



Buffalo City Metropolitan Municipality

Category A

*m*SCOA Audit to Determine Compliance with the Regulations,  
Minimum Business Processes & System Specifications



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



## Key Terms

|                             |   |
|-----------------------------|---|
| NT                          | National Treasury   |
| BTO                         | Budget and Treasury Office  |
| MFIP                        | Municipal Finance Improvement Programme   |
| <b>Seamless Integration</b> | If a municipality is using 3 <sup>rd</sup> party modules or sub-systems, these must integrate with the core financial system to ensure that the information of the General Ledger includes the information from the 3 <sup>rd</sup> party module or sub system where applicable. No manual intervention to upload or correct the data from the 3 <sup>rd</sup> party system is allowed. |
| <i>m</i> SCOA               | Municipal Standard Chart of Accounts  |
| ICT                         | Information and Communication Technologies  |
| IDP                         | Integrated Development Planning   |
| MFMA                        | Municipal Finance Management Act  |
| SDF                         | Spatial Development Framework   |
| GDS                         | Growth Development Strategy   |





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1. Executive Summary







## 1.1. Introduction

The matters raised in this final audit report are only those which have come to our attention arising from the tests and the procedures that we conducted and performed. We believe the matters that we have raised need your attention and corrective action plans implemented to assist the Buffalo City to comply with the mSCOA requirements.

The report highlights the audit outcomes on the scope of the audit assignment undertaken. We have made recommendations aimed at addressing the areas of non-compliance and the associated risks.

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Yours faithfully

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## 1.2. Objectives, Scope and Approach

The scope of the *mSCOA* system audits are informed by the Regulations of the Municipal Standard Chart of Accounts (*mSCOA*) that was promulgated on 22 April 2014 (Government Gazette No. 37577) and the minimum system functionality and business processes that underpins the *mSCOA* Regulations (as guided on in MFMA Circular No 80 dated 8 March 2016).

## 1.3. Objectives

The objectives of the audit were to conduct an independent audit to determine the level of compliance to the *mSCOA* Regulations by the auditee municipality. All municipalities had to comply with the Regulations minimum system functionality and business processes articulated in MFMA Circular Number 80 by 01 July 2017.

## 1.4. Scope

The scope of the audit included the following focus areas:

### 1.4.1 System Architecture

Determine if the municipality has access to ICT hardware, software and licences that is sufficient to run the chosen financial management systems solution. Specific system architecture scope areas included:

- 1.4.1.1 Availability of modules on core system
- 1.4.1.2 Integration with 3rd party systems and entities and
- 1.4.1.3 Hardware and software licenses

### 1.4.2 Governance and Institutional Requirements

- 1.4.2.1 Confirm if the municipality has a functional *mSCOA* steering committee or equivalent structure or position consisting of representatives from all business units that meet regularly and report on municipality *mSCOA* compliance deliberations to EXCO or Council.
- 1.4.2.2 Determine if the municipality has appointed a suitably qualified System Administrator and the required IT securities are in place.



### 1.4.3 System Functionality

- 1.4.3.1 Determine if the municipality is utilising a core financial system solution that can accommodate its ICT connectivity needs.
- 1.4.3.2 Review whether the following seven main business and process components integrate seamlessly with the mSCOA general ledger and comply at a posting level to the mSCOA Regulations and GRAP:
  - 1 General Ledger;
  - 2 Billing;
  - 3 Supply Chain Management;
  - 4 Assets Management;
  - 5 Inventory and Stores;
  - 6 Budgeting and Planning and
  - 7 Human Resources and Payroll.
- 1.4.3.3 Review whether the system functionality comply with following mSCOA fifteen major business processes and technical requirements:
  - a) Corporate Governance;
  - b) Municipal Budgeting, Planning and Modelling;
  - c) Financial Accounting;
  - d) Costing and Reporting;
  - e) Project Accounting;
  - f) Treasury and Cash Management;
  - g) Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable;
  - h) Grant Management;
  - i) Full Asset Life Cycle Management including Maintenance Management;
  - j) Real Estate and Resources Management;
  - k) Human Resource and Payroll Management;
  - l) Customer Care, Credit Control and Debt Collection;
  - m) Valuation Roll Management;
  - n) Land Use Building Control and
  - o) Revenue Cycle Billing.

**Note:** the system functionality of a specific system is not being assessed in this audit but whether the municipality is complying with the minimum system functionality specifications and business processes, regardless of what core/sub-systems are being used.

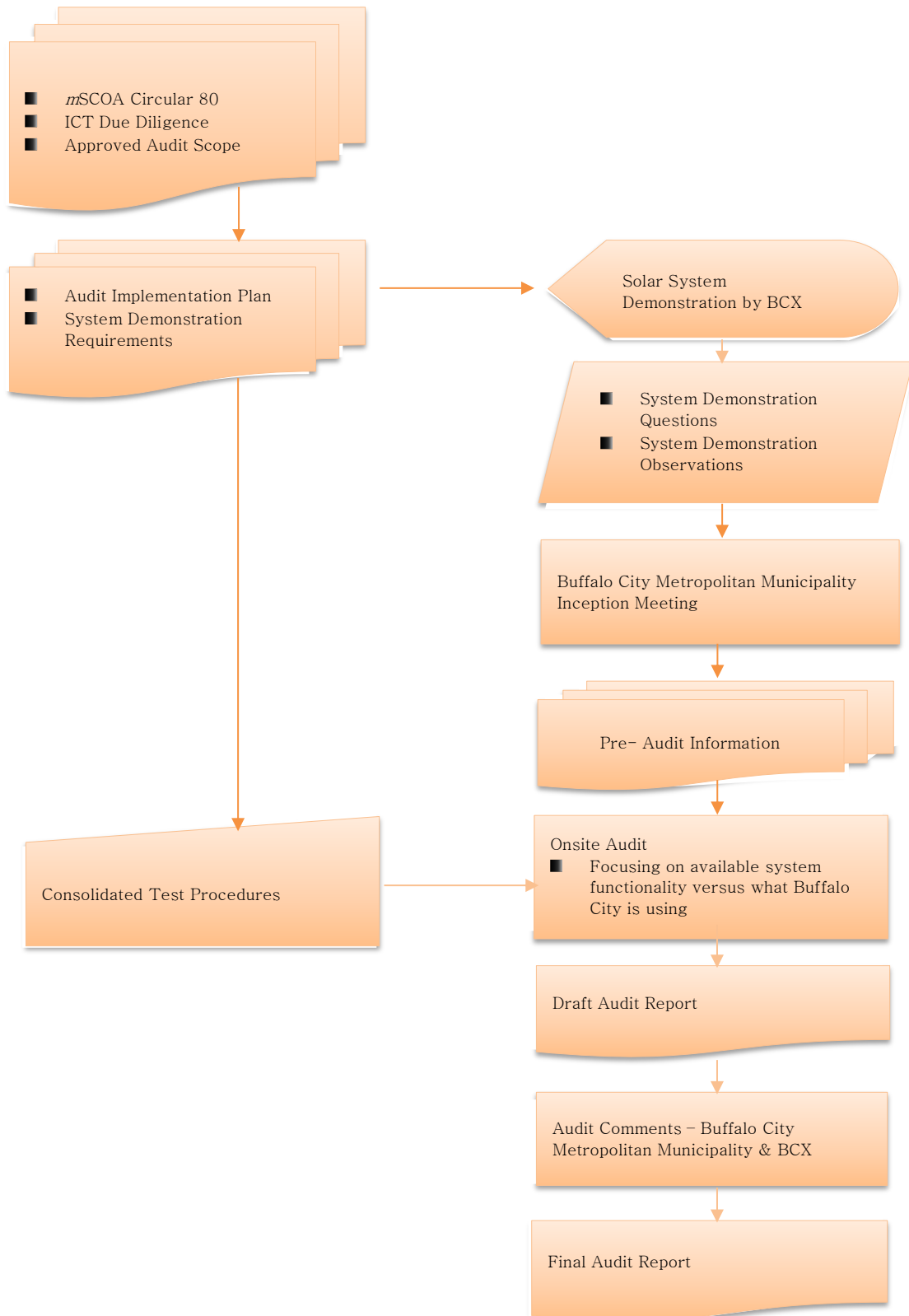
### 1.4.4 Proficiency of municipal users to use system

The purpose of this focus was to review if the relevant municipal officials are sufficiently capacitated on all system modules and functionalities to use the financial management systems solution. Specific system architecture scope areas included:

- 1.4.4.1 Training of officials on system functionality;
- 1.4.4.2 Use and generation of reports from the system;
- 1.4.4.3 Whether User Groups are in place to ensure ongoing proficiency in the use of the system/s and
- 1.4.4.4 Availability of user manuals.



### 1.5. Methodology Followed





### 1.6. Time Period Reviewed

The audit covered the period from 9 September to 22 October 2021.

### 1.7. Compliance rating

The table below describes the compliance ratings

| Rating              | Rating Description   |
|---------------------|--|
| Non Compliance      | The municipality is not complying with the <i>mSCOA</i> Regulations, as per the focus areas articulated in the scope of the audit, nor does it have a road map, relevant policies or <i>mSCOA</i> structures in place to address the <i>mSCOA</i> related implementation challenges.                                 |
| Low Compliance      | The municipality is mostly not complying with the <i>mSCOA</i> Regulations, as per the focus areas articulated in the scope of the audit and the road map, relevant policies and <i>mSCOA</i> structures in place do not address the <i>mSCOA</i> related implementation challenges sufficiently or is not in place. |
| Moderate Compliance | The municipality is mostly complying with the <i>mSCOA</i> Regulations, as per the focus areas articulated in the scope of the audit and have a road map, relevant policies and <i>mSCOA</i> structures are in place to address the <i>mSCOA</i> related implementation challenges.                                  |
| Compliant           | The municipality is complying with the <i>mSCOA</i> Regulations, as per the focus areas articulated in the scope of the audit and have relevant policies and <i>mSCOA</i> structures are in place to address <i>mSCOA</i> related implementation challenges that might arise in future.                              |

The rating categories was determined by the National Treasury in line with the rating categories used to report on *mSCOA* compliance. This is also used as the basis on summary compliance rating.



## 1.8. Summary of Compliance Rating

The diagrams below shows the summary of mSCOA compliance per focus area.

### 1.8.1 System architecture

Low Compliance

### 1.8.2 Governance & Institutional Requirements

Compliant

### 1.8.3 System Functionality

Moderate Compliance

### 1.8.4 User Training & Proficiency

Compliant

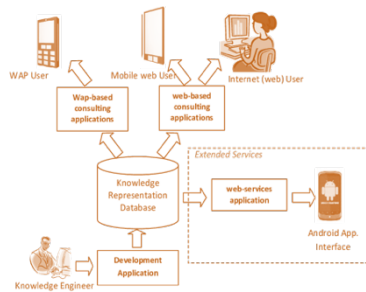


### 1.9. Summary of significant observations

This is a summary of the key findings. Comprehensive details of the findings are in Detailed Findings part of this report in Section 2.

#### 1.9.1 System Architecture:

The following system architecture gaps were identified:



The following system modules were not implemented at Buffalo City:

- Fixed Assets;
- Full Assets Life Cycle Management;
- Property Management;
- Land Use Building Control;
- Real estate and Resources Management;
- Performance Management and
- Project Accounting and Management.

There was no seamless integration between Solar mSCOA system with the following modules:

- Budget module;
- GIS; and
- Document Management System.

#### 1.9.2 Governance & Institutional Requirements:

The following governance gap was identified:



Action plans are not formulated through a workflow process where levels of responsibilities are assigned to ensure resolution of issues.



### 1.9.3 System Functionality:

The following system functionality gaps were identified:



- No seamless integration of system modules and 3<sup>rd</sup> party systems. (Refer to System Architecture)
- No functionality to record and flag conflicts of interests and state employees doing business with the state
- Buffalo City does not have a Performance Management System in place
- No system functionality to identify and manage related parties within the municipality. Declaration of interests for employees, councillors and suppliers are completed on hard copy forms
- No automated reconciliation of Electronic File Transfers (EFTs) between cashbook and bank
- Recurring journals such as leave provision, bonus provisions are not being processed to the general ledger each month
- Declaration of interests and gifts functionality on the self service portal is not being utilised
- Real Estate (Property management) was being done manually
- Positions Budgeted for do not show on the General Ledger
- Rent register is currently maintained manually





## 1.10. Recommendations

### 1.10.1 System Architecture

- Implement the following non existing modules as well as training of users in those modules:
  - Full Assets Life Cycle Management;
  - Property Management;
  - Land Use Building Control;
  - Real Estate and Resources Management;
  - Performance Management and
  - Project Accounting and Management.
- Develop and implement seamless integration between the core mSCOA modules as well as the mSCOA system and other 3<sup>rd</sup> parties systems.

### 1.10.2 System Functionality

- Provide costing module to allow tariffs to be cost related to ensure maximum recovery through charges to consumers.
- Automate the Real Estate processes and ensure they are integrated to the rest of the other system modules and any relevant 3<sup>rd</sup> party systems.
- Review and correct validation rules relating to charges and recoveries that are not operating effectively.
- Develop and implement functionality to identify and manage related parties within the municipality.
- Develop and implement automated reconciliation of Electronic File Transfers (EFTs) between cashbook and bank.
- Improve management and resolution of audit findings.
- Implement a performance management system to cover all corporate governance requirements as per circular 80, annexure B.
- Train users to start using declaration of interests and gifts functionality on the self-service portal.
- Enable functionality to ensure positions budgeted for shows on the General Ledger.
- Automate management of rent register.



### 1.11. Audit Comments

The municipal management and respective system vendor have been provided with an opportunity to provide comments on the report.

### 1.12. Distribution

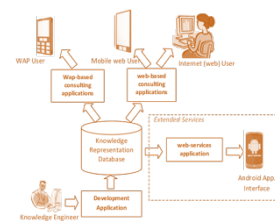
The table below shows the recipients and distribution of the final audit review report.

| Designation             | For Action | For Information |
|-------------------------|------------|-----------------|
| Accounting Officer      | ✓          | ✓               |
| Chief Financial Officer | ✓          | ✓               |
| System Administrator    | ✓          | ✓               |
| National Treasury       | ✓          | ✓               |
| Provincial Treasury     |            | ✓               |
| Auditor General (SA)    |            | ✓               |
| System Vendor           | ✓          |                 |

## 2. Detailed Findings



## 2.1 System Architecture





## 2.1.1 Availability of Modules on Core system

| Focus Area  | Agreed Action  | Responsibility   |
|---|--|--|
| <p><b>2.1.1.1 Business processes not automated</b></p> <p><b>Observation:</b></p> <p>During our mSCOA systems functionality audit, we noted that some processes have not been fully automated or are in the process of being automated. The following processes were still being developed:</p> <ul style="list-style-type: none"> <li>■ Full Assets Life Cycle Management;</li> <li>■ Property Management;</li> <li>■ Land Use Building Control;</li> <li>■ Real Estate and Resources Management;</li> <li>■ Performance Management; and</li> <li>■ Project Accounting and Management.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA requirements.</li> <li>■ Compromise on service delivery as manual processes consume time and documents may go missing.</li> </ul> | <p>The municipality to implement systems or modules that support processes that are still being executed manually so as to ensure compliance to the mSCOA functionality requirements as well as improve provision of service delivery to the communities they serve.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <p>Corporate Services Manager</p> <p><b>Name of Official:</b></p> |



## 2.1.2 Integration with 3rd party systems and entities

| Focus Area  | Agreed Action  | Responsibility   |
|---|--|--|
| <p><b>2.1.2.1 mSCOA integration</b></p> <p><b>Observation:</b></p> <p>We noted during our system functionality audit that Solar does not fully integrate with GIS system and Document Management System. In addition, as some of the processes were being performed manually outside the system, it means those automated process were getting some of their source data from manual processes which pose further integration risk of incomplete and inaccurate data interfaces.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA requirements.</li> <li>■ Compromise on service delivery as manual processes consume time and documents may go missing.</li> </ul> | <p>The municipality to automate processes and integrate the core system to 3<sup>rd</sup> party systems.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <p>Corporate Services Manager</p> <p><b>Name of Official:</b></p> |



### 2.1.3 Hardware, software and license issues

| Focus Area   | Agreed Action   | Responsibility  |
|--|---|---|
| <p><b>2.1.3.1 Unsupported Software</b></p> <p><b>Observation:</b></p> <p>We noted that there were a few servers which needed patch management to be updated as they were not in line with the rest of the servers. (A new list was sent as at end November 2021 and it showed the servers have since been patched).</p> <p><b>Impact:</b></p> <p>Security is compromised by using outdated servers on the network.</p> | <p>Municipality to have a process which should ensure patch management is effective and done regularly as required with required documentation updated.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Delegation Title:</b></p> <p>Corporate Services Manager</p> <p><b>Name of Official:</b></p> |

## 2.2 Governance & Institutional Requirements







## 2.2.1 Governance & Institutional Requirements



### 2.2.1.1 Governance

| Focus Area  | Agreed Action  | Responsibility   |
|---|--|--|
| <p><b>2.2.1.1.1 Governance Gap</b></p> <p><b>Observation:</b></p> <p>Audit action plans are not formulated through a workflow process where levels of responsibilities are assigned to ensure resolution of issues identified during internal and external audits.</p> <p><b>Impact:</b></p> <p>Ineffective management of audit findings if action plans are not formulated through a workflow where responsibilities are assigned to ensure resolution of issues identified.</p> | <ul style="list-style-type: none"> <li>■ Update IT policies to include procedures on remote access and 3<sup>rd</sup> party access / integration with the municipality.</li> <li>■ Formulate action plans through a workflow process where levels of responsibilities are assigned to ensure resolution of issues identified during internal and external audits.</li> </ul> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <p>Corporate Services Manager</p> <p><b>Name of Official:</b></p> |

### 2.3 System Functionality





## Introduction

Municipalities must comply with the minimum business processes and system requirements articulated in MFMA Circular No. 80. It should be emphasized that the audit did not assess the functionality available in a specific system, but whether the municipality has systems in place that provides for the required functionality. Importantly, if the functionality is provided for by a 3<sup>rd</sup> party system provider, the 3<sup>rd</sup> party system must integrate seamlessly with the core financial system. The findings of the audit therefore differentiate between the available system functionality [whether provided for in the core system or 3<sup>rd</sup> party system] during the onsite audit and the usage thereof by the respective municipality. In the detailed findings of the report, the column 'functionality status' indicates whether the functionality required in terms of the minimum system functionality required by MFMA Circular No 80 is available. It should be noted that the minimum required system functionality (module requirements) is subject to the specific category of the municipality. Where a certain functionality is not required by the municipality in terms of MFMA Circular No 80, the functionality was not assessed if it was not available.

The findings noted in section 2.2 are based on the minimum required system functionalities for a Category A Municipality.

## System Functionality Status Definitions

### ■ Exist

Functionality was available and tested onsite.

### ■ Does not exist

The functionality was not available during onsite testing – The functionality was not available for the municipality to utilise.

### ■ Exist with Errors and / is not fully utilised

Functionality was available but was performed with manual intervention, files or transportation of data did not happen seamlessly or the start to finish processing of the functionality was not completed within the system.



## ICT Due Diligence Requirement

### ■ Best Practice

The 'Best practice' requirement refers to instances where the mSCOA Regulations does not accommodate: (1) other local government legislation and/or a standard/prescript that a municipality must adhere to; (2) strategic and operational business processes required in terms of the local government accountability cycle to support management decision making in a seamless manner. 'Best practice' is a minimum requirement in terms of MFMA Circular No 80.



### 2.3.1 Corporate Governance



| Focus Area  | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action   | Responsibility  |
|---|---------------------------------|-----------------------|---|---|
| <p>Procedure: Issue audit findings and risk registers and invoke consequence management procedures.</p> <p><b>2.3.1.1 No automated process to capture, monitor and evaluate audit findings (Internal and External)</b></p> <p>Observation:</p> <p>There is no electronic system to capture, monitor and evaluate audit findings and invoke consequence management processes. However, audit related findings are tracked using Excel spreadsheets, emails and minutes of steering committees.</p> <p>Impact:</p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Loss of information over periods of time that could enhance governance processes.</li> </ul> | <p>■ Best Practice</p>          | <p>Does not exist</p> | <p>Complete procurement of a performance management system.<br/>Provide system functionality to track resolution of both Internal and External audit findings.<br/>Consider linking, monitoring and evaluation processes to consequence management tools.</p> <p>Implementation Date:<br/>30 September 2023</p> | <p>Designation Title:</p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p>Names of Officials:</p> |



| Focus Area  | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action  | Responsibility   |
|---|---------------------------------|-----------------------|--|--|
| <p>Procedure: Real time system (date time stamped) electronic responses to AG queries and continued internal escalation of non-responded queries.</p> <p><b>2.3.1.2 No real time system [date time stamped] to provide electronic responses to AG queries and continued internal escalation of non-responded queries</b></p> <p><b>Observation:</b></p> <p>There is no system to provide date stamped responses to AG queries and continued escalation of no response queries. Emails are used to track queries and escalation to MM, CFO and other directors. Information submitted to AG is stored on one drive.</p> <p><b>Impact:</b></p> <p>Ineffective resolution of AG queries if there is no system to provide date stamped responses to AG queries.</p> | <p>■ Best Practice</p>          | <p>Does not exist</p> | <p>Provide for electronic receipt of AG queries and escalation of issues not addressed. Action Assist can be utilised for this purpose<br/>Consider linking monitoring and evaluation processes to consequence management tools.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Internal Audit</li> <li>2. Municipal Manager</li> <li>3. PMS</li> <li>4. CFO</li> </ol> <p><b>Names of Officials:</b></p> |





| Focus Area   | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action  | Responsibility  |
|--|---------------------------------|-----------------------|--|---|
| <p>Procedure: Ensuring that policies and Municipal By-laws are aligned to the developmental nature of the municipality and give effect to the measurable performance objectives and service delivery and budget implementation plan (SDBIP) of the municipality (for staff and political office bearers).</p> <p><b>2.3.1.3 Policies and procedures management</b></p> <p><b>Observation:</b></p> <p>There are no automated processes to initiate, update and manage policy and procedures for the municipality. There is no functionality to permit a duly authorised user to maintain the policies and procedures.</p> <p><b>Impact:</b></p> <p>No workflow process to manage policies and procedures.</p> | <p>■ Best Practice</p>          | <p>Does not exist</p> | <p>Provide for electronic receipt of AG queries and escalation of issues not addressed. Action Assist can be utilised for this purpose.</p> <p>Consider linking monitoring and evaluation processes to consequence management tools.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |

| Focus Area   | ICT Due Diligence Requirement/s                           | Functionality Status  | Agreed Action  | Responsibility  |
|--|---|-----------------------|--|---|
| <p>Procedure: A performance management module that manages the contracts of senior management and allows for electronic submissions and 'portfolio of evidence' management.</p> <p><b>2.3.1.4 No Performance Management System (PMS)</b></p> <p><b>Observation:</b></p> <p>The municipality does not have a performance management system. The municipality prepares its annual, quarterly, monthly reports utilising manual processes. This means that information on the budget module on Solar must be extracted to report budget vs actuals to ensure KPI targets are met.</p> <p>There is no module or reporting software to record and manage consequence related issues after the performance management processes have been undertaken. Incidences and labour related cases are recorded separately using manual processes.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Information is not integrated to identify root causes and how they have been addressed.</li> <li>■ Loss of information overtime as municipal officials are changed.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Does not exist</p> | <p>Provide for consequence management and labour related process resolutions within the predominance management systems tool to be procured.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area  | ICT Due Diligence Requirement/s                                   | Functionality Status  | Agreed Action   | Responsibility  |
|---|---|-----------------------|---|---|
| <p>Procedure: Integrated work flow Request For Information management tool, backed by document management.</p> <p><b>2.3.1.5 Document management tool implementation process across all departments</b></p> <p><b>Observation:</b></p> <p>The municipality is in the process of implementing a document management system. The document system is not yet implemented to all departments. Scanned documents and images have not been linked to each and every enquiry menu of the system (e.g Assistance-to-the-Poor application scanned forms should be linked to the customer identification number on the system; expenditure vouchers should be linked to each payment transaction).</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance with document retainment policies and legislative guidelines.</li> </ul> | <ul style="list-style-type: none"> <li>■ Best Practice</li> </ul> | <p>Does not exist</p> | <p>Complete implementation of document management tool. Allow for documents across all departments to be archived and stored according to the file plan. Ensure that a workflow process for various departments is established to enable departments to view, change delete and add documents on the cloud or intranet.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area   | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action   | Responsibility  |
|--|---------------------------------|-----------------------|---|---|
| <p>Procedure: Capture GDS, Capture SDF.</p> <p><b>2.3.1.6 Capture of Growth Development Strategy (GDS) and Spatial Development Framework (SDF)</b></p> <p><b>Observation:</b></p> <p>During the audit, we noted that the GDS and SDF were not captured on the budget module. These frameworks are maintained on manual documents in word and excel.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ IDP is not linked to the GDS and SDF.</li> </ul> | <p>■ mSCOA</p>                  | <p>Does not exist</p> | <p>Implement system functionality links performance management and budget module.<br/>Allow the capturing of the GDS and SDF, linking it to the IDP and SDBIP.<br/>Allow report templates and linkage of these frameworks to the IDP and SDBIP to allow for project implementation, financial reporting and monitoring.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |

| Focus Area   | ICT Due Diligence Requirement/s                                   | Functionality Status  | Agreed Action   | Responsibility  |
|--|---|-----------------------|---|---|
| <p>Procedure: Seamlessly publish the budget and budget related policies on the municipal website once adopted by the municipal council.</p> <p><b>2.3.1.7 Publishing of budget and related policies on municipal website</b></p> <p>Observation:</p> <p>There is no seamless publishing of budget and related policies on the municipal website. The policies and procedures and other related documents are on the website through manual intervention.<br/> <a href="https://www.buffalocity.gov.za/documents.php">https://www.buffalocity.gov.za/documents.php</a></p> <p>Impact:</p> <ul style="list-style-type: none"> <li>■ Delayed real time update of budget as transactions occur</li> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ Best Practice</li> </ul> | <p>Does not exist</p> | <p>Implement a system functionality for seamless publishing of budget to the website to enable real time changes for transparency purposes to the public.</p> <p>Implementation Date:<br/>30 September 2023</p> | <p>Designation Title:</p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p>Names of Officials:</p> |



### 2.3.2 Budgeting, Planning & Modelling



| Focus Area  | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action   | Responsibility  |
|---|---------------------------------|-----------------------|---|---|
| <p>Procedure: Ability to Prioritise IDP Projects.</p> <p><b>2.3.2.1 No indicator for project prioritisation</b></p> <p><b>Observation:</b></p> <p>There is no evidence of project prioritisation (priority indicator). Prioritisation process is done with the community and communities provide prioritisation. Solar budget module does not have a functionality to capture prioritisation and comments from the public regarding prioritisation as this is only done during public meetings.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Budget can be allocated to projects not deemed as priority by the public.</li> <li>■ Projects may be implemented in an ad hoc manner.</li> </ul> | <p>■ mSCOA</p>                  | <p>Does not exist</p> | <p>Provide for a priority indicator on the system. This could be through some form of ranking or any policy outlining prioritisation process based on the public participation process and awareness campaigns.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area  | ICT Due Diligence Requirement/s                           | Functionality Status                                 | Agreed Action   | Responsibility   |
|---|---|--|---|--|
| <p>Procedure: Default projects may not have Item Expenditure and Asset except for current assets, non-current receivables, default items or Surplus/ Deficit.</p> <p><b>2.3.2.2 Default projects does not have item expenditure and assets</b></p> <p><b>Observation:</b></p> <p>During the review of the M03 2021 file, we noted 8 errors relating to Default projects which have item expenditure and assets. Default projects do not have Item Expenditure and Assets except for current assets or non-current receivables or default items or Surplus/Deficit.</p> <p>The validation rule (PD not valid against IE or IA except IA001 or IA002011 or IE018 or IE019) was not met.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Exist with Errors and / is not fully utilised</p> | <p>Provide validation check of strings to ensure project defaults do not have item expenditure and assets before finalisation of reports to NT.</p> <p>Allow the system to give a validation error for incorrect string combinations on all mSCOA version strings created even in prior years.</p> <p>Correct items by creating correct string and transferring balance of already existing transactions to the new correct string.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Budget Manager</li> <li>2. CFO</li> <li>3. BCX Support</li> </ol> <p><b>Names of Officials:</b></p> |





| Focus Area  | ICT Due Diligence Requirement/s                           | Functionality Status                                 | Agreed Action  | Responsibility   |
|---|---|--|--|--|
| <p>Procedure: Must be Valid for submission.</p> <p><b>2.3.2.3 Report upload errors identified by NT</b></p> <p><b>Observation:</b></p> <ul style="list-style-type: none"> <li>■ During the audit, we noted that upload errors were noted on files submitted by Buffalo City.</li> <li>■ All submissions for the 2021 financial year made to NT showed a successful upload status. However errors identified show that files were submitted with errors not validated before submission.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Delay in submission of reports affecting NT decision making processes.</li> <li>■ Incorrect reports.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Exist with Errors and / is not fully utilised</p> | <p>Upload information when reports are due and ensure the correct financial year is selected. Provide for validation of data to ensure files are uploaded with accurate records.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Budget Manager</li> <li>2. CFO</li> <li>3. BCX Support</li> </ol> <p><b>Names of Officials:</b></p> |



### 2.3.3 Financial Accounting



| Focus Area   | ICT Due Diligence Requirement/s                           | Functionality Status | Agreed Action  | Responsibility  |
|--|---|----------------------|--|---|
| <p>Procedure: Develop a system of identifying recurring journals.</p> <p><b>2.3.3.1 Recurring journals for leave bonus are not being processed monthly</b></p> <p>Observation:</p> <p>During our audit we noted that recurring journals such as leave provision, bonus provisions are not being processed to the general ledger each month. Monthly value reports are generated from payday but the provision is only updated at the end of the financial year.</p> <p>Impact:</p> <ul style="list-style-type: none"> <li>■ Incomplete records and missing values for transactions during monthly and quarterly reporting to NT.</li> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Do not exist</p>  | <p>Set parameters for system to process recurring journals each month for leave and bonus provisions.</p> <p>Implementation Date:</p> <p>30 September 2023</p> | <p>Designation Title:</p> <ol style="list-style-type: none"> <li>1. Expenditure Manager</li> <li>2. CFO</li> </ol> <p>Names of Officials:</p> |

| Focus Area   | ICT Due Diligence Requirement/s                                   | Functionality Status  | Agreed Action   | Responsibility  |
|--|---|-----------------------|---|---|
| <p>Procedure: Understand how the municipality identifies people in service of state who are also directors or shareholders of companies that submitted bids in the municipality.</p> <p><b>2.3.3.2 No automated system functionality to identify and manage related parties</b></p> <p><b>Observation:</b></p> <p>There is no system functionality to identify and manage related parties within the municipality. Declaration of interests for employees, councillors and suppliers are completed on hard copy forms captured on an excel spreadsheet and maintained. These are not flagged on the supplier database to prompt ‘hold on’ a transaction in the event that a relation is identified before commencement of an order.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Non-compliance with SCM regulations and increase in value of non-disclosed transactions with related parties.</li> </ul> | <ul style="list-style-type: none"> <li>■ Best Practice</li> </ul> | <p>Does not exist</p> | <p>Implement a system functionality to identify related parties, on a regular basis by review of government databases against municipal supplier database. Link employee and councillor declarations of interest between ESS and SCM.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Expenditure Manager</li> <li>2. SCM Manager</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area   | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action   | Responsibility   |
|--|---------------------------------|-----------------------|---|--|
| <p>Procedure: Payment requires basic documents when being captured. No documents, no processing.</p> <p><b>2.3.3.3 Non integration of Document Management to other business process</b></p> <p><b>Observation:</b></p> <p>During the audit we noted that documents are maintained as manual copies and not embedded and linked to expenses on the system. Documents are not authorised using an automated workflow value chain process to enhance document management processes.</p> <p>One cannot view the full source document to show initiation to authorisation processes.</p> <p><b>Impact:</b></p> <p>Non-compliance to mSCOA functionality requirements.</p> | <p>■ mSCOA</p>                  | <p>Does not exist</p> | <p>Implement a document flow process and include finalised payments with support documents linked to the transaction from the module. The documents will be stored in a document management system.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. Expenditure Manager</li> <li>3. Document Manager</li> <li>4. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area   | ICT Due Diligence Requirement/s                                   | Functionality Status  | Agreed Action   | Responsibility  |
|--|---|-----------------------|---|---|
| <p>Procedure: Ensure that the Credit Control Policy defines the EFT or Bank Transfer payment referencing.</p> <p><b>2.3.3.4 Credit Control Policy does not define the EFT or Bank Transfer payment referencing</b></p> <p>Observation:</p> <p>The credit control policy does not define EFT or Bank Transfer referencing. A unique reference number is used for payments in the cashbook (ELE number) and at the bank. The 6 digit unique number is utilised and has been incremental over the years without definition in the policies and procedures.</p> <p>Impact:</p> <ul style="list-style-type: none"> <li>■ Increased work load to reconcile payments.</li> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ Best Practice</li> </ul> | <p>Does not exist</p> | <p>Update policies and procedures for expenditure management to provide for systematic referencing of payments. Ensure that the Credit Control Policy defines the EFT or Bank Transfer payment referencing to allow possibility of automated matching during the reconciliation process.</p> <p>Implementation Date:</p> <p>30 September 2023</p> | <p>Designation Title:</p> <ol style="list-style-type: none"> <li>1. Expenditure Manager</li> <li>2. CFO</li> </ol> <p>Names of Officials:</p> |



| Focus Area  | ICT Due Diligence Requirement/s                           | Functionality Status  | Agreed Action   | Responsibility  |
|---|---|-----------------------|---|---|
| <p>Procedure: Detailed auditing of management of retention fees and accounting for such.</p> <p><b>2.3.3.5 No automated reconciliation report for retentions</b></p> <p><b>Observation:</b></p> <p>During audit we noted that retentions are managed manually. The system does not have a template to reconcile retentions sub module to control accounts. Movements of retentions are monitored using the item segment.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Increase in workload yet the system could provide the retentions register reconciled to the system.</li> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Does not exist</p> | <p>Configure a monthly automated retentions register with retention values for each contract that agree to control accounts.</p> <p>Train staff to utilise the retentions register.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Expenditure Manager</li> <li>2. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area  | ICT Due Diligence Requirement/s                           | Functionality Status  | Agreed Action  | Responsibility  |
|---|---|-----------------------|--|---|
| <p>Procedure: Develop process flows for various business processes and identify responsible people in the value chain and design document management and authorisation rules based on that blueprint document.</p> <p><b>2.3.3.6 No automated system functionality to identify and manage related parties</b></p> <p><b>Observation:</b></p> <p>During the audit we noted that the authorisation processes for payments, orders, goods received notes occur manually. Authorisation numbers are assigned to each signature on paper. These processes must be occurring on the system through workflows where a document is approved and escalated to the next process.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA system functionality requirements.</li> <li>■ Increased use of stationary, increasing costs that can be minimised.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Does not exist</p> | <p>Create authorisation workflow processes on the system to enable requisitions, orders, payments, reports to be approved and updated using electronic signatures and authorisation numbers.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Expenditure Manager</li> <li>2. CFO</li> <li>3. BCX Support</li> </ol> <p><b>Names of Officials:</b></p> |





### 2.3.4 Costing and Reporting



| Focus Area   | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action   | Responsibility   |
|--|---------------------------------|-----------------------|---|--|
| <p>Procedure: A full costing module aligned to the mSCOA costing segment to assist in calculation of tariffs and real costs. Changes must have a direct effect on tariffs. Therefore it will be necessary to ensure direct link to Provisioning and payroll modules exist etc. through the application of internal billing and departmental charges or activity based recoveries.</p> <p><b>2.3.4.1 No costing module to assist in allocation of charges and recoveries</b></p> <p><b>Observation:</b></p> <p>There is no module to allow for direct costing linked to apportioning of payroll costs to ensure accurate internal billing and recoveries through accurate costing of tariffs. The costing module is yet to be implemented to ensure all costs are accounted for in the tariff structures for internal billing purposes.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Incomplete costing of service charges reducing likelihood of maximum recovery.</li> </ul> | <p>■ mSCOA</p>                  | <p>Does not exist</p> | <p>Complete procurement costing module that allows for direct costing, internal billing and recoveries. Ensure that the costing module is aligned to the mSCOA costing segment to assist in calculation of tariffs and real costs. Charges must have a direct effect on tariffs. Therefore it will be necessary to ensure direct link to provisioning and payroll modules exist etc, through the application of internal billing.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Budget Manager</li> <li>2. Expenditure Manager</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



### 2.3.5 Project Accounting



| Focus Area   | ICT Due Diligence Requirement/s                           | Functionality Status  | Agreed Action   | Responsibility  |
|--|---|-----------------------|---|---|
| <p>Procedure: A comprehensive project module that allows for integrated development plan (IDP) objectives to be transferred into the project module for planning, budgeting and ultimately reporting purposes. Capital acquisition, maintenance and replacements must be driven from the project module.<br/>Project management and stakeholder inputs must be controlled by clear business processes and user access controls.</p> <p>Workflow processes must assist in project maintenance.</p> <p><b>2.3.5.1 GIS is not integrated to Solar</b></p> <p><b>Observation:</b></p> <p>During the audit, we were unable to obtain evidence to substantiate the availability of automated processes utilised by the Project Management Unit (PMU) to monitor and evaluate projects being implemented by the municipality. In addition, other modules linked to PMU such as performance management, GIS and ALFA suite are still being implemented. Therefore, there are no tools to monitor, review projects health and safety issues, cost monitoring, and task monitoring.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Information asymmetry and lack of transparency in project reporting.</li> <li>■ Information reported on projects for the systems will not be aligned.</li> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Does not exist</p> | <p>Implement a project accounting and management module that is integrated to the Performance management tools, AFLA suite and GIS.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. PMU Manager</li> <li>2. CFO</li> <li>3. BCX Support</li> </ol> <p><b>Names of Officials:</b></p> |



### 2.3.6 Treasury and Cash Management



| Focus Area  | ICT Due Diligence Requirement/s                           | Functionality Status                                 | Agreed Action   | Responsibility  |
|---|---|--|---|---|
| <p>Procedure: Automated clearing of system generated transactions such as payments.</p> <p><b>2.3.6.1 No automated reconciliation of Electronic File Transfers (EFTs) between cashbook and bank</b></p> <p><b>Observation:</b></p> <p>There is no automated clearing of payment transactions between the cashbook and bank statement. Transactions have to be matched using the electronic transfer number which is punched in on the bank statement line to confirm match on the system.</p> <p>Due to inconsistent referencing between the bank and the cashbook, the system does not automatically match the electronic transfers in the bank to the cash book in order to reduce the reconciliation items that require manual intervention.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Delay in reconciliation process increases work load.</li> <li>■ Non-compliance with mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Exist with Errors and / is not fully utilised</p> | <p>Set and match automated clearing of transactions with same references and amounts. This will reduce the number of transactions that need to be matched with manual intervention.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Expenditure Manager</li> <li>2. CFO</li> <li>3. BCX Support</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area   | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action   | Responsibility  |
|--|---------------------------------|-----------------------|---|---|
| <p>Procedure: Internal cash receipt with drawdown of petty cash.</p> <p><b>2.3.6.2 No automated processes to record and manage petty cash</b></p> <p>Observation:</p> <p>There is no petty cash module to assist in processing petty cash transactions. Petty cash transactions are processed through journals. There is no Internal (automated) cash receipt to show draw down of petty cash and reimbursement processes.</p> <p>Impact:</p> <p>■ Non-compliance to mSCOA requirements.</p> | <p>■ mSCOA</p>                  | <p>Does not exist</p> | <p>Provide for module to assist in the processing of petty cash.</p> <p>Implementation Date:</p> <p>30 September 2023</p> | <p>Designation Title:</p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p>Names of Officials:</p> |



### 2.3.7 Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable





| Focus Area  | ICT Due Diligence Requirement/s  | Functionality Status  | Agreed Action  | Responsibility  |
|---|--|-----------------------|--|---|
| <p>Procedures: Once bids/quotes are finalised, a letter of award must be issued and SLA entered into afterwards. The system must equally issue regret/ unsuccessful letters to other bidders accordingly.<br/>Check if the system allows for electronic signatures and understand the process of entering the signature, safekeeping of the signature and use of the signature<br/>The system must be able to analyse the actual execution of contract on time, quality, stage as per the SLA.</p> <p><b>2.3.7.1 No automated system to manage some SCM processes</b></p> <p><b>Observation:</b></p> <p>During our audit we noted the following:</p> <ul style="list-style-type: none"> <li>■ Contracts and SLA registers are being managed manually;</li> <li>■ Evaluation of supplier performance is also a manual process;</li> <li>■ Tender processes are currently being done manually outside the system;</li> <li>■ The delegation of authority is maintained manually and is not automated;</li> <li>■ Signatures are not automated in the system; and</li> <li>■ Procurement planning is done manually.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Manual processes are easily manipulated and records may be lost or not recorded. Manual processes consume time in operating and reporting.</li> </ul> | <ul style="list-style-type: none"> <li>■ Legislative</li> <li>■ Best Practice</li> </ul> | <p>Does not exist</p> | <p>Automate the SCM processes and ensure they are integrated to the rest of the other system modules and any relevant third party systems.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



### 2.3.8 Full Asset Life Cycle Management



| Focus Area  | ICT Due Diligence Requirement/s   | Functionality Status  | Agreed Action  | Responsibility  |
|---|---|-----------------------|--|---|
| <p>Procedure: Manage the full asset life cycle.</p> <p><b>2.3.8.1 No automated system to manage assets</b></p> <p><b>Observation:</b></p> <p>During our audit we noted the following:</p> <ul style="list-style-type: none"> <li>■ Assets register has been implemented in the ADS system and currently integrates to Solar.</li> <li>■ Various modules of the ADS system (asset management) are in different stages of development/implementation. These include asset processes/modules of maintenance planning, asset insurance, water, sanitation, fleet and land and property among other modules.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Manual processes are easily manipulated and records may be lost or not recorded.</li> <li>■ Maintaining manual assets register is cumbersome and prone to human errors.</li> <li>■ The municipality may not have a view of all its assets if the asset register is managed and maintained manually.</li> </ul> | <ul style="list-style-type: none"> <li>■ Best Practice</li> <li>■ Legislative</li> <li>■ mSCOA</li> </ul> | <p>Does not exist</p> | <p>The municipality to expedite implementation of system functionality that manages and maintains automated asset registers throughout the fixed assets life cycle which include acquisition, transfers and disposals.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



### 2.3.9 Real Estate Management



| Focus Area   | ICT Due Diligence Requirement/s                              | Functionality Status  | Agreed Action   | Responsibility  |
|--|--|-----------------------|---|---|
| <p>Procedures:</p> <ul style="list-style-type: none"> <li>■ (System Functionality to) Maintain a rent register for rental properties.</li> <li>■ Automated rent renewals with workflow and document management.</li> <li>■ Link to debtors' system for collection of rent.</li> <li>■ Link to valuation system.</li> </ul> <p><b>2.3.9.1 Lack of Integration with Other Systems</b></p> <p><b>Observation:</b></p> <p>During our audit we noted the following:</p> <ul style="list-style-type: none"> <li>■ Real Estate (Property management) was being done manually</li> <li>■ Rent register is currently maintained manually and</li> <li>■ Other property management processes that are being managed manually include property registration, lease register, renewal notices and maintenance of properties.</li> </ul> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Manual processes are prone to errors and data loss leading to incorrect reporting. These processes are also time consuming because of the inefficient nature of manual processes.</li> </ul> | <ul style="list-style-type: none"> <li>■ Optional</li> </ul> | <p>Does not exist</p> | <p>Automate property management processes and ensure they are integrated to the rest of the other system modules and any relevant 3<sup>rd</sup> party systems.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Municipal Manager</li> <li>2. PMS</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |



### 2.3.10 Human Resources & Payroll Management



| Focus Area  | ICT Due Diligence Requirement/s                                   | Functionality Status                                 | Agreed Action   | Responsibility  |
|---|---|--|---|---|
| <p>Procedure: Ensure that all employees' and councillors' declaration of interest and related parties are captured on the master files.</p> <p><b>2.3.10.1 Declaration of interests and gifts functionality on the self-service portal is not being utilised</b></p> <p>Observation:</p> <p>Declaration of interests are not being captured on the masterfile for employees using the self-service portal. Declaration of interest and gift declarations are being completed on forms and filed at HR. The process of monitoring related parties is not linked to the supplier database and other government databases for monitoring and completeness.</p> <p>Impact:</p> <ul style="list-style-type: none"> <li>■ Incomplete disclosure of related parties.</li> <li>■ Non-compliance with mSCOA requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ Best Practice</li> </ul> | <p>Exist with Errors and / is not fully utilised</p> | <p>Train staff and HR team on the utilisation of the declaration of gifts and related parties on payday.</p> <p>Implementation Date:</p> <p>30 September 2023</p> | <p>Designation Title:</p> <ol style="list-style-type: none"> <li>1. HR Manager</li> <li>2. CFO</li> <li>3. Payday Support</li> </ol> <p>Names of Officials:</p> |



| Focus Area  | ICT Due Diligence Requirement/s                         | Functionality Status                                 | Agreed Action  | Responsibility   |
|---|---|--|--|--|
| <p>Procedure: Incorporate the ability to apply costing allocation to projects and percentage (%) based allocation of administration costs to trading service departments if not allocated using direct calculation methods.</p> <p><b>2.3.10.2 Leave Provisions Not Calculated &amp; Recorded Monthly</b></p> <p><b>Observation:</b></p> <p>The system does not have functionality and ability to apply costing allocation to projects using a direct allocation or a percentage (%) based allocation of administration costs to trading service departments such as infrastructure. Costs associated with finance and corporate services department should be allocated to other departments based on amount of time they spend supporting other departments.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>Costs of production are not associated with revenues for each department. This might lead to inadequate recoveries from service charges made to consumers.</li> </ul> | <ul style="list-style-type: none"> <li>mSCOA</li> </ul> | <p>Exist with Errors and / is not fully utilised</p> | <p>Provide system functionality to allow for direct allocation and % allocation of administrative costs to service departments emanating from support functions carried out by departments such as finance and corporate services.</p> <p>Costing information once structured and allocated must be integrated to Solar.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>HR and Payroll Manager</li> <li>CFO</li> <li>Payday Support</li> </ol> <p><b>Names of Officials:</b></p> |





| Focus Area  | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action  | Responsibility  |
|---|---------------------------------|-----------------------|--|---|
| <p>Procedure: Supply the general ledger's main budget module with accounts of the actual and planned positions (organogram) budgets for the full mSCOA segments as a budget line.</p> <p><b>2.3.10.3 Positions Budgeted for Do Not Show on the General Ledger</b></p> <p><b>Observation:</b></p> <p>We noted that the Payday module integrated to the Solar budget module and general ledger does not provide count of staff on each segment. The systems (Payday and Solar) must have ability to include a column to show the number of people/staff budgeted for on each segment and these must agree to the organisational structure.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Misallocations to segments.</li> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <p>■ mSCOA</p>                  | <p>Does not exist</p> | <p>Supply the general ledger's main budget module with accounts of the actual and planned positions (organogram). This will ensure that the municipality budgets for the full mSCOA segments as a budget line item for each section of the organogram.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. HR Manager</li> <li>2. Budget Manager</li> <li>3. CFO</li> <li>4. BCX Support</li> </ol> <p><b>Names of Officials:</b></p> |



| Focus Area   | ICT Due Diligence Requirement/s   | Functionality Status  | Agreed Action  | Responsibility   |
|--|---|-----------------------|--|--|
| <p>Procedure: Bank account monitoring against vendor and/ or contract payment and against own and related parties bank accounts<br/>Test against the central database for contracts with any 'organs of state' and supply the central database with employees' and related parties' details<br/>Supply the central database with the identification (ID) numbers of employees, councillors and related parties.</p> <p><b>2.3.10.4 No monitoring of related party transactions between Payday database and SCM database</b></p> <p><b>Observation:</b></p> <p>There is no link of Payday master file against the procurement module, taking into consideration the Central Supplier Database (CSD), to validate employees conducting business with the state, for any related party transactions.<br/>Employees do not declare interest on self-service portal but on hard copy forms that are manually completed making it difficult to merge related party information between databases.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Incomplete related party transactions:</li> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Non-compliance to PFMA procurement requirements where municipality employees are forbidden to conduct business with the municipality.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> <li>■ Best Practice</li> <li>■ Legislative</li> </ul> | <p>Does not exist</p> | <p>We recommend for declarations of interest to be completed on the Payday self-service portal. This file can then be used by SCM to validate for related parties before any transactions with suppliers are executed. In addition, information can also be checked against CSD. Bank accounts of employees should also be validated against supplier database to ensure no transactions or payments are being done between the municipality and employees of the state.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. HR Manager</li> <li>2. SCM Manager</li> <li>3. CFO</li> </ol> <p><b>Names of Officials:</b></p> |

| Focus Area  | ICT Due Diligence Requirement/s                           | Functionality Status  | Agreed Action   | Responsibility   |
|---|---|-----------------------|---|--|
| <p>Procedure: Creation of "invoices" for 3<sup>rd</sup> parties, SARS (PAYE, UIF, SDL), medical aid and pension funds.</p> <p><b>2.3.10.5 No invoices from Payday for 3<sup>rd</sup> party payments</b></p> <p><b>Observation:</b></p> <p>There is no evidence that there are 3<sup>rd</sup> party invoices generated from Payday to initiate payment processing to such third parties like SARS Pension, medical aid organisations, courts garnishees, etc. Payments are initiated through the HOST-to-HOST process from Payday and are approved at the bank through online login by the Payroll manager.</p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>■ Incomplete payment documents for 3<sup>rd</sup> party payments.</li> <li>■ Non-compliance with mSCOA requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ mSCOA</li> </ul> | <p>Does not exist</p> | <p>Provide template to generate invoices for payments made to 3<sup>rd</sup> parties each month. The invoices will be utilised to support the standard expense in Solar and documents can be attached to the tax computation and any other payment documents lodged on various 3<sup>rd</sup> party payments. Such documents can be embedded as support on the transaction and follow the workflow authorisation and update process. Documents can be linked to document manager allowing for seamless integration between Payday and Solar and the document management system being implemented.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <ol style="list-style-type: none"> <li>1. Payroll Manager</li> <li>2. CFO</li> <li>3. Payday Support</li> </ol> <p><b>Names of Officials:</b></p> |



### 2.3.11 Customer Care, Credit Control and Debt collection



| Focus Area   | ICT Due Diligence Requirement/s | Functionality Status  | Agreed Action  | Responsibility   |
|--|---------------------------------|-----------------------|--|--|
| <p>Procedure: Functionality for final demand and summons issuing. If the module is a 3<sup>rd</sup> party solution – it must at a minimum integrate the fees as well as the action history to the billing sub-ledger. This integration must be seamless.</p> <p><b>2.3.11.1 Seamless integration into 3<sup>rd</sup> party systems</b></p> <p><b>Observation:</b></p> <ul style="list-style-type: none"> <li>■ Debt collection is handled by a 3<sup>rd</sup> party manually.</li> <li>■ Final demand and summons issuing is also handled by the 3<sup>rd</sup> party manually.</li> </ul> <p><b>Impact:</b></p> <p>Manual data handling when data is transferred between municipality and third parties may result in data loss or data manipulation.</p> | <p>■ Best Practice</p>          | <p>Does not exist</p> | <p>Automate the manual processes and ensure they are integrated to the rest of the other system modules and any relevant 3<sup>rd</sup> party systems.</p> <p><b>Implementation Date:</b></p> <p>30 September 2023</p> | <p><b>Designation Title:</b></p> <p><b>Names of Officials:</b></p> |



### 2.3.12 Valuation Roll Management



| Focus Area   | ICT Due Diligence Requirement/s  | Functionality Status  | Agreed Action  | Responsibility                                       |
|--|--|-----------------------|--|--|
| <p>Procedures:</p> <ul style="list-style-type: none"> <li>■ Integrate with the building control system used in the municipality to ensure completion of additions and new buildings get immediately updated on the billing sub-system.</li> <li>■ Integrate with the land use system to ensure appropriate tariff is timeously applied.</li> <li>■ Integrate with the Surveyor General (SG) database and town planning systems in use at the municipality.</li> <li>■ Integrate with the deeds registry and monitor actual sales with current valuations as well as ownership against the billing system.</li> <li>■ Validate and report anomalies in the asset register on municipal owned properties.</li> </ul> <p><b>2.3.12.1 Integration to other systems or modules</b></p> <p>Observation:</p> <p>Improvements are needed for valuation roll to seamless integration to the following:</p> <ul style="list-style-type: none"> <li>■ Building Control</li> <li>■ Land Use</li> <li>■ Surveyor General</li> <li>■ Deeds office</li> <li>■ Asset register validation</li> </ul> <p>Impact:</p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> <li>■ Manual processes are not efficient and may result in records being lost.</li> </ul> | <ul style="list-style-type: none"> <li>■ Legislative</li> <li>■ Best Practice</li> </ul> | <p>Does not exist</p> | <p>Have seamless integration with other systems /modules.</p> <p>Implementation Date:</p> <p>30 September 2023</p> | <p>Designation Title:</p> <p>Names of Officials:</p> |



### 2.3.13 Land Use Building Control





| Focus Area  | ICT Due Diligence Requirement/s  | Functionality Status | Agreed Action   | Responsibility  |
|---|--|----------------------|---|---|
| <ul style="list-style-type: none"> <li>■ Functionality to (do): Property transfers, subdivisions, consolidations and zoning changes must be system process with workflow and document management driven.</li> <li>■ Must be able to align property register with the Surveyor General register.</li> <li>■ Seamless integration to GIS.</li> <li>■ Integration with the asset register for municipal properties.</li> <li>■ Document management for building plans and zoning certificates.</li> </ul> <p><b>2.3.13.1 No automation in the land use processes</b></p> <p>Observation:</p> <ul style="list-style-type: none"> <li>■ Land Use and Building Control are done using Town Planning system and the building plan management system respectively.</li> <li>■ There is no integration to Solar or GIS systems.</li> <li>■ The AFLA system under development and implementation will also have a module of land use and building management which will integrate to Solar and GIS.</li> </ul> <p>Impact:</p> <ul style="list-style-type: none"> <li>■ Non-compliance to mSCOA functionality requirements.</li> </ul> | <ul style="list-style-type: none"> <li>■ Legislative</li> <li>■ Best Practice</li> </ul> | Does not exist       | Implement AFLA and integrate land use and building management to the rest of the modules.<br><br><b>Implementation Date:</b><br><br>30 September 2023 | <b>Designation Title:</b><br><br><b>Names of Officials:</b> |



### 2.3.14 Revenue Cycle Billing



| Focus Area   | ICT Due Diligence Requirement/s   | Functionality Status  | Agreed Action  | Responsibility                                       |
|--|---|-----------------------|--|--|
| <p>Procedure:</p> <ul style="list-style-type: none"> <li>■ Integrate with valuation and property systems.</li> <li>■ Integrate into 3<sup>rd</sup> party software to receive readings taken.</li> <li>■ Must be able to store infrastructure (metering) diagrams which will show the physical location of meter.</li> </ul> <p><b>2.3.14.1 No seamless integration to other systems</b></p> <p>Observation:</p> <p>We noted during our audit that there is use of File Transfer Protocol (FTP) to send files to third party who compiles monthly debtor statements. There is no integration to property management.</p> <p>Impact:</p> <p>Manual integration to property may introduce bottlenecks into the process.</p> | <ul style="list-style-type: none"> <li>■ Best Practice</li> <li>■ Legislation</li> <li>■ mSCOA</li> </ul> | <p>Does not exist</p> | <p>Automate billing management processes and ensure they are seamlessly integrated to the rest of the other system modules and any relevant 3<sup>rd</sup> party systems.</p> <p>Implementation Date:</p> <p>30 September 2023</p> | <p>Designation Title:</p> <p>Names of Officials:</p> |

### 3. Appendixes





### 3.1 Appendix A – String Assessment Report

The string assessment report was prepared and generated on Go-muni by National Treasury. The report was from 01 June – 20 October 2021. A test over 5 months submission was performed to verify the following:

- Traces of manual manipulation of data;
- Ability of systems to limit the validation errors prior to submissions;
- Possible dismantled data string structure due to manual compilation of data;
- Ensure all data strings are system generated and
- Note all validation errors

Below is a summary of the test:

| Municipality                           | Error Report | Submission details (Number of attempts) | Quarterly Information | Debtors and Creditors | Budget data | Monthly Data | Comments   |
|--|--------------|---|-----------------------|-----------------------|-------------|--------------|--|
| Buffalo City Metropolitan Municipality | ●            | ●                                       | ●                     | ●                     | ●           | ●            | Errors on Project break down of A1 ORGB Budget. Monthly invalid Item |



### 3.2 Appendix B – Validation Rules Assessment Report

| Validation Rules  | Buffalo City Metropolitan Municipality |
|---|--|
| (CO001 + CO002) = 0   |  |
| (CO001 and CO002 must balance)  |  |
| (Both PC and PO must be used)   |  |
| (PC only against IA and IL001006011 and IL001006006 is valid)                 |  |
| (PO not valid against IA002 level acquisitions or additions)                  |  |
| (PO003057 PO003058 PO003059 only against IR or IA001010 OR IA001004 is valid) |  |
| (PD not valid against IE or IA except IA001 or IA002011 or IE018 or IE019)    |  |
| (IE008 must use FX004)  |  |
| IE002001 must use FX002001001 or FX002002001)                                 |  |
| (IE002002 must use FX016001002 or FX016002002)                                |  |
| (IE007004 must use FX016001002 or FX016002002)                                |  |
| (sum of all items - IE018 and IR004)  |  |
| (RX001 not valid)   |  |
| Aggregated Totals not equal to Grand Totals                                   |  |
| Invalid Period.   |  |
| Duplicated Project Codes  |  |
| Investment Institution invalid or Group/Institution invalid                   |  |



### 3.3 Appendix C – Auditors Response on Auditees Comments

The auditor’s conclusions below are linked to the numbering as in the report supplied:

| Finding reference | BCX Comment   | RCA Auditor comments and conclusion                                      |
|-------------------|---|--|
| 2.1.1.1           | Business processes not automated  |  |
|                   | BCMM to complete the implementation of the indicated modules on the report.   | Finding remains and will be addressed as per vendor action plan          |
| 2.1.3.1           | Unsupported Software  |  |
|                   | BCMM IT environments are controlled by BCMM IT.   | Finding remains and will be addressed as per vendor and BCMM action plan |
| 2.2.1.1.1         | Governance Gap – Audit Action Plans   |  |
|                   | BCMM implemented a Business Process Workflow Module. An automated process can be created when BCMM determine their internal processes to manage audit action plans. | Finding remains and will be addressed as per vendor action plan          |
| 2.3.1.2           | No automated process to capture, monitor and evaluate audit findings (Internal and External)  |  |
|                   | BCMM implemented a Business Process Workflow Module. An automated process can be created when BCMM determine their internal processes to manage audit action plans. | Finding remains and will be addressed as per vendor action plan          |



Finding reference

BCX Comment

RCA Auditor comments and conclusion

|  |  |   |
|--|--|---|
|  | No real time system [date time stamped] to provide electronic responses to AG queries and continued internal escalation of non-responded queries   |   |
|  | BCMM implemented a Business Process Workflow Module. An automated process can be created when BCMM determine their internal processes to manage audit action plans.  | Finding remains and will be addressed as per vendor action plan |
|  | Policies and procedures management   |   |
|  | BCMM implemented a Business Process Workflow Module. An automated process can be created when BCMM determine their internal processes to manage audit action plans.  | Finding remains and will be addressed as per vendor action plan |
|  | No Performance Management System (PMS)   |   |
|  | BCMM to acquire a Performance Management System. BCX would be able to recommend a Performance Management System to BCMM in adherence to the correct BCMM Supply Chain Processes.   | Finding remains and will be addressed as per vendor action plan |
|  | Document management tool implementation process across all departments   |   |
|  | BCMM to complete the action as indicated.  | Finding remains and will be addressed as per vendor action plan |
|  | Capture of Growth Development Strategy (GDS) and Spatial Development Framework (SDF)   |   |
|  | BCX noted the agreed action and will assist BCMM to establish integration were required. BCX will also investigate the options to enhance functionality on the Budget Management Module to include the required data elements. | Finding remains and will be addressed as per vendor action plan |
|  | Publishing of budget and related policies on municipal website   |   |
|  | Information is available for publication.  | Finding remains and will be addressed as per vendor action plan |





|  |   |   |
|--|---|---|
|  | No indicator for project prioritisation   |   |
|  | Indicated functionality is currently in development.  | Finding remains and will be addressed as per vendor action plan   |
|  | Default projects does not have item expenditure and assets  |   |
|  | The reports that BCX requests from the Reporting Portal indicate a different status.  | Investigate, If vendor is satisfied, ensure correct reports with accuracy are extracted always. Finding closed          |
|  | Report upload errors identified by NT   |   |
|  | The upload errors are a result of incorrect indicators selected when uploading the data strings. The users may also input the incorrect parameters for the desired output.                    | Investigate, If vendor is satisfied, ensure correct reports with accuracy are extracted always by users. Finding closed |
|  | Recurring journals for leave bonus are not being processed monthly  |   |
|  | Recurring journal functionality is available on the General Ledger. Users are required to setup the recurring journal in the monthly closing procedures.                                      | Finding remains and will be addressed as per vendor action plan   |
|  | No automated system functionality to identify and manage related parties  |   |
|  | BCMM is utilising a 3 <sup>rd</sup> party system. BCMM can investigate and indicate possible integration between all systems (BCX or 3 <sup>rd</sup> party systems) to identifying anomalies. | Finding remains and will be addressed as per vendor (SCM, Payday, BCX) action plan                                      |
|  | Non integration of Document Management to other business process  |   |
|  | BCMM to supply integration requirements to BCX for modules implemented at BCMM.   | Finding remains and will be addressed as per vendor action plan   |



| Finding reference | BCX Comment  | RCA Auditor comments and conclusion   |
|-------------------|--|---|
|                   | Credit Control Policy does not define the EFT or Bank Transfer payment referencing   |   |
|                   | BCX do not understand the focus area. ELE numbers are the same as Cheque numbers and are always sequential. Payment reconciliation is done on supplier level and not payment number level. | Municipal management must define length and characters of unique identifiers of electronic payments in the policy. Amend the credit control policy to include definition of ELE numbers. Finding remains. |
|                   | No automated reconciliation report for retentions  |   |
|                   | The Civil Contracts module does exist which caters for retention reports. BCMM to implement the module.  | Finding remains and will be addressed as per vendor action plan.  |
|                   | No automated system functionality to identify and manage related parties   |   |
|                   | BCMM implemented a Business Process Workflow Module. An automated process can be created when BCMM determines their internal process flow.   | Finding remains and will be addressed as per vendor action plan.  |
|                   | No costing module to assist in allocation of charges and recoveries  |   |
|                   | BCMM must have a Costing and Recoveries Policy that will guide the user on actions that needs a costing allocation.  | Finding remains and will be addressed as per BCMM action plan. Vendor to assist with the automation of the costing process and guidance on implementation of policy.                                      |
|                   | Functionality in the system exist and the user can perform cost allocation based on the following:   |   |
|                   | Consumption Charges (municipal services)   |   |
|                   | Km Charges for vehicles cost distribution  |   |
|                   | Hourly Charges for Resource cost re-allocation   |   |
|                   | Fix cost Charges   |   |
|                   | Distribution on actual cost  |   |
|                   | Distribution on Percentage allocation  |   |
| 2.3.5.1           | GIS is not integrated to Solar   |   |



|         |  |   |
|---------|--|---|
|         | Please note the section description is <i>2.3.5 Project Accounting</i> . This point is referring to GIS integration in the focus are and Project Accounting in the Agreed Actions. | Finding remains and will be addressed as per vendor action plan.  |
|         | GIS integration – BCMM can just indicate the integration needed for integration.   |   |
|         | Project Accounting – BCX would be able to recommend a Project Management Module to BCMM.   | Finding remains and will be addressed as per vendor action plan and guidance.   |
|         | No automated reconciliation of Electronic File Transfers (EFTs) between cashbook and bank  |   |
|         | The EFT functionality does exist. It is recommended that users implement the correct procedures.   | Finding remains and will be addressed as per vendor action plan and guidance to users on implementing the correct procedures.   |
|         | No automated processes to record and manage petty cash   |   |
|         | BCX developed a Petty Cash Management workflow process. BCX will discuss with BCMM the implementation of the functionality as developed.   | Finding remains and will be addressed as per vendor action plan and guidance to BCMM.   |
| 2.3.7.1 | No automated system to manage some SCM processes   |   |
|         | BCMM is utilising 3 <sup>rd</sup> party system not implemented or supported by BCX.  | Finding remains. SCM Processes are manual. BCX may recommend ways to automate SCM processes and also integration with 3 <sup>rd</sup> party systems currently in place. BCX and BCMM must action this process together. Finding remains.                                |
| 2.3.8.1 | No automated system to manage assets   |   |
|         | BCMM is utilising 3 <sup>rd</sup> party system not implemented or supported by BCX.  | Asset system is still being implemented by 3 <sup>rd</sup> party. BCX ensure integration to 3 <sup>rd</sup> party once complete successful implementation of the system is completed with the guidance of BCMM Assets team and 3 <sup>rd</sup> party service providers. |



| Finding reference | BCX Comment  | RCA Auditor comments and conclusion  |
|-------------------|--|--|
| 2.3.9.1           | Real Estate Management – Lack of Integration with Other Systems  |  |
|                   | BCMM to evaluate the current method and determine the need for a module to regulate the current real estate portfolio. Integration between systems is always available based on the requirements provided. | Finding remains and will be addressed as per vendor action plan and guidance to BCMM.  |
|                   | Declaration of interests and gifts functionality on the self-service portal is not being utilised.   |  |
|                   | BCMM is utilising 3 <sup>rd</sup> party system not implemented or supported by BCX.  | Finding remains and will be addressed as per vendor (PAYDAY) action plan.  |
|                   | Leave Provisions Not Calculated & Recorded Monthly.  |  |
|                   | BCMM is utilising 3 <sup>rd</sup> party system not implemented or supported by BCX.  | Finding remains and will be addressed as per vendor (PAYDAY) action plan.  |
|                   | Positions Budgeted for Do Not Show on the General Ledger.  |  |
|                   | BCMM is utilising 3 <sup>rd</sup> party system not implemented or supported by BCX.  | Finding remains and will be addressed as per vendor (PAYDAY) action plan.  |
|                   | No monitoring of related party transactions between Payday database and SCM database   |  |
|                   | BCMM is utilising 3 <sup>rd</sup> party systems (payroll and SCM) not implemented or supported by BCX.   | Finding remains and will be addressed as per vendor (PAYDAY) action plan. BCX should provide guidance to BCMM regarding probable solutions to automate SCM processes and ensure integration to various databases to enable testing, accuracy and completeness of relate parties. |
|                   | No invoices from Payday for 3 <sup>rd</sup> party payments.  |  |
|                   | 3 <sup>rd</sup> Party payment module forms part of Payday System. Results of payments are only recognised in   | Finding remains and will be addressed as per vendor (PAYDAY) action plan.  |



|          |  |   |
|----------|--|---|
|          | the Ledger by way of integration from the main system.   |   |
| 2.3.11.1 | Seamless integration into 3 <sup>rd</sup> party Systems (final demand and summons issuing)   |   |
|          | Integration is available. BCMM to supply integration requirements to BCX.  | Finding remains and will be addressed as per vendor action plan.  |
| 2.3.12.1 | Valuation Roll - Integration to other systems or modules   |   |
|          | Integration is available for Building Control, Land Use and Asset Register modules. BCMM to supply integration requirements to BCX.                                    | Finding remains and will be addressed as per vendor action plan.  |
|          | Integration to the Surveyor General and Deeds Office can only be established if there is an intergovernmental agreement in place and integration needs are determined. | Future development between government departments and support to municipalities. NT to initiate a discussion to regularise the process. |
| 2.3.13.1 | No automation in the land use processes.   |   |
|          | Integration is available. BCMM to supply integration requirements to BCX.  | Finding remains and will be addressed as per vendor action plan.  |
| 2.3.14.1 | Revenue Cycle - No seamless integration to other Systems.  |   |
|          | Integration is available. BCMM to supply integration requirements to BCX.  | Finding remains and will be addressed as per vendor action plan.  |
|          |  |   |
|          | With reference to the comments the following:  |   |
|          | Errors on Project break down of A1 ORGB Budget, Monthly invalid Item - The reports that BCX requests from the Reporting Portal indicate a different status.            | Investigate, If vendor is satisfied, ensure correct reports with accuracy are extracted and uploaded to NT always. Finding closed.      |



Finding reference      BCX Comment      RCA Auditor comments and conclusion

| Finding reference | BCX Comment   | RCA Auditor comments and conclusion  |
|-------------------|---|--|
|                   | Validation Rules:   |  |
|                   | Both PC and PO must be used –The reports that BCX requests from the Reporting Portal indicate a different status. | Investigate, If vendor is satisfied, ensure correct reports with accuracy are extracted and uploaded to NT always. Finding closed. |



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