



national treasury

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TRANSVERSAL CONTRACTING

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Ref: RT25-2016

To : Municipalities

AMENDMENT 3

EXPIRY OF SERVICE LEVEL AGREEMENTS (SLAs) FROM RT25-2016

TRANSVERSAL CONTRACT RT25-2016 FOR THE APPOINTMENT OF SERVICE PROVIDERS FOR AN INTEGRATED FINANCIAL MANAGEMENT AND INTERNAL CONTROL SYSTEM FOR LOCAL GOVERNMENT FROM 1 JUNE 2016 TO 31 MAY 2019

Municipalities are reminded on the letter issued to all municipalities dated 22 May 2019 providing guidance on the maintenance of the financial systems procured from the transversal contract RT25-2016 and also the management of the SLAs from the same transversal contract. Letter is attached as Annexure 1.

Further guidance has been provided on MFMA Budget Circular No 93 page 7 and 8 on system changes and upgrades. The Circular can be accessed at <http://mfma.treasury.gov.za/Circulars/Documents/Forms/AllItems.aspx?RootFolder=%2fCirculars%2fDocuments%2fCircular%2093%202019%20MTREF%20%2d%207%20Dec%202018&FolderCTID=0x012000E772703726E2A8479752CF24A134692B>

Also on MFMA Budget Circular No 112 page 8 of for guidance on the extension/procurement of SLAs with municipal system providers that can be accessed at <http://mfma.treasury.gov.za/Circulars/Documents/Forms/AllItems.aspx?RootFolder=%2fCirculars%2fDocuments%2fBudget%20Circular%20No%20112&FolderCTID=0x012000E772703726E2A8479752CF24A134692B>

Kind Regards,

KWANELE MTEMBU

FOR CHIEF DIRECTOR : TRANSVERSAL CONTRACTING

OFFICE OF THE CHIEF PROCUREMENT OFFICER

DATE: 27 JULY 2022

ANNEXURE 1

TO: ALL RT25-2016 PARTICIPANTS (MUNICIPALITIES)

RT25-2016 TRANSVERSAL CONTRACT FOR THE APPOINTMENT OF SERVICE PROVIDERS FOR AN INTEGRATED FINANCIAL MANAGEMENT AND INTERNAL CONTROL SYSTEM FOR LOCAL GOVERNMENT FROM 1 JUNE 2016 TO 31 MAY 2019

This notification serves to remind you that Section 15.2 of the Special Conditions of Contract allowed the duration of the service level agreements (SLAs) entered into by yourselves and the System Vendors (Service Providers) to be for a period not exceeding 60 (sixty) months from date of signing the SLA subject to the provisions of Section 33 of the MFMA.

Maintenance of procured systems by Municipalities (Participants of RT25-2016)

Section 15.2 of the Special Conditions of Contract allowed the duration of the service level agreements entered into by the municipalities and the System Vendors to be for a period not exceeding 60 (sixty) months from the date of signing the SLA subject to the provisions of Section 33 of the MFMA. At least six (6) months prior to the sixty (60) months expiry of the SLA, the municipality should either obtain approval from the relevant treasury to continue with the maintenance of the system by the same System Vendor or approach the market for maintenance of the system, depending on the complexities of the system. Importantly, municipalities need to properly document their systems and the system language used to ensure that system support can be procured in the local market if required.

Procured mSCOA systems (Participants of RT25-2016)

It should be emphasized that all SLAs emanated from the RT25-2016 transversal contract since its commencement which was from the last quarter of 2016 will run up to the year 2021, while SLAs from 2017 to 2018 will run up to 2022 and 2023 respectively. Therefore no municipality that has participated on RT25-2016 should have a need to extend their SLAs as yet. National Treasury will provide further guidance in this regard prior to the expiry of SLAs.

It should be emphasized that all municipal systems should have complied with the mSCOA requirements by 1 July 2017. By now, municipalities should:

- Budget, transact and report on all six (6) legislated mSCOA segments and directly on the core financial system;
- Lock the budget on the system adopted by Council;
- The system should be closed at month-end as required in terms of the MFMA; and
- Regulated Schedules (A, B, C) must be generated directly from the system.

RT25-2019 INTEGRATED FINANCIAL MANAGEMENT AND INTERNAL CONTROL
SYSTEM FOR LOCAL GOVERNMENT ON TRANSVERSAL CONTRACT THAT EXPIRED
31 MAY 2019

The manual correction of data strings by municipal officials or System Vendors are not allowed in terms of the *m*SCOA Regulation.

Municipalities should ensure that they manage their SLAs with municipal System Vendors properly. Penalties, including the termination of the SLA in cases of persistent non-compliance, should be imposed if the procured municipal systems do not comply with the *m*SCOA Regulation. Should a municipality be required to procure a new financial system as their current system is not *m*SCOA enabling, they must follow the processes set out in MFMA Budget Circular No. 93. In addition, if a municipality that procured a system on RT25-2016 find that the system is not *m*SCOA enabling, they must provide a comprehensive report to Ms Kwanele Mtembu from the Office of the Chief Procurement Officer and Mr Jan Hattingh from Local Government Budget Analysis in this regard. It should also be noted that the National Treasury will conduct independent audits in the latter part of 2019 to determine whether all municipal systems available in the market are complying with the *m*SCOA Regulation.

Likewise, municipalities that has participated on RT25-2016 and consider their system as *m*SCOA enabling should not procure a new system but continue to implement the SLA until expiry as per the mentioned periods.

Kind Regards,



MOLEFE-ISAAC FANI
CHIEF DIRECTOR: TRANSVERSAL CONTRACTING

DATE: 2019/05/22