

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 780

DATE OF PUBLICATION: 4 AUGUST 2006

DUE TO PARLIAMENT: 18 AUGUST 2006

MR IO DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

- (a) What are the reasons for the delay in the development and implementation of his department's Integrated Financial Management System and (b) when is it anticipated that the said system will be implemented?

N969E

REPLY:

- (a) The Integrated Financial Management Systems (IFMS) Project represents a further element in the phased implementation of the Public Finance Management Act (PFMA).

The implementation of the PFMA required a number of fundamental changes in the areas of budget and financial management in government. To date, substantial progress has been made with the implementation of these policy reforms. However, certain challenges still remain. In this context, for example, further work is ongoing in respect of the format and extent to which accrual accounting will finally be adopted by government.

At the advent of the implementation of the PFMA, it was recognized that the business processes in government would need to be reviewed on an ongoing basis. Equally, the ICT systems that supported these business processes, needed to be reviewed.

Similar to the overall PFMA implementation approach, a phased implementation strategy was adopted in respect of the systems renewal initiatives. Phase I of the IFMS Project which was completed at the end of the 2004/05 financial year, included the following high-level deliverables:

- The completion of a user requirements statement (URS), based on the new systems requirements;
- The development of a Master Systems Plan (MSP) to guide the systems renewal processes; and
- The development of a systems prospectus for the renewal processes.

On the basis of the work done during Phase I, two more Phases of the IFMS project was approved by Cabinet during September 2005. Phase II, which is currently work in progress, needs to be completed in a period of eighteen to twenty four months. This phase of the project will include the following high-level deliverables:

- Institutional preparation of SITA to assume their statutory role as Primary Systems Integrator (PSI);
- Review of user requirements. The further policy development work in areas such as accrual accounting and budget reform will now be incorporated into the user requirements as and when necessary;
- Preparatory work towards the acquisition of commercial off the shelf (COTS) human resource (HR) and E-procurement modules (these were identified as early deliverables);
- Development of overall systems specifications;
- Finalisation of overall systems engineering plan;
- Development of lead proof of concept application (asset management); and
- The development of the Phase III detailed plan and budget.

At this stage, it is projected that phase II will be completed within the originally set timelines. It is therefore not correct to assume that there is a delay in the implementation of the IFMS.

- (b) Phase III of the IFMS Project entails the full roll out of the new integrated solutions. This phase will be completed over a period of five years after completion of phase II.

In terms of the phased systems renewal strategy, the current systems are being maintained and enhanced in certain critical areas to support the implementation of the PFMA in the interim. The historical investments in the current systems will be leveraged to support the renewal strategy, wherever possible.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1338

DATE OF PUBLICATION: 22 SEPTEMBER 2006

MR I O DAVIDSON (DA) TO ASK THE MINISTER OF FINANCE:

Which national and provincial departments are still experiencing difficulties with the implementation of certain aspects of supply chain management as identified by the Auditor-General, such as (a) no approved supply chain management policies, (b) no implementation of supply chain management and (c) no compliance with the supply chain management policy? **N1745E**

REPLY:

- (a) A policy strategy to guide uniformity in procurement reform processes in Government was approved by Cabinet during September 2003. Implementation of supply chain management (SCM) at any institution is a phased process. This process commenced with the promulgation of SCM regulations in December 2003. Every institution had to compile an implementation plan which should have been approved by the Accounting Officer / Authority. The Auditor-General undertook to monitor the implementation against these approved implementation plans. The National Treasury issued a SCM Guide for Accounting Officers / Authorities as well as a questionnaire that could be utilized as a step-by-step guide to implement SCM. No separate SCM policies, other than the overall policy that was approved by Cabinet, were required.
- (b) All national and provincial departments reported that they commenced with the implementation of SCM.
- (c) The General report of the Auditor-General on the audit outcomes for the 2004-05 financial year indicates the departments in which irregularities were found regarding non-adherence to prescripts and policies.

The general report on the audit outcomes of provincial departments has not been released.

To address the problems experienced by the departments, the National Treasury has commenced with the establishment of SCM forums at national and provincial spheres where aspects relating to SCM and the implementation are being addressed. It was established that the training of SCM practitioners to capacitate personnel is of vital importance and as an

ongoing process the National Treasury facilitated 113 SCM training courses which were attended by 2847 officials during the 2005/06 financial year.