



**national treasury**

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## **MEDIA STATEMENT**

### **PURCHASE OF INTEGRATED FINANCIAL MANAGEMENT SYSTEM SOFTWARE LICENCES CONCLUDED**

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The National Treasury has concluded the contract to purchase software licenses for the Integrated Financial Management System (IFMS) programme with Oracle Corporation (South Africa) (Pty) Ltd (“Oracle”). This decision brings government closer to fully implementing a 2005 Cabinet decision to replace legacy systems for managing supply chain, human resource and finance functions with a modern integrated system that will improve service delivery.

The successful purchase of the software licenses paves the way for the next steps in the process, which will include completing the centralised design of the IFMS solution, planning and procuring the hardware (including hosting infrastructure) as well as software implementation services.

Primarily the IFMS solution is expected to overcome policy implementation constraints experienced due to ageing legacy systems which are now reaching obsolescence. In addition to replacing the current technology with a modern system the IFMS will, at a minimum, support the Public Service in the following:

- Financial accountability framework – directing the way government finances are to be governed, controlled and managed;
- Budgeting framework – directing the way government activity is to be resourced;
- Appropriation framework – authorising expenditure from the consolidated revenue fund;
- Cash management framework – controlling and managing the funding required to enable government business to operate;
- Financial reporting framework – reporting on financial results;
- Performance reporting framework – evaluating performance; and
- Human resource management framework – regulating how human resources in the Public Service are managed.

The IFMS will transform management practices by providing centrally hosted and integrated financial, supply chain management and human resource management systems. The IFMS will:

- accommodate ongoing management reforms and legislation such as the Public Finance Management Act and the Public Service Act;





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- improve decision making through improved information and knowledge management;
- achieve interoperability, security, economies of scale and elimination of duplicated IT systems;
- be instrumental in modernising government's resource management;
- improve productivity and service delivery by standardising and automating operational processes; and
- enhance government's effectiveness by improving quality of data (timely, accurate and complete) and making it available for use and sharing.

Given the magnitude and complexity of the procurement effort, the Treasury ensured that the entire procurement process was conducted in accordance with the applicable legislation, processes and policies.

During March 2014, the State Information Technology Agency (SITA) invited service providers to bid for the provision, lead site implementation, maintenance and support of the IFMS Enterprise Resource Planning (ERP) system (RFP 1182/2013). A number of questions and observations from industry were received relating inter alia to response times and the identified lead sites. After much discussion and consideration, RFP 1182/2013 expired before a final award was made.

A revised Request for Proposal (RFP 1282/2014) for the provision of an ERP system, including ongoing upgrades and support, was published on 28 November 2014. This RFP was directed only to Original Software Manufacturers (OSMs) who were capable of supplying software licenses for Tier 1 ERP Commercial Off-The-Shelf (COTS) software.

By June 2015, a letter of conditional award was submitted to Oracle following completion of the bid evaluation process. Government conducted a systematic value assurance process to ensure that Oracle made fair and accurate representations of their ability to supply software licenses as well as the capability of the software on offer to satisfy the requirements of a modern and efficient government.

After successful completion of the value assurance process, the National Treasury and Department for Public Service and Administration (DPSA) representatives commenced with the legal and commercial negotiations, as directed by the IFMS Steering Committee.

The IFMS team, a partnership between the National Treasury, DPSA and SITA, is grateful to all stakeholders who have showed an interest in the process thus far. The IFMS team views its future success as being dependent on all participants in both the public and private sectors.

**Issued on behalf of National Treasury**

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