

Procurement

PROCUREMENT to Complete

Procurement Tracking

Shopping Cart No. Variation No **VAR**

Procurement Operational Manager Sourcing / Buyer

Surname **Ngubelanga** First Name **Matshidiso**
S-ID **S 2021606** Date (CCYY-MM-DD) **2023-05-17** Tel No. **0609701237** Category **ICT**

Head of requesting division under whom expansion or variation to be reported

Surname **Shaik** First Name **Intikhab**
Allocation under more than one Cost Centre number Yes ☐ No ☒ Cost Centre No **159000**

Division **Technology and Solutions Delivery**
Business Unit **IT Application and Infrastructure Support: IT Continuity**

Subject

Request the National Bid Adjudication Committee (NBAC) to consider and approve request to vary the existing contract with the State Information Technology Agency (SITA) to maintain a dedicated SARS Disaster Recovery (DR) facility at SITA as well as to procure "housing services" from SITA for a period of 10 months from 01 June 2023 to 31 March 2024, at an estimated amount of R 941 406.10 inclusive of VAT.

The Procurement vehicle for a period of five (5) years from 01 April 2024 to 31 March 2029 at an estimated amount of R 35 000 000 (subject to negotiation and budget availability), is requested to enable business and Procurement to negotiate for a long term contract with SITA.

1. Motivation for Expansion or Variation

1. BACKGROUND

In 2018, SARS entered into a contract with SITA for a period of five (5) years from 01 June 2018 to 31 May 2023, at an amount of R 5 355 369.09, to maintain a dedicated SARS Disaster Recovery (DR) facility at SITA.

SARS reliance on its ICT systems for its critical business processes requires that a disaster recovery capability be established. SARS as a very critical State Entity which cannot afford longer periods of outage has an obligation to ensure it has contingency plans in place in the event of a major disaster within its Primary datacentre.

To achieve SARS Vision 2024 of a smart, modern SARS with unquestionable integrity that is trusted and admired is of paramount importance. Pivotal to the delivery of our vision are our digital platforms and technology infrastructure. To foster Strategic Objective 9, Building public trust and confidence, our technology assets must demonstrate the highest levels of robustness and security. It is indeed for these reasons, inter alia, that we measure ourselves on a planned 99% uptime and zero security breaches from known risks. In support of this, the mandate is executed amongst others through partnering with third party suppliers to provide services and products to enable achievement of organisational objectives.

The business case for the renewal of SITADR SLA is aligned with several of SARS' Strategic Objectives, including:

1. Objective 1: Clarity and certainty for taxpayers and traders of their obligations,

2. Objective 2: Make it easy for taxpayers and traders to comply with their obligations.
3. Objective 6: Modernize our systems to provide Digital & Streamlined services and
4. Objective 5: Increase and expand the use of Data within a comprehensive knowledge management framework to ensure integrity, drive insight and improve outcomes.

The Technology and Solutions Delivery is responsible for the ICT Service Provision in SARS. Some of the ICT services provided are contracted to third party service providers. The fail-over disaster recovery (DR) site for the SARS Brooklyn Primary data center is located within the SITA data centre situated in Centurion since 2013. SARS Service Level Agreement (SLA) will expire on the 31 May 2023. SARS has a dedicated area, SARS Information and Communication Technology (ICT) cage and work area at the site. This site is classified as a National Key Point and is protected accordingly. The recent capital investment by SITA in this facility has strengthened power provisioning with 3 backup generators and 5 UPS.

2. DISCUSSION

SITA and SARS have been in discussion about the renewal, with SARS wanting to extend for another period of five (5) years. SARS has a dedicated DR area at SITA, housing SARS' Information and Communication Technology (ICT) cage and work area at the site. This site is classified as a National Key Point and is protected accordingly. The recent capital investment by SITA in this facility has strengthened power provisioning with 3 backup generators and 5 UPS

SITA submitted the renewal Service Level Agreement at the end of April 2023 and negotiations ensued with SITA. SARS was questioning the increase of more than 100% imposed by SITA from paying about R1m a year increased to about R7m a year. SARS made it known to SITA that the amount is unacceptable and there is no budget to fund such an increase.

Several meetings were held, which could not resolve the impulse of the price increase above CPI and the contract end date was approaching with a risk of not having a contract by the end of May 2023. In the last meeting held on 10 May 2023, the parties agreed to hold price to the current contract with CPI and renew for a period of ten months, while negotiations for a long term period continue.

3. PROCUREMENT PROCESS AND MOTIVATION

Business submitted memo supported by compliance documents, requesting Procurement to initiate a renewal process for a shorter period of 10 months from 01 June 2023 to 31 March 2024, to allow for negotiations between parties. Procurement engaged business to understand if there is a strategy to move from SITA DR in the near future and T&SD indicated that there are no plans to move away from SITA, which is one of government National Key Point.

Procurement proposed that while we observe the 10 months renewal, we will also request for approval of a procurement vehicle for additional period of five years from 01 April 2024 to 31 March 2029. The parties will still persuade each other to find a compromise contracting amount for a period of five years, while SARS request additional funds to cover the five year period.

Sequence of events.

16 May 2023 - Received document from OPE
16 May 2023 - Engaged BU on the request
16 May 2023 - Received spent
17 May 2023 - Compiled Variation document
19 May 2023 - Attended emergency Procurement MOCK

Procurement requests National Bid Adjudication Committee (NBAC) to consider and approve a request to vary the existing contract with the State Information Technology Agency (SITA) for maintain a dedicated SARS Disaster Recovery facility at SITA as well as to procure "housing

services” from SITA over a period of five(5) years and 10 months from 01 June 2023 to 31 March 2029 with an estimated cost of R 35 941 406.10 inclusive of VAT(subject to negotiation and budget availability).

The parties agreed to come back to the negotiation table to resolve the price dispute post the renewal approval and feedback will be presented to NBAC for noting when concluded.

4. GOVERNANCE

The DOA on Variations Section 8(c) states that SARS will only consider an expansion or variation against a contract prior to the contract period expiring or contract value being exceeded. Section 8(e) states that expansions and variations are limited to two (2) per original contract. Thereafter any additional expansions and variations will go to the Accounting Authority of SARS (Commissioner) as the delegated authority for approval.

Procurement confirms that this transaction is aligned to the DOA with regards to the latter, this is the first expansion/variation to the original contract.

5. RECOMMENDATION:

SARS Procurement recommends that National Bid Adjudication Committee to approve the request to vary the existing contract with the State Information Technology Agency (SITA) and maintain a dedicated SARS Disaster Recovery facility at SITA as well as to procure “housing services” from SITA over a period of 10 months from 01 June 2023 to 31 March 2024 with an estimated cost of R941 406.10 inclusive of VAT.

The Procurement vehicle for a period of five (5) years from 01 April 2024 to 31 March 2029 at an estimated amount of R 35 000 000 (subject to negotiation and budget availability), is requested to enable business and Procurement to negotiate for a long term contract with SITA.

Negotiation from both parties is underway and feedback will be presented to NBAC for noting when concluded.

2. Details of Original Contract

Original Tender/RFQ/ Deviation Ref No.	EX028-2018	Original Value of the Contract awarded	R5,355,369.09		
Award date of Original Contract	2018-06-01	Expiry date of Original Contract	2023-05-31	Original Contract term	5 Years
Vendor Name(s)	SITA PTY LTD				
For construction related goods and/or services	☐	Procurement process of original contract:	Sole source limited bid (Proc by other means/Deviation)		
For all other goods and/or services	☒				

3. Financial Value of this request

Are you expanding the contract by increasing the scope of work?	☒				
Are you varying the contract by changing the scope of work?	☐				
Value only	☐				
Time only	☐				
Value and time	☒				
Start date of extended period:	2023-06-01	End date of extended period:	2029-03-31	Period of term varied (years/months)	5 yrs 10 Months

	Rand Value (incl. VAT)
Value of this request	R35,941,406.10

Has there been any previous Expansions or Variations to this contract?

Yes ☐ No ☒

Expansions and variations are limited to two (2) per original contract. Thereafter any additional variations will go to the Accounting Authority (Commissioner) as the delegated authority for approval.

	Rand Value (Inc. VAT)	Percentage %
Original Value of the contract	R5,355,369.09	
Total variations to date (this request and previously approved)	R35,941,406.10	671.13%
Total combined contract value	R41,296,775.19	

The following approved expansions or variations must be reported to the National Treasury and the Auditor-General in terms of the regulatory requirements:

- i) 15% or R15 million of all other goods and/or services, whichever is the lesser; and
- ii) 20% or R20 million of construction related goods, whichever is the lesser.

4. Financial Implication

The total cost for this request is R35 941 406.10 VAT Inclusive(subject to negotiation and budget availability).

5. Legal Implications

An addendum will be added to the existing contract

6. Supporting Documents

1. Valid supporting documents attached as grounds for request (e.g quotation)

Yes ☒ No ☐

Please Specify

SLA

2. Central Supplier Database (CSD) report attached

Yes ☒ No ☐

3. Valid tax compliance status

Yes ☒ No ☐

4. Valid BBBEE Certificate attached

Yes ☒ No ☐

5. Signed Request To Procure form (RTP) attached

Yes ☒ No ☐

6. Original approved Tender/RFQ/Deviation attached

Yes ☒ No ☐

7. Previous Contract or SLA attached (signed by Vendor)

Yes ☒ No ☐

8. Other

Yes ☐ No ☒

7. Declaration of interest

By signing this document you hereby certify that you have at all relevant times acted within the ambit of the PFMA and the Treasury Regulations promulgated in terms of the PFMA. You hereby further certify that you are not personally related to any of the vendor/s (if natural person/s), or in the event of the vendor being a legal entity, you are not related to any of the director/s, shareholder/s, member/s, partner/s or trustee/s of the legal entity included in this request. You confirm that you were not influenced in any way by any person/s or by any external factors. You confirm that you have at all relevant times acted in the best interest of SARS.

If you are personally related to any of the vendor/s (if natural person/s), or in the event of the vendor being a legal entity, if you are related to any of the director/s, shareholder/s, member/s, partner/s or trustee/s of the legal entity included in this request, alternatively, if you have been influenced by any person/s or external factors, please disclose such personal relations and/or factors, gifts, hospitality or material advantage received from the aforementioned person/s and/or any other party/ies.

Provide full details of interest

SARS Official Name Surname **Matshidiso Ngubelanga**

Name of vendor /person **SITA Pty Ltd**

Nature of relationship / Details of Interest **None**

Nature of benefits received **None**


Signature

8. Signatories

Procurement preparer

Surname **Ngubelanga**

First Name **Matshidiso**

Designation **Operational Manager: Strategic**

S-ID **S 2021606**

Date (CCYY-MM-DD) **2023-05-17**


Procurement preparer

BUSINESS UNIT to Complete**Declaration of interest**

By signing this document you hereby certify that you have at all relevant times acted within the ambit of the PFMA and the Treasury Regulations promulgated in terms of the PFMA. You hereby further certify that you are not personally related to any of the vendor/s (if natural person/s), or in the event of the vendor being a legal entity, you are not related to any of the director/s, shareholder/s, member/s, partner/s or trustee/s of the legal entity entity included in this request. You confirm that you were not influenced in any way by any person/s or by any external factors. You confirm that you have at all relevant times acted in the best interest of SARS.

If you are personally related to any of the vendor/s (if natural person/s), or in the event of the vendor being a legal entity, if you are related to any of the director/s, shareholder/s, member/s, partner/s or trustee/s of the legal entity entity included in this request, alternatively, if you have been influenced by any person/s or external factors, please disclose such personal relations and/or factors, gifts, hospitality or material advantage received from the aforementioned person/s and/or any other party/ies.

Provide full details of interest

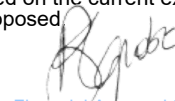
SARS Official Name & Surname	Edwin Kediutwile
Name of vendor /person	SITA Pty Ltd
Nature of relationship / Details of Interest	None
Nature of benefits received	None


Signature

Financial Approval as per Delegation of Authority

Confirmation of budget approval Yes ☒ No ☐ Funding confirmed for 70 months(5 yrs and 10 months) at R6m based on the current expenditure in the 2023/24 BAU base. current annual base at R1.1m vs R7m proposed

Surname	Ngcobo	First Name	Bongi
Designation	Senior Manager: Finance		
S-ID	S 1029376	Date (CCYY-MM-DD)	2023-05-19


2023/05/22
Financial Approval Signature

Business Unit Signature as per Delegation of Authority

Surname	Intikhab	First Name	Shaik
Designation	Head: Technology and Solutions		
Business Unit	IT Application and Infrastructure Support: IT Continuity		
S-ID	S 1013645	Date (CCYY-MM-DD)	2023-05-19

Supported: Yes ☒ No ☐

PP
Signature: (Who warrants that he/she is duly authorised to sign)


Comments

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PROCUREMENT Approval

Declaration of interest

By signing this document you hereby certify that you have at all relevant times acted within the ambit of the PFMA and the Treasury Regulations promulgated in terms of the PFMA. You hereby further certify that you are not personally related to any of the vendor/s (if natural person/s), or in the event of the vendor being a legal entity, you are not related to any of the director/s, shareholder/s, member/s, partner/s or trustee/s of the legal entity entity included in this request. You confirm that you were not influenced in any way by any person/s or by any external factors. You confirm that you have at all relevant times acted in the best interest of SARS.

If you are personally related to any of the vendor/s (if natural person/s), or in the event of the vendor being a legal entity, if you are related to any of the director/s, shareholder/s, member/s, partner/s or trustee/s of the legal entity entity included in this request, alternatively, if you have been influenced by any person/s or external factors, please disclose such personal relations and/or factors, gifts, hospitality or material advantage received from the aforementioned person/s and/or any other party/ies.

Provide full details of interest

SARS Official Name & Surname	Matshidiso Ngubelanga
Name of vendor /person	SITA
Nature of relationship / Details of Interest	None
Nature of benefits received	None

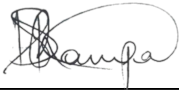
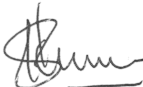

Signature

The combined contract value includes the original value of the contract approved plus all previous variations approved (if applicable) as well as the new variation that is being requested for approval.

Procurement approval of the expansion/variation as per DOA

Expansions and variations are limited to two (2) per original contract. Any additional expansions /variations will go to the Accounting Authority of SARS for approval

Level	Threshold of expansion / variation (incl. VAT)	Procurement support / recommendation	Procurement approval in terms of DOA	Tick level required
1	Expansion / variation of combined contract value up to R1,000,000	• Invitation of competitive bids (RFQ): Operational Manager Purchasing • Limited bid (sole, single, and multiple source procurement by other means) and Panels: Manager Sourcing	• Invitation of competitive bids (RFQ): Manager Purchasing • Limited bid (sole, single, and multiple source procurement by other means) and Panels: Executive Procurement	☐
2	Expansion / variation of combined contract value exceeding R1,000,000 up to R300,000,000	• Executive (up to R30,000,000) • Chief Procurement Officer (exceeding R30,000,000)	• NBAC Chairperson	☒
3	Expansion / variation of combined contract value exceeding R300,000,000 including VAT, or Expansion / variation exceeding two (2) per original contract (i.e. third or more request for expansion / variation).	• Chief Procurement Officer • NBAC Chairperson	• Accounting Authority SARS (Commissioner)	☐
4	Extension of time only of an approved contract prior to expiry (exercising the option to extend the contract where the value for the extension period was already approved by the approving authority at the initial contract approval)	• Manager Sourcing	• Executive Procurement	☐

Procurement Approval as per DOA								
	Delegation	Name	Recommend		Approved		Signature	Date of Approval
1	Operational Manager Purchasing	N/A	Yes ☐	No ☐			N/A	2023-05-19
2	Manager Purchasing	N/A	Yes ☐	No ☐	Yes ☐	No ☐	N/A	2023-05-19
3	Manager Sourcing	Hillery Kopano Sentsho (Acting)	Yes ☒	No ☐				2023-05-19
4	Executive Procurement	Deliwe Rampa	Yes ☒	No ☐	Yes ☐	No ☐		2023-05-19
5	Chief Procurement Officer	Schalk Human	Yes ☒	No ☐				2023-05-19
6	NBAC Chairperson	Yolande van der Merwe	Yes ☐	No ☐	Yes ☒	No ☐	 N1	2023-05-19
7	Accounting Authority of SARS (Commissioner)				Yes ☐	No ☐		

N1: -10 month extension is granted to allow the team to find a suitable long term solution.