



**DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT**

Raadslede	Councillors	Ooceba
Eden Distriksmunisipaliteit	Eden District Municipality	Umasipala Wesithili se Eden
Meneer/Dame	Sir/Madam	Mnumzana/Nkosikazi

24 April/kuTshazimpuzi 2017

Kennis geskied hiermee ingevolge Artikel 29 van die Wet op Plaaslike Regering: Munisipale Strukture, 1998, Wet 117 van 1998, dat 'n **Spesiale Raadsvergadering** van die 2016/2021 termyn van die Eden Distriksmunisipaliteit gehou sal word in die **CA Robertson Raadsaal, Yorkstraat 54, George, op Maandag, 24 April 2017 om 12:00** ten einde oorweging aan die item soos in die agenda uiteengesit, te skenk.

*Notice is hereby given in terms of Section 29 of the Local Government: Municipal Structures Act, 1998, Act 117 of 1998, that a **Special Council meeting** of the 2016/2021 term of the Eden District Municipality will be held in the **CA Robertson Council Chambers, 54 York Street, George, on Monday, 24 April 2017 at 12:00** to consider the item as set out in the agenda.*

Kukhutshwe isaziso ngokoMhlathi 29 woRhulumente Basekhaya: Umgaqo Wesimo soMasipala, 1998, uMgaqo 117 wango 1998, sokub **intlenganiso Yamashumi Amabini yeBhunga** ka 2016/2021 yoMasipala Wesithili se Eden izakubanjwa **kwiGumbi leBhunga l CA Robertson, 54 York Street, e George ngoMvulo, 24 kuTshazimpuzi ngo 12:00** ukuqwalasela imiba ekuluhlu lwengxoxo

SPEAKER / SOMLOMO

ADDENDUM

Item	Agenda	Bladsy/ Page/ Iphepha
<p align="center">ITEMS DIRECTLY SUBMITTED TO COUNCIL / ITEMS DIREK AAN DIE RAAD VOORGEHOU / IMIBA ENIKEZELWE KWIBHUNGA</p>		
DC 153/04/17	<p>PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA) / VORDERINGSVERSLAG RAKENDE DIE IMPLEMENTERING VAN DIE MUNISIPALE STANDAARD TABEL VAN REKENINGE (MSCOA) / INGXELO NGOKUPHATHELENE NOKUMISELWA KOLUHLU LEWNCWADI ZOMASIPALA OLUFANELEKILEYO (MSCOA) <i>Refer: Report (7/2/2/6) dated 21 April 2017 from the Executive Manager Corporate/Strategic Services (B Holtzhausen) MSCOA Project Manager(R Alberts)</i></p>	38 – 55

SPECIAL DISTRICT COUNCIL

24 APRIL 2017

DC 153/04/17

**PROGRESS REPORT REGARDING THE IMPLEMENTATION OF THE
MUNICIPAL STANDARD CHART OF ACCOUNTANTS (MSCOA) /
VORDERINGSVERSLAG OOR DIE IMPLEMENTERING VAN DIE
“STANDARD CHART OF ACCOUNTANTS (MSCOA) / INGXELO
NGOKUPHATHELENE NOKUMISELWA KOLUHLU LWENCWADI
ZOMASIPALA OLUFANELEKILEYO (MSCOA)**

(7/2/2/6)

21 April 2017

**REPORT FROM THE EXECUTIVE MANAGER: CORPORATE / STRATEGIC
SERVICES (B HOLTZHAUSEN) MSCOA PROJECT MANAGER (R ALBERTS)**

PURPOSE OF THE REPORT

Is to appraise council on the developments of the mSCOA readiness and to inform recent developments with the current service provider.

BACKGROUND

At a Steercom meeting held on 25 November 2016, it was decided that;

1. *“that the content of the report be noted,*
2. *that approval be granted to contract with Fujitsu (Abakus) Version 8, with the view to have a fully mSCOA compliant ICT system on 01 July 2017,*
3. *that Provincial and National Treasuries be informed of council's position in this regard.”*

A report has been tabled at our Council Meeting held on 30 January 2017, “DC87/01/17 – Report regarding the implementation of the Municipal Standard Chart of Accounts (mSCOA), which resolved as follows:

RESOLVED

That the content of the report be noted “

After this decision, Provincial and National Treasuries were informed of council's position in this regard and council has engaged with the service provider, Fujitsu for establishing the mSCOA Due Diligence & Requirement Assessments.

The assessments were held from the 20th until the 23rd of February 2017 and the participation of departments was extremely good.

The Planning & Budget Tool Module Training was conducted on 1st and 2nd of March 2017 with 20 participants from the various departments. This training will enable the Budget and Treasury Office to capture the 2017/18 budget in the 7 required mSCOA segments.

At a special Steercom meeting held on 06 March 2017, it was decided that;

1. *That it is noted that all outstanding items not noted by Council as pointed out by Provincial Treasury be prepared and tabled at a next Council meeting.*
2. *That permission be granted to Payday that they may divulge the content of the current license agreement between Eden District Municipality and Payday to Fujitsu as requested. That Eden District Municipality intends to enter into agreement with Fujitsu regarding Payday licensing and Support as from the 2017/18 financial year.*
3. *That Fujitsu be instructed to continue with the preparation of an SLA in accordance with National Treasury requirements and That Fujitsu be instructed to prepare the full mSCOA project plan to deliver a full mSCOA compliant upgrade of Abakus by 1 July 2017.*

Fujitsu (Pty) Ltd provided an official project plan that was accepted and implementation started on 27 March 2017. The 1st compliancy milestone of uploading the 2017/18 budget electronically was reached prior to the deadline and the project plan was on-track.

The process of preparing the Service Level Agreement for acceptance and signature was stalled by Fujitsu (Pty) Ltd and numerous efforts were made to resolve the issue. Council was informed telephonically on 18 April 2017 by Fujitsu that they are seizing their system development operations for various reasons and has entered into a commercial agreement with Vesta Technical Services (Pty) Ltd. The telephone call was followed by a formal letter from Fujitsu's Managing Director dated 19 April 2017. This effectively means that Abakus as a financial system has reached its end of life and for practical reasons will stop existing from 01 July 2017. These actions have increased the risk to Council to not be mSCOA compliant by 1 July 2017 tremendously.

Action Plan going forward:

- The mSCOA team is currently in earnest negotiations with Vesta Technical Services (Pty) Ltd for the implementation of a new system. This implementation will bring with it new risks and challenges like change management, time restrictions and migration issues.

The current negotiations will be on the same basis on the fact that Collaborator and Payday will still be the systems that fulfil the SCM and Payroll roles. It must be noted that Vesta Technical Services (Pty) Ltd was part of the original assessment procedures and that the same due diligence processes were followed as with Fujitsu (Pty) Ltd. The Steercom made the decision on 25 November 2016 between these two systems.

- National and Provincial comments will be sought. Communications are already submitted and official comment is awaited.
- A workgroup was established to investigate adequacy of the current budget. This workgroup met on 20 April 2017 and accepted to recommend to the mSCOA Steercom that Vesta Technical Services (Pty) Ltd be appointed as the new service provider. Early indications are that the current budget will be adequate to fund the project.
- Special mSCOA Steercom meeting planned for 21 April 2017 to formally discuss, accept and approve the decision to implement the financial system offered by Vesta Technical Services (Pty) Ltd.
- Due process regarding the Supply Chain Policy (BAC) will be followed where after the Council and Provincial- and National treasure will be informed.

At a Steercom meeting held on 21 April 2017, it was decided that;

1. *That Vesta Technical Services (Pty) Ltd be appointed as the new service provider for a financial system that will mSCOA compliant by 1 July 2017.*
2. *That further negotiations be entered into with Vesta Technical Services (Pty) Ltd regarding cost savings and project cost reduction.*
3. *That negotiations be entered into with Vesta Technical Services (Pty) Ltd regarding a project plan cash flow to fit the available budget of council*
4. *That a report be tabled at the special council meeting of 24 April 2017 to inform council of the process where National- and Provincial Treasury will be informed as part of the due diligence process and that council take note of this process as part of the mSCOA circular 6 - Annexure B “5. Step 5 – Implementing the municipal council’s decision”*
5. *That the Vesta Technical Services (Pty) Ltd as a vehicle for Shared Services be investigated in the region.*

FINANCIAL IMPLICATIONS

Current budget is adequate. Negotiations are currently conducted regarding exact financial implications.

RELEVANT LEGISLATION

Municipal Finance Management Act 56 of 2003
 Municipal Standard Chart of Account Regulations
 Section 216 of the Constitution of RSA, Act 108 of 1996

UITVOERENDE OPSOMMING

Eden Distriksmunisipaliteit het Fujitsu (Pty) Ltd aangestel om die huidige finansiële stelsel op te gradeer om mSCOA regulasies na te kom. Fujitsu (Pty) Ltd het intussen die raad in kennis gestel dat daar onmiddelik opgehou word met investering in die Abakus stelsel wat beteken dat die regulasie nie nagekom sal word nie.

Vesta Technical Services (Pty) Ltd het intussen voorgestel dat daar samewerkings ooreenkoms met Fujitsu (Pty) Ltd in plek gestel is om hul sisteem te implimenteer. Eden DM is tans in die onderhandelings fase met Vesta Technical Services (Pty) Ltd.

RECOMMENDATION

That the content of the report be noted.

AANBEVELING

Dat kennis van die inhoud van die verslag geneem word.

ISINDULULO

Sesokuba umongo wengxelo uthathelwe ingqalelo.

APPENDIX A

Official letter from Fujitsu (Pty) Ltd.

APPENDIX B

Minutes of mSCOA Steering Committee meeting held 24 April 2017.



**DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT**

Minutes of a
mSCOA Steercom Meeting
held in the Council Chambers,
Eden District Municipality, 54 York Street, George
on **Wednesday, 19 April 2017 at 14h00**

*Notule van 'n mSCOA Loodsvergadering
van Eden gehou in die Raadsaal,
Eden Distriksmunisipaliteit, Yorkstraat 54, George op
Woensdag, 19 April 2017 om 14h00*

TEENWOORDIG / PRESENT / ABAKHOYO

Mr M Stratu
Mr R Alberts
Ms L Hoek
Ms B Holtzhausen

Mr H Ottervanger
Mr C Africa
Mr. K Nieuwoudt

Mr JW de Jager
Ms N Davids
Mr. J Stander

Mr. R Coetzee

Ms M Powell

Municipal Manager
mSCOA Project Team Leader
Executive Manager: Financial Services
Executive Manager: Corporate / Strategic
Services
Executive Manager: Roads Services
Executive Manager: Community Services
Manager: Information, Communication &
Technology
Chief Audit Executive
Manager: Legal Services
Deputy Manager: BTO, AFS, Income & Bank
Reconciliation, Expenditure & Remuneration
BTO, AFS, Income & Bank Reconciliation
Officer
mSCOA Administrative Support

OPENING EN VERWELKOMING / OPENING AND WELCOME / UVULO NOLWAMKELO

Ms Holtzhausen, welcomed everyone present and give over to Mr R Alberts. Mr Alberts apologised for the minutes that was done in Afrikaans, and the Agenda without page numbers.

FUJITSU & VESTA AGREEMENT AND THE WAY FORWARD

Mr R Alberts give some background regarding the meeting with the Senior Management of Fujitsu & Vesta. He states that the purpose is to find solutions as Fujitsu entered into a Commercial Agreement with Vesta. He highlighted the fact that after 30 June 2017, we will not have a licensed Abakus System and as from 1 July 2017 Eden would not have Financial System.

Due to all these factors, we have a project plan in place and also reached our deadline of 31 March 2017. Mr R Alberts requested Fujitsu to confirm their Commercial Agreement with Vesta in writing and that Vesta do a cost-estimation analysis and email it along with the letters that they sent to National Treasury, to us, attached as annexure in the Agenda.

Ms L Hoek mentioned again that she did raised her concerns with the Abakus System and also state that she does not agree with the decision the mSCOA Steercom decided to recommend to Council.

A Major risks that was raised by Internal Audit was the fact that as from 1 July 2017 we would not be able to pay our debtors, salaries etc.

Mr K Nieuwoudt highlighted the fact, that Fujitsu and Vesta went into an Commercial Agreement and not a merger. If Eden decided to go with Vesta, the next payment will be for Vesta and not Fujitsu. The work already done by Fujitsu is not work that is lost, but can be transferred to the new Vesta system and they already have their templates and the employees ready to assist us.

Mr Alberts explained the commercial comparisons and due diligence process. He refer to the RT25 with 4 service providers. The due diligence process was done on 3 of the 4 service providers. Munsoft quoted ±R12 Million and therefore we did the due diligence on the remaining 3 service providers which were Vesta, Altron & OH Holdings. The committee decided against the CFO's concerns to stay with Abakus for various reasons.

Ms L Hoek ask for a 5 minute break as the Municipal Manager informed her that he is on his way to the meeting.

The Municipal Manager, Mr M Stratu joined the meeting at 15h11.

The Municipal Manager, Mr M Stratu give emphasis to the fact the he is very concerned about the entire mSCOA process. To take an informative decision, he request his HOD's to work as a team and not in silo's.

Mr K Nieuwoudt explained the due diligence process again and point out that it is possible to get mSCOA compliant by 1st July 2017 if the Steercom can make a decision and that the biggest challenge is to get feedback from National & Provincial Treasury.

To make an informative decision, the Municipal Manager suggested that ICT together with Finance have a discussion on the way forward and reschedule this meeting on or before Friday and provide the Steercom with;

- A multi year budget proposal with sensible cost breakdown which includes the necessary systems used by the CFO;
- A detailed report on the mSCOA Process considering Council's Policy.
- Relevant feedback from National & Provincial Treasury (if we need to sent an official to Treasury, we will do it)

RECOMMENDATION

- *That an urgent mSCOA Discussion session be scheduled for Thursday, 20 April 2017 at 07h30, to discuss the way forward.*
- *That a multi year budget proposal with cost breakdowns be done that must include Training, Caseware, Change Management and Asset Management.*
- *That an urgent mSCOA Steercom meeting must be convened to consider these facts for a possible approval.*

Meeting closed at 16h00 / Die vergadering sluit om 16h00








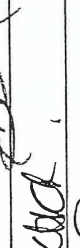


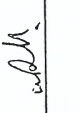


VOORSITTER / CHAIRPERSON

21/4/17
DATUM / DATE

MSCOA STEERCOM MEETING

HELD ON TUESDAY, 19 APRIL 2017 AT 14H30 IN THE COUNCIL CHAMBERS

NAME & SURNAME	CELL NO	TEL NO	EMAIL	SIGN
JOHAN STANON		044 8031239		
JC Oltewenburg		044 8031528		
C Africa	061 445 3012			
R. Alloubas	0828029070	—	rhyn@edendm.co.za	
K. NIEUKANT	082 802 9040	—	kens@edendm.co.za	
J-W de Jager	0725041169		jan-willem@edendm.co.za	
N DAVIDS				
T Holtzhausen	0836335815		trix@edendm.co.za	
L. Heer		X1449	louis@edendm.co.za	
R. Coetzee		X1337	renaldo@edendm.co.za	
M. STRATTON	0838791075		mondestra@edendm.co.za	
M. M. Pienaar	—	X1409	margret@edendm.co.za	



**DISTRICT MUNICIPALITY
UMASIPALA WESITHILI
DISTRIKSMUNISIPALITEIT**

Minutes of a
mSCOA Discussion Session
held in the Loerie Committee Room,
Eden District Municipality, 54 York Street, George
on **Thursday, 20 April 2017 at 07h40**

*Notule van 'n mSCOA Gespreksessie
van Eden gehou in die Loerie Komiteekamer,
Eden Distriksmunisipaliteit, Yorkstraat 54, George op
Donderdag, 20 April 2017 om 07h40*

TEENWOORDIG / PRESENT / ABAKHOYO

Mr R Alberts	:	Chairperson mSCOA Project Leader
Ms L Hoek		Executive Manager: Financial Services
Ms B Holtzhausen		Executive Manager: Corporate / Strategic Services
Mr. K Nieuwoudt		Manager: Information, Communication & Technology
Mr. J Stander		Deputy Manager: BTO, AFS, Income & Bank Reconciliation, Expenditure & Remuneration
Mr. T Mpuru		Deputy Manager: Assets, Stores, Data & Supply Chain Management
Mr. R Coetzee		BTO, AFS, Income & Bank Reconciliation Officer
Ms M Powell		mSCOA Administrative Support

OPENING EN VERWELKOMING / OPENING AND WELCOME / UVULO NOLWAMKELO

The Chairperson, Mr R Alberts, welcomed everybody present.

DISCUSSION REGARDING THE WAY FORWARD AND THE COSTING INVOLVED ON THE MSCOA PROCESS

Mr R Alberts gave feedback regarding his telephonic conversation with Mr D Stuurman from Provincial Treasury, who confirmed that he has received the response and the indication is that Provincial Treasury, will support the process, but we need to follow the due diligence process as articulated in PT Circular 25-2016 Annexure D. The due diligence process according to Mr D Stuurman is that he will setup another workshop in Cape Town, for us to attend. The previous workshop was attended by R Alberts, K Nieuwoudt & J Kruyt.

THE WAY FORWARD AND EDEN'S OPTIONS

The Chairperson gave background to Mr T Mpuru regarding the due diligence process that was done through visits to other systems e.g. George & Potchefstroom. The last decision was made between Fujitsu which is Abakus V8 and Vesta. Vesta was our second choice. The majority decision was that we go with Abakus for various reasons. Fujitsu informed us last week that come 1st July 2017, Eden will either negotiate for a license for an unsupported system for 1 year or Eden would not have a system at all. That is a major risk for Eden and therefore we need to take a decision.

Chairperson highlighted three options, namely;

- i) To go with Vesta and inform National and Provincial Treasury that we did the due diligence process to go forward or;
- ii) We go back to the RT25 which is still valid until 2019 and look at the option of the other 3 systems which is not affordable.

Vesta came to table and did a proposal which excluded a lot of things. The question is do we commit ourselves to go to Vesta, work out the costing and schedule a meeting for tomorrow and discuss figures or if we go with another service provider, we need to start the process all over again.

As to her option and counter proposal of mSCOA, Ms L Hoek emphasise that she is sticking to her original proposal.

Mr K Nieuwoudt highlighted the fact, that Fujitsu and Vesta went in an Commercial Agreement. The work already done by Fujitsu is not work that is lost, on the contrary, that work can be transferred to the new Vesta system and they already have their templates and the manpower to accommodate us. Mr Nieuwoudt also mentioned that

all the items that they excluded in their cost analysis provided to us on Wednesday, was included in their original Tender. He emphasis that the Asset Register System is a massive system and if we go the Vesta way, we can contact B-municipalities and offer assistance to them via shared services.

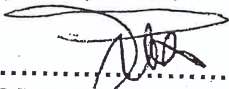
As a matter of urgency, Ms L Hoek highlighted that it be noted that as of 30 June 2017 Abakus is closing off and as from 1st July 2017, she does not have a financial system to process payments, salaries, etc.

Mr K Nieuwoudt suggested that we take our due diligence process that was already done into consideration and we draft a letter to National Treasury stating that it is Eden's decision to go with Vesta, so we can give them our figures so they can start working on them.

RECOMMENDATION

- *That an urgent mSCOA Steercom meeting be scheduled for Friday, before the APAC.*
- *That a multi year budget proposal with implications be submitted to the mSCOA Steercom which includes Training, Caseware, Change Management and Asset Management.*
- *That the Committee decided to go ahead with the Partnership with Vesta.*
- *That National & Provincial Treasury's be informed accordingly.*
- *That a progress report be submitted to Special Council on Monday, 24 April 2017 if the Municipal Manager give his consent.*
- *That a Eden Newsflash regarding the current situation with mSCOA be send to all streamleads for notification.*

Meeting closed at 08h20 / Die vergadering sluit om 08h20



VOORSITTER / CHAIRPERSON

20.4.2017
DATUM / DATE

HELD ON THURSDAY, 20 APRIL 2017 AT 07H30 IN THE LOERIE COMMITTEE ROOM

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Company	Purpose	2016-2017	2017-2018	2018-2019	2019-2020	Total	Comments
PWC (Baud)	Asset Register	22 000.00	24 200.00	26 620.00	29 282.00	102 102.00	10% Increase
Payday	Payday Support	101 640.00	111 604.00	122 984.00	135 282.84	471 711.24	10% Increase
Payday	Payday Licensing	163 235.05	179 558.56	197 514.41	217 265.85	757 573.87	10% Increase
Payday	SCOA Imp.		0.00	0.00	0.00	0.00	10% Increase
Fujitsu	Financial systems	214 457.41	235 903.16	259 493.47	285 442.82	995 296.86	10% Increase
Fujitsu	Licensing	163 926.61	180 319.27	198 351.20	218 186.32	760 783.41	10% Increase
	16/17 reeds spande	0.00	731 784.98	804 963.48	885 459.83	2 422 208.30	
	Available opex excluding Payday	0.00	440 422.43	484 464.67	532 911.14	1 858 182.27	
	11013075038016	1 276 895.64	1 000 000.00	500 000.00	500 000.00	3 276 895.64	
	11012015038574	386 348.50	250 000.00	0.00	0.00	636 348.50	
		0.00	0	3 124 000.00	0.00	3 124 000.00	
	11013075034777	1 663 244.14	1 690 422.43	4 108 464.67	1 032 911.14	8 895 426.41	
	Total Budget 2017 - 2019						

Refer mSCOA Circular 1
4.4 Funding the implementation of mSCOA
MSIG Funds

SUMMARY SHEET - ONSITE	TOTAL IN ZAR (inclusive of VAT)
VESTA	
Hardware requirement	R90 000
Once off License fee	R592 895
Annual maintenance fee - Year 1	R456 596
Annual maintenance fee - Year 2	R596 617
Annual maintenance fee - Year 3	R641 202
Annual service fee - Year 1	R310 926
Annual service fee - Year 2	R334 257
Annual service fee - Year 3	R363 384
After implementation - Year 1	R280 878
After implementation - Year 2	R300 066
After implementation - Year 3	R320 371
Status assessment cost	R66 141
Change management cost	R345 498
Requirement assessment	R55 693
Customise and setup	R413 720
Testing	R74 268
Training	R795 222
Hand-holding	R647 348
CATEGORY C1 - ONSITE	R 6 685 082

SUMMARY SHEET - ONSITE	TOTAL IN ZAR (inclusive of VAT)
PAYDAY Integration	
Technology Upgrade	R66 537
1st Consultation	R33 972
2nd Consultation	R33 972
3rd Consultation	R33 972
CATEGORY C1 - ONSITE	R 168 453

Total Project cost including Payday and Collaborator			
Current Financial Year	Project Costs	Available Budget	Surplus/Deficit
	R2 710 124	R1 663 244	-R1 046 880
2017/2018 Financial Year	Project Costs	Available Budget	Surplus/Deficit
	R1 199 261	R1 690 422	R491 161
2018/2019 Financial Year	Project Costs	Available Budget	Surplus/Deficit
	R1 410 519	R4 108 465	R2 697 946
2019/2020 Financial Year	Project Costs	Available Budget	Surplus/Deficit
	R1 533 631	R1 032 911	-R500 720
Totals			
	R6 853 535	R8 495 042	R1 641 507

Vesta
Payday
R 6 685 082
R 168 453

R 6 853 535

Extract from Municipal mSCOA Circular No. 6 -
Implementation.

Summary of the due diligence steps as a reference.

- Step 1:
ICT due diligence of a municipality's existing package of systems.
- Step 2:
The municipality's mSCOA Project Steering Committee's decision and recommendations.
- Step3:
Soliciting the comments of the National Treasury and/ or Provincial Treasury.
- Step 4:
Municipal Council approval for the municipality's key decision.
- Step 5: Implementing the municipal council's decision.

Municipal Standard Chart of Accounts

Recommendation in response to the ICT Due Diligence done on the municipality's current financial management and internal control systems.

1. Purpose of the report

The purpose of this report is to communicate the outcome of the ICT Due Diligence performed by the municipality as required by MFMA Circular 80 (Annexure B) and mSCOA Circular 5 (Annexure C) read in conjunction with mSCOA Circular 6 and its relevant annexures.

2. Municipality's Recommendation

The mSCOA Steering Committee is of the opinion that the municipality should (Please select from options below):

- ☐ Remain with its current package of systems 'as is'
- ☐ Change its current systems
- ☐ Upgrade its existing package of systems
- ☐ Procure additional components of functionality for its existing package of systems (refer Municipal SCOA Circular No. 5 in this regard for more information)

The decision of the municipality as noted above is based on the following:

- 2.1
- 2.2
- 2.3
- 2.4
- 2.5

3. Requirement 1

Assess whether the municipality's existing systems as a package, meets the majority of the functional requirements for its category

Response:

- 3.1 The municipality has reviewed the ICT Due Diligence completed by its vendor, [Insert Name of Vendor] for [Insert name of System]
- 3.2 The municipality has attended a live system demonstration of its current system* or has reviewed its current system* to assess mSCOA compliance taking into account current functionality and functionality still being developed by its system vendor
- 3.3 A summary of the findings is listed in Annexure A below for the municipality's category
- 3.4 Add any additional comments if required or delete this line

* Please delete if not applicable

4. Requirement 2

Consider the cost of any additional functionality the municipality will have to procure from its existing package of service providers to be able to conduct the minimum mSCOA transacting for its category by 1 July 2017 and the affordability thereof to the municipality considering its 2016/17 MTREF

Response:

4.1 The current spend in terms of the municipality's current financial management and internal control systems as provided in the ICT Functions Questionnaire required by mSCOA Circular 2 compared to future spend with its current providers are as follows:

System Name	Purpose	Current Annual Costs	Expected Annual Cost
	Core System		
	Asset Management		
	Caseware		
	Cemetery booking		
	Credit control		
	Document Management		
	IDP		
	Infrastructure		
	Meter Management		
	Payroll Management		
	Performance Management		
	Prepaid Vending		
	Property Register		
	Spatial and Geographical Info		
	Telephone Management		
	Traffic Fine Management		
	Valuation Roll		
	Vehicle Management		
Total Current Annual Cost			

4.2 Comment on savings or additional spend

4.3 Add any additional comments if required or delete this line

5. Requirement 3

Compare the total cost of its existing 'package of systems', including the cost for any additional functionality with the other available service offerings for its category, included in the RT25-panel of service providers

Response:

The municipality uses most of the functionality from its current financial system; however, it also uses third party systems as detailed in 4.1 above. The municipality will, as far as possible, use functionality inherent in their current core system, before considering the use of a third party system.

[Please use Annexure B (Transversal Tender RT25-2016 Summary Pricing Schedule) of the PT Circular to complete this section]

The following is an example of a comparison that may be used:

Detail	Info	Current Cost	Expected Cost	SAMRAS	MunSoft	Vesta
Core System	Maintenance Fee		687 000	320 758	417 329	514 914
	Service Fee			256 374	1 760 348	565 085
	After implementation		268 000	341 386	242 307	233 397
Total Core System			955 000	918 518	2 419 984	1 313 396
Collaborator	Document Management					
Ignite	Performance Management					
PayDay	Payroll Management					
ITRON	Prepaid Vending					
Total Annual Cost - Year 1			955 000	918 518	2 419 984	1 313 396

Any additional comments can be added here

6. Requirement 4

Determine whether the municipality's existing 'package of service providers' will be able to provide and implement any and all of the outstanding functional areas by 1 July 2017, including upskilling affected municipal officials

Response:

Based on the interactions with the municipality's existing systems providers, and the review of the municipality's current project timelines, the municipality is confident* / uncertain* of its ability to execute the project and system implementation plans by 1 July 2017.

Add additional comments to substantiate your position

7. Requirement 5

Consider any penalties and reasons for contract termination in any of its contracts with existing service providers

Response:

Not applicable for the municipality based on point 2. above*

There are no penalties applicable for terminating contracts with our core system vendor or 3rd party vendors affected*

* Please delete if not applicable

Annexure A

No	Business Process	Comply – Demo is available	Third Party Integration – Demo is available	Proof of Concept – available – Implement by 30 Jun-17	Future Development – Proof of Concept by Dec-16	Not available	Not Applicable for the Category of Municipality	Total
1	Corporate Governance							
2	Municipal Budgeting, Planning and Financial Modelling							
3	Financial Accounting							
4	Costing and reporting							
5	Project Accounting							
6	Treasury and Cash Management							
7	Procurement Cycle, Supply Chain, Expenditure Contract Management and Accounts Payable							
8	Grant Management							
9	Full Asset Life Cycle and Asset Maintenance Management							
10	Real Estate and Resources Management							
11	Human Resource and Payroll Management							
12	Customer Care, Credit Control and Debt Collection							
13	Valuation Roll Management							
14	Land Use Building Control							
15	Revenue Cycle Billing							
	Total Score							

* Please delete if not applicable