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| Municipality Name:<br>Buffalo City Metropolitan Municipality | Audit Finding Analysis<br>Red - Important Requirement<br>Orange - Affects an important requirement<br>Yellow - Not a requirement/Best Practice/Optional |
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Improvement Plan Development

| Business Process | Business Process Realigned | Sub-Process | Legislative or Business Requirement | System / Applications minimum functionality | Required by (Must first address Red, then Orange) | Document Management Required | Identified Issue per audit report & areas possibly affected per analysis of findings | Potential Impact per Audit Report | mSCOA Systems Module Implementation Status Report @ 22 September 2022 | Progress on the functionality per column K and module status (Red Blocks are required by legislation or regulation and must have a comment) | Root Cause Analysis (Why is the functionality not yet available) | Remedial Action to ensure functionality is Implemented | Expected Costs Implication to Address Issue | Responsible Official | Due Date |
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WORKING GROUP 1

|                       |                       |               |                              |   |                  |     |  |  |   |   |  |   |   |                |                                       |
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| Costing and Reporting | Costing and Reporting | Cost Planning | Incorporate a costing module | A full costing module 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 departmental charges or activity based recoveries. | mSCOA Regulation | Yes | 2.3.4.1 Observation:<br>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. | Impact:<br>Non-compliance to mSCOA system functionality requirements. Incomplete costing of service charges reducing likelihood of maximum recovery. | NT is still issuing guidance on the use of the costing segment, hence municipalities are still not fully ready for adopting the costing segment | Currently the City considers internal charges and recoveries and does not take into account a fully activity based costing to split direct and indirect costs | NT Treasury to provide guidance for implementation | Engage the National Treasury on progress regarding the guidance on the implementation of costing for the purpose of developing a costing module specification | Not yet know as no specification exists yet | Vuyo Majikjela | 30 Mar 2023 - Engagement with NT Done |
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| Costing and Reporting | Costing and Reporting | Cost Planning | Incorporate a costing module | Management reporting on all charges should be available for reports as well as dashboard information. | mSCOA Regulation |  | 2.3.4.1 Observation:<br>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. | Impact:<br>Non-compliance to mSCOA system functionality requirements. Incomplete costing of service charges reducing likelihood of maximum recovery. | NT is still issuing guidance on the use of the costing segment, hence municipalities are still not fully ready for adopting the costing segment | Currently the City considers internal charges and recoveries and does not take into account a fully activity based costing to split direct and indirect costs | NT Treasury to provide guidance for implementation | Engage the National Treasury on progress regarding the implementation of costing for the purpose of developing a costing module specification | Not yet know as no specification exists yet | Vuyo Majikjela | 30 Mar 2023 - Engagement with NT Done |
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| Treasury and Cash Management | Treasury and Cash Management | Bank Reconciliation | <b>A fully integrated and automated cashbook module that links to the banking sector and allows for at least:</b> | Automated clearing of system generated transactions such as payments; and | mSCOA Regulation |  | 2.3.6.1 Observation:<br>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. 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. | Impact:<br>Delay in reconciliation process increases work load. Non-compliance with mSCOA system functionality requirements. | The City is in the process of creating a unique identifier code on the FTP / ACB file to the bank, which will seamless integrate to the cash book on a daily basis, so as to clear all unpaid ACB's | The City is in the process of creating a unique identifier code on the FTP / ACB file to the bank, which will seamless integrate to the cash book on a daily basis, so as to clear all unpaid ACB's | System configurations not fully implemented as per mSCOA regulation | Engage ICT and BCX to ensure functionality is provided | Unknown | Linton | 31 January 2023 - Engagement with vendor<br>30 May 2023 - Implementation of functionality complete<br>1 July 2023 - Testing Complete and go live. |
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| Treasury and Cash Management | Treasury and Cash Management | Petty cash | Petty cash | Internal cash receipt with drawdown of petty cash. | mSCOA Regulation | Yes | 2.3.6.2 Observation:<br>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. | Impact:<br>Non-compliance to mSCOA requirements. | In final QA currently. Changes requested was developed and completed. To be deployed to BCMM test environment on 2022/08/21. | Under development with BCX, apportioning of VAT | Slow progress on development with vendor | Contious bi-weekly progress report | n/a | Linton | 28 February 2023 - Development Complete<br>30 April 2023 - Testing Complete and system live |
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WORKING GROUP 2

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| Municipal Budgeting, Planning and Financial Modelling: (IDP driven, project based main budget module that adhere to MFMA section 53 that as a minimum) | Municipal Budgeting, Planning and Financial Modelling: (IDP driven, project based main budget module that adhere to MFMA section 53 that as a minimum) | Human Resources (HR) /Payroll | A Human Resource (HR) budget/ payroll module that as a minimum: | Supply the general ledger's main budget module with counts of the actual and planned positions (organogram) budgets for the full mSCOA segments as a budget line. The functionality should be able to provide this for both expenditure and balance sheet items. | mSCOA Regulation |  | 2.3.10.3 Observation:<br>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. | Impact:<br>Misallocations to segments. Non-compliance to mSCOA system functionality requirements. | Employee cost budgeting is done on Payday budget module, however BMM Module not yet operational for the systems to intergrate | Functionality is working succesfully on Payday budget module, however there is no intergration as the BMM is functional | BMM not functional | Engage system vendor in testing the module to ensure the intergration of Payday Budget Module with BMM is implemented.. | Unconfirmed | Zizophu Mdudu & Kholosa Nxala | 28 February 2023 - Testing Complete and system live |
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| Municipal Budgeting, Planning and Financial Modelling: (IDP driven, project based main budget module that adhere to MFMA section 53 that as a minimum) | Municipal Budgeting, Planning and Financial Modelling: (IDP driven, project based main budget module that adhere to MFMA section 53 that as a minimum) | Human Resources (HR) /Payroll    | A Human Resource (HR) budget/ payroll module that as a minimum: | 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.  | mSCOA Regulation | Derived from Attributes | 2.3.10.2 Observation:<br>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.   | Impact:<br>Costs of production are not associated with revenues for each department. This might lead to inadequate recoveries from service charges made to consumers.   | BMM Module deployed to BCMM test environment. Can be deployed to prod environment after sign-off / approval  | Currently the City considers internal charges and recoveries and does not take into account a fully activity based costing to split direct and indirect costs  | NT Treasury to provide guidance for implementation   | Engage the National Treasury on progress regarding the implementation of costing for the purpose of developing a costing module specification         | Not yet know as no specification exists yet | Vuyo Majikijela   | 30 Mar 2023 - Engagement with NT Done   |
| Municipal Budgeting, Planning and Financial Modelling: (IDP driven, project based main budget module that adhere to MFMA section 53 that as a minimum) | Municipal Budgeting, Planning and Financial Modelling: (IDP driven, project based main budget module that adhere to MFMA section 53 that as a minimum) | Budget Management                | Budget Management and Monitoring                                | Allow the public to provide comments on the budget electronically via the municipality's website. These comments together with the comments received from public sessions to be populated/consolidated onto a tool that can be accessed by the public and councillors. | Best Practice    |                         | 2.3.2.1 Observation:<br>There is no evidence of project prioritisation (priority indicator).<br>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.  | Impact:<br>Budget can be allocated to projects not deemed as priority by the public. Projects may be implemented in an adhoc manner.<br><b>Municipal Budgeting</b>  |  | The public submit their comments at meetings, social media & in writing  | The functionality still to be developed  | Municipality to engage the vendors on the development of this functionality   | Unconfirmed                                 | Faith Qebanya & Nonkululeko Mbal (Corporate governance)   | 28 February 2023 - Engagement with the system vendor done   |
| Financial Accounting   | Financial Accounting   | General Ledger (Core Financials) | General Ledger (GL) that as a minimum                           | Journal capturing capabilities (including reversible and recurring journals) including electronic approval.  | mSCOA Regulation |                         | 2.3.3.1 Observation:<br>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.   | Impact:<br>Incomplete records and missing values for transactions during monthly and quarterly reporting to NT. Non-compliance to mSCOA system functionality requirements.<br><b>Financial Accounting</b>   |  | Identified Issue per audit report to be addressed under the business process "Human Resource and Payroll".<br><br>Journal capturing capabilities including reversible , recurring journals and electronic approval currently works except for the HR and Payroll related journals only.                | Business process deficiency / inadequate standard operating procedure  | Engage HR and Payroll on the Business process deficiency / inadequate standard operating procedure  | n/a   | General Manager Expenditure & Financial Reporting: Mr. Andile Xoseka<br><br>Programme Manager - Payroll & Benefits: Mr. Frans Lubbe | 20 January 2023 - HR & Payroll engagement done.   |
| Project Accounting   | Project Accounting   | Project Management               | Project Management Unit (PMU)                                   | Project management and stakeholder inputs must be controlled by clear business processes and user access controls.   | Best Practice    |                         | 2.3.5.1 Observation:<br>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.<br>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. | Impact:<br>Information asymmetry and lack of transparency in project reporting. Information reported on projects for the systems will not be aligned. Non-compliance to mSCOA system functionality requirements.  | Project Creation & Planning Module: It is implemented as part of the Asset Management ERP, ADS. The project management module implementation is in progress. | Project Creation & Planning Module: It is implemented as part of the Asset Management ERP, ADS. The project management module implementation is in progress.<br><br><b>Per FAL Workstream:</b> The project is in final stage UAT with the FAR module sitting 90% with seamless integration completion. | <b>Per FAL Workstream:</b> The project is in final stage UAT with the FAR module sitting 90% with seamless integration completion. | Engage with the system vendor to confirm that the functionality is catered for in the system<br><b>Per FAL Workstream:</b> Complete End User Training | Yes, but not yet determined                 | T. L. Madikizela  | 31 January 2023 - Engagement with vendor Done<br>30 March 2023 End User Training Done<br>1 April 2023 UAT's Done<br>30 September 2023 System Live<br>Functionality live for 6months |
| <b>WORKING GROUP 3</b>   |  |                                  |   |  |                  |                         |   |   |  |  |  |   |   |   |   |
| Full Asset Life Cycle Management including Maintenance Management  | Full Asset Life Cycle Management including Maintenance Management  | Asset Management                 | The 'asset management system' module should:                    | Manage the full asset life cycle;  | Legislation      |                         | 2.3.8.1 Observation:<br>During our audit we noted the following:<br>Assets register has been implemented in the ADS system and currently intergrates to Solar. 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.  | Impact:<br>Non-compliance to mSCOA system functionality requirements. Manual processes are easily manipulated and records may be lost or not recorded. Maintaining manual assets register is cumbersome and prone to human errors. The municipality may not have a view of all its assets if the asset register is managed and maintained manually. | The project is in final stage UAT with the FAR module sitting 90% with seamless integration completion.  | The project is in final stage UAT with the FAR module sitting 90% with seamless integration completion.  | End User Training not completed.   | Training of end users.  | No  | T. L. Madikizela  | 30 March 2023 End User Training Done<br>1 April 2023 UAT's Done<br>30 September 2023 System Live<br>Functionality live for 6months  |
| Full Asset Life Cycle Management including Maintenance Management  | Full Asset Life Cycle Management including Maintenance Management  | Asset Management                 | The 'asset management system' module should:                    | Manage the contract and build phase of the project by registering the component and rolling the accounting transaction up to the work-in-progress (WIP);   | Legislation      |                         | 2.3.5.1 Observation:<br>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.<br>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. | Impact:<br>Information asymmetry and lack of transparency in project reporting. Information reported on projects for the systems will not be aligned. Non-compliance to mSCOA system functionality requirements.  | The project is in final stage UAT with the FAR module sitting 90% with seamless integration completion.  | The project is in final stage UAT with the FAR module sitting 90% with seamless integration completion.  | End User Training not completed.   | Training of end users.  | No  | T. L. Madikizela  | 30 March 2023 End User Training Done<br>1 April 2023 UAT's Done<br>30 September 2023 System Live<br>Functionality live for 6months  |

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| Real Estate and Resources Management | Real Estate and Resources Management | Rental | Rent out | Maintain a rent register for rental properties.  | Optional      | Yes | 2.3.9.1 Observation:<br>During our audit we noted the following: Real Estate (Property management) was being done manually; Rent register is currently maintained manually and Other property management processes that are being managed manually include property registration, lease register, renewal notices and maintenance of properties. | Impact:<br>Non-compliance to mSCOA system functionality requirements. 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. | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | The municipality does not have a property management system in place. | Follow up with BCX or procure a property management system.   | Unconfirmed | Mr. Bam    | 28 February 2023 - Engagements with BCX done<br>30 March 2023 Development of a specification done<br>30 September 2023 Implementation done. |
| Real Estate and Resources Management | Real Estate and Resources Management |        |          | Automated rent renewals with workflow and document management.   | Optional      | Yes | 2.3.9.1 Observation:<br>During our audit we noted the following: Real Estate (Property management) was being done manually; Rent register is currently maintained manually and Other property management processes that are being managed manually include property registration, lease register, renewal notices and maintenance of properties. | Impact:<br>Non-compliance to mSCOA system functionality requirements. 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. | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | The municipality does not have a property management system in place. | Follow up with BCX or procure a property management system.   | Unconfirmed | Mr. Bam    | 28 February 2023 - Engagements with BCX done<br>30 March 2023 Development of a specification done<br>30 September 2023 Implementation done. |
| Real Estate and Resources Management | Real Estate and Resources Management |        |          | Link to debtors system for collection of rent.   | Optional      |     | 2.3.9.1 Observation:<br>During our audit we noted the following: Real Estate (Property management) was being done manually; Rent register is currently maintained manually and Other property management processes that are being managed manually include property registration, lease register, renewal notices and maintenance of properties. | Impact:<br>Non-compliance to mSCOA system functionality requirements. 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. | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | The municipality does not have a property management system in place. | Follow up with BCX or procure a property management system.   | Unconfirmed | Mr. Bam    | 28 February 2023 - Engagements with BCX done<br>30 March 2023 Development of a specification done<br>30 September 2023 Implementation done. |
| Real Estate and Resources Management | Real Estate and Resources Management |        |          | Link to valuation system.  | Optional      |     | 2.3.9.1 Observation:<br>During our audit we noted the following: Real Estate (Property management) was being done manually; Rent register is currently maintained manually and Other property management processes that are being managed manually include property registration, lease register, renewal notices and maintenance of properties. | Impact:<br>Non-compliance to mSCOA system functionality requirements. 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. | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | Considering to map this process on the workflow management system. Still reviewing the contractual matters with BCX then will review the requirements. The report is underway to start the process.   | The municipality does not have a property management system in place. | Follow up with BCX or procure a property management system.   | Unconfirmed | Mr. Bam    | 28 February 2023 - Engagements with BCX done<br>30 March 2023 Development of a specification done<br>30 September 2023 Implementation done. |
| Valuation Roll Management            | Valuation Roll Management            |        |          | 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. | Best Practice |     | 2.3.12.1 Observation:<br>Improvements are needed for valuation roll to seamless integration to the following: building control; land use surveyor general deeds office asset register validation   | Impact:<br>Non-compliance to mSCOA system functionality requirements. Manual processes are not efficient and may result in records being lost .   | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR | Afla system currently in the deployment stage.                        | Engage the system vendor on the AFLA implementation plan to ensure that the integration of building control and valuation roll modules / systems that will commence at full implementation of AFLA will meet the deadline of 30 September 2023. Monitor monthly the progress on implementation. | none        | Z. Nyamza  | 28 February 2023 - Engagements with vendor on the implementation plan done<br>30 September 2023 Implementation done.                        |
| Valuation Roll Management            | Valuation Roll Management            |        |          | Integrate with the land use system to ensure appropriate tariffs is timeously applied.   | Best Practice |     | 2.3.12.1 Observation:<br>Improvements are needed for valuation roll to seamless integration to the following: building control; land use surveyor general deeds office asset register validation   | Impact:<br>Non-compliance to mSCOA system functionality requirements. Manual processes are not efficient and may result in records being lost .   | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR | Afla system currently in the deployment stage.                        | Engage the system vendor on the AFLA implementation plan to ensure that the integration of land use and valuation roll modules / systems that will commence at full implementation of AFLA will meet the deadline of 30 September 2023. Monitor monthly the progress on implementation.         | none        | A. Coetzee | 28 February 2023 - Engagements with vendor on the implementation plan done<br>30 September 2023 Implementation done.                        |

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| Valuation Roll Management | Valuation Roll Management |  |  | Integrate with the Surveyor General (SG) database and town planning systems in use at the municipality.                                   | Best Practice |     | 2.3.12.1 Observation:<br>Improvements are needed for valuation roll to seamless integration to the following:<br>building control;<br>land use<br>surveyor general<br>deeds office<br>asset register validation  | Impact:<br>Non-compliance to mSCOA system functionality requirements.<br>Manual processes are not efficient and may result in records being lost .   | Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR. Integration with the Deeds Office is not possible at this stage as the Deeds Office does not have a system in   | There is no direct integration with the SG Data base as the data is not exposed. However the GIS system will be updated with SG information received periodically.          | The GIS system is still under construction                | Initiate integration of the valuations module with the Surveyor General and town planning module once GIS is fully functional   | Unconfirmed | N. Gunguta                                    | 30 March 2023 - Intergration initiated<br>30 June 2023 - Intergration testing complete  |
| Valuation Roll Management | Valuation Roll Management |  |  | Integrate with the deeds registry and monitor actual sales with current valuations as well as ownership against the billing system.       | Best Practice |     | 2.3.12.1 Observation:<br>Improvements are needed for valuation roll to seamless integration to the following:<br>building control;<br>land use<br>surveyor general<br>deeds office<br>asset register validation  | Impact:<br>Non-compliance to mSCOA system functionality requirements.<br>Manual processes are not efficient and may result in records being lost .   | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR. Integration with the Deeds Office is not possible at this stage as the Deeds Office does not have a system in place currently | There is no direct integration with the Deeds database as the data is not exposed. However the GIS system will be updated with the Deeds information received periodically. | The GIS system is still under construction                | Initiate integration of the valuations module with the Deeds system and billing module once GIS is fully functional   | Unconfirmed | V. Maretoane/N/ Gunguta                       | 30 March 2023 - Intergration initiated<br>30 June 2023 - Intergration testing complete  |
| Valuation Roll Management | Valuation Roll Management |  |  | Validate and report anomalies in the asset register on municipal owned properties.  | Best Practice |     | 2.3.8.1 Observation:<br>During our audit we noted the following:<br>Assets register has been implemented in the ADS system and currently intergrates to Solar. 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. | Impact:<br>Non-compliance to mSCOA system functionality requirements.<br>Manual processes are easily manipulated and records may be lost or not recorded.<br>Maintaining manual assets register is cumbersome and prone to human errors.<br>The municipality may not have a view of all its assets if the asset register is managed and maintained manually. | The Land & Property module implementation is in progress.  | The Land & Property module implementation is in progress.   | The Land & Property module implementation is in progress. | Review the systems implementation plan to confirm that this functionality has been catered for and allows the reconciliation of the two registers: Asset register and the MPAR to identify anomalies  | Unconfirmed | N. Mbongo/Suzgo                               | 31 January 2023 - Engagements with vendor on the implementation plan done<br><br>30 March 2023 Testing done.  |
| Land Use Building Control | Land Use Building Control |  |  | Property transfers, subdivisions, consolidations and zoning changes must be system process with work flow and document management driven. | Legislation   | Yes | 2.3.13.1 Observation:<br>Land use and building control are done using Town Planning system and the building plan management system respectively.<br>There is no integration to Solar or GIS systems.<br>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.  | Impact:<br>Non-compliance to mSCOA system functionality requirements.  | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR. Integration with the Deeds Office is not possible at this stage as the Deeds Office does not have a system in place currently | Afla system currently in the deployment stage.  | Afla system currently in the deployment stage.            | Engage the system vendor on the AFLA implementation plan to ensure that the functionality for property transfers, subdivisions, consolidations and zoning changes is catered for and will meet the deadline of availability by 30 September 2023. Monitor monthly the progress on implementation. | none        | A. Coetzee/N. Gunguta/S. Parsotam/ K. Ncanywa | 28 February 2023 - Engagements with vendor on the implementation plan done<br><br>30 March to 31 August 2023 - Monthly Review of progress<br><br>30 September 2023 Implementation done. |

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| Land Use Building Control | Land Use Building Control | Special | Integration with external stakeholders  | Must be able to align property register with the Surveyor General register. | Best Practice |     | 2.3.13.1 Observation:<br>Land use and building control are done using Town Planning system and the building plan management system respectively. There is no integration to Solar or GIS systems. 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.   | Impact:<br>Non-compliance to mSCOA system functionality requirements.   | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR. Integration with the Deeds Office is not possible at this stage as the Deeds Office does not have a system in place currently | Afla system currently in the deployment stage.  | Afla system currently in the deployment stage.                                 | Review the implementation plan to ensure that the functionality to see and get a property register as well alignment of that register to the SG register from the system will be available. At full implementation of AFLA, engage in the testing phase of the system to ensure functionality exists and works. <b>Monthly review progress on implementation.</b> | ???         | A. Coetzee/N. Gunguta  | 28 February 2023 - Engagements with vendor on the implementation plan done<br><br>30 March to 31 August 2023 - Monthly Review of progress<br><br>30 September 2023 Implementation done.       |  |
| Land Use Building Control | Land Use Building Control |         |   | Integration with the asset register for municipal properties.               | Best Practice |     | 2.3.8.1 Observation:<br>During our audit we noted the following: Assets register has been implemented in the ADS system and currently intergrates to Solar. 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. | Impact:<br>Non-compliance to mSCOA system functionality requirements. Manual processes are easily manipulated and records may be lost or not recorded. Maintaining manual assets register is cumbersome and prone to human errors. The municipality may not have a view of all its assets if the asset register is managed and maintained manually. | The Land & Property module implementation is in progress.  | Afla system currently in the deployment stage.  | Afla system currently in the deployment stage.                                 | Engage the system vendors on the AFLA and Asset implementation plans to ensure that the integration of Building control with the asset register that will commence at full implementation of AFLA and Asset System will meet the deadline of 30 September 2023. <b>Monitor monthly the progress on implementation.</b>  | none        | A. Coetzee/N. Gunguta/S. Parsotam/ K. Ncanywa                                      | 28 February 2023 - Engagements with the vendors on the implementation plans done<br><br>30 March to 31 August 2023 - Monthly Review of progress<br><br>30 September 2023 Implementation done. |  |
| Land Use Building Control | Land Use Building Control |         |   | Document management for building plans and zoning certificates.             | Best Practice | Yes | 2.3.13.1 Observation:<br>Land use and building control are done using Town Planning system and the building plan management system respectively. There is no integration to Solar or GIS systems. 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.   | Impact:<br>Non-compliance to mSCOA system functionality requirements.   | The Land & Property module implementation is in progress. Currently BCMM uses a system - Building Plans System (BPS) – that doesn't integrate to the core financial system (SOLAR). At the moment, there is no system in place for Land Use Management other than a manual, paper-based process. However, a specific module has been procured which is part of the AFLA suite, which will ensure full integration to GIS, Asset Management module and SOLAR  | Afla system currently in the deployment stage.  | Afla system currently in the deployment stage.                                 | Engage the system vendors on the AFLA and Asset implementation plans to ensure that the integration of Building control with the Document Management system that will commence at full implementation of AFLA will meet the deadline of 30 September 2023. <b>Monitor monthly the progress on implementation.</b>   | none        | A. Coetzee/N. Gunguta/S. Parsotam/ K. Ncanywa                                      | 28 February 2023 - Engagements with the vendors on the implementation plans done<br><br>30 March to 31 August 2023 - Monthly Review of progress<br><br>30 September 2023 Implementation done. |  |
| <b>WORKING GROUP 4</b>    |                           |         |   |   |               |     |   |   |  |   |  |   |             |  |   |  |
| Revenue Cycle Billing     | Revenue Cycle Billing     | Billing | Additionally to the standard minimum functionality in the MFMA the billing system must: | Integrate with valuation and property systems;                              | Best Practice |     | 2.3.14.1 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.   | Impact:<br>Manual integration to property may introduce bottlenecks into the process.   |  | Currently the Service provider does not need to access the SOLAR system as we provide them with a data dump after an billing run. However, we will request BCX to look at a possible interface. | <b>Per Land Use Workstream:</b> Afla system currently in the deployment stage. | Engage BCX and system vendor for AFLA on implementation plan to ensure that the integration of building control, billing and valuation roll modules / systems that will commence at full implementation of AFLA will meet the deadline of 30 September 2023. Monitor monthly the progress on implementation.  | Unconfirmed | Billing Workstream& Land Workstream A. Coetzee/ N. Gunguta/ S. Parsotam K. Ncanywa | 28 February 2023 - Engagements with the vendors on the implementation plan done<br><br>30 March to 31 August 2023 - Monthly Review of progress<br><br>30 September 2023 Implementation done.  |  |
| Revenue Cycle Billing     | Revenue Cycle Billing     | Billing | Specific but not limited requirements of billing system                                 | Integration into 3rd party software for receive readings taken.             | Best Practice |     | 2.3.14.1 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.   | Impact:<br>Manual integration to property may introduce bottlenecks into the process.   |  | Although an encrypted file, the integration does not take please seamless. BCX and 3rd party busy working on a seamless interface.  | Meter reading systems not intergrated into Solar                               | Engage BCX and system vendor for meter readings on implementation plan for the integration of the meter reading systems and the billing module. Monitor monthly the progress on implementation.   | Unconfirmed | Billing Workstream   | 28 February 2023 - Engagements with the vendors on the implementation plan done<br><br>30 March to 30 June 2023 - Monthly Review of progress<br><br>1 July 2023 Implementation done.          |  |

|   |   |                               |  |  |                  |                         |  |  |   |   |  |   |                               |   |  |
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| Customer Care, Credit Control and Debt Collection | Customer Care, Credit Control and Debt Collection |                               |  | Final demand and summons issuing; and  | Best Practice    |                         | 2.3.11.1 Observation: Debt collection is handled by a third party manually. Final demand and summons issuing is also handled by the third party manually.  | Impact: Manual data handling when data is transferred between municipality and third parties may result in data loss or data manipulation.   |   | This function is not related to a third party debt collector, as the current debt collectors only do prelegal collections, i.e. calls, SMS and tracing.   | N/A  | The functionality is available in Solar if BCMM implements full legal collections   | N/A                           | N/A                                     | N/A  |
| Customer Care, Credit Control and Debt Collection | Customer Care, Credit Control and Debt Collection |                               |  | If the module is a 3 <sup>rd</sup> party solution – it must as a minimum integrate the fees as well as the action history to the billing sub-ledger. This integration must be seamless.  | mSCOA Regulation | Derived from Attributes | 2.3.11.1 Observation: Debt collection is handled by a third party manually. Final demand and summons issuing is also handled by the third party manually.  | Impact: Manual data handling when data is transferred between municipality and third parties may result in data loss or data manipulation.   |   | This function is not related to a third party debt collector, as the current debt collectors only do prelegal collections, i.e. calls, SMS and tracing. BCMM currently raises collection costs and not legal fees. These fees are determined based on debtors' payments which are made directly to BCMM. For every payment received, a predetermined collection cost is raised onto the debtors account. This is done by uploading a file into Solar which is then seamlessly integrated to the GL. | N/A  | N/A   | N/A                           | n/a                                     | n/a  |
| <b>WORKING GROUP 5</b>                            |   |                               |  |  |                  |                         |  |  |   |   |  |   |                               |   |  |
| Corporate Governance                              | Corporate Governance                              | Internal Audit                | Approved Internal Audit Plan in existence and Risk Management Strategy in Place    | Integrated work flow Request For Information management tool, backed by document management.   | Best Practice    | Yes                     | 2.3.1.5 Corporate Governance: Observation; 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). | Non-compliance with document retention policies and legislative guidelines.<br><b>Corporate Governance</b><br><b>Procurement Cycle</b><br><b>Human Resource</b><br><b>Financial Accounting</b> | The Municipality has moved from documentum to sharepoint and its complete. Currently not integrating to Solar. The report to the Top Management for Sharepoint is underway.   | Document management is mainly inputted by records management, the integration of sharepoint to solar is underway. The information flow process has been mapped on sharepoint for council report submission and completed.   | Lack of resources.                             | 1. Employment of the new developer is underway to map the process on sharepoint.<br>2. Formulate a project plan.  | None expected.                | Business support coordinator: T Siswana | 28 February 2023 - Appointment of New Developer Done<br>31 March 2023 - Project plan done<br>April to May 2023 - Monitor progress<br>30 June 2023 - Implementation done  |
| Corporate Governance                              | Corporate Governance                              | Internal Audit                |  | Issue audit findings and risk registers and invoke consequence management procedures.  | Best Practice    |                         | 2.3.1.1 Corporate Governance Observation: 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.  | Impact: Non-compliance to mSCOA system functionality requirements. Loss of information over periods of time that could enhance governance processes.   | Risk Management: Institution is in the process of acquiring an electronic system. The tender has been advertised.   | Currently on tender which closes on the 25th. To look into accommodating this functionality on the performance management systems.  | Tender process kept on having to be restarted. | Looking at incorporating this functionality into the performance management system, tender closing on the 25th. And map what is not accommodated on sharepoint processes. | Budget for already. R3900 000 | Tembela & EMS Department                | 28 February 2023 - Appointment of New vendor Done<br>31 March 2023 - Project plan done<br>April to July 2023 - Monthly Monitor progress<br>31 July 2023 - Testing commences<br>30 September 2023 - Implementation done |
| Corporate Governance                              | Corporate Governance                              | External Audit                |  | Real time system (date time stamped ) electronic responses to AG queries and continued internal escalation of non responded queries.   | Best Practice    |                         | 2.3.1.2 Corporate Governance Observation: 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.  | Impact: Ineffective resolution of AG queries if there is no system to provide date stamped responses to AG queries.<br><b>Corporate Governance</b>   | The Municipality has moved from documentum to sharepoint and its complete. Waiting for the user acceptance sign off. Currently not integrating to Solar. The report to the Top Management for Sharepoint is underway. | Currently on tender which closes on the 25th. To look into accommodating this functionality on the performance management systems.  | Tender process kept on having to be restarted. | Looking at incorporating this functionality into the performance management system, tender closing on the 25th. And map what is not accommodated on sharepoint processes. | Budget for already. R3900 000 | Tembela & EMS Department                | 28 February 2023 - Appointment of New vendor Done<br>31 March 2023 - Project plan done<br>April to July 2023 - Monthly Monitor progress<br>31 July 2023 - Testing commences<br>30 September 2023 - Implementation done |
| Corporate Governance                              | Corporate Governance                              | Performance Management System | The performance management system must therefore include the following components: | 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); | Best Practice    |                         | 2.3.1.3 Corporate Governance Observation: 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.  | No workflow process to manage policies and procedures.<br><b>Corporate Governance</b>  | System search will go through a tender process  | No progress to date on the performance management system  | Delays in procurement processes                | Follow up the BID committees process.   | R 3 900 000,00                | EPMDs: Mr Ndlela BSC - ICT : Ms Siswana | 30 March 2023 - Procurement Finalised<br><br>30 March to 31 August 2023 - Monthly Review of progress<br><br>30 September 2023 - Implementation done.   |

|                                       |                                       |                               |  |  |               |     |   |  |   |  |   |  |   |   |   |
|---------------------------------------|---------------------------------------|-------------------------------|--|--|---------------|-----|---|--|---|--|---|--|---|---|---|
| Corporate Governance                  | Corporate Governance                  | Performance Management System | The performance management system must therefore include the following components:   | A performance management module that manages the contracts of senior management and allows for electronic submissions and 'portfolio of evidence' management;  | Best Practice |     | 2.3.1.4 Corporate Governance Observation: 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. 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. | Impact: Non-compliance to mSCOA system functionality requirements. Information is not integrated to identify root causes and how they have been addressed. Loss of information overtime as municipal officials are changed. Corporate Governance | System search will go through a tender process  | No progress to date on the performance management system   | Delays in procurement processes   | Follow up the BID committees process.  | R 3 900 000,00  | EPMDs: Mr Ndlela BSC - ICT : Ms Siswana | 30 March 2023 - Procurement Finalised<br>30 March to 31 August 2023 - Monthly Review of progress<br>30 September 2023 - Implementation done.  |
| Corporate Governance                  | Corporate Governance                  | Municipal Web Site            | A municipal website that gives effect to MFMA section 75, the Municipal Budget and Reporting Regulations, 2009; the mSCOA Regulations, 2014 and section 21A of the Municipal Systems Act, 2000 | The legislative framework lists the minimum information that should be placed on the municipality's website: Integrate from the core financial budget module; The annual and adjustments budgets and all budget-related documents; All budget-related policies; Annual financial statements (AFS) and Annual reporting tools BI modules; The annual report; Performance management, supply chain and asset management modules; section 57(1) of the Municipal Systems Act, 2000; All quarterly reports tabled in the council in terms of MFMA section 52(d). | Legislation   |     | 2.3.1.7 Corporate Governance Observation: 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.  | Impact: Delayed real time update of budget as transactions occur Non-compliance to mSCOA system functionality requirements. Corporate Governance   | Municipal Web Site: Phase two of automation to EDMS to start to avoid manual Journal. Scheduled to complete 30 Nov 2022   | No progress to date  | Developer has resigned and the process of reemploying is underway.                  | 1. employ the developer 2. collaborate with BCX for integration of budget module to sharepoint 3. develop integration between sharepoint and website | Not known at this stage                                 | BSC - ICT : Ms Siswana                  | 28 February 2023 - Appointment of New Developer Done<br>31 March 2023 - Project plan done<br>April to June 2023 - Monthly Monitor progress<br>31 July 2023 - Testing commences<br>30 September 2023 - Implementation done |
| Corporate Governance                  | Corporate Governance                  | Document Management           |  | Document management should originate at the lowest level of transaction. (i.e. invoices should originate from creditors module)  | Legislation   | Yes | 2.3.3.3 Observation: 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. One cannot view the full source document to show initiation to authorisation processes  | Non-compliance to mSCOA system functionality requirements. Corporate Governance Procurement Cycle  | The Municipality has moved from documentum to sharepoint and its complete. Waiting for the user acceptance sign off. Currently not integrating to Solar. The report to the Top Management for Sharepoint is underway. | No progress to date for integration of systems to sharepoint EDMS.   | The tender process was cancelled at BEC and lost funding.                           | 1. Source funding 2. Option: employment of the developer process for internal development  | Not known at this stage                                 | BSC - ICT : Ms Siswana                  | 28 February 2023 - Appointment of New Developer Done<br>31 March 2023 - Project plan done<br>April to June 2023 - Monthly Monitor progress<br>31 July 2023 - Testing commences<br>30 September 2023 - Implementation done |
| <b>WORKING GROUP 6</b>                |                                       |                               |  |  |               |     |   |  |   |  |   |  |   |   |   |
| Human Resource and Payroll Management | Human Resource and Payroll Management | Human Resources (HR)          | A Human Resource (HR) payroll module that as a minimum (In addition to the normal payroll calculation):  | Ensure that all employees' and councillors' declaration of interest and related parties are captured on the master files.  | Best Practice |     | 2.3.10.1 Observation: 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.   | Impact: Incomplete disclosure of related parties. Non-compliance with mSOA requirements.   | Leave and HR are seamless integrated and the HR post module shall take into account the budgeted vacant posts as setup by HR in order to generate a budget for the full organogram.                                   | Communication sent to employees to do this on payday, this started around May 2022. Check if it started being used as yet. Due to lack of literacy and access to computers some will still use manual forms. | Lack of acceptance of new way of doing things by employees                          | To verify the true reason why employees do not use the functionality, and arrange change management sessions where required.                         | n/a   | HR workstream                           | 28 February 2023 Engage employees on the new functionality  |
| Human Resource and Payroll Management | Human Resource and Payroll Management | Human Resources (HR)          | A Human Resource (HR) payroll module that as a minimum (In addition to the normal payroll calculation):  | Bank account monitoring against supplier and/ or contract payment AND against own and related parties bank accounts.   | Best Practice | Yes | 2.3.10.4 Observation 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. 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.  | Impact: Incomplete related party transactions; Non-compliance to mSCOA system functionality requirements. Non-compliance to PFMA procurement requirements where municipality employees are forbidden to conduct business with the municipality.  | Leave and HR are seamless integrated and the HR post module shall take into account the budgeted vacant posts as setup by HR in order to generate a budget for the full organogram.                                   | All employees info is uploaded onto the NT database, this should then be picked up by the SCM system when it syncs to the NT portal and checks for related parties. Check with SCM. Procurement              | Per Procurement Workstream: The rollout of the eProcurement was deployed in phases. | Per Procurement Workstream: Contacts Module in place and the Tender Module will be rolled out in 2023.   | Cost for the implementation for 3 years is R14 million. | Mr D Gwabeni                            | 28 February 2023 - Engage vendor on the roll out plan<br>March to May - Monthly monitor implementation<br>30 June 2023 - Testing done<br>3 July 2023 - Tender Module live   |

|  |  |   |   |   |                  |     |  |   |  |  |  |  |   |                                     |  |
|--|--|---|---|---|------------------|-----|--|---|--|--|--|--|---|-------------------------------------|--|
| Human Resource and Payroll Management  | Human Resource and Payroll Management  | Human Resources (HR)                      | A Human Resource (HR) payroll module that as a minimum (In addition to the normal payroll calculation): | Creation of "invoices" for 3 <sup>rd</sup> parties, SARS (PAYE, VAT, etc.), UIF, Medical aid and pension funds;   | mSCOA Regulation |     | 2.3.10.5 Observation:<br>There is no evidence that there are third 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.   | Impact:<br>Incomplete payment documents for third party payments.<br>Non-compliance with mSCOA requirements.  |  | Payed directly form payday linking to the bank.  | Payed directly form payday linking to the bank.                    | Engage NT on finding   | n/a   | HR Workstream                       | 30 Mar 2023 - Engagement with NT Done  |
| <b>WORKING GROUP 7</b>   |  |   |   |   |                  |     |  |   |  |  |  |  |   |                                     |  |
| Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Supply Chain Management (SCM)             | <i>The supply chain module should as a minimum have the following functionality:</i>                    | Adhere to the municipality's delegation of duties and authority levels;   | Legislation      |     | 2.3.7.1 Observation:<br>During our audit we noted the following: Contracts and SLA registers are being managed manually; Evaluation of supplier performance is also a manual process; Tender processes are currently being done manually outside the system; The delegation of authority is maintained manually and is not automated; Signatures are not automated in the system; and Procurement planning is done manually.               | Impact:<br>Non-compliance to mSCOA system functionality requirements. Manual processes are easily manipulated and records may be lost or not recorded. Manual processes consume time in operating and reporting.  |  | The eProcurement Contracts Management Module has been rolled effective from September 2022 and the process to load all the contracts on the module is underway. Built into the system is a performance monitoring tool. Also built into the system is repository for documents i.e. Contracts and SLAs. The Tendering process is currently done manually however the rollout of the Tender Management Module will address this. In the Contracts Module there a workflow with audit logs which has dealt with the issue of the digital signatures. No system for Procurement Plan at this stage. | The rollout of the eProcurement was deployed in phases.            | Contacts Module in place and the Tender Module will be rolled out in 2023.   | Cost for the implementation for 3 years is R14 million. | Mr D Gwabeni                        | 28 February 2023 - Engagement vendor on the roll out plan<br>March to May - Monthly monitor implementation<br>30 June 2023 - Testing done<br>3 July 2023 - UATs signed<br>Tender Module live |
| Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Supply Chain Management (SCM)             | <i>The supply chain module should as a minimum have the following functionality:</i>                    | Electronically validate against the National Treasury database for prohibited, employees of state and related parties and invite tenders based preferential procurement principals; | Legislation      |     | 2.3.3.2 Observation:<br>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. | Impact:<br>Non-compliance to mSCOA system functionality requirements. Non-compliance with SCM regulations and increase in value of non-disclosed transactions with related parties.<br><b>Procurement Cycle Human Resource</b>  |  | No system in place to manage and validate state employees however, SCM can extract a report from the Central Supplier Database. This CSD report flags state employees and prohibited suppliers. Once CSD flags a prohibited supplier and/or a state employee no Purchase Order can be generated.   | It was never a requirement for SCM to automate this functionality. | The PayDay system already has this functionality which was rolled out mid 2022. Training is still underway for desktop users. We will liaise with the Human Resource Department in January 2023. | Unconfirmed   | Mr David Gwabeni/Mrs Mandisa Dumako | 31 January 2023 - Engagement with HR Department Done<br>28 February 2023 - Project plan Done<br>30 June 2023 - Implementation Done   |
| Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Supply Chain Management (SCM)             | <i>The supply chain module should as a minimum have the following functionality:</i>                    | Electronically manage the invitation, bid closure and adjudication process with a full document management server unpinning the cycle;  | Best Practice    | Yes | 2.3.7.1 Observation:<br>During our audit we noted the following: Contracts and SLA registers are being managed manually; Evaluation of supplier performance is also a manual process; Tender processes are currently being done manually outside the system; The delegation of authority is maintained manually and is not automated; Signatures are not automated in the system; and Procurement planning is done manually.               | Impact:<br>Non-compliance to mSCOA system functionality requirements. Manual processes are easily manipulated and records may be lost or not recorded. Manual processes consume time in operating and reporting.  |  | The eProcurement Contracts Management Module has been rolled effective from September 2022 and the process to load all the contracts on the module is underway. Built into the system is a performance monitoring tool. Also built into the system is repository for documents i.e. Contracts and SLAs. The Tendering process is currently done manually however the rollout of the Tender Management Module will address this. In the Contracts Module there a workflow with audit logs which has dealt with the issue of the digital signatures. No system for Procurement Plan at this stage. | The rollout of the eProcurement was deployed in phases.            | The Contracts Module is in place therefore action required is to engage the vendor on the plan for the roll out of the Tender Module in 2023.  | Cost for the implementation for 3 years is R14 million. | Mr David Gwabeni                    | 28 February 2023 - Engagement vendor on the roll out plan<br>March to May - Monthly monitor implementation<br>30 June 2023 - Testing done<br>3 July 2023 - UATs signed<br>Tender Module live |
| Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Supply Chain Management (SCM)/Expenditure | <i>The supply chain module should as a minimum have the following functionality:</i>                    | Enforce where applicable retention enforcement and manage retention registers;  | Best Practice    |     | 2.3.3.5 Observation:<br>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.  | Impact:<br>Increase in workload yet the system could provide the retentions register reconciled to the system. Non-compliance to mSCOA system functionality requirements.<br><b>Corporate Governance<br/>Municipal Budgeting<br/>Financial Accounting<br/>Procurement Cycle</b> |  | BCX confirmed the availability of the retention module on Solar. The department to facilitate stakeholder/user department engagement   | Mr Linton Durheim to respond                                       | BCX confirmed the availability of the retention module on Solar. The department to facilitate stakeholder/user department engagement   | Mr Durheim to respond                                   | Mr L. Durheim                       | 28 February 2023 - Engagement with vendor done<br>30 March 2023 - Project plan done  |

|  |  |                               |                               |  |               |     |  |  |  |  |   |   |   |                  |  |
|--|--|-------------------------------|-------------------------------|--|---------------|-----|--|--|--|--|---|---|---|------------------|--|
| Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Supply Chain Management (SCM) | Supplier Evaluation           | Evaluate supplier performance in accordance with contract deliverables.                | Best Practice | Yes | 2.3.7.1 Observation:<br>During our audit we noted the following: Contracts and SLA registers are being managed manually; Evaluation of supplier performance is also a manual process; Tender processes are currently being done manually outside the system; The delegation of authority is maintained manually and is not automated; Signatures are not automated in the system; and Procurement planning is done manually. | Impact:<br>Non-compliance to mSCOA system functionality requirements. Manual processes are easily manipulated and records may be lost or not recorded. Manual processes consume time in operating and reporting. |  | The eProcurement Contracts Management Module has been rolled effective from September 2022 and the process to load all the contracts on the module is unedway. Built into the system is a performance monitoring tool. Also built into the system is repository for documents i.e. Contracts and SLAs. The Tendering process is currently done manually however the rollout of the Tender Management Module will address this. In the Contracts Module theres a workflow with audit logs which has dealt with the issue of the digital signatures. No system for Procurement Plan at this stage. | The rollout of the eProcurement was deployed in phases.       | The Contracts Module is in place with challenges identified, hence further engagements are to be held with the vendor to clear the challenges.    | Cost for the implementation for 3 years is R14 million. | Mr David Gwabeni | 28 February 2023 - Engage vendor on the plan to address challenges<br>31 March 2023 - Plan on addressing challenges in place<br>30 June 2023 - Module functionality in place |
| Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable | Supply Chain Management (SCM) | Purchase Order Processing(PO) | Electronic authorising and signing of purchase orders (PO's) through workflow process. | Best Practice | Yes | 2.3.3.6 Observation:<br>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.   | Impact:<br>Non-compliance to mSCOA system functionality requirements. Increased use of stationary, increasing costs that can be minimised.   |  | The authorisation process for Purchase Orders is automated via the Acquisition Management Module, eProcurement System and the authorisation process for payments and Goods Received Notes is done via the Solar System. The Acquisition Manager Module has the ability to generate Purchase Orders for R30,001 - R200 000 procurement. This caters for authorisation number process, however it is not in use.   | The Acquisition Mangement Module was deployed on 1 July 2019. | The Acquisition Management Module is in place. Engage users on this functionality to determine why not in use. Draft a plan to address the issue. | No cost implication                                     | Mr David Gwabeni | 31 January 2023 - Users engaged and plan drafted<br>30 March 2023 - application in use.  |