



PHOENIX

ERP - FINANCIAL MANAGEMENT

National Treasury

SCOA – Integrated Consultative Forum

September 2014



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Pilot Project Plan

- ☞ Changes to Phoenix Data structures – *Vesta 2014/10/01*
- ☞ Build a SCOA Data loader – *Vesta 2014/10/10*
- ☞ Build Migration Wizard to assist in porting current COA to SCOA – *Vesta 2014/10/17*
- ☞ Migration of current COA to new SCOA – *Tlokwe 2014/10/31*
- ☞ Compile Multiyear CapEx & OpEx Budget on SCOA – *Tlokwe Nov 2014 to May 2015*
- ☞ Amend Budget Reporting – *Vesta 2014/11/08*
- ☞ Amend Data Capturing & Approval Functions – *Vesta 2015/03/31*
- ☞ Amend Online Enquiry Functions – *Vesta 2015/04/10*
- ☞ Amend Web Interface to allow NT Queries & Reporting – *Vesta 2015/07/01*
- ☞ Amend Transaction Update programs – *Vesta 2015/03/31*
- ☞ Amend System Interface to & from Billing Module – *Vesta 2015/03/31*
- ☞ Amend System Interface to & from Payroll Module – *Vesta 2015/04/30*
- ☞ Amend Reporting Modules – *Vesta 2015/04/30*
- ☞ Integration & System Testing – *Vesta & Tlokwe 2015/06/16*
- ☞ Documentation – *Vesta 2015/07/31*
- ☞ Training – *Vesta & Tlokwe 2015/06/30*
- ☞ Livening of SCOA at Pilot on Financial Yearend 2014/15



Challenges & Inhibiting Factors

Due to the time constraints the distributed paper details the main concerns listed here:

- ❧ Development is being impacted by unresolved Core Accounting Principles
- ❧ The Physical Size & Complexity of the SCOA
- ❧ Proportional Split between
 - ❧ *Transfers & Subsidies (90% of SCOA) vs Core Economic Activities (10% of SCOA)*
- ❧ Compared to Fiscal Split
 - ❧ *Transfers & Subsidies (15% of Income) vs Core Economic Activities (85% of Income)*
- ❧ Accessibility & Availability of National Treasury to consult with Vendor & Pilot
- ❧ Availability of dedicated municipal staff at Pilot Municipality
- ❧ There are three essential role players in the successful delivery of the SCOA:
 - ❧ *National Treasury*
 - ❧ *The Pilot Municipalities*
 - ❧ *The System Vendors*

(It is imperative that all three role players work in unison and therefore Vesta would like to suggest the appointment of a Project Director to oversee all the SCOA projects with full delegated authority)



Municipal Pilot Involvement

- ❧ Tlokwe has assigned two senior BTO officials as SCOA Champions
 - ❧ *Clive Botha – Manager: Expenditure*
 - ❧ *Mohammed Kader – Manager: Budgeting*
- ❧ Tlokwe has officially accepted the assignment as Pilot
- ❧ Tlokwe understands the scope and priorities of SCOA
- ❧ Regular SCOA Steercom meetings are held
- ❧ We, as the System Vendor, are there to provide
 - ❧ *A state-of-the art solution aligned with the objectives of NT, SCOA and the Client*
 - ❧ *Guidance, Support and Assistance as and when required*
 - ❧ *Project Management*
- ❧ The biggest challenge for the SCOA Champions is the balancing of their day to day responsibilities with the substantial efforts required on the SCOA project



Risk Management

- ❧ The SCOA view of Accounting Standards & Best Practice
 - ❧ *Real General Ledger Accounts functioning as Opening & Closing Balances and the effect thereof on*
 - ❧ *Account Postings*
 - ❧ *Interpretation of Accounts*
 - ❧ *Closing off of monthly Financial Periods*
 - ❧ *Ability of the Financial System to produce Quarterly Financial Statements*
 - ❧ *Current & Historic Trial Balances*
 - ❧ *Complexity of Chart*
 - ❧ *Implied Referential Integrity*
- ❧ Repetition of Accounts based on Regional Indicators
- ❧ It is still unclear how historical financial comparisons are going to be dealt with
- ❧ Possible changes to the published SCOA due to matters arising from the Pilot sites
- ❧ It is vital for us to clear up the matters raised in the Vesta paper
- ❧ Possible lack of contingency planning



SCOA Elements

- ❧ No outstanding matters other than what was already raised with NT and repeated here today
- ❧ Consultation & support on any technical or other matters



Vendor Community

- ❧ Vesta has 6 meetings per annum with each client to discuss
 - ❧ *System & Operational matters*
 - ❧ *Enhancements & Modifications planned for the FMS*
 - ❧ *Any new regulatory requirements*
 - ❧ *General problems*

- ❧ During these meetings the non-piloting municipalities were briefed on SCOA
 - ❧ *The Scope*
 - ❧ *Reasons for SCOA*
 - ❧ *Objectives*
 - ❧ *Timeframes*
 - ❧ *Current Status*
 - ❧ *Project Methodology*

- ❧ All BTO managers are involved at these meetings

- ❧ The non-piloting municipalities expressed their relief that they could reap the benefits of the hard work that is undertaken by the pilot



Technical Matters

- ❧ CapEx & OpEx budget is compiled from November to May
- ❧ Budget Adjustments are done in January
- ❧ Reporting Framework
 - ❧ *Section 71 & 72 Reports*
 - ❧ *Internal Operational Reports*
- ❧ Annual Financial Statements are currently produced at Financial Yearend
- ❧ The Phoenix FMS can produce quarterly Financial Statements
- ❧ The Phoenix FMS closes the Financial Periods monthly & annually



Lessons Learnt

- ❧ The true status of the integrity, completeness, accuracy and viability of the SCOA will only be become fully apparent once:
 - ❧ *The new SCOA is loaded in a production system*
 - ❧ *The old chart is migrated*
 - ❧ *The actual Budget is loaded and financial transactions are processed*
- ❧ Apart from the Opening Balances Accounts we have not found anything that would indicate serious shortcomings
- ❧ Every time something changes in SCOA it can affect the technical specification which is the blueprint for the software changes required to accommodate SCOA. It is therefore imperative that we reach finalization of the chart



Thank You

