



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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Ms. ASC Fourie
Acting Chief Financial Officer
Unemployment Insurance Fund (UIF)
Private Bag X 117
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0001

Email: Monique.Smith@labour.gov.za

Dear Ms Fourie

DEVIATION FROM THE NORMAL COMPETITIVE BIDDING PROCESS: APPOINTMENT OF ADAPT IT HOLDINGS LTD

1. National Treasury acknowledges receipt of your letter dated 19 July 2021 and received on 21 July 2021.
2. Your Institution is requesting to deviate from normal competitive bidding processes and appoint Adapt IT Holdings Ltd for the provision of CaseWare software for a period of 36 Months at an amount not exceeding R1 000 000.00.
3. The request to deviate was recommended by the Acting Chief Financial Officer on 19 July 2021.
4. The reasons provided for this deviation are that the Adapt IT Holdings Ltd does continuous development and upgrades on the software and they are a standing member of the Accounting Standards Board's Accounting Forum. The software is updated with all prescribed changes to GRAP standards and reporting requirements annually. Updated reporting templates are issued with the renewal of annual license fees. The Fund did an extensive search on "software to compile GRAP compliant annual financial statements" during 2019. There were only two results, one CaseWare and the other Draftworx. After further investigation, software developed by Draftworx only deal with International Financial Reporting Standards requirements and not Generally Recognised Accounting Standards and the PFMA. Even though there might be similar products currently in the market, the Fund has done so much development and customization on CaseWare software that it would be impractical, costly and time consuming to replicate same development and customization on another software application. The further testing of the market was therefore suspended. The 2020 audit was only concluded in April 2021, Subsequently the Fund's CaseWare licenses expired. Since the Fund ran out of time,

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the appointed service provider performed the year-end on the 2020 set of annual financial statements and continued with the 2021 annual financial statements. The Fund must now ensure that a valid software license is procured for the completion of the 2021 and subsequent annual financial statements.

5. The reasons provided for this deviation are justifiable.
6. National Treasury supports the deviation for a period of 36 Months at an amount not exceeding R1 000 000.00, on condition that the fees payable have been assessed and that the service provider has not rendered any service without prior approval from National Treasury. The Institution is advised to go out on an open competitive bid prior to expiry of the granted period as National Treasury has granted previous deviations and thus other service providers and new entrants maybe be discriminated by the single source procurement strategy through ADAPT IT.
7. The Institutions have an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.
8. This award must be published on e-tenders.

Kind regards,

ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER
DATE: