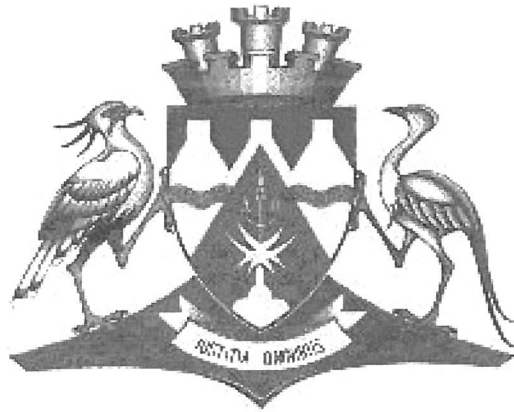




**PIXLEY KA SEME DISTRICT
MUNICIPALITY**

MFMA SECTION 33 PROCESS – CONTRACT INFORMATION STATEMENT

This document is prepared in accordance with the provisions of Sec 33 of the MFMA to enter into a Service Level Agreement between IDI Technology Solutions (Pty) Ltd (Barnowl) and Pixley ka Seme District Municipality

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1. BACKGROUND:

Section 33 of the MFMA prescribes that public participation is required whenever a local authority intends signing an agreement or contract beyond the three (3) municipal financial years in length. In such instance the MFMA also requires the Municipality to provide background information and to write to the relevant sector departments to obtain their comments.

2. SECTION 33 PROCESS:

Where a contract or agreement is intended to span more than three (3) municipal financial years, Section 33 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) requires the municipality to provide background information and to invite written comments from the local community and effected parties or persons and to write to government departments to obtain their comments. Pixley ka Seme District Municipality is required to initiate the public information process by advertising the matter at least 60 days prior to approving the agreement.

The public invitation to comment on the draft SLA is planned to be published on 2025/10/06 on the municipal website and municipal notice board.

The purpose of this document is to inform the public and certain government departments and affected stakeholders, parties or persons, as required by the MFMA, of the intention of Pixley ka Seme District Municipality to enter into an agreement more than three municipal financial years.

Where a municipality intends to have an agreement with a service provider and the financial obligations span over more than three municipal financial years, it must follow procedure as set out under Section 33 of the MFMA. This **Information Statement** sets out the requirements of Section 33 and outlines the content, scope and objectives of the agreement involved.

Section 33 of the MFMA requires as follow:

Section 33 (1)(a) that the Municipal Manager must, at least 60 days before the Council meeting where an agreement or contract is to be approved, inform certain parties of the intention to enter in an agreement by:

- Section 33 (1)(a)(i) issuing an Information Statement summarizing the municipalities obligation and draft agreement documents to the public and invite comments and representations; and
- Section 33 (1)(a)(ii) soliciting the views of –
 - National Department responsible for local government
 - National Department having functional responsibilities related to the service being delivered.

- Section 33 (1)(b) Council must prior to the approval of the agreement, consider:
 - Section 33 (1)(b)(i) the financial obligations for each financial year of the agreement.
 - Section 33 (1)(b)(ii) the impact of these obligations on its revenue.
 - Section 33 (1)(b)(iii) any comments received from the local community and other interested persons.
 - Section 33 (1)(b)(iv) written views and recommendations of the National and Provincial Departments referred above.
- Section 33 (1)(c) Council must adopt a resolution in which it:
 - Determines that it will have sufficient budget or revenue to pay for the agreement.
 - Approves the entire agreement and
 - Authorises the Municipal Manager to sign the agreement.

3. PROPOSED AGREEMENT AND PROJECT BACKGROUND:

In general terms, the services that will be agreed to between the service provider and Pixley ka Seme District Municipality cover the following:

- The Continuation License, Maintenance and Support Fees for the Automated Risk Management and Internal Audit Software System.
- 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.**
- This amendment carries the following benefits:
 - 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.

4. WHY THIS AGREEMENT IS PROPOSED TO EXTEND FOR 3 YEAR PERIOD:

The Pixley ka Seme District Municipality procured an Automated Risk Management and Internal Audit Software System from **IDI Technology Solutions (Pty) Ltd (Barnowl)** on the **15 November 2022** and the contract will come to an end now on the **14 November 2025**.

The initial tender document (TD 04/2022) (Part B: Specifications and Contract – pg. B1 -10 indicated that the municipality would own the system and only pay the license /maintenance/upgrades fees beyond 1 year, should the municipality decide to continue using the system.

The system was developed by **IDI Technology Solutions (Pty) Ltd (Barnowl)**, and they are the only ones that can issue licenses.

The municipality wishes to amend the existing contract with **IDI Technology Solutions (Pty) Ltd (Barnowl)** to cover the continuation of license, maintenance and support fees for the software system.

The amendmend of contract will formalize the license, support and maintenance arrangements as proposed by **Barnowl** through their draft **Service Level Agreement and License and Support Agreement**.

5. FINANCIAL IMPLICATIONS FOR PIXLEY KA SEME DISTRICT MUNICIPALITY

The financial implications will be **R 781 482.47** for the period of **3 years**.

Description of service	Year 1	Year 2	Year 3
Annual upgrade /license renewal fee	R 137 308.61	R 148 293.30	R 160 156.76
Annual support & maintenance	R 72 000.00	R 77 760.00	R 84 000.00
Total ex VAT	R 209 308.61	R 226 053.00	R 244 156.76
VAT 15 %	R 31 396.29	R 33 908.00	R 36 623.51
TOTAL incl VAT	R 240 704.90	R 259 961.30	R 280 780.27

6. ACCESS TO INFORMATION REGARDING THE MFMA S33 PROCESS:

Copies of the Section 33 Explanatory Documents and the Draft Agreement with the service provider will be available during office hours at Pixley ka Seme District Municipality, Culvert Road, Industrial Area, De Aar from 07h30 to 16h15, Monday to Friday.

A copy of all documentation will also be available on the municipal website www.pksgdm.gov.za

7. WHERE TO SUBMIT COMMENT

Written comments must be submitted on or before 2025/12/05 in a sealed envelope that must be deposited in TENDER BOX.

All submissions must be addressed to:

**The Municipal Manager
Tender Box
Pixley ka Seme District Municipality
Culvert Road, Industrial Area
De Aar
7000**

Submissions must be clearly marked:

MFMA SECTION 33 PROCESS – AMENDMENT OF CONTRACT - LICENSE FEES, MAINTENANCE AND SUPPORT FEES FOR THE AUTOMATED RISK MANAGEMENT AND INTERNAL AUDIT SOFTWARE SYSTEM.

8. NEXT STEPS:

Members of the local communities and other interested parties or persons are invited to present their comments or representations in respect of the proposed agreement and the granting of the right to work with **IDI Technology Solutions (Pty) Ltd (Barnowl)** according to the condition set in the proposed agreement.

PKSDM municipality will finalize the agreement with the service provider and will solicit the views and recommendations of stakeholders, including National and Provincial Treasuries,

The agreement and all comments and views received relevant to the proposed agreement will be based and assessed and included in the report to be presented to Council for the final decision as to whether to enter into an agreement with **IDI Technology Solutions (Pty) Ltd (Barnowl)**.

Drafted and issued by:

I.VISSER
MUNICIPAL MANAGER

Date: 02 October 2025