

INFORMATION STATEMENT

PUBLIC COMMENT ON AMENDMENT OF A CONTRACT FOR SOFTWARE LICENSING, ANNUAL UPGRADES, SUPPORT AND MAINTENANCE SERVICES FOR AN EXISTING SYSTEM (AUTOMATED RISK MANAGEMENT AND INTERNAL AUDIT SOFTWARE SYSTEM TD 04 - 2022) FOR A PERIOD OF 3 YEARS.

The Pixley ka Seme District Municipality intends to amend a contract for the **SOFTWARE LICENSING, ANNUAL UPGRADES, SUPPORT AND MAINTENANCE SERVICES FOR AN EXISTING SYSTEM (AUTOMATED RISK MANAGEMENT AND INTERNAL AUDIT SOFTWARE SYSTEM TD 04 - 2022) FOR A PERIOD OF 3 YEARS.**

The Service Provider shall be responsible for license, maintenance and support fees, for the software system.

In terms of section 33 of the Municipal Finance Management Act (Act 56 of 2003), public comment must be called for when contemplating a contract which will incur financial obligations on the municipality beyond three (3) financial years / 36 months.

The municipality procured **AUTOMATED RISK MANAGEMENT AND INTERNAL AUDIT SOFTWARE SYSTEM** in 2022 at a total cost of **R1,399,257.00**. In order to ensure continuity of services and compliance with licensing requirements, it is proposed that the contract be amended to cover license fees over a **three-year period** at a total cost of **R781,482.47**.

This amendment carries the following benefits:

1. Significant Cost Savings

The proposed amendment will cost substantially less than procuring a new system.

By paying R781,482.47 over three years, the municipality avoids the higher expense of acquiring a new system, ensuring prudent use of public funds.

2. Budget Certainty and Predictability

The amendment fixes license costs for three years, providing stability in financial planning and allowing the municipality to budget accurately without risk of unforeseen increases.

3. Maximisation of Existing Investment

The municipality has already invested **R1,399,257.00** in the system. The amendment extends the useful life of this investment, ensuring value for money and avoiding duplication of expenditure.

4. Continuity of Service Delivery

Retaining the current system ensures uninterrupted operations.

Staff are already trained and familiar with the system, avoiding disruption and additional training costs.

5. Operational Efficiency

Amending the existing contract avoids the time-consuming process of procuring and implementing a new system, which would involve installation, data migration, and change management.

6. Compliance and Governance

Continued payment of license fees ensures compliance with software licensing requirements and reduces legal and operational risks.

This approach demonstrates sound financial management and good governance in safeguarding municipal resources.

This option offers substantial cost savings, secures continuity of services, and maximises the municipality's existing investment.

Comment is therefore sought in respect of the committing of funding for this contract for the three (3) financial years / 36 months.

The Pixley ka Seme District Municipality has on its annual Budget **2025/26** made provision for this project. The contract value is estimated to be **R 781 482.47 including VAT over a three (3) year period (2025/2026 – 2027/2028).**

A detailed contract with same terms and conditions as were contained in Tender **TD 04 - 2022 PROCUREMENT OF AN AUTOMATED MANAGEMENT AND INTERNAL AUDIT SOFTWARE SYSTEM** is available on the municipal website: www.pksgdm.gov.za.

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