



national treasury

Department:

National Treasury

REPUBLIC OF SOUTH AFRICA

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Mr. Thobile Lamati
Director-General
Department of Employment & Labour
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Email: Themba.Maseko2@LABOUR.gov.za

Dear Mr Lamati

REQUEST FOR APPROVAL OF A CONTRACT EXTENSION AND EXPANSION: VINDHYA SYSTEMS

1. The National Treasury acknowledges receipt of your letter dated 09 February 2021.
2. Your Institution is requesting approval to extend the contract of Vindhya systems to supply ICT resources to develop and support systems for a period of six (6) months commencing from 24 July 2021 to 24 January 2022 in the amount of R4 015 800.00 and increase the scope of work for outstanding three (3) months in the amount R7 200 000.00 with a total variance of 24,811%. The original contract was for a period of three (3) years from 23 July 2018 to 22 July 2021 in the amount of R45 203 445.30.
3. The request was endorsed by the Chief Financial Officer on 09 February 2021.
4. The reason for the increase of scope is due to prior to the COVID 19 pandemic, the Fund processed invoices at an average of R1 400 000.00 per month, however during the peak of the pandemic there was huge hours required to fulfill the mandate of the department and the amount increased to the average of R2 400 000.00 per month, this resulted in the current contract balance to be R10 000 000.00 which will cover up the expenses of the contract until April 2021 and the reminder of the contract up to July 2021 will not be catered for. The reason for the contract extension is due to the delays of the lockdown between March 2020 and September 2020, the SAP implementation project plan is projected to overrun to November 2020 or latest December 2020.
5. The reasons provided for this extension are justifiable.

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6. National Treasury supports the extension for a period of six (6) months commencing from 24 July 2021 to 24 January 2022 in the amount of R4 015 800.00 and increase the scope of work for outstanding three (3) months in the amount R7 200 000.00 with the understanding that the department will re-prioritise the funds within their current budget allocation.
7. The institution has 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. Please be advised that this award must be published on the e-tender portal.

Kind regards,



ESTELLE SETAN
ACTING CHIEF PROCUREMENT OFFICER
DATE: 31-Mar-2021