



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**TO ALL: ACCOUNTING OFFICERS OF NATIONAL DEPARTMENTS
 ACCOUNTING OFFICERS OF PROVINCIAL DEPARTMENTS
 PROVINCIAL ACCOUNTANTS-GENERAL**

NATIONAL TREASURY INSTRUCTION NO. 5 OF 2017/2018

ACQUISITION OF ENTERPRISE RESOURCE PLANNING (ERP) TYPE SYSTEMS THAT WILL POTENTIALLY DUPLICATE FUNCTIONALITY PROVIDED BY THE INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMS)

1. PURPOSE

The purpose of this Treasury Instruction is to remind Accounting Officers and Chief Financial Officers of national and provincial departments that Practice Note 7 of 2006, *Applications in respect of new IT systems* (Annexure A), is still applicable and in force.

2. BACKGROUND

2.1 Cabinet approved in 2013 a revised approach to the development and implementation of the IFMS. In essence, it entailed that a single, "wall-to-wall" commercial-off-the-shelf enterprise resource planning (ERP) system would be procured to provide the software solution for the IFMS Programme.

2.2 In 2016, such a system was procured from Oracle Corporation (Pty) Ltd South Africa. The IFMS Programme team is currently preparing to commence with the implementation of the system early in 2017/2018. The initial phase of the implementation will focus on ensuring that the system adequately supports the business requirements of the Public Service by implementing it in a limited number of pilot and lead sites. National roll-out to the rest of the Public Service will commence thereafter in a phased manner.

3. THE MORATORIUM INTERPRETATION

3.1 Departments are hereby instructed not to acquire (through procurement, 'in house' development or otherwise) any ERP type solution (system/software/software-as-a-service) that might result in duplication of functionality related to the following IFMS modules: Human Resource Management, Payroll, Finance, Supply Chain Management and Business Intelligence.

3.2 It is not the intention of the moratorium to prevent departments from acquiring other business solutions that provide functionality that is not related to the IFMS.

4. DEVIATIONS

4.1 Departments that have an urgent requirement to acquire an ERP type solution, which provides functionality that will be provided for by the IFMS, must submit a request for

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a deviation from the moratorium, to the Office of the Accountant-General in National Treasury. The request must include a detailed business case addressing, as a minimum, the following:

- a) The intended ERP type solution and what specific functionality it will provide.
- b) The reasons why the department wants to acquire the relevant ERP type solution (e.g. the problem(s) that the solution should address, potential business benefits).
- c) Alternative solutions considered (e.g. enhancements to the legacy systems, changes/improvements to current business processes).
- d) The cost / estimated cost of the ERP type solution including software costs (including licences), implementation costs, hosting costs and long term support and maintenance costs.
- e) The procurement / acquisition process that the department plans to follow. If a solution is to be developed and implemented in-house, this should also be stated.
- f) Envisaged time-frames for implementation.
- g) Any envisaged impact on the current legacy systems (e.g. is the replacement of any legacy system functionality or interfacing with a legacy system foreseen?).
- h) Potential impact of the Public Service regulatory environment on the proposed solution (e.g. departments may not create their own application forms for employment that differ from the prescribed Z83 without the concurrence of the Minister for the Public Service and Administration).
- i) Potential benefits emanating from the acquisition and implementation of the solution that may assist in the development and implementation of the IFMS (e.g. the creation of new data fields that are not catered for in the legacy systems but which may be required for IFMS).

4.2 National Treasury will provide a written response after the request has been evaluated and will make recommendations to the specific department.

5. APPLICABILITY

This Treasury Instruction applies to all national and provincial departments.

6. EFFECTIVE DATE

This Treasury Instruction takes immediate effect from date of issue.

7. DISSEMINATION OF INFORMATION CONTAINED IN THIS TREASURY INSTRUCTION

- 7.1 Accounting officers of national departments are requested to bring the contents of this Treasury Instruction to the attention of all Chief Financial Officers and Chief Information Officers in their respective departments.
- 7.2 Head officials of provincial treasuries are requested to bring the contents of this Treasury Instruction to the attention of all Chief Financial Officers and Chief Information Officers in their respective provincial departments.

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8. AUTHORITY FOR THIS INSTRUCTION

This Treasury Instruction is issued in terms of section 76(2)(j) of the PFMA.

9. CONTACT PERSON

Lindy Bodewig
Chief Director: Technical Support Services
National Treasury
Lindy.Bodewig@treasury.gov.za



JAYCE M NAIR
ACTING ACCOUNTANT-GENERAL

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