

**6. PROPOSED AMENDMENT OF CONTRACT: SOFTWARE AND WEBSITE FOR CARAVAN PARK / CAMPING RESERVATIONS FOR A CONTRACT PERIOD ENDING 30 JUNE 2023**

**8/4**

**D Lakey**

**Senior Manager : Kleinmond Administration**

**J v Asperen**

**Senior Business Analyst**

**12 October 2020**

**(028) 313 8959**

**1. Executive Summary**

Overstrand Municipality has an existing contract with CIMSO Business Solutions Africa (Pty) Ltd for software and website for Caravan Park / camping reservations.

The purpose of this report is to provide the necessary information and motivation for the proposed amendment of Contract **SC1701B/2016: SOFTWARE AND WEBSITE FOR CARAVAN PARK / CAMPING RESERVATIONS**, in terms of enabling provisions of section 116 (3) (a) & (b) of the Local Government: Municipal Finance Management Act, Act no. 56 of 2003 (MFMA), to enable Council to make an informed decision whether to consent to the amendment of the contract.

**2. Service Delivery and Budget Implementation Plan - IGNITE**

Directorate: Community Services  
 Department: Area Manager  
 Directorate: Management Services  
 Department: ICT

**3. Compliance with Strategic Priorities**

Provision of democratic, accountable and ethical governance  
 Provision and maintenance of municipal services

**4. Delegated Authority**

None

**5. Legal Requirements**

Local Government: Municipal Finance Management Act, 2003(Act 56 of 2003)  
 Overstrand Municipality Supply Chain Management Policy, as amended  
 Overstrand Municipality Contract Management Policy, as amended  
 MFMA Circular No. 73 issued by National Treasury

## **6. Background/Discussion/Evaluation/Conclusion**

### **Background**

Our key business system contract with CIMSO for the InnKeeper system for managing the Onrus and Palmiet Caravan park bookings expires 31 October 2020.

ICT's role with regards to the CIMSO business system contract is 3-fold:

- being the budget holder for the licenses and support;
- providing specialist advice on infrastructure requirements for business systems, and
- providing specialist advice, support on analysis on processes and market trends with regards to business systems.

A meeting was set up to discuss the way forward with the Area Managers of Hermanus, Gansbaai/Stanford and Kleinmond. On the request of the Area Managers, CIMSO was invited to visit the Overstrand Municipality and give the current users, potential new users as well as Area Managers a detailed presentation on the software. In conclusion to the presentation, the Area Managers concluded that they want to motivate to extend the existing contract to 30 June 2023.

Considering the reasons for the proposed amendment of a contract or agreement and any representations that may have been received regarding the proposed amendment of a contract or an agreement procured through the supply chain management policy of the municipality **and deciding whether to consent to the amendment of the contract or agreement.**

The municipality should ideally have a single business system with a single database and workflow. Considerations to introduce such a strategy for business systems should however always be assessed carefully against initial investment costs for such ventures, as well as the potential risks if the anticipated operational efficiencies and return on investments are not realized - this is done by the ICT Steering Committee. Migration strategies for local government institutions must remain aligned with architectures and technologies of selected manufacturers as well as trusted relationships with selected service providers. Investments made by local government institutions in business system architectures and trusted relationships with service providers are seen as long term investments which cannot readily be changed without exposing the municipality to continuity and contingency risks.

### **Regulatory requirements from National Treasury**

Recent statements of direction from National Government implies a more strategic approach must be introduced by all local government entities to migrate its existing portfolio of legacy ICT services and systems to a business

systems architecture that will enable improved data access and reporting capabilities to all stakeholders.

MFMA Circular 57 dated 20 October 2011: issued by National Treasury states: "It is imperative that municipalities operate effectively and utilise financial applications optimally to present credible information on a timely basis for internal and external use."

The mSCOA project undertaken by National Treasury and supported by the outcomes of the Consolidated Auditor General Report (2009/2010) on local government include amongst others:

- (a) "Research and assessment into various financial applications and related software systems in use by municipalities.
- (b) Minimal dependency on service providers, central coordination, guidance and specialist support offered in a cost-effective and efficient manner.
- (c) That guidelines be issued on minimum standards for financial systems which would minimise excessive or duplicate systems, examine critical integrated IT solutions to maximise capabilities and achieve cost effectiveness while addressing associated maintenance costs"

It was observed that municipalities have in the past diluted the benefits of financial applications by choosing to implement certain 'components' or altering the application to meet their specific requirements or utilising an application that was not integrated with the financial system.

### **Business Systems Alignment with Strategic Objectives**

The ability to remain constantly aligned with the strategic goals and objectives of the municipality as well as the statements of direction from National Government are inhibited by two major factors:

#### **(a) Legacy Business Systems**

Various business systems with similar functionalities are deployed in the Overstrand Municipality, resulting in on-going increases in, and payment of annual licensing fees and support fees without receiving any substantive value added services or functionalities as part of the existing Agreements. On-going data integration between disparate business systems results in increased complexities whilst attempting to maintain data integrity between systems.

#### **(b) Multiple Vendor Contracts**

The day-to-day management of vendor business systems contracts remains a major challenge for all municipalities. Vendor contracts are usually very one-sided and do not properly mitigate the potential risks, legally or otherwise, to which municipalities might be exposed to during the term of such contracts.

**Section 116(3) process**

Section 116(3) of the MFMA provides as follows:

“116(3) A contract or agreement procured through the supply chain management policy of a municipality or municipal entity may be amended by the parties, but only after-

(a) the reasons for the proposed amendment have been tabled in the council of the municipality; and

(b) the local community -

(i) has been given reasonable notice of the intention to amend the contract or agreement; and

(ii) has been invited to submit representations to the municipality or municipal entity.”

The proposed amendment of Contract SC1701B/2016 was advertised for public comment as follows:

Date of Advertising: 03 September 2020

Method of Advertising: Overstand Herold, Gaans berg Courant &  
Overstrand Municipality Website.

Closing Date for comments: 02 October 2020

No comments were received by the closing date of 02 October 2020.

Section 116(3) should however be read together with MFMA Circular No. 73 issued by National Treasury, May 2013. In terms of the said circular, the following power/duty was conferred to Council which is cited as follows: (Emphasis added) “Considering the reasons for the proposed amendment of a contract or agreement and any representations that may have been received regarding the proposed amendment of a contract or an agreement procured through the supply chain management policy of the municipality and deciding whether to consent to the amendment of the contract or agreement.” (Emphasis added)

**Discussion and Conclusion**

It is proposed that business system contract SC 1701B/2016 terminating on 31 October 2020, be amended to remain in effect for a period up to 30 June 2023, for the following reasons:

(a) To limit the administrative costs of following Supply Chain Management processes to request deviations and funding over the short term, specifically taking into account the strategic intent and requirement to be mSCOA compliant.

(b) To make a once-off provision for the required funding for 32 months.

The intent is to follow a holistic approach to ensure that the strategic intent of the Municipality to integrate the similar functionalities into the core financial system can be optimized to its full potential in future. The contract is tariff based.

The service provider agreed to the amendment/extension of the scope of the existing contract SC1701B/2016 (Annexure A).

## 7. Financial Implications

### Source of Funding. Operating Budget Provisions

SCOA Description	SCOA Cost Account	SCOA Business Key	2020/2021	2021/2022	2022/2023
OperCost:Ext Comp Serv- Software Licence	10660222120000	20200517044440			
Budget Provision (excluding VAT)			R 5 230 830.00	R 5 492 372.00	R 5 766 990.00
Balance Available (excluding VAT)			R 2 277 395.87	R 5 492 372.00	R 5 766 990.00
Expenditure on proposed amendment (excluding VAT)			R 239 128.64	R 143 741.81	R 150 928.90
Total expenditure on SC1701B/2016 inclusive of all variations/extensions (excl. VAT)			R 533 799.35		

## 8. Staff Implications

None

## 9. Comments from other Departments, Divisions and Administrations

It is confirmed that contract SC1701B/2016 is still active and the proposed amendment of the contract is supported.

This is the second amendment to the existing contract, and a Section 116 (3) as required by the MFMA has been followed.

The successful amendment of this contract is subject to Council's consent to the proposed amendment of this contract.

## 10. Annexures

- Annexure A: Addendum to the contract (Intent to Amend)
- Annexure B: Published notice as on 03 September 2020
- Annexure C: BAC Minutes 30 June 2020
- Annexure D: Quotation/Bill of Quantities

**RECOMMENDATION TO THE COUNCIL:**

1. that the reasons for the proposed amendment of **Contract SC1701B/2016: Software and Website for Caravan park / camping reservations** for a Contract Period ending 30 June 2023, in terms of the enabling provisions of Section 116(3) (a) & (b) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003), **be noted** and the amendment **be consented to**; and
2. that **cognisance be taken** that no recommendations or representations were received from the local community by closing date 02 October 2020.

**RESPONSIBLE OFFICIAL :****D LAKEY  
J VAN ASPEREN****TARGET DATE FOR IMPLEMENTATION :****1 NOVEMBER 2020**



Enquiries: Christo Roets/Johnet van Asperen  
Date: 28 September 2020

OFFICE OF THE DIRECTOR:  
COMMUNITY SERVICES  
MANAGEMENT SERVICES

### ADDENDUM – INTENT TO AMEND A CONTRACT

The parties agree to the following intention to amend the existing contract amendment of SC1701B/2016: with CIMSO BUSINESS SOLUTIONS AFRICA (PTY) LTD, for the Software and Website for caravan park/camping reservations, which was signed between them on 29 November 2016 and record this was done freely and willingly, without any coercion whatsoever from any one party.

The parties agree to the amendment of the contract end date, regarding the abovementioned agreement to 30 June 2023 on the same terms and conditions.

The supplier acknowledges that they do have the capacity to fulfil the obligation as set out in the terms and conditions.

The parties further agree to commit to this amendment of contract after the date of completion of the prescribed Supply Chain Management process.

Thus done and signed at Cape Town this 29<sup>th</sup> day of September 2020 in the presence of the undersigned witnesses

WITNESSES:

1. .... *[Signature]* .....

2. .... *[Signature]* .....

*[Signature]*

.....  
for and on behalf of CIMSO BUSINESS SOLUTIONS AFRICA (PTY) LTD:

Johannes Marais : Name

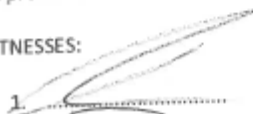

CIMSO Business Solutions, Africa (Pty)Ltd : Director

ANNEXURE A 2/2



Thus done and signed at HERMANUS this 9 day of October 2020 in the presence of the undersigned witnesses

WITNESSES:

1. 
2. 



.....  
 for and on behalf of Overstrand Municipality: Roderick Williams,  
 Director: Community Services



.....  
 for and on behalf of Overstrand Municipality: Desiree Arrison,  
 Director: Management Services



## ANNEXURE B



**NOTICE IN TERMS OF SECTION 116(3) OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (ACT 56 OF 2003) FOR THE PROPOSED AMENDMENT OF THE EXISTING AGREEMENT WITH CIMSO BUSINESS SOLUTIONS AFRICA (PTY) LTD, SC1701B/2016, FOR THE PROVISION OF SOFTWARE AND WEBSITE FOR CARAVAN PARK/CAMPING RESERVATIONS**

Notice is hereby given in terms of Section 116 (3) (a) and (b) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) that it is the intention of the Overstrand Municipality to amend the existing contract with CIMSO Business Solutions Africa (Pty) Ltd. The proposed amendment of the contract is to amend the contract, for a contract period ending 30 June 2023.

Notice is hereby further given in terms of Section 21 and 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) that the local community and affected parties are invited to submit comments or representations on the proposed amendment of the contract. Such comments or representations must be submitted not later than Friday, **02 October 2020 at 12:00**.

Comments or representations must be submitted in a sealed envelope clearly endorsed "SC1701B/2016: COMMENTS ON NOTICE OF AMENDMENT OF EXISTING AGREEMENT WITH CIMSO BUSINESS SOLUTIONS AFRICA (PTY) LTD" and be deposited in tender box no. 7.

All submissions must be addressed to:

The Municipal Manager  
Tender box no.7  
Overstrand Municipality  
Magnolia Avenue  
Hermanus  
7200

Persons who are physical disabled or who cannot read or write but wish to participate in the process, may come during office hours to the Municipal Offices, Magnolia Avenue, Hermanus where a staff member will assist that person to transcribe that person's comments or representations.

**Coenie Groenewald**  
**Municipal Manager**

Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform Hermanus, on Tuesday, 30 June 2020 at 16:09.

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Minutes of the Proceedings of a meeting of the  
Bid Adjudication Committee, held by means of a virtual platform, Hermanus  
16:09 on Tuesday, 30 June 2020.

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**OFFICIALS PRESENT:**

**Committee Members:**

Ms. SG Reyneke-Naude	Director: Finance (Chairperson)
Mr. S Müller	Director: Infrastructure and Planning
Mr. S Madikane	Director: Economic & Social Development & Tourism
Ms. R Louw	Acting Director: Management Services
Mr. R Williams	Director: Community Services
Mr. N Michaels	Director: Protection Services
Mr. C Le Roux	Deputy Director: Finance & SCM

**Technical Advisors:**

Mr. I Witbooi	Manager: Demand & Procurement
Ms. S Immelman	Principal Clerk: SCM
Mr. C Roets	Manager: Contracts & Logistics
Mr. D Lakey	Senior Manager: Kleinmond Administration
Ms. J van Asperen	Senior Business Analyst

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Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Tuesday, 30 June 2020 at 16:09.

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**1. OPENING**

The Chairperson, Ms. SG Reyneke-Naude, welcomed all present and read the notice convening the meeting.

**2. APOLOGIES**

Ms. D Arrison            Director: Management Services

**3. DECLARATION OF INTEREST OF COMMITTEE MEMBERS**

All the members present declared that they have no interest in any of the companies/enterprises that submitted tenders.

**4. COMPLIANCE WITH PRESCRIPTIVE PROVISIONS OF CIRCULAR 46 OF NATIONAL TREASURY**

An integral strategy towards effective Supply Chain Management is not to award contracts to persons with a history of abuse of the Supply Chain Management system. In terms of Circular 46, of National Treasury, Accounting Officers are compelled to check the prohibition status of all recommended bidders prior to awarding any contract.

The Database of Restricted Suppliers managed by National Treasury was consulted and it was found that neither the under mentioned tenderer nor any of the directors/owners/trustees are listed as a company or person prohibited from doing business with the public sector.

**RESOLVED**

that it be noted that the prohibition status of the below mentioned tenderer was found in order to do business with the public sector.

- CIMSO Business Solutions Africa (Pty) Ltd

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**5. ADJUDICATION/CANCELLATION OF TENDERS/CONTRACTS:**

**5.1 CONTRACT NO. SC 1701A/2016: PROPOSED AMENDMENT OF CONTRACT: SOFTWARE AND WEBSITE FOR CARAVAN PARK/CAMPING RESERVATIONS FOR A CONTRACT PERIOD ENDING 31 OCTOBER 2020**

The acting Director: Management Services, Ms. R Louw and the Director: Community Services: Mr. R Williams vacated his chair as committee member of the Bid Adjudication Committee for the duration of the adjudication of this item.

Upon a proposal by the Director: Protection Services, Mr. N Michaels duly seconded by the Director: Economic & Social Development and Tourism, Mr. S Madikane it was

**RESOLVED:**

That, Contract Number SC 1701A/2016 services for the software and website for caravan park / camping reservations that was awarded to CIMSO Business Solutions Africa (Pty) Ltd be amended as contract no. SC 1701B/2016, as per the details as set out in the table below:

Service Provider / Supplier:	CIMSO Business Solutions Africa (Pty) Ltd	SCM Supplier #	1904
Service Provided:	SOFTWARE AND WEBSITE FOR CARAVAN PARK / CAMPING RESERVATIONS		
Vote:	Item Description	OperCost:Ext Comp Serv-Software Licence	
	Cost Account	10660222120000	
	Business Key	20200517044440	
Amount (Excl. VAT):	As per rates listed below	Contingency:	n/a
Amount in words:	As per rates listed below		
Escalation Percentage:	n/a	Escalation Date:	n/a
Contract Owner:	R Williams D Arrison	Contract Champion:	D Lakey J van Asperen
<b>CONTRACT PERIOD:</b>			
Implementation date:	1 July 2020	End date:	31 October 2020
		Period:	4 months

SCHEDULE OF RATES					
CIMSO BUSINESS SOLUTIONS AFRICA (PTY) LTD					
SC1701B/2016: SOFTWARE AND WEBSITE FOR CARAVAN PARK /CAMPING RESERVATIONS FOR A CONTRACT PERIOD ENDING 31 OCTOBER 2020					
#	Description	Measurement	Amount (Excl. VAT)	VAT	Total amount (Incl. VAT)
1	Onrus Caravan Park: 180 Caravan stands, 70 semi-permanent stands and 1 plett house (currently existing booking system, no website)				
(a)	Software				
(i)	License fee	Per month	R514.61	R77.19	R591.80
(ii)	Concurrent user fee	Per month	R 0.00	Included in 1(a) (i) above	
(iii)	Installation	Per hour	R 0.00		
(iv)	Configuration/Set up	Per hour	R 0.00		
(v)	Data transfer/import of existing data (clients / venue information, stand information etc.)	Per hour	R 0.00		
(vi)	Database management	Per hour	R 0.00	Included in 1(a) (vii) below	

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SCHEDULE OF RATES					
CIMSO BUSINESS SOLUTIONS AFRICA (PTY) LTD					
SC1701B/2016: SOFTWARE AND WEBSITE FOR CARAVAN PARK /CAMPING RESERVATIONS FOR A CONTRACT PERIOD ENDING 31 OCTOBER 2020					
#	Description	Measurement	Amount (Excl. VAT)	VAT	Total amount (Incl. VAT)
(vii)	Support fees (on-site and remote).	Per month	R3 493.52	R524.03	R4,017.55
(b)	Internet portal (web)				
2	Palmiet/Kleinmond Caravan Park: 254 Caravan stands (currently existing booking system, no website)				
(a)	Software				
(i)	License fee	Per month	R596.57	R89.49	R686.06
(ii)	Concurrent user fee	Per month	R 0.00		
(iii)	Installation	Per hour	R 0.00		
(iv)	Configuration/Set up	Per hour	R 0.00		Included in 2 (a) (i) above
(v)	Data transfer/import of existing data (clients / venue information, stand information etc.)	Per hour	R 0.00		
(vi)	Database management	Per hour	R 0.00		Included in 2 (a) (vii) below
(vii)	Support fees (on-site and remote).	Per month	R2 860.65	R429.10	R3,289.75

Certified as correct by:



30 June 2020

Mr. C Le Roux

Date

Deputy Director: Finance & SCM



30 June 2020

Ms. SG Reyneke-Naude  
Director: Finance (Chairperson)

Date

RECOMMENDATION APPROVED ~~NOT APPROVED~~



30 June 2020

Mr. C Groenewald  
Accounting Officer

Date

Minutes of the Proceedings of a meeting of the Bid Adjudication Committee held by means of a virtual platform, Hermanus, on Tuesday, 30 June 2020 at 16:09.

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Certified as correct at the Bid Adjudication Committee Meeting held on \_\_\_\_\_

Certified as correct by:

\_\_\_\_\_  
 Mr. C Le Roux  
 Deputy Director: Finance & SCM

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Ms. SG Reyneke-Naude  
 Director: Finance (Chairperson)

\_\_\_\_\_  
 Date

2020/03/25 - The meeting adjourned at: 16:29

Minutes compiled by: Ms. S Immelman

Distribution:

Creditors: Mr. C Oppelt

Contract Management: Mr. C Roets

Responsible Officials: Mr. D Lakey

Ms. J van Asperen

## ANNEXURE D

## Overstrand Municipality

&lt; -----2020 to 2023 Contract ----- &gt;

Existing Parks	License Details under the 2020-23 (new) Contract					Monthly Costs under the 2020-23 (new) Contract			
	Users	Units	Sites	Web		License Fees		Support Fees	
						Licenses	Development	Services	LUSA
Hermanus ->	1				50.00%	243.23	26.92	566.58	622.60
Onrus ->	2	5	247	247		136.78	107.68	938.89	1,365.45
						380.02	134.60	1,505.47	1,988.05
						License ex VAT:	514.61	Support ex VAT:	3,493.52
						VAT at 15%:	77.19	VAT at 15%:	524.09
						License In VAT:	591.80	Support In VAT:	4,017.61
Hermanus ->	1				50.00%	243.23	26.92	566.58	622.60
Kleinmond ->	2	1	76	76		136.78	107.68	986.28	347.88
Palmiet ->			141	141		45.59	36.36	0.00	337.31
						425.61	170.95	1,552.86	1,307.79
						License ex VAT:	596.56	Support ex VAT:	2,860.65
						VAT at 15%:	89.48	VAT at 15%:	429.10
	6	6	464	464		License In VAT:	686.05	Support In VAT:	3,289.75
<b>New Parks</b>	<b>License Details under the 2020-23 (new) Contract</b>					<b>Monthly Costs under the 2020-23 (new) Contract</b>			
	<b>Users</b>	<b>Units</b>	<b>Sites</b>	<b>Web</b>		<b>Licenses</b>	<b>Development</b>	<b>Services</b>	<b>LUSA</b>
Hawston ->	1		110	110		347.97	0.00	927.35	442.99
						License ex VAT:	347.97	Support ex VAT:	1,370.34
						VAT at 15%:	52.20	VAT at 15%:	205.55
						License In VAT:	400.17	Support In VAT:	1,575.89
Gansbaai ->	1		59	59		219.59	0.00	1,088.15	310.52
						License ex VAT:	219.59	Support ex VAT:	1,398.67
						VAT at 15%:	32.94	VAT at 15%:	209.80
	2	0	169	169		License In VAT:	252.53	Support In VAT:	1,608.48
	<b>Credit Card Payments</b>					<b>Licenses</b>	<b>Development</b>	<b>Services</b>	<b>LUSA</b>
	Paygate Credit Card payment on web:					205.18	0.00	0.00	400.98
						License ex VAT:	205.18	Support ex VAT:	400.98
						VAT at 15%:	30.78	VAT at 15%:	60.15
						License In VAT:	235.96	Support In VAT:	461.13
								<b>Total ex VAT:</b>	<b>11,408.09</b>
	8	6	633	633				<b>Total In VAT:</b>	<b>13,119.31</b>

Service Rates	ZAR
Travel time (Air/road travel from regional office):	345.00
Project startup (baseline & platform prep):	828.00
Applicability (walk-through, SAA, UAA):	828.00
Data import (scrubbing & import):	690.00
Installation (servers & computers):	690.00
System configuration (to client requirements):	828.00
Development (system & change requests):	1402.00
Development (web & browser):	1118.00
Testing Dev (Regression, Alpha & Beta)	1075.00
Testing Ops (SA sys app & UA user acceptance):	1032.00
Training & support (system champs & users):	690.00
Roll-out (go-live & system baseline):	690.00
0.00	0.00
Subsistence and Travel Rates	ZAR
Rental car/day Super Cover (Excl Km Cost):	254.00
Rental car/Km at 8km/litre petrol:	2.10
Private car/Km Cost/1 litre petrol/4	4.20
Lodging, breakfast & laundry:	950.00
Subsistence Allowance, 2 meals/day:	10.00
Visa & Immunization (per trip):	80.00

End.