



MOPANI DISTRICT MUNICIPALITY

MFMA SECTION 33 PROCESS INFORMATION STATEMENT

ENTERING INTO A MEMORANDUM OF AGREEMENT WITH MUNSOFT (PTY) LTD FOR THE PERIODS, 1 OCTOBER 2026 TO 30 SEPTEMBER 2031 FOR SUPPLY, DELIVERY AND MAINTENANCE OF INTERGRATED FINACIAL MNAAGEMENT AND INTERNAL CONTROL (MSCOA COMPLIANT) SOLUTION FOR MOPANI DISTRICT MUNICIPALITY FOR A PERIOD OF 60 MONTHS).

This document is prepared in accordance with the provisions of Sec 33 of the MFMA to enter into a Memorandum of Agreement between Munsoft (Pty) Ltd and Mopani 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. Mopani 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 Memorandum of Agreement is planned to be published on 05 February 2026 on the municipal website and notice board and on the 12 February 2026 in the local newspaper.

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 the Mopani District Municipality to enter into an agreement with Munsoft Municipal Financial Software for 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 Sec 33 of the MFMA. This **Information Statement** sets out the requirements of Sec 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 and Provincial Treasury
- 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 MEMORANDUM OF AGREEMENT AND PROJECT BACKGROUND

The municipality invited prospective bidders to submit detailed proposals for supply and delivery of an integrated financial management & internal control solution with support and maintenance for a period of 60 months. Based on the submissions received, evaluated and adjudicated, the municipality is intending to appoint Munsoft (Pty) Ltd as the service provider so supply, delivery and maintenance of internal control (Mscosa compliant) solution for Mopani District Municipality for a period of 60 months. The contract is expected to run with effect from 1 October 2026 for a period of 5 years with an end date of 30 September 2031.

➤ **What will be expected from the Service Provider by the Municipality.**

The service provider shall be expected to provide solution that as a minimum, comply with the main components of municipal financial management and control. The seven components must integrate seamlessly with the mSCOA general ledger and comply at a posting level to mSCOA Regulations and GRAP.

The main components are defined as follows, per section 5 of MFMA Circular. 80:

- General Ledger
- Billing
- Supply chain management
- Assets management
- Inventory and stores
- Budgeting and planning; and
- Human Resources and Payroll.

4. WHY THIS AGREEMENT IS PROPOSED TO EXTEND OVER A PERIOD OF 5 YEARS

The IFMS is integral for the municipality for purposes of reporting as well as record management and the municipality is of the view that the traditional 3 year period would not be sufficient to run an integrated system such as IFMS. Constant change to the financial system comes with inherent risk of data loss during migration as well as hefty onboarding cost due to training and hand holding programs in the first 1 to 2 years. The municipality has considered all the above stated reasons and came to the conclusion that an extended period for the IMFS would proved beneficial to the municipality in all aspects of operation and ultimately cost effective as the price would be logged during the running of the project.

5. FINANCIAL IMPLICATIONS FOR MOPANI DISTRICT MUNICIPALITY

For a project of this nature, it is impossible to come with exact figures for total project cost as this solely depends on the municipalities needs. It is however possible to determine the cost for the annual licensing as well as the monthly service fees. The licensing fees and maintenance fees are projected to be as follow:

Description	Year 1	Year 2	Year 3	Year 4	Year 5
License fee	3,864,394.42	4,250,833.87	4,675,917.25	5,143,508.98	5,657,859.88
Monthly service fee	739,940.00	813,934.00	895,327.40	984,860.14	1,083,346.15

6. ACCES TO INFORMATION REGARDING THE MFMA S33 PROCESS

Copies of the Section 33 Explanatory Document and the Draft Memorandum of Agreement with Munsoft (Pty) Ltd will be available during office hours at Mopani District Municipality from 08h00 to 16h30, From the 12 February 2026.

7. WHERE TO SUBMIT COMMENTS

Written comments must be submitted on or before Friday 06 April 2026 in a sealed envelope that must be deposited in a TENDER BOX at Mopani District Municipality, Main Building or electronic mail to mojelaj@mopani.gov.za

All submissions must be addressed to:

The Municipal Manager
Mopani District Municipality

Private Bag X9687

Giyani

0826

Submissions must be clearly marked: "SECTION 33 PROCESS – Memorandum of Agreement with Munsoft (Pty) Ltd".

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 with Munsoft (Pty) Ltd, according to the condition set in the proposed agreement.

Mopani District Municipality will finalize the agreement with the service provider and will solicit the views and recommendations of stakeholders, including National and Provincial Treasuries, National and Provincial Department responsible for local government (COGTA).

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 Munsoft (Pty) Ltd.

Drafted and issued by:

Mr. Mogano T.J

Municipal Manager

Date 04 February 2026