
| SATR 17797:2015:1 | 1 | R 581.00 |
| SATR 13028:2010:1 | 1 | R 607.00 |
| SANS 13008:2012:1 | 1 | R 581.00 |
| **VAT at 15%** | | **R 344.70** |
| **Total Including VAT at 15%** | | **R 2 642.70** |

## 8. Legal Implications

There are no legal implications, a purchase order will be a sufficient agreement between SARS and South African Bureau of Standards.

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## 9. Due diligence

Procurement has conducted due diligence, verified that the of South African Bureau of Standards (SABS) is not included on the National Treasury list of restricted suppliers (entities and individuals), and they are tax compliant (CSD).

- Annexure A: Request to Procure;
- Annexure B: BU Memorandum;
- Annexure C: Sole Provide letter
- Annexure D: Quotation
- Annexure E: CSD Report
- Annexure F: SBD 4;
- Annexure G: B-BBEE certificate;
- Annexure H : National Treasury List of restricted suppliers (Entities and individuals);

## 10. Recommendation

It is therefore recommended that the Executive: Professional Service and Travel Management approves the appointment of the South African Bureau of Standards (SABS) to provide SARS with SANS 15489-2:2020, SATR 17797:2015, SATR 13028:2010, and SANS 13008:2012 standards at a total cost of R 2 642.70. This is a once-off request.

## 11. Declaration of interest

*By signing this document, you hereby certify that you have at all relevant times acted within the ambit of the Public Finance Management Act (No. 1 of 1999) and the Treasury Regulations promulgated in terms of the PFMA. You hereby further certify that you are not personally related to any of the supplier(s) (if natural person(s)), or in the event of the supplier being a legal entity, you are not related to any of the director(s), shareholder(s), member(s), partner(s) or trustee(s) of the legal entity included in this request. You confirm that you were not influenced in any way by any person(s) or by any external factors. You confirm that you have at all relevant times acted in the best interest of SARS. In the event that you are related to any of the aforementioned persons, or were influenced in any manner by any person/s or external factors, please disclose such relations and/or factors, gifts, hospitality or material advantage received from the aforementioned person(s) and/or any other parties in the table below:*

| SARS official details | Name of supplier / person | Nature of relationship / details of interest | Nature of benefits received | Date | Signature |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |

## 12. Signatories:

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| | Name & Surname | Designation | S-ID | Signature | Conflict of interest | | Date |
|---|---|---|---|---|---|---|---|
| **13.1 Document author from Procurement** | | | | | | | |
| 2 | Mechel Mokgehle | Acting Manager Sourcing (*Requestor*) | **S2024641** | [signature] | Y | ~~N~~ | 22.02.2023 |
| **13.2 Business unit support as per the Procurement DOA** | | | | | | | |
| 1 | Asothie Acharrie | Manager: Records Management | **S2023284** | Acharrie | Y | ~~N~~ | 2023-02-22 |
| 2 | Naresh Ramsumair | Executive: Capacity Management | **S1035673** | [signature] | Y | ~~N~~ | 2023-02-23 |
| **13.3 Finance confirmation of budget availability as per DOA** | | | | | | | |
| Confirmation of budget approval: **YES / NO** | | | | | | | |
| 1 | Helene Viljoen | Acting Lead: Finance Business Partner | **S2016151** | HViljoen | ~~Y~~ | $\boxed{N}$ | 23/02/2023 |

**13.4 Procurement approval of deviation as per DOA**

| Deviation value (incl. VAT) | Procurement support/ recommendation | Procurement approval delegation in terms of DOA | Tick level required |
|---|---|---|---|
| **Level 1: Up to R3 million** | • Manager Sourcing | • Executive Procurement | √ |
| **Level 2: Exceeding R3 million up to R5 million** | • Executive | • Chief Procurement Officer | |
| **Level 3: Exceeding R5 million up to R300 million** | • Executive (up to R5 million)<br>• Chief Procurement Officer (exceeding R30 million) | • NBAC Chairperson | |
| **Level 4: Exceeding R300 million** | • Chief Procurement Officer<br>• NBAC Chairperson | • Accounting Authority of SARS (Commissioner) | |

| Delegation | | Name | Recommend | | Approved | | Signature | Conflict of interest | | Date of approval |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Acting Executive Procurement** | **Mzolisi Rungqu** | **YES** | **NO** | $\boxed{\textbf{YES}}$ | **NO** | [signature] | Y | $\boxed{N}$ | 24/02/2023 |
| 2 | **Chief Procurement Officer** | **Schalk Human** | **YES** | **NO** | **YES** | **NO** | | Y | N | |
| 3 | **NBAC Chairperson** | **Yolande Van Der Merwe** | **YES** | **NO** | **YES** | **NO** | | Y | N | |
| 4 | **Accounting Authority of SARS (Commissioner)** | | n/a | | **YES** | **NO** | | Y | N | |

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Comments