

mSCOA REGULATIONS

NATIONAL TREASURY ACCOUNTS PAYABLE WORKING GROUP MEETINGS

No.	Presented Agenda Item	Description of Comments/ Questions	Potential Impact	Contributor Name	Contributor Organisation	Date Received	Date Closed	Action Owner	Progress Status	Notes
1	Receipt and Recognition of the invoice	When the GRN is raised on Sage, the system raises an invoice which may lead to duplication. Can the raising of the GRN stage be moved to the expenditure side altogether?	Financial impact.	Samson kaziko	uMvoti Municipality	16/05/2024	11/06/2024	Sarah Dunmun	Completed - to be presented at the next working group	Standard process is for the GRN to be raised within SCM when goods/services are received and for the invoice to be captured within the payables section. Standard processes cannot be changed to suit system functionality. However Andile from Munsoft indicated that this is a setting issue that can be changed, it can be split whereas the GRN raises an accrual. You can raise a GRN without raising the invoice on the system. ---> No change required to current documented processed.
2	Prepare and Approve the payment pack	In checking the Tax compliance status at invoice stage, would it be necessary as the supplier would have provided the goods or services. Would we not be under obligation to pay regardless? I would think the Tax clearance would have been paramount during the SCM process before an Order is created?	Compliance impact	Lungisa Msiya	City of Johannesburg	16/05/2024	11/06/2024	Sarah Dunmun	Completed - to be presented at the next working group	The initial check of the TCS is performed within the SCM section. The idea to re-check within this step of the payables process is to identify if the TCS is still valid. Any invalid TCS must be re-directed back to SCM to address the matter with the supplier in order to avoid repeatedly using a supplier who has an expired TCS. ---> No change required to current documented processed.
3	Payment Process	Consider direct invoices such as Eskom/Telkom etc	Process/ Compliance impact	Bronwyn Govender	Think 99 Investments	16/05/2024	11/06/2024	Sarah Dunmun	Completed - to be presented at the next working group	Typically for Eskom payments, the amount of the specific order for the month is not known. The typical process cannot be followed in terms of raising a PO and GRN. However, a budget is compiled prior to the commencement of the financial year. The amount budgeted to be spent on electricity is available. A bulk PO can be raised for the budgeted amount. On receipt of the invoice, the consumption must be confirmed and a GRN raised for the value of the services received as per the invoice against the bulk PO. The invoice can then be paid against the GRN. ---> Detailed procedures updated to incorporate the above process

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4	Discussion on the direct Payments	Consider the MFMA requirement to pay your creditors in 30 days	Compliance impact	Patrick Lekay	City of Cape town	16/05/2024	11/06/2024	Sarah Dunmun	Completed - to be presented at the next working group	The requirement to pay suppliers within 30 days is dependent on the cashflow position of the municipality. Assessing the cashflow status is built into the process in that a municipality should complete a cashflow assessment prior to paying creditors. Secondly, consideration is being provided to receiving of invoices electronically. In this way, there will be an audit trail to track when the invoice came in versus when the invoice was captured onto the system. ----> No change required to current documented processed.
5	Retentions	Consider retentions unclaimed	Financial Impact	Kashnee Sewnarain	Regulations Project Manager	16/05/2024	11/06/2024	Sarah Dunmun	Completed - to be presented at the next working group	CIBD states unclaimed retentions will be forfeited. Prescription act also addresses it. Policy of municipality must address unclaimed retentions such as after x years, it will be advertised and then written off. ----> Write off of retentions/creditors has been included within a forfeiture section
6	Coupons	The municipality has customers that buy coupons for disposal of waste in sites and then if not used by financial year-end, the customers are given a refund. If there are similar activities elsewhere and if it will be dealt with on the business processes.	Legislation impact	Margot Ladouce	City of Cape town	16/05/2024		Sarah Dunmun	Adressed in accounts reivable	Sell coupons to dispose of waste Dr Bank Cr Income received in advance Dr Income received in advance Cr Revenue ----> This process has been addressed in the accounts receivable and revenue workstreams
7	Settlement discounts	Consideration to include early settlement discounts into the process.	Legislation impact	Kashnee Sewnarain	Inspired FMS	16/05/2024	11/06/2024	Sarah Dunmun	Completed - to be presented at the next working group	Trade/ bulk discounts would have an effect from the initiation phase of the process i.e. from PO stage and would therefore follow normal processes. However an early settlement discount is impacted at payment stage. ----> This possibility has now been included in the L4 process detail.
8	VAT	Input Vat linked to creditors balance Output VAT linked to debtors balance Control account to SARS statement	Legislation impact	Kashnee Sewnarain	Inspired FMS	16/05/2024	11/06/2024	Sarah Dunmun	Completed - to be presented at the next working group	----> VAT input has been included as a separate section
9	Receive Supplier Invoice	Delivery note document to be send to user department to enable them to verify the delivered goods/services and to do the GRN. However the delivery note number should be referenced on the actual invoice.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	

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10	Receive Supplier Invoice	The actual purchase order (PO) document is not required as part of the pack, the PO is available on the system to enable the Accounts Payable staff to do the required verification and validations. However the PO number MUST be reflected on the invoice to enable capturing of the invoice transaction on to the financial system, invoices failing this requirement MUST be returned to the supplier without payment.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
11	Receive Supplier Invoice	Appointment letter and SLA, should not form part of the invoice pack. There could be many invoices per Appointment letter/SLA and to have these documents compulsory per invoice will not add value, it will only increase the workload of the AP staff. These documents should be added as attachments to the PO within the financial system, to enable down stream parties ie AP staff/AG staff to be able to view these documents.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
12	Receive Supplier Invoice	Segregation of duties (within CCT) prescribe that the creation and maintenance of supplier records which includes banking details are preformed by SCM Supplier master records and not AP. The invoice MUST have the supplier banking details on (invoice without banking details will be referred back to the supplier), which will be validated by AP to the supplier master record, if its not the same, the supplier will be inform to correct the matter with SCM. These invoices will be blocked for payment until the banking details on the invoice correspond to the master record. Daily reports are received from SCM Supplier Master Records on changes to supplier banking details, AP will identify and block any posted invoices ready for payment, until the affected invoice/s banking details are corrected and correspond to the SCM Supplier Master Record.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	

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13	Review Supplier invoice	Eskom Bulk purchase of electricity is paid via the Sundry payment process. The Eskom Statement/invoice is received from Eskom electronically. The Sundry Invoice processor checks and verify the invoice and process the invoice against the correct GL and cost center. The invoice is parked and workflowed to the cost center owner for verification and posting. After posting the invoice workflow to the AP Sundry Releaser checks the transaction and release the invoice for payment.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
14	Review Supplier invoice	Payment Certificate must accompany all invoices containing retention. Invoices failing this requirement will be returned to the project manager.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
15	Check invoice to GRN	Invoices needs to comply with an automated three way match whereby the qty/value of the Invoice, GRN and PO has to match before posting is allowed. Invoices failing the three way match principle is parked (applicable reason code) and work-flowed to SCM (Buyer)and User department (Requisitioner) to resolve. Automated follow-up reports (Weekly and Monthly) on the status and age analysis of the parked invoices are distributed to cost center owners, managers, directors and Executive Directors and the CFO.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
16	Prepare payment pack	Validate supplier bank detail on the invoice to the bank details on SCM Supplier master data.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
17	Prepare payment pack	Validate Tax clearance against the SCM Supplier Master Data.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
18	Prepare payment pack	mSCOA segmentation is currently not embedded in CCT financial systems. This is done via reporting and in the near future this will be embedded	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
19	Prepare payment pack	CCT has graduated to an ALL electronic paperless system whereby ALL documents are attached within the financial system.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
20	Review and approve payment pack	The preparation, review and approve/release of the payment pack (invoices) are performed by the same official ie AP Invoice Releaser	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	

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21	Assess cashflow	Daily cash flow predictions are done and submitted to the cash-flow department, by the AP Payment Processor (creator of the payment file)	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
22	Validation by internal control unit	Various departments amongst others the VAT department is executing sample quality checks on invoices which is attached to invoice transactions within the financial system.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
23	Approve payment pack for payment	" Payment pack should be marked as approved for payment and signed."This function is preformed by the AP Invoice Releaser.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
24	Payment file loaded onto electronic banking platform	"The suppliers approved for payment and the respective amounts is selected from the creditors sub-ledgers and uploaded into the banking module by the finance manager." This function is performed by the AP Payment Processor.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
25	Review uploaded payments and release payment	"Confirm the following prior to the release of the payment: * Suppliers and amounts uploaded onto the banking module agree to the approved payment pack." This function is performed by the AP Payment Authoriser.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
26	Review uploaded payments and release payment	"Only the release to the bank is performed by the AP Payment Authoriser. The other function are performed by the AP Invoices Releaser early in the process.Only the release to the bank is performed by the AP Payment Authoriser. The other function are performed by the AP Invoices Releaser early in the process.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
27	Review uploaded payments and release payment	Second release to the banking module will be a duplication within the CCT payment process.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	

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28	Prepare supplier reconciliations	CCT has an plugin Supplier Statement Reconciling system which automatically reconcile the uploaded supplier statement (excel file). This done for the statements received from suppliers. Suppliers who do not submit statements, the vendor account (invoices paid for the month) is uploaded and reconcile. This is performed by the AP Statement Reconciler. The Statement Reconciliation highlights any reconciling (matched and unmatched) statement items to be investigated. After completion the reconciliation is submitted for review.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
29	Investigate and clear variances	The AP Recon Reviewer will receive electronic reconciliations for supplier statements and vendor accounts (invoices paid). After reviewing the reconciliations, the statement is filed and sent to the supplier for their information and any necessary action. The vendor account reconciliations, along with a confirmation letter, are also sent to the supplier for agreement. If the supplier disagrees, they must provide a statement.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
30	Invoice not received	The Goods Receipt and Invoice Invoice process is automated (self clearing) within the CCT financial system, only at year-end manual accruals are initiated by user departments and the Treasury department.	Process impact	Aswart	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
31	Reconcile VAT input accounts Sub-Process	VAT department reconciles the input VAT not expenditure official. VAT investigations, clearings and postings are done before preparation of the VAT201. Input and output are both calculated before preparation of the VAT201. SARS requirement is for net input/output to be declared on e-filing return, not separately. Capital and operating VAT input are differentiated on SAP using tax codes derived from Vendor registration status, cost center VAT flagging and material type, GL account vat flagging.	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	

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32	Generate input vat accrual reconciliation	reconciliations are done after investigating differences and clearing	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
33	Investigate and clear variances	"Once resolved, re-run and re-check the recon until all matters are resolved": not relevant for COCT	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
34	Generate input vat capital and general reconciliation	"The vat on vatable goods and services paid for is posted to the input vat general and capital account." one input VAT control account is used for capital and operating, distinguishable with tax codes.	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
35	Generate input vat capital and general reconciliation	<p>"The input vat general and capital reconciliation should reconcile the input Vat on all transactions paid for the period to the input vat general and capital GL account.</p> <p>* Extract the Input VAT accrual reconciliation from the system and perform the following checks:</p> <p>* Extract the source data indicating the supplier and suppliers vat status, the related vat type based on the nature of the transactions paid, amount of all goods/services paid, and the vat input amount.</p> <p>* Extract the input vat general and capital GL</p> <p>* Compare the vat paid per the source data report to the vat per the input vat general and capital account</p> <p>* If the input vat general and capital reconciliation balances, sign off the reconciliation as prepared and submit for review</p> <p>* If the input vat general and capital reconciliation does not agree, begin the process of investigation."</p> <p>not relevant for COCT.</p>	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
36	Investigate and clear variances	If the vat general and capital reconciliation does not balance, the process of investigation should begin: "these steps are done together in the first phase of investigations"	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
37	Investigate and clear variances	Once resolved, re-run and re-check the recon until all matters are resolved.: not relevant for COCT.	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	

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38	Post input vat general and capital account	"On completion and submission of the vat 201, the input vat general and capital account should be posted to vat control account" : posting to VAT control happens before preparation of the VAT201.	Process impact	Zsungay	City of Cape town	20/08/2024	16/10/2024	Sarah Dunmun	Completed	
39	General background & Modelling standards	1.1 and 1.2 are blank	Process impact	Bronwyn Govender	KZN Provincial Treasury	20/08/2024	16/10/2024	Sarah Dunmun	Completed	