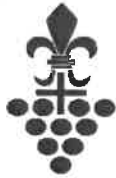


D/SM 13/23



MEMORANDUM

Financial Management Services Department

Office of the Municipal Manager
Kantoor van die Munisipale BestuurderMunicipality - Munisipaliteit
Stellenbosch

02 JUN 2023

CHECK BEFORE SUBMISSION	YES	NO
REGISTERED ON CSD DATABASE		
LETTER - SOLE SUPPLIER if applicable.		
QUOTE/INVOICE ATTACHED		
BUDGET (SAMRAS)		
CASHFLOW		
SIGNATURES		

To Aan: MUNICIPAL MANAGER
 From Van: MONIQUE STEYL
 Job Title: SENIOR MANAGER: FINANCIAL MANAGEMENT SERVICES
 Date Datum: 30 May 2023
 Re Insake: DEVIATION: CaseWare Financial Reporting System

1. PURPOSE

To obtain approval in terms of Supply Chain Management Policy, to deviate from the official procurement process in terms of section 36 of the approved SCM Policy

REASON FOR DEVIATION: (Mark with x where applicable)

1.	Emergency. "Emergency dispensation" means emergency as referred to in paragraph 36(1)(a)(i) of this policy under which one or more of the following is in existence that warrants an emergency dispensation;	
a	The possibility of human injury or death;	
b	The prevalence of human suffering or deprivation of rights;	
c	The possibility of damage to property, or suffering and death of livestock and animals;	
d	The interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole;	
e	The possibility of serious damage occurring to the natural environment;	
f	The possibility that failure to take necessary action may result in the municipality not being able to render an essential community service;	
g	The possibility that the security of the state could be compromised; or	
h	The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.	
2.	Goods or services are produced or available from a single provider	
3.	Acquisition of special works of art or historical objects where specifications are difficult to compile.	
4.	Acquisition of animals for zoos and /or nature and game reserves	
5.	Exceptional case and it is impractical or impossible to follow the official procurement processes	X

DEVIATION: Adapt IT Holdings Ltd

2. SUBSTANTIATE WHY SCM PROCESS COULD NOT BE FOLLOWED (TO BE REPORT TO COUNCIL)

Adapt IT holdings Ltd is the sole distributor of CaseWare software products in Africa. The municipality has used CaseWare as its financial reporting system since April 2010.

3. BACKGROUND

CaseWare provides the municipality with the required application software to prepare both the interim and annual financial statements.

The municipal officials required to perform this duty is well equipped to utilise the CaseWare software through years of training and experience working with the software.

This will be the second year the Municipality fully implements the mSCOA template as prescribed by National Treasury. Through the prior year experience, the municipality has now become well aquatinted with the prescribed template on the CaseWare platform.

In order for the Financial Management Services unit to perform this task, software licences as well as consultant service fees need to be procured in order to assist the Municipality in effectively implementing the mSCOA template as per National Treasury instruction.

As per Municipal Finance Management Act (MFMA) circular 107, the mSCOA template was supposed to be compulsory for implementation for the 2021-2022 financial year however, an exemption was temporarily granted. An updated circular is expected to enforce it during the upcoming financial years.

The municipality has also identified items that require specific attention due to findings raised by the Auditor General in the prior audit cycle, the CaseWare consultant will be able to assist in this as well.

There are also new GRAP accounting standards and new pronouncements that was made by the Minister the municipality and the municipality will be required to adopt the new accounting standards for the 2022/23 financial year as well as items identified.

4. DISCUSSION

The municipality requires CaseWare specialist support and licenses for the utilisation, design and customisation of notes to the annual financial statements. Due to the fact that a lot of custom work and time has already been invested in the current mSCOA template of the municipality to get it to its current state, it will be impractical to try and utilise a new financial reporting application/system.

The fact that the municipality has utilised this system for some time has aided the municipality to submit credible financial statements and moving over to a new system will significantly put that aspect at risk.

DEVIATION: Adapt IT Holdings Ltd

There will also be a lot of additional costs to onboard a new system as the custom elements that CaseWare has already built for the municipality will need to be rebuilt in a new system. This will also cost the municipality precious time and will put the municipality at risk of not being in a position to submit credible financial statements by the 31st of August 2023.

It is important to note that prior years' financial data is already embedded in the CaseWare file, which consequently makes it easier for the municipality to disclose and investigate comparative information. In the event a new system is utilised, the prior year files will need to be converted, if at all possible, in order to effectively utilise prior year data. This also further adds to the risk of the municipality not being able to submit financial statements on the 31st of August 2023 as additional time will need to be spent on that and most likely additional cost.

It is clear and apparent that the risks associated with utilising a new system and potential additional cost that may be associated with moving to a new system is impractical and may adversely affect the municipality.

National Treasury require that all mSCOA enabling integrated financial systems should have the functionality to generate the AFS directly from the financial system. Currently the SAMRAS system is in the testing phase and prohibits the municipality on utilising this functionality. The municipality endeavours to utilise the SAMRAS module as soon as it is tested and ready for production. Until such day, the Caseware system is currently the only practical solution to the municipality as we have the required expertise and foundation set up in order to effectively prepare the annual financial statements and submit it with the legislated timeframe.

5. FINANCIAL IMPLICATIONS

The financial implications are illustrated below:

Description	Quantity	Rate excl VAT
CaseWare specialist Support: PS Remote (per hour)	80	R 1 642

The estimated cost in relation to consulting is R131 360 (VAT exclusive)

The estimated cost in relation to software licences renewals is R118 100 (VAT exclusive)

The estimated cost in relation to disbursements is R42 664 (VAT exclusive)

The total estimated cost is therefore R292 124 (VAT exclusive)

Ukey: 20220630077845 Available budget: R 1 100 457.37

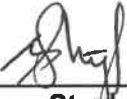
6. VALUE FOR MONEY (OTHER RATES/VALUES/...)

The officials in the financial statements and Reporting section are familiar with the CaseWare system and the system is mSCOA and GRAP compliant.

DEVIATION: Adapt IT Holdings Ltd

7. IT IS RECOMMENDED THAT:

- 7.1 Adapt IT Holding limited be appointed for the updating of the municipality's CaseWare file including automation of disclosure notes per the GRAP and legislative requirements.



Monique Steyn
Financial Management Services

Date: 30/05/2023

Kevin Carolus
Chief Financial Officer

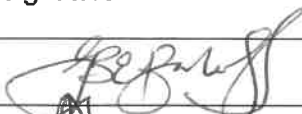
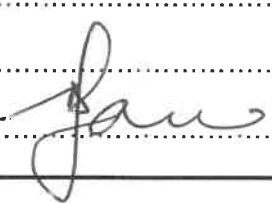
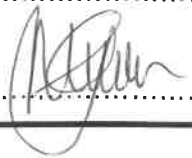
Date: _____

DEVIATION: Adapt IT Holdings Ltd

7. SUPPLY CHAIN MANAGEMENT COMMENTS:

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8. APPROVAL:

REQUEST SUPPORTED / NOT SUPPORTED BY THE STELLENBOSCH MUNICIPAL BID ADJUDICATION COMMITTEE		
Name	Signature	Date
G. Boshoff		2/6/2023
JL Alexander (S.M.)		2/6/2023
S Chandaka	Online	2/6/2023
A Barnes	Online	2/6/2023
A de Beer	Online	2/6/2023
Comments: he recommend to A.O.		
CHAIRPERSON:  DATE 2/6/2023		
RECOMMENDATION FROM BID ADJUDICATION COMMITTEE APPROVED BY THE ACCOUNTING OFFICER		
Comments:		
ACCOUNTING OFFICER:  DATE 6/6/2023		



February 5, 2023

TO WHOM IT MAY CONCERN

Caseware Africa, a division of Adapt IT (Pty) Ltd is the sole distributor of Caseware software products in South Africa.

As part of our distribution arrangement, they are responsible for the localization of the following aspects of the software:

- Marketing and selling
- Template development and template content update
- Implementation
- Support
- Training

Specific information regarding the business, such as profit margins is not disclosed.

Please do not hesitate to contact me if you require any additional information.

Yours truly,
Davis Jackson

DocuSigned by:

F488BD64014F4BD...

Chief Commercial Officer
Caseware International Inc.

