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Sent: Friday, 09 May 2025 16:06
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Cc: Una Rautenbach; Zaheer Khan; Faez Salie; Isac Smith; Steven Kenyon; Melissa van Niekerk; Isaac Tsie; Santie Roy; Kim-Kay Neethling
Subject: Financial System - SAMRAS
Attachments: Checklist for System Procurement.xlsx

Dear MMs and CFOs,

It has come to our attention that municipalities on the SAMRAS solution have raised concerns on the way forward with latest developments taking place.

The OCPO has provided its view that the implementation of SAMRAS Platinum is a new system and not a system upgrade as the service provider is not enhancing/continuing the development of the existing SAMRAS Classic or Web-based modules but replacing the current SAMRAS systems with the SAMRAS Platinum solution.

In NTs letter to a municipality that formally tabled the query regarding way forward, OCPO indicated that:

"...certain IT architecture has reached its useful life and has become obsolete and as such would need to be continued on new modern code that is more adaptable and interoperable. Based on this, it is our assessment that this is a new system that is being procured as the previous financial system would be discontinued in its entirety."

However, ultimately, the decision to change or upgrade the current ERP system rests with the Council.

Notwithstanding the above view of the OCPO, **municipalities must follow the due diligence processes** in terms of MFMA Circulars No. 93, 98, 107, 112, 123 and mSCOA Circulars No. 5 and 6 **and the required procurement processes** in terms of the SCM Regulation and the municipality's policies, **regardless of whether it is a system upgrade or a system change. Thorough consideration must be given to complying with the requirements of the MFMA and its supporting Supply Chain Management (SCM) Regulations in giving effect to the upgrading or replacement of the system**, especially Sections 33 and 116 of the MFMA and SCM Regulations 36 (Deviations). Market research to test the market regarding price and available functionality (e.g. issuing a RFI, obtaining quotations, requesting live demonstrations on existing clients' systems, etc.) should be done to substantiate any deviations in the procurement process when the municipality to go to market to procure a mSCOA compliant integrated system solution.

It should be emphasized that the NT response to the municipality which queried with NT is not a general response applicable to other SAMRAS municipalities in its entirety. Therefore, each SAMRAS municipality should obtain the following comments from NT (as applicable):

1. Comments on system change (new system) or system upgrade. *This must be submitted to una.rautenbach@treasury.gov.za. The summary checklist of supporting documents to be submitted with the notification in this regard is attached.*
2. Comments from OCPO on the appropriate procurement vehicle to be used for the procurement, if in doubt. *This must be submitted to mfma@treasury.gov.za and una.rautenbach@treasury.gov.za. This will be responded to on a case-to-case basis as SAMRAS municipalities are at different levels of SAMRAS implementation (Classic vs Web-based vs hybrid vs 3rd party modules).*
3. Comments from NT on SCM deviations (e.g. Sections 33 and 116 of the MFMA and SCM Regulations 36, etc.). To be submitted to mfma@treasury.gov.za.

Considering that SAMRAS Platinum has not been rolled out fully at any municipality in South Africa, nor has its alignment to mSCOA been demonstrated, there is a risk of non-compliance with the mSCOA Regulations that must be closely monitored against the milestones and penalty clauses of the contract entered into with the system provider that are awarded the tender/contract. The Service Level Agreement entered into with the system provider should also address the restoration of the historical data from the previous system, access and ownership of data (especially when stored in the cloud) and the format in which data must be made available to the municipality when the contract with the service provider is terminated, back-ups, training, data security, alignment with changes as per the minimum business processes and system specifications for mSCOA that will be regulated by NT by the end of 2025/26. In addition, municipalities should implement proper contract management and exercising tight control over contractual obligations by system providers.

Please do not hesitate to reach out to either NT or PT with any questions or queries.

Kind Regards,

Faez Salie
Director

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