



## **national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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Ms. Priya Lutchman  
Chief Financial Officer  
National Treasury  
Private Bag x115  
PRETORIA  
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Dear Ms. Priya Lutchman

### **EXTENSION OF CONTRACT IN EXCESS OF THE 15% THRESHOLD: APPOINTMENT OF CAREWAYS WELLNESS (PTY) LTD AND MOMENTUM OCSA (PTY) LTD**

1. The Chief Directorate SCM: Governance, Monitoring and Compliance acknowledges receipt of your letter dated 08 September 2021 and additional information received on 13 September 2021.
2. Your Chief Directorate is requesting approval to extend the contract with **Careways Wellness (Pty) Ltd** as the EH&W service provider for a period of twelve (12) months at an amount of **R247,534.50** with 32.23% variance. The original contract is for a period of three (3) years (08 October 2018 to 07 October 2021) at an amount of R 767,963.00. To also extend the contract with **Momentum OCSA (Pty) Ltd** to provide the primary health care services for a period of twelve (12) months at an amount of **R425, 517.80** with 12.82% variance. The original contract is for a period three (3) years (08 October 2018 to 07 October 2021) at an amount R3 319 752.41 (as per the approval by the Accounting Officer on 21 September 2018). The requested contract extension amounts for both contracts is **R673 052.30** (R247,534.50 and R425, 517.80).
3. The request to extend the contracts was recommended by the Chief Financial Officer on 08 September 2021.
4. The reasons for provided are that Due to COVID-19 pandemic and the anticipated 4th wave of the pandemic, the Human Resources Management Chief Directorate recommends that in order not to destabilise the relationship that NT employees have built with the Careways Wellness therapist (s) and the primary health care services a 12 (twelve) month extension of these services be granted. It is also not ideal to change the service provider in the mist of COVID-19 pandemic, especially given

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the uncertainties associated with it. Since the start of the COVID-19 pandemic we have seen a rise in the utilisation of the psychosocial services. EH&WP is a very crucial service within NT and it will be an organisational risk if employees are unable to access these services at any given point or get introduced to a new service provider especially during COVID-19 pandemic times.

5. The reasons provided for contract extensions are not justifiable. In addition to this submission, the Office of the Chief Procurement Officer has also verified the services against the Procurement Plan for FY 2021/22 submitted by National Treasury and found that the bids for these services were anticipated to be advertised on 30 July 2021, with bid closing date of 20 August 2021 and award date of 19 November 2021.
6. National Treasury (Office of the Chief Procurement Officer) supports the request to extend the **Careways Wellness (Pty) Ltd** contract for a period of six (6) months and the Institution is advised to commence and finalise the tendering process for this service within the extension period as the service was going to be procured through an open tender as indicated in the procurement plan.
7. The Institution is advised that the extension of contract with **Momentum OCSA (Pty) Ltd** to provide the primary health care services for a period of twelve (12) months at an amount of **R425, 517.80** with 12.82% variance is within the mandate of the Accounting officer as it is below the thresholds set out in Paragraph 9.1 of Instruction Note 3 of 2016/17.
8. The Department has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.
9. This award must be published on e-tender portal.

Kind regards,

Signed by: Molefe Isaac Fani  
Signed at: 2021-09-28 19:04:17 +02:00  
Reason: Witnessing Molefe Isaac Fani

**MOLEFE-ISAAC FANI**  
**ACTING CHIEF PROCUREMENT OFFICER**  
**DATE:**

28/09/21