


mSCOA REGULATIONS
COMMENTS REGISTER: UIFW REPORTING

No.	Presented Agenda Item	Description of Comments/ Questions	Potential Impact	Contributor Name	Contributor Organisation	Date Received	Date Closed	Action Owner	Progress Status	Notes
1	General:  City%20Comments_UIFW%20Exp_11%20Oc	A.NT Circular 88 outcomes: Key Performance Indicators e.g. FM4.1Percentage change of UIFW Expenditure FM4.11UIFW Expenditure as a percentage of Total Operating Expenditure - The indicator (FM4.11) is value adding and could create a norm e.g. finite percentage that all municipalities could strive after. If FM4.11 is achieved then FM4.1 should not be applicable in a mature municipality that is managing and controlling their UIFW expenditure.	No impact in process	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	Referred to NT for consideration in terms of Circular. Not relevant to process.
2	UIFW	Slide 16 - Treasury and Cash Management: UIFW management and reporting Concern for segregation in duties - In the City the role is split a. Management Tool of UIFW Exp Record management is within the City Manager's Office b. Treasury maintain the AFS schedule for the note and audit file. Proposal: Should roles not be segregated?	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	Noted. The municipality can adapt the roles to suit their organisational structure. The objective of the sub-process is to reflect that the AFS disclosure is generated from the register extracted from the system, authorised and updated to the AFS.
3	UIFW	Slide 19 - Review Strategy and Policy Process: Present to delegated committees This is prescriptive - Each municipality has their own processes. Example in the City a Policy Coordinating Committee exists with define consultation processes. Proposal: Follow governance document processes for approval, publication and application	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	The suggested task is too general for a task linked to procedures. It is important for the delegatged committees responsible for UIFW oversight review the startegy and policy of the municipality.
4	UIFW	Slide 20 - Review System Parameters Update Checklists on the system to validate UIFW Automation is the ultimate goal. However, compensating controls need to be accommodated. - Automation is achievable over time. Awareness must also exist for existing systems that are being upgraded / replaced. Customisation will happen over the system lifespan. Proposal: System checklists or manual compensating controls (italic to be inserted)	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	In developing the process, consideration has been given to automated tasks to reduce the reliance on manual processes. The timeline for implementation will be considered in the next phase of the project.
5	UIFW	Slide 21 - Identify Unauthorised Expenditure Request approval from the Mayor Is this in terms of Section 29 of the MFMA, it is not clear in the slide deck - Insights required Proposal: Clarity to be provided	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	This is aligned to Section 29 of the MFMA. Please refer to the word document for further detail
6	UIFW	Slide 23 - Identify Irregular Expenditure Undertake SCM processes including deviations Why is deviations regarded as irregular? - SCM deviation are permitted per the SCM regulations (Regulation 36), based on specific criteria. It is the prerogative of the CM (or his delegate) to approve such deviation. Proposal: Do not list SCM deviation as though non-compliance if used	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	This is not defined as irregular. "Undertake SCM processes including deviations" is a process that interfaces to the SCM process where procurement takes place including deviations. Prior to the award taking place, a check will be done to ensure that this is not potential irregular expenditure.

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7	UIFW	<p>Slide 26 - Report on UIFW Expenditure</p> <p>Populate the report to the Mayor</p> <p>Submit the UIFW report to the Mayor</p> <p>Very prescriptive - The volume of entries in the UIFW Exp Register does not warrant a report to the Mayor – The CFO has regular engagements with the EM on the topic. Per section 32 of the MFMA it requires the Accounting Officer (or designate CFO) to inform the EM. Inform does not mean a report.</p> <p>In addition, the City has an annual UIFW Exp report to Council, signed by the EM, to provide insights to the reduction strategy and carrying balances for UIFW Expenditure.</p> <p>Proposal: Make this process less burdensome – but rather that a record be maintained e.g. meeting minutes</p>	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	Section 32 requires that the Mayor needs to be informed in writing. Reference to a report that contains the details of new UIFW instances has been incorporated into the process, including a reporting type for new UIFW instances, as well as feedback on the existing UIFW instances. The municipality can define the level of detail in the report, however, a document is required in order to meet the legislative requirement adequately.
8	UIFW	<p>Slide 26 - Report on UIFW Expenditure</p> <p>Reporting to the AGSA / CogTA / Treasuries etc.</p> <p>Mechanisms already exist e.g. E-Muni / DCoG dashboards etc. - The necessary prompts to complete E-muni system and provided slide deck in puts to WCG, NT and CoGTA are achieved.</p> <p>AGSA expectations are throughout the year ito presenting information in the AGSA planning process, RFI and Comaf inputs.</p> <p>Proposal: •Make this process less burdensome with specific intervals for reporting. •Alternatively provide a specific template for submission to all parties – one document for single distribution to all information users</p>	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24		Kashnee Sewnarain	In progress	Noted. The link to Go Muni has been incorporated into the process for NT, PT and Cogta, however, further engagement will be held with AG before we can update the reporting process to Go Muni for audit purposes.
9	UIFW	<p>Slide 26 - Report on UIFW Expenditure</p> <p>Reporting to delegated committee and Council</p> <p>Mechanisms already exist ito investigative cases.</p> <p>The flowchart appears to be too rigid. - The timing, from the flowchart, is monthly if Council is monthly. While caseloads are large this can be achieved i.e. reporting to MPAC and then to Council on specific investigations being completed.</p> <p>However the variables need to be considered i.e.</p> <ul style="list-style-type: none"> •Cases load could reduce •Cases could take longer to investigate and conclude <p>Proposal: The process should be more broadly stated i.e. case investigative efforts are to be concluded and reported to the MPAC and Council</p>	Clarity required	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	The timing is determined by the municipality and therefore driven in terms of municipal deadlines. It is also important to provide updates to Council on investigations, especially where the investigation is taking longer than anticipated.
10	UIFW	<p>Slide 27 - Report on UIFW Expenditure</p> <p>Request IA to assist to investigate</p> <p>Maturity in assurance providers exist so a more open approach is necessary - While IA could be used and have been used on occasion. Largely this work is completed by the Ethics and Forensic Services.</p> <p>Proposal: A more open ended proposal – Assurance provider assistance...</p>	Updated the modelling	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	In accordance with MFMA Circular No. 68, the investigation process is not considered to be a forensic investigation. However the model has been updated to indicate internal or external assistance as required.

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11	UIFW	Slide 27 - Report on UIFW Expenditure Refer to the Disciplinary Board Management role is largely applied and therefore disciplinary action is exercised. Need a better approach – currently too rigid - The Financial Misconduct Board will only be activated where management disciplinary action has not taken place and where financial misrepresentation (materiality criteria is achieved) is evident with a clear indication of those responsible and accountable. Proposal: A generic block to SAPS and FMB	Updated the modelling	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	The reporting to SAPS has been incorporated at the Accounting Officer level, as well as the Council Committee level. In terms of the disciplinary board, this has been removed and this process now directly interfaces with the HR process for managing staff discipline.
12	UIFW	Slide 28 - Report on UIFW Expenditure Recovery process This slide is too detailed and not necessarily conducive to collection processes - A more generic view is to be applied. The current flow chart would not be achievable. Proposal: A generic statement be made that recovery measures are to be applied as opposed to the details	Updated the modelling	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	Minor modifications have been made to the model, however the municipality still has an obligation to raise a debtor and track the recovery of the debt in this regard.
13	UIFW	Slide 29 - Process Write-off for UIFW Expenditure Present updated UIFW Exp Register to Committees The UIFW Exp Register is reported to the MPAC as well as the recovery register. - Every July and January the UIFW Exp Register (OCM – Management Tool record) is presented to MPAC. At the same interval the Treasury Recovery Register is presented to MPAC. Monthly reporting is not practical Proposal: Interval reporting is to be made to the MPAC	Updated the modelling	Naiemah Ishmail/Zola Nkosemntu	City of Cape Town	04-Nov-24	28-Nov-24	Kashnee Sewnarain	Completed	The model does not indicate that this reporting must be done monthly. It represents that the task must be performed, and the municipality can determine the reporting timeline that is best suited, taking into account legislative requirements. The reporting requirement has also been removed subsequently, as this has been incorporated in the reporting process.
14	Level 3 - UIFW reporting	Slide 18 - Awareness to the municipalities that MFMA section 62 there's an obligation to municipalities to prevent UIFW, so that should be seen as prevention and reduction strategy. Regarding UIFW reporting, one of the steps that should be there before write-off process is the consideration for recovery of the UIFW.	Clarity required	Johan van Wyk	NT/ GTAC	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Agreed, the process has been modelled to consider recovery or write off, based on the circumstances and nature of the expenditure. For example, unauthorised expenditure cannot be recovered for depreciation in excess of the budget.
15	Level 3 - UIFW reporting	How to deal with the non-cash items at year-end on the AFS that may end up causing unauthorised expenditure from overspending of the budget?	Clarity required	Sakkie Pretorius	Bitou Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	This is still considered unauthorised. The model on identification of unauthorised expenditure tests this at month and year end.
16	Level 3 - UIFW reporting	Get an understanding of the starting point in terms of the strategy being mindful that it can be achieved but it is about maintenance beyond that point. Will there be an acceptable norm for irregular expenditure which can arise as part of transacting as it is potentially intrinsic to the way business is achieved and sometimes in a rush things may slip. Is there an appetite of expenditure that is acceptable?	Clarity required	Gayle Postings	City of Cape Town	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Technically, municipalities must ensure that no irregular expenditure is incurred. There is no norm being prescribed.
17	Level 3 - UIFW reporting	In terms of law all irregular should be prevented regardless of the MTREF of 2019/2024. Suggestion for consideration that the recoveries be separated and not form part of the implement consequence management and recoveries.	Updated the modelling	Johan van Wyk	NT/ GTAC	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Agreed. Process of recoveries and managing staff discipline has been separated. Staff discipline is now an interface to HR processes.
18	Level 4: Review Strategy and policies	Concern as there's no mention of the interface to the AFS in the process as it needs to be reported, please elaborate for clarity.	Updated the modelling	Sakkie Pretorius	Bitou Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	This has been updated to include the interface to the AFS process.

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19	Level 4: Review System parameters for UIFW reporting	Concern with recording the UIFW in the register prior to the MM or the accounting officer has signed off on the transaction as it practised at the municipality.	Clarity required	Henni Leroux	Mosselbay Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	The process does enable the reporting to the Accounting Officer, and the modification to the registers should changes be required. However, it is important that a record is maintained in terms of day to day processes, which can be verified by the Accounting Officer
20	Level 4: Review System parameters for UIFW reporting	The municipality also take the identified UIFW to the Accounting officer prior to recording in the register	Clarity required	Sakkie Pretorius	Bitou Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	The process does enable the reporting to the Accounting Officer, and the modification to the registers should changes be required. However, it is important that a record is maintained in terms of day to day processes, which can be verified by the Accounting Officer
21	Level 4: Review System parameters for UIFW reporting	Consider changing to possible UIFW	Updated the modelling	Henni Leroux	Mosselbay Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Updated
22	Level 4: Identify Unauthorised expenditure	Clarity on the practicality in reporting the identified UIFW a day before council meeting is there a way to delay presenting it but present it later?	Clarity required	Sakkie Pretorius	Bitou Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Noted. However, the legislation indicates that the Mayor must report this at the next Council meeting and therefore this has been modelled in line with the legislation.
23	Level 4: Identify Unauthorised expenditure	The slide will assist with the section 71 reporting. Also to add that it is impractical to report within 30 days to council, but will discuss it further with a colleague.	Clarity required	Naiemah Ishmail	City of Cape Town	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Noted. However, the legislation indicates that the Mayor must report this at the next Council meeting and therefore this has been modelled in line with the legislation.
24	Level 4: Report on UIFW expenditure	Wholistic documents will it be possible to have the register on the system to have links to the source document, and for the auditing perspective to have the investigating report also be uploaded for easy consolidation of information in one place and audit queries and disclosures, taking into account the necessary parameters and security protocols.	Clarity required	Adil Nunkumar	KwaDukuza Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Agreed. The process has been modelled in that manner to ensure source documents are linked to the transactions in the registers.
25	Level 4: investigate UIFW Expenditure	AG is getting involved in the material irregularities (MI) process and not much of the UIFW considers having a link to the two concepts somewhere in the framework as it increases the risk profile if looked in depth so narrowing down the potential MIs might become a challenge.	Clarity required	Adil Nunkumar	KwaDukuza Municipality	11-Oct-24		Kashnee Sewnarain	In progress	Agreed. This matter is under consideration and will be updated early next year
26	Level 4: investigate UIFW Expenditure	Regarding the criminal/Fraud and potential misconduct as understood from the MFMA implementation office, the investigation committee in the municipality utilises MPAC to do the process. The municipality was advised to follow this process , The question around disciplinary cannot be considered by MPAC but consider the write-off/recovery, all matters of UIFW is considered as financial misconduct and should be submitted to the disciplinary board to deal with the matter of whether there is potential misconduct/criminal or fraud or not. Please clarify if the investigation committee needs to determine whether the item needs to go the disciplinary board after making the determination if there's a misconduct or not and if so then the item does not need to go to the disciplinary board?	Updated the modelling	Vikash Deeplal	eThekwini Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	The Committee cannot determine disciplinary action, however MFMA Circular 68, does indicate reference to disciplinary board for further consideration. However, this model has been amended to focus on the write off/recovery process.
27	Level 4: investigate UIFW Expenditure	The municipality in the treasury department there is an internal control unit that manages the entire process for the council (UIFW) when items are submitted to MPAC, simultaneously the UIFW item are submitted to financial misconduct board. Or should it go via MPAC or someone in finance should?	Updated the modelling	Vikash Deeplal	eThekwini Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	The process addressing the investigation and the management of staff discipline has been updated to run concurrently.
28	Level 4: Implement consequence management and recovery process	To confirm, is this where the debtor was raised on the system by staff or creditor and on the process there should be an acknowledgment of debt before it is raised if disputed a legal route be followed?	Clarity required	Vikash Deeplal	eThekwini Municipality	11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	Agreed. This is addressed in the payroll process in terms of mandary HR deductions.

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29	Level 4: Process write off for UIFW expenditure	What is the way forward post this presentation what is the timeline for roll-out of the updated processes?	Clarity required	Chart comment		11-Oct-24	28-Nov-24	Kashnee Sewnarain	Completed	The comment period is open until 31 January 2025 and the rollout will occur once the Regulations are effective.