



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Service providers for an Integrated Financial Management and Internal Control System for Local Government appointed

The National Treasury has concluded the process of establishing a panel of service providers for provision of an Integrated Financial Management and Internal Control System for local government.

This transversal contract (RT25-2016 for the period 1 June 2016 to 31 May 2019), is for municipalities to potentially procure financial management and internal control systems as they implement the Regulation of a Standard Chart of Accounts, commonly referred to as the “*mSCOA*”.

mSCOA was regulated on 22 April 2014 and concurrently, the National Treasury commissioned research into the financial management and internal control systems used at municipalities. The objective of the research was to establish the applicability of functionality offered by different financial management and internal control systems, their total cost of ownership and value for money and; level of ownership by municipalities themselves.

Over the research period of the development of *mSCOA*, the National Treasury consulted a wide variety of stakeholders. These included, amongst others, the Office of the Auditor General (AGSA), Department of Cooperative Governance (DCoG), South African Local Government Association (SALGA), State Information and Technology Agency (SITA), Institute of Municipal Finance Officers (IMFO), municipalities; and vendors (service providers) of financial management and internal control systems to municipalities.

The research found that *mSCOA* would only be effective if implemented via an integrated financial management and internal control systems that is *mSCOA* compliant. Conclusion of the research process resulted in several municipalities indicating their intention to acquire an integrated financial management and internal control system.

The National Treasury therefore issued the transversal tender RT25-2016. Given the technical nature and sensitivity associated with the procurement process, the Treasury applied a thorough process to identify service providers. The Bid Evaluation Committee was not limited to Treasury officials only but also comprised various stakeholders within the local government sphere including municipal finance practitioners and ICT managers.

Of the total of 33 bidders who responded to the tender, seven have been placed on the panel. Award letters will be issued to the following service providers shortly:

- Altron TMT (Pty) Ltd T/A Bytes Universal Systems (Pty) Ltd
- Camelsa Consulting Group (Pty) Ltd
- OS Holdings (Pty) Ltd
- Munsoft
- Sage Pastel (Sage SA (Pty) Ltd





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- Sebata Municipal Solutions (Pty) Ltd
- Vesta Technical Services (Pty) Ltd

It is strongly recommended that municipalities consider using the service providers on the panel. MFMA Circular No. 80, issued on 8 March 2016, and *m*SCOA Circular No.6 issued today, outlines the process and associated requirements for use of the panel of service providers established in terms of RT25-2016.

The National Treasury is committed to working closely with all service providers who have been, and not been included in the panel of service providers established in terms of RT25-2016 in order to ensure *m*SCOA readiness in advance of the national rollout date of 1 July 2017. A further round of participation in the Transversal Tender is envisaged in the future and all service providers are encouraged to take full advantage of this opportunity when announced.

BACKGROUND ON *m*SCOA AND FINANCIAL REFORM AGENDA

The National Treasury has led the financial management reform agenda across all spheres of government since 1994. The aims of these reforms – to improve governance, accountability, transparency and management of limited public resources – remain largely unchanged. Ultimately these reforms are intended to improve service delivery outcomes, by enhancing transparency of information and decision-making. With reference to local government, substantial effort has been placed towards developing and institutionalising the 'local government accountability cycle'.

Issued on behalf of National Treasury

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