

MEMORANDUM

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

TO	Acting Head: Government Technical Advisory Centre					
REQUESTING BUSINESS UNIT	Municipal Finance Improvement Programme (MFIP)					
HEAD OF BUSINESS UNIT	Johnson Matshivha					
DATE	27 August 2026					
SUBJECT	Request for Deviation to Appoint Exponent (Pty) Ltd to provide a Microsoft Licenses					
NAME OF SUPPLIER	Exponent					
TERM REQUESTED	Month to Month effective 1 September to December 2026 (4 Months)					
AMOUNT REQUESTED	R 583 661,80 for four months					
REASON FOR DEVIATION FROM TR 16A.6.4	SOLE SUPPLIER:		CASE OF EMERGENCY:		OTHER (IMPRACTICAL):	x

Forwarded to you for:

- ☒ **Approval**
☐ **Verification**
- ☐ **For Your Records**
☐ **Information**
- ☐ **Action as required**

1. PURPOSE

- 1.1 The purpose of this memorandum is to seek approval for a deviation from the normal procurement processes to extend the appointment of the current Microsoft Licensing Provider, Exponent (Pty) Ltd, on a month-to-month basis from 1 September 2026 to 31 December 2026.

2. BUSINESS REQUIREMENT BACKGROUND

- 2.1 MFIP subscribes to the Microsoft E3 package, which provides access to web and mobile versions of key Microsoft applications and services, including Word, Excel, PowerPoint, OneDrive, Outlook, Teams, Power BI, and Visio. The package also includes Azure SQL database services, Office 365 file storage, and associated support services. These tools collectively enable business continuity by supporting critical communication, collaboration, data management, security, and compliance requirements for the Programme Management Unit and geographically dispersed Technical Advisors.
- 2.2 This extension is required to ensure the uninterrupted provision of Microsoft licensing services while the remaining procurement options are being finalized. These options include the pending outcome of the SITA exemption application and the potential inclusion of MFIP under the National Treasury Microsoft Licensing Contract, through which National Treasury would procure the required licenses on behalf of MFIP. The requested extension will mitigate the risk of service disruption and ensure business continuity pending the conclusion of the appropriate procurement arrangement.

3. PROCUREMENT BACKGROUND

- 3.1 The current Microsoft 365 licences provided by Exponent (Pty) Ltd are due to expire on **30 August 2026**. Refer to **Annexure A: Approved Memo**.
- 3.2 The procurement process has experienced delays beyond the timelines approved in the memorandum endorsed by the Acting Head on **30 June 2026**.
- 3.3 Since the approval of the memorandum in June 2026, the following procurement activities have been undertaken:

- The Request for Bids (RFB) was advertised on the Government Technical Advisory Centre (GTAC) website, the National Treasury eTender Portal, and the eProcurement Vendor Portal on **26 May 2026**. The bidding process closed on **17 June 2026**.
- The Bid Evaluation Committee (BEC) conducted evaluations from 8 to 13 July 2026. Subsequently, on 21 July 2026, the recommended bidder's quotation was submitted to SITA for processing in accordance with the Terms of Reference (ToR).3.3.3 On **23 July 2026**, SITA requested the Microsoft Consumer Price Sheet, indicating that the document submitted did not meet Microsoft's required format.
- Progress meetings were held between GTAC and SITA on **4 August 2026** and **20 August 2026** to discuss the status of the procurement process and identify a way forward.
- On **24 August 2026**, SITA advised that, based on the number of licences required, it would not be able to follow its standard procurement processes. SITA further indicated that it would provide GTAC (PSP) with an exemption letter to enable the appointment of a service provider outside of its processes. Refer to Annexure B: Email Correspondence.
- As a result of the above procedural and administrative delays, an extension of the current Microsoft 365 licences has become necessary to ensure uninterrupted service.

4. REASON FOR DEVIATION

- 4.1 Through several engagements with SITA, it was discovered that their verification process took longer than anticipated.
- 4.2 It will therefore not be possible to finalise the procurement process before 31 August 2026, which is the current deviation expiry date. It should also be noted that Microsoft does not provide a grace period; upon expiry, access to services is terminated immediately without temporary continuation and such will negatively affect the business unit carrying out their duties or responsibilities thus affecting business continuity.

4.3 MFIP is requesting a deviation from the normal procurement procedures due to delayed procurement processes which may not be concluded by 31st of August; should the deviation process not be granted the following will be affected:

- Loss of access to emails, systems, and critical data
- Disruption of all MFIP operations, in essence, MFIP officials especially Technical Advisors will not be able to access services (Exchange, Teams, SharePoint) due to loss of login capability. Since many MFIP processes are automated through K2, any workflows that rely on Microsoft services may fail or become unstable, further impacting operations.

4.4 Overall, the delays experienced were primarily due to governance processes, stakeholder dependencies, and system-related constraints, rather than shortcomings in planning or execution.

5. SCOPE OF GOODS AND/ OR SERVICES

Microsoft 365 E3 licences for 136 users

Microsoft Defender for Endpoint P2 for 109 users

Microsoft Defender for Office 365 Plan 1 for 109 users

Power BI Premium Per User for 3 users

Teams Premium for 3 users

Visio Plan 1 for 1 user

Azure SQL Database services

Advanced support services (as required, billed per hour)

6. FINANCIAL IMPLICATIONS

6.1 The cost for the proposed -four months extension, inclusive of the 20% month-to-month premium, is **R583 661,80** for four months. Refer to **Annexure C: Quotation**.

6.2 Provision for this expenditure will be accommodated within the existing MFIP operational budget

6.3 All costs remain subject to exchange rate fluctuations at the time of invoicing, in line with Microsoft pricing policies.

7. LEGAL IMPLICATIONS

7.1 Paragraph 4 of the PFMA SCM Instruction No 03 Of 2021/22 on Enhancing Compliance Transparency and Accountability in SCM states that:

“If in a specific case it is impractical to invite competitive bids, the AO/AA 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 AO/AA.”

8. CONCLUSION

8.1 In terms of paragraphs 7 above, this request is permissible within the SCM prescripts and is supported.

9. RECOMMENDATION

9.1 Approval be granted for a procurement deviation to extend the appointment of the current Microsoft service provider on a month-to-month basis for a period of four months effective 1 September to 31 December 2026 at a cost of **R583 661,80**.

9.2 The deviation be processed on an urgent basis to prevent interruption of services.

9.3 PSP, and relevant stakeholders expedite the appointment process to ensure that a month to month contract is in place from 01 September to 31 December 2026, while procurement processes for the remaining period is being finalised.



Compiled by: Doris Segoale

9.1. Recommended / ~~Recommended with Comments~~ / ~~Not Recommended~~

9.2 Recommended / ~~Recommended with Comments~~ / ~~Not Recommended~~

9.3 Recommended / ~~Recommended with Comments~~ / ~~Not Recommended~~



JOHNSON MATSHIVHA

CHIEF DIRECTOR: MFIP

Date: 27 August 2026

9.1. Recommended / ~~Recommended with Comments~~ / ~~Not Recommended~~

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MARKUS RAUTENBACH

CHIEF DIRECTOR: FINANCIAL MANAGEMENT

Date: 28/08/2026

9.1. Recommended / ~~Recommended with Comments~~ / ~~Not Recommended~~

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BUSISIWE MOSITO

CHAIRPERSON OF THE ICTP COMMITTEE

Date: 28/08/2026

9.1. Recommended / ~~Recommended with Comments~~ / ~~Not Recommended~~

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TUMELO KWINANA

DIRECTOR: PROFESSIONAL SERVICES PROCUREMENT

Date: 28.08.2026

9.1. Recommended / ~~Recommended with Comments / Not Recommended~~

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NTUTHUZELO GOBOZI

CHIEF DIRECTOR: PROFESSIONAL SERVICES PROCUREMENT

Date: 28.08.2026

9.1 Approved / ~~Approved with Comments / Not Approved~~

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9.3 Approved / ~~Approved with Comments / Not Approved~~



RONETTE ENGELA

ACTING HEAD

Date: 31/08/2026

CHECKLIST - SUBMISSION TO CHIEF DIRECTOR: FINANCIAL MANAGEMENT (REQUESTING BUSINESS UNIT TO COMPLETE)					
Tick the applicable box:		N/A	Yes	No	Comments
1.	Current deviation submission				
1.1	• Is the submission completed in full and correctly signed off?		X		
1.2	• Does the submission articulate the Purpose, Background, Scope, Stakeholders, Legal & Financial Implications, Recommendations and Signatures?		X		
2.	Sole supplier				
2.1	• Is the sole supplier certificate attached?			X	
3.	Impractical				
3.1	• Is the National Treasury approval attached?				N/A
4.	Memo of previous approval				
4.1	• Are the memos of the previous approval(s) attached?			x	
4.2	• Were the previous approved memo, action plans and recommendations considered in this submission?			x	
5.	Approved business case				
5.1	• Is the approved business case attached?	X			
6.	Confirmation of budget availability				
6.1	• Is a signed confirmation from the budget availability attached?			X	
6.2	• Is the request (inclusive of VAT) within the approved budget?			X	
7.	Demand plan				

7.1	Was the project registered on the approved demand plan?		X		
8.	Supplier(s) proposal, quotation and/or pricing schedule				
8.1	Is the supplier's proposal, quotation and/or pricing schedule attached?			X	
8.2	Does the financial implication in the submission agree to the supplier's pricing?				Attach the quotation