

DEVIATION: Adapt IT Holdings Ltd

Municipality - Munisipaliteit
Stellenbosch

20 FEB 2022

Office of the Municipal Manager
Kantoor van die Munisipale Bestuurder



MEMORANDUM

Financial Management Services Department

D/Sm 6/22

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: 21 February 2022
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	X
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	

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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

A deviation was approved in July 2021 for the software licences, as well as the annual renewal fees of the GRAP template and National Treasury Returns and Budget format template. CaseWare training was also provided by the service provider.

The regularity audit has identified further automation of disclosure notes and to comply with all the GRAP disclosure requirements the municipality needs to fully implement the new CaseWare template that is mSCOA and GRAP compliant.

This will be the first year the Municipality fully implements the new mSCOA template. 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 new mSCOA template as per National Treasury instruction. As per Municipal Finance Management Act (MFMA) circular 107 it is compulsory for implementation for the 2021-2022 financial year, although an updated circular is expected.

4. DISCUSSION

Due to the GRAP accounting standards that changes as new pronouncements are made by the Minister the municipality will be required to adopt the new accounting standards for the 2021/22 financial year.

The municipality requires CaseWare specialist support for the design and customisation of notes to the annual financial statements. The last three years financial data and information must now be converted to the new mSCOA financial reporting file, for comparative audited information to reflect correctly.

The specialist consultant will be required to be onsite for two weeks to set up the Caseware file in accordance with the new mSCOA template, where the datastring from the SAMRAS financial system will be imported for the updating of the NT approved GRAP template. The specialist consultant will also be required to automate all disclosure notes with the datastring import into the Caseware file.

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 service provider who has tested functionality with regard to preparing financial statements on the mSCOA basis.

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Due to the fact that the municipality is also well equipped to utilise the Caseware software this will ensure that the risk of material misstatements in the financial statement's preparation process is minimised.

5. FINANCIAL IMPLICATIONS

The financial implications are illustrated below:

Description	Quantity	Rate excl VAT
CaseWare specialist Support: PS Remote (per hour)	1	R 1 489

The estimated cost in relation to disbursements is R35 300 (VAT exclusive)

The estimated cost in relation to software licences renewals is R241 818 (VAT exclusive)

The total estimated cost is therefore R396 238 (VAT exclusive)

Ukey: 20200706013364 Available budget: R446 935.22

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.

7. IT IS RECOMMENDED THAT:

7.1 Adapt IT Holding limited must be appointed for the updating of the municipality's CaseWare file including automation of disclosure notes.



Monique Steyl
Financial Management Services

Date:

23/02/2022



Kevin Carolus
Chief Financial Officer

Date:

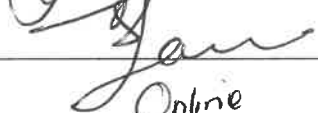
24/02/2022

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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
J. G. Louw		25/2/22
D. Jacobs		25/2/22
A. Barnes	Online	25/02/22
A de Beer	Online	25/02/22
C Kithing	Online	25/02/22

Comments:

CHAIRPERSON  DATE 25/02/2022

RECOMMENDATION FROM BID ADJUDICATION COMMITTEE APPROVED BY THE ACCOUNTING OFFICER

Comments:

ACCOUNTING OFFICER  DATE 25/2/2022



January 1, 2022

TO WHOM IT MAY CONCERN

CaseWare Africa, a division of Adapt IT Holdings Ltd is the sole distributor of CaseWare software products in Africa.

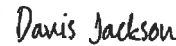
As part of our distribution arrangement, they are responsible for the localization of the following aspects of the software:

- 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,

DocuSigned by:

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CaseWare International Inc.

Davis Jackson

Chief Commercial Officer