

Change Note to the Proposed Draft Agreement

entered by and between

MUNSOFT PROPRIETARY LIMITED

(Registration number: 2001/024674/07)

Physical address: Building 6
Cambridge Office Park
05 Bauhinia Street
Highveld
Centurion
Gauteng
0157

Email address: legal@munsoft.co.za

(herein represented by N Rerani, duly authorised)

(hereinafter referred to as “Munsoft”)

AND

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

(Demarcation code: LIM472)

Physical address: 2nd Grobler Avenue
Groblersdal
Limpopo
0470

Email address: mmohlala@emlm.gov.za

(hereinafter referred to as the “Client”)

(herein represented by MW Mohlala, duly authorised)

(collectively referred to as the “Parties” and “Party” referring to either one of them)



Initials Client

Initials Munsoft

Content

1. Background.....	2
2. Change note terms.....	2
3. Amendment of the Agreement	2
4. Annexure A – Summary of Cost Schedule	4
5. Service Schedule A1: Technology Refresh.....	8
6. Signature	9

1. Background

1.1 Munsoft and the Client entered into an agreement for an integrated financial management and internal control system for the period 01 July 2020 until 30 June 2021 (“the Agreement”). The Agreement was subsequently extended up to the 30 June 2024.

1.2 The Parties now wish to amend/extend the Agreement as detailed in this change note.

2. Change note terms.

2.1 Any capitalised terms not defined in this change note will have the same meaning as capitalised terms in the Agreement.

2.2 This change note is not a novation and/or replacement of the Agreement and the remainder of the terms and conditions of the Agreement will remain unaltered and of full force and effect, except as amended by the terms and conditions of this change note. Should there be any conflict between this change note and the Agreement, then the terms and conditions of this change note will prevail.

2.3 The Client enters into this change note in accordance with the supply chain legislation governing local government procurement, which includes compliance with all its internal procedures.

3. Amendment of the Agreement

3.1 The parties agree to amend the Agreement by activating Service Schedule A1 (as detailed in this Change Note) to the Agreement

3.2 The parties agree to extend the Agreement for a period of 60 months to 30 June 2029.

Change Note 3 to the Agreement.

Initials Client

Initials Munsoft

Total Fees per category for the Municipal Financial Year (Excluding VAT)	01-Jul-24	R 773,400.00								
Total Fees for the Municipal Financial Year (Excluding VAT)		R 773,400.00	R -	R -	R -	R -	R -	R -	R -	
Total Fees for the Contract Period (Excluding VAT)		R 773,400.00	R 1,196,947.61	R 2,905,191.62	R -	R 1,316,642.37	R 3,195,710.79	R -	R 1,448,306.60	R 3,515,281.87
				R 4,875,539.23			R 4,512,353.15			R 4,963,588.47

Page 3

Change Note 3 to the Agreement.



Initials Client

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Annexure A continued

	Start Date	End Date	Municipal Financial Year July 2027 to June 2028			Municipal Financial Year July 2028 to June 2029		
			Once-off Fees	Monthly Fees	Annual Fees	Once-off Fees	Monthly Fees	Annual Fees
Munsoft Service Fee	01-Jul-24	30-Jun-29		R 132,761.44			R 146,037.58	
Munsoft Annual Maintenance Fee	01-Jul-24	30-Jun-29			R 3,866,810.05			R 4,253,491.06

Active Schedules								
Service Schedule A: Munsoft Technical Support								
Service Schedule C: Munsoft Connectivity	01-Jul-24		Active	Active			Active	Active
	01-Jul-24	30-Jun-29	Active				Active	
Service Schedule E: Munsoft Standard Disaster Recovery Service	01-Jul-24	30-Jun-29	Active				Active	
Service Schedule F: Electronic Meter Reading Solution	01-Jul-24	30-Jun-29		Active				Active
Service Schedule G: Munsoft Extended Disaster Recovery Service	01-Jul-24	30-Jun-29	Active				Active	
Service Schedule H: Statement Printing Solution	01-Jul-24	30-Jun-29	Variable				Variable	
Service Schedule J: Munsoft e-Services Solution	01-Jul-24	30-Jun-29	Active and Variable				Active and Variable	
Service Schedule Q: Munsoft Academy (Online LMS Facility)	01-Jul-24	30-Jun-29		Active				Active
Service Schedule R: Munsoft Reporting	01-Jul-24	30-Jun-29		Active				Active
Service Schedule X: Munsoft Spatial	01-Jul-24	30-Jun-29		Active				Active
Active Schedule Fees for Period (Excluding VAT)								
			R -	R 132,761.44	R 3,866,810.05	R -	R 146,037.58	R 4,253,491.06
Activation/Deactivation of Schedules								
Service Schedule A1: Munsoft Technology Refresh		30-Jun-25						
Activation/Deactivation of Schedule Fees for Period (Excluding VAT)								
	01-Jul-24							
Total Fees per category for the Municipal Financial Year (Excluding VAT)								
Total Fees for the Municipal Financial Year (Excluding VAT)			R -	R -	R -	R -	R -	R -
			R -	R 1,593,137.26	R 3,866,810.05	R -	R 1,752,450.99	R 4,253,491.06
					R 5,459,947.32			R 6,005,942.05
Total Fees for the Contract Period (Excluding VAT)								R 25,817,370.21

The schedules selected by the Client are those reflecting "Active" or a that have a Rand value under applicable municipal financial year. All fees quoted are exclusive of Value Added Tax and Travel costs.

Page 4
Change Note 3 to the Agreement.

Initials Client

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5. Service Schedule A1: Technology Refresh.

5.1 Description of Service

- 5.1.1 Hardware Upgrade
- 5.1.2 Software Upgrade
- 5.1.3 Configuration and Installation
- 5.1.4 UPS
- 5.1.5 Warranty Extension

5.2 Operating system upgrade

- 5.2.1 The current OS will be upgraded from RHEL7 to RHEL8.
- 5.2.2 RHEL8 will improve the security of the FMS as it supports Open SSL 1.1.1 TLS 1.3 cryptographic standard.
- 5.2.3 Munsoft will conduct a free health check on all virtual and in warranty servers and will require Munsoft to access the server.

5.3 Database upgrade

- 5.3.1 Munsoft is currently running on Oracle version 12, this version has reached End of life.
- 5.3.2 The database management system will be upgraded to Oracle version 19c this will enable;
 - 5.3.2.1 Automatic Indexing.
 - 5.3.2.2 SQL Diagnostics and Repair Enhancements.
 - 5.3.2.3 Big Data and Performance Enhancements.
 - 5.3.2.4 Real-Time Statistics.

5.4 Development framework upgrade

- 5.4.1 The development framework will be upgraded, the new version will unlock some key functionality on the development side;

5.4.1.1 Enterprise management of configuration deployments using a new Dashboard

5.4.1.2 Live Health Check status of all active deployments

5.4.1.3 Web Client

5.4.1.4 Separation of settings and operations

5.5 Additional functionality on the Munsoft Municipal BI Dashboard

- 5.5.1 A browser-based financial reporting application accommodating:
- 5.5.2 Graphical Representation of Ratios as stipulated in MFMA Circular No. 71.
- 5.5.3 Cash flow reporting.
- 5.5.4 Financial position reporting.
- 5.5.5 Financial performance reporting.
- 5.5.6 Access control, managed by the appointed administrator.

5.6 Additional functionality on the Munsoft Consumer Portal - An online portal application allowing for:

- 5.6.1 User-friendly registration, with secure access control.
- 5.6.2 For owners, tenants can be granted guest access to the account to view statements, payments, and meter readings on the accounts linked.
- 5.6.3 View, reprint and/or resent of current and historic statements.
- 5.6.4 Graphical Representation of water and electricity consumption.
- 5.6.5 Meter reading information, averaged vs actual.
- 5.6.6 Quick access to payment history.

- 5.6.7 Consumer ticket system where tickets and feedback can be logged and tracked.
- 5.7 User menu structure
 - 5.7.1 More logical hierarchy menu structure aligned with the business processes within local government.
 - 5.7.2 Improved menu navigation for better user experience on Munsoft financial system.
- 5.8 Improved user interface
 - 5.8.1 Emphasis is placed on the usability of the product with a fresh look and feel.
- 5.9 Foundation for bank integration with major banks
 - 5.9.1 Bank integration promotes simplified bank reconciliation as well as establishing direct EFT payment processes.
- 5.10 Terms and Conditions:
 - 5.10.1 Operating system, database and development framework have reached end of life (EoL).
 - 5.10.2 Each Municipality has 12 months to upgrade before the current license reaches EoL latest 30 June 2023 and stops working on old version.
 - 5.10.3 When a product/software has reached EoL, there are no longer security patches and support from the manufacturer, to prevent such risks an upgrade is necessary. Latest software presents an opportunity to exploit latest innovations.
 - 5.10.4 This is why MFMA Circular No 112 states that a municipality must have access to updated ICT hardware, software and licences that is sufficient to run the chosen financial.
 - 5.10.5 The upgrade is mandatory as the current platform which has reached EoL presents limitations in implementing mSCOA charts as no further development will be carried out by if a Municipality server is older than 5 years and is out of warranty, the Municipality must procure new hardware as part of the upgrade to prevent drives being at maximum capacity due to data growth and performance risks.
 - 5.10.6 Munsoft will schedule the upgrade for each Municipality starting 1 July 2022, aiming to complete the upgrade for all Municipalities latest 30 June 2025.
 - 5.10.7 Each Municipality has until 30 June 2025 to ensure that the upgrade fee is paid in full. After the upgrade is performed, each Municipality will receive a temporal license for the latest version which will expire 30 June 2023. To ensure the license is not a temporal license, the Municipality would need to process the upgrade fee.
 - 5.10.8 The upgrade fee is not the Annual License fee, the Annual license fee still needs to be processed in full latest 30 July 2024. Munsoft is carrying the expense on behalf of the Municipality for the upgrade for 12 months during the grace period while allowing the Municipality time to process the upgrade fee.

6. Signature

SIGNED at _____ (place) on this day _____ (date).

For and on behalf of **MUNSOFT PROPRIETARY LIMITED**

Signature _____

Name _____ Capacity

Initials Client

Initials Munsoft

Who warrants that he/she is authorised to do so.

Witness _____

SIGNED at _____ (place) on this day _____ (date).

For and on behalf of the **CLIENT**

Signature _____

Name _____ Capacity

Who warrants that he/she is authorised to do so.

Should any person other than the accounting officer sign above, a copy of the relevant delegation of authority must be attached.

Witness _____

Initials Client

Initials Munsoft