



**SUBMISSION TO DEVIATE FROM NORMAL PROCUREMENT
PROCESS: LAWTRUST (ALTRON SECURITY)**

TO	MR NHLAKANIPHO NKONTWANA HEAD OF DEPARTMENT
FROM	MR. STHEMBISO KHANYI CHIEF DIRECTOR: CORPORATE SERVICES
CC	MR KHAYA MTHETHWA CHIEF FINANCIAL OFFICER
SUBJECT	REQUEST FOR APPROVAL FOR DEVIATION FOR SINGLE SOURCE APPOINTMENT OF LAWTRUST (ALTRON SECURITY) FOR PURCHASING OF 120 ADVANCED ELECTRONIC SIGNATURES INCLUDING SUPPORT & MAINTANANCE
CONTRACT DURATION	36 MONTHS (3 YEARS)
SUBMITTED BY	MR. MDUMISENI BUTHELEZI
DATE	18 JULY 2023

1. PURPOSE

To request approval from the *Head of Department, Mr Nhlakanipho Nkontwana as an Accounting Officer* to deviate from normal Supply Chain Management processes in line with SCM Instruction Note 3 of 2021/2022 Enhancing Compliance, Transparency and Accountability in Supply Chain Management to award a contract to *Lawtrust(Altron Security)* being a single-sourced service provider for an amount of *One Million, Three Hundred And Seventy Five thousand One Hundred and Thirty Rands And Seventy Eight Cents (R1 375 133.78)* inclusive of VAT. The request is in line with

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paragraph 40 of Treasury Circular No PT (5) of 2022/23 – issuing of updated cost-cutting measures as issued by the Provincial Treasury.

2. BACKGROUND

- 2.1 The KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) is mandated to oversee the socio-economic transformation in the province.
- 2.2 The Department is generating volumes of documents which are directed to internal and external recipients for varying reasons and business processes. These documents need to be aligned to business processes in a manner that meets the highest standard of efficiency and effectiveness that leads to improved service delivery models which means that the said service must be:
 - **Delivered within the acceptable timeframes**
 - **Legally sound and**
 - **The best service that money can buy**
- 2.3 For the Department to meet the above-mentioned performance standards, it is critical that its internal procedures and processes are streamlined and strengthened.
- 2.4 The Department is currently using Advanced Electronic Signatures (AES) since 2020, which is offered by Lawtrust (Altron Security) to maximise the efficiency of the Document Management Process. The previous procurement was done through our internal processes however, non-compliant bids were received and Lawtrust was appointed because they are the only service provider who is accredited to provide the AE Signatures.
- 2.5 The key benefits with the use of AE Signatures in an organization are that it can improve digital workflows, effectiveness, integrity and save time. AE Signatures are one of the most promising information security measures available to satisfy the legal and business requirements of authenticity, integrity, non-repudiation and writing and signature. An AE



Signature is an electronic substitute for a manual signature and serves the same functions as a manual signature and more.

2.6 AE Signatures in South Africa are approved under the Electronic Communications and Transactions Act (ECTA) instituted in 2002. The South African law adheres to the EU Directive on electronic signatures. Any company operating in the South African market can use AE Signatures as a signing method, and they are treated equally as handwritten signatures.

2.7 As per the DPSA Guidelines on Electronic Signatures it is recommended for security and compliance purposes all AE Signatures need to be verified by an accredited authority. It was then ascertained that the only company with Certificates of Accreditation granted to date by the South African Accreditation Authority of advanced electronic signatures accredited is LawTrust.

3. MOTIVATION

3.1 The Department of Economic Development, Tourism and Environmental Affairs (EDTEA) through its sub-programme Information & Communication technology is responsible for providing dependable Information Technology and Telecommunication Services support to the entire Department.

3.2 As per the DPSA Guidelines on Electronic Signatures it is recommended for security and compliance purposes, all AE Signatures need to be verified by an accredited authority. It was then ascertained that the only company with Certificates of Accreditation granted to date by the South African Accreditation Authority of advanced electronic signatures accredited is LawTrust.

3.3 Based on 3.2 above read together with National Treasury Instruction Note 3 of 2016/2017 "Sole procurement may occur when there is evidence that only one supplier possesses the unique and singular available capacity to meet the requirements of the institution" and



5. LEGAL FRAMEWORK

This request is in line with the following SCM Prescripts:

- **SCM Instruction Note 3 of 2021/2022 Enhancing Compliance, Transparency and Accountability in Supply Chain Management**

Deviation from Normal Bidding Processes:

If in a specific case it is impractical to invite competitive bids, the AO/AA may procure the required goods and services by other means, provided that the reasons for deviating from competitive bids must be recorded and approved by the AO/AA.

Other means include:

- a) Limited bidding;
- b) Written price quotations within the threshold determined by National Treasury Instructions; and
- c) Procurement that occurs in emergency situations and urgent cases.

- **Treasury Regulations 16A.6.4**

"If in a specific case it is impractical to invite competitive bids, the accounting officer or 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 approved by the accounting officer or accounting authority."

6. SERVICE PROVIDER DETAILS

- 6.1 Name: **Lawtrust: Altron Security**
- 6.2 CSD Registration Number:
- 6.3 BBBEE Status of the Supplier:



- 6.4 Tax Status: **Compliant**
- 6.5 Vat Registration No:
- 6.6 State Employee:
- 6.7 Tender Default Register:

7. VALUE FOR MONEY

The use of AE Signatures has proven improved service delivery in terms of efficiency and effectiveness. The turn around times for the approval of documents have improved because Managers can approve documents whether they are in or out of the office. The appointment of the service provide will also eliminate the lengthy SCM processes and ensure continuity with no service disruption when the contract comes to an end.

8. FINANCIAL IMPLICATIONS

The cost implications associated with the appointment of Lawtrust (Altron Security) is *One Million, Three Hundred And Seventy Five thousand One Hundred and Thirty Rands And Seventy Eight Cents (R1 375 133.78) inclusive of VAT* for a period of 3 (three) years for the single source deviation is available within *Programme 1: Corporate Services; Sub-Programme: Information & Communication Technology* Budget.

8. COMPULSORY DOCUMENTS TO BE ATTACHED TO THIS SUBMISSION:

Annexure A – Terms of Reference or Specifications.

Annexure B – Quotations or Proposal from the service provider.

Annexure C – SBD4 (Bidder's Disclosure).

9. RECOMMENDATIONS



It is hereby recommended that approval be granted from the *Head of Department (Mr. Nhlakanipho Nkontwana)* grant approval to deviate from normal Supply Chain Management processes in line with SCM Instruction Note 3 of 2021/2022 Enhancing Compliance, Transparency and Accountability in Supply Chain Management systems in the appointment of **Lawtrust: Altron Security** being a single sourced service provider for an amount of **One Million, Three Hundred And Seventy Five thousand One Hundred and Thirty Rands And Seventy Eight Cents (R1 375 133.78) inclusive of VAT** for the renewal of 120 (hundred and twenty) licenses for AE Signatures.

10. ADMINISTRATION AND PROCESS SIGN OFF

NAME	ROLE	SIGNATURE	DATE
Mr. Sthembiso Khanyi	Chief Director: Corporate Services	Signed by: Sthembiso Penuel Khanyi Signed at: 2023-07-20 15:44:08 +02:00 Reason: approve this document 	
Ms DHARSHINI RAICHUND	DIRECTOR: SUPPLY CHAIN MANAGEMENT		4/8/23

11. APPROVAL BY HEAD OF DEPARTMENT

It is hereby recommended that approval be granted from the *Head of Department* to deviate from normal Supply Chain Management processes in line with **Treasury Regulation 16A.6.4.** and SCM Instruction Note 3 of 2016/2017- Prevention and Combating Fraud in SCM systems to award a contract **Lawtrust (Altron Security)** being a single-sourced service provider for an amount of **One Million, Three Hundred And Seventy Five thousand One Hundred and Thirty Rands And Seventy Eight Cents (R1 375 133.78) inclusive of VAT** for the renewal of 120 (hundred and twenty) licenses for AE Signatures.

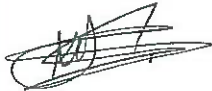


KWAZULU-NATAL PROVINCE
ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

PROCUREMENT & ADMINISTRATION

SUBMISSION TO DEVIATE FROM NORMAL PROCUREMENT PROCESSES: (LAWTRUST) ALTRON SECURITY

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NAME	ROLE	SIGNATURE	DATE
MR KHAYA MTHETHWA	CHIEF FINANCIAL OFFICER		24/08/23
MR NHLAKANIPHO NKONTWANA	HEAD OF DEPARTMENT		8/8/2023

Comments:

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KZN Department of Economic Development, Tourism and Environmental Affairs - SH 3 Yr renewal

**KZN Department of Economic Development, Tourism
and Environmental Affairs**

270 Jabu Ndlovu Street

Pietermaritzburg, KwaZulu Natal 3201

South Africa

Reference: 20230717-103200347

Quote created: July 17, 2023

Quote expires: July 31, 2023

Quote created by: Sithandiwe Ngcobo

Specialist : Business Development

sithandiwe.ngcobo@altron.com

Zethu Khoza

zethu.khoza@kznedtea.gov.za

+27 33 264 2870

Comments from Sithandiwe Ngcobo

Products & Services

Item & Description	SKU	Quantity	Unit Price	Total
Advanced Electronic Signature License Renew(AES) (Server Held Keys & OTPs) - Per User with Unlimited Signature - Year 1		120	R2,989.87 / 3 years	R358,784.40 / 3 years for 3 years
Advanced Electronic Signature License Renew(AES) (Server Held Keys & OTPs) - Per User with Unlimited Signature - Year 2		120	R3,229.06 / 3 years	R387,487.20 / 3 years for 3 years

08 February 2022

TO WHOM IT MAY CONCERN

NOTICE OF CESSION, ASSIGNMENT AND DELEGATION OF RIGHTS AND OBLIGATIONS UNDER AGREEMENT TO ALTRON TMT

We refer to the Agreement entered into between yourselves and Law Trusted Third Party Services (Pty) Ltd (registration number: 2001/004386/07) (**LAWTrust**) for the provision of products and/or services (**Agreement**).

As you are aware LAWTrust has recently been acquired by Altron TMT and as part of this transaction, LAWTrust hereby cedes, delegates, transfers and assigns (as applicable) all of its rights and obligations in the Agreement to Altron TMT with effect from 1 March 2022. All provisions of the Agreement shall remain in force in their current form, without amendment.

For purposes of the domicilium clause of the Agreement, LAWTrust hereby elects the following address for service of all process:

Physical address: Altron Woodlands Campus, 20 Woodlands Drive, Woodmead, 2191

Email address: legal@lawtrust.co.za

Marked for the attention of: Head of Legal

Signed at Woodmead
Signed: 2022-02-08 11:39:39 +02:00
Reason: Witnessing Rian Schoeman



For and on behalf of LAWTrust
Name: Rian Schoeman
Capacity: Managing Executive