



MFMA Circular No. 80 Annexure B – Business Processes and System specifications in support of mSCOA

Municipal Finance Management Act No. 56 of 2003

It is crucial to note that the system specifications included in this Annexure B is the comprehensive list of system specifications and that the application of the detail varies according to the specific category of municipality (A, B or C).

To view the system specifications applicable to a specific category of municipality, kindly refer to the excel Annexures to the Request for Proposal (RFP) issued on 4 March 2016 for the appointment of service providers for *an integrated financial management and internal control system for local government* (RT25-2016 on page 115 of Tender Bulletin No. 2906).

The documentation can be accessed at:

<http://www.etenders.gov.za/content/rt25-2016-appointment-service-providers-integrated-financial-management-and-internal-control>

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Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
Corporate Governance			
<p><i>Governance is associated with ensuring greater economic and social responsibility within organisations to shareholders and stakeholders. Accountability, transparency and openness in reporting and disclosing information are imperative to the practice of good governance and are non-negotiable. Generally, corporate governance refers to the processes by which municipalities and municipal entities are directed, controlled, and held to account as guided by the Constitution, the Municipal Financial Management Act, 2003 (MFMA) and Municipal Systems Act, 2000 (MSA). The MFMA and MSA complement each other and deal with internal control, risk management, internal audit, and external audit, and financial risk management, compliance to legislation, performance system and reporting mechanisms to enhance accountability and progress. Municipalities' policies and procedures need to address these areas to accomplish good corporate governance.</i></p>			
	Internal Audit	Approved Internal Audit Plan in existence and Risk Management Strategy in Place	<p>Integrated work flow Request for the information management tool, backed by document management.</p> <p>Ability to obtain base transactional information 'View Only' ability.</p> <p>Ability to request sample transactions from all sub and core financial systems. This include documents as loaded via the document management systems.</p> <p>Issue audit findings and risk registers and invoke consequence management procedures.</p>
			Continues work flow on risks identified to ensure mitigation.
	External Audit	Public Audit Act, 2004	<p>Work flow and incident management tool to ensure progressive dealing with Request for Information and Communication of Audit findings.</p> <p>Document management to ensure delivery of responses and documents requested on 'Request for Information' to the Auditor General.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Real time system (date time stamped) electronic responses to AG queries and continued internal escalation of non- responded queries.</p> <p>Escalation and continuous request for 'auditor conclusion' on responded communication of audit findings.</p> <p>Escalation and classification of matters influencing auditor's opinion.</p> <p>Compilation and work flow on audit recovery plans.</p>
	Audit Committee	Audit Charter	Document management and work flow to ensure resolution tracking is achieved.
	System Configurations	Access control of all systems and modules should as a minimum adhere to the following: Minimum Information Security Standards.	<p>Authentication, authorisation and cryptographic security technologies and digital certificates must be given high emphasis throughout the entire system including but not limited to the application, data processing, data storage, data communications and user access.</p> <p>Must integrate secondary authentication systems such as biometric devices for users that provides access to critical modules, processes and digital signatures or similar technologies to prevent document tampering.</p> <p>Must support complex user profiles, with segregation of duties, in order to limit user rights beyond the transaction, but to also include content sensitive measures such as organisational structure, payroll, cost centre, project, source of funding, other segmented transactions or other system objects needed to ensure confidentiality of information and</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			transactional integrity.
			<p>Online approval and authorisation with electronic signature capabilities of transactions via integrated security systems and segregated functionality. This should be provided through application of appropriate security policies and internal service level agreements between various units.</p>
			<p>Comprehensive on-line audit trail of all transactions at a transaction level must be available. This is in order to identify date, time and the user who initiated, approved or amended any transaction, including workflow. The administrator must be able to customise this for enhanced analysis and reporting.</p>
			<p>Additionally, the audit trail on all activities on the system, date, time and responsible user stamped. This must be done to the extent that an activity log can be drawn from the system, outlining a particular user's activities on the system for the entire workday.</p>
		Period Control	<p>Monthly period closure and certification within the statutory reporting dates. No back-dating of transactions is allowed.</p>
			<p>Balancing of the sub-system with control accounts must be a condition of any period closure.</p>
			<p>Year-end closures period 12 as at 30 June (of the current year) result in a transactional transfer of opening balance to period one in the following year.</p>

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			<p>Finalisation and submission of annual financial statements (AFS) period 13 results in <i>opening balance transactional transfer</i> of only the transactions of period 13.</p>
			<p>Audit periods with allowed audit approved journals occur in period 14 and result in <i>opening balance transactional transfer</i> of only the transactions of period 14.</p>
			<p>Accommodate a period 15 for prior period errors (GRAP 3).</p>
			<p>Any corrections of prior period error(s) result in opening balance transactions in the subsequent years.</p>
			<p>Period closing, finalisation and audit period corrections are <i>opening balance transactions</i> in the <u>current open period</u> as well as normal transactions in the <u>audit periods</u>.</p>
		Integration	<p>Document management must occur at the capturing point of all transactions.</p>
			<p>Sub-system(s) or ledgers must, without (manual) intervention or manipulation, integrate and constantly balance with the core financial system.</p>
			<p>Create workflow and exception reporting mechanisms.</p>
			<p>Enable drill down from the general ledger (GL) to sub-system source transactions to transactional level.</p>
			<p>Integration and automation of the annual financial statements (AFS) as well as monthly MFMA section 71 reports (financial management statements).</p>

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		Help function user manual	The System must include an online procedural manual facility that allows for the recording and updating of all relevant processes to aid the users of the system.
		The manual must be context specific and accessible from any input screen in the system.	
		Functionality is required to permit a duly authorised user to maintain the user manual.	
		Document and transaction control	The solution must include the online recording of all transactions with a unique transactional identifier and a date/ time stamp format which records transactions in all systems.
		It is important to note that no records are physically deleted. Deleting a record in the context of the Solution means to 'flagging as deleted', the record so that it is no longer visible or active and does not present 'clutter' to normal users.	
		However, duly authorised users may view or report on logically deleted records.	
		Logically deleted records MAY NOT be reactivated. (If a record was 'flagged for deletion' in error, it will require recapturing).	
		Training and Skills transfer	End User Training which includes both theoretical as well as practical training.
		Complete Solution Hand Over to Municipal Project Team including full documentation.	
Deployment of an IT strategy for maintenance and future developments.			

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
		Back up and data recovery	<p>Data back-up procedures must be continuous and roll back. Recovery should be at the maximum extent possible and not cause system down time "RAID configuration".</p> <p>Disaster recovery sites are either off site at the municipality or cloud based solutions that are to be tested regularly.</p> <p>Daily, weekly, monthly and yearly backups must be documented and signed-off.</p>
	Performance Management System	Performance Management System that gives effect to chapter 6 of the Municipal Systems Act, 2000	<p>Due to the nature of local government the performance management system of a municipality originates from its integrated development plan (IDP) and as such the key performance indicators are created in the IDP. This module therefore formally starts with and should assist in the compilation of the IDP.</p> <p><i>The performance management system must therefore include the following components:</i></p> <p>Seamless integration with the budgeting module;</p> <p>The compilation and solution to capture the service delivery- and budget implementation plan (SDBIP) measurable performance indicators and the assignment of tasks to specific managers;</p> <p>Ensuring that policies and Municipal By-laws are aligned to the developmental nature of the municipality and give effect to the measurable performance objectives and service delivery- and budget implementation plan (SDBIP) of the municipality (for staff and political office bearers);</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Ensure that internal municipality delegations are updated and assigned and formally accepted by individuals;</p> <p>Manage and control external service mechanisms/ providers via a contract management component that ensures delivery, sign-off and minutes are contained in a single point of entry;</p> <p>The contract management module should monitor key deliveries and also invoke penalty clauses, retentions and consequences in cases of persistent breach of contract. This include listing of transgressors on the National Treasury website under the appropriate listing for transgressors;</p> <p>A performance management module that manages the contracts of senior management and allows for electronic submissions and 'portfolio of evidence' management;</p> <p>The performance management module should assist in consequence management and record any such actions; and</p> <p><i>The performance management system should as a minimum produce the following documents:</i></p> <p>The integrated development plan (IDP) for publication;</p> <p>The service delivery- and budget implementation plan (SDBIP);</p> <p>The service level agreements (SLA's) and performance contracts;</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Reporting on service delivery- and budget implementation plan (SDBIP) indicators (inclusive of financial performance indicators); and</p> <p>The municipality's annual report.</p>
	<p>Municipal Web Site</p>	<p>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</p>	<p><i>The legislative framework lists the minimum information that should be placed on the municipality's website:</i></p> <ul style="list-style-type: none"> • 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). <p>All performance agreements required in terms of:</p> <ul style="list-style-type: none"> • All service delivery agreements; • All long-term borrowing contracts; • All supply chain management contracts above a prescribed value; • An information statement containing a list of assets over a prescribed value that have been disposed of in terms of MFMA section 14(2) or (4) during the previous quarter; • Contracts to which MFMA section 33(1) apply, subject to section 33(3) of that section; • Public-private partnership

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>agreements envisaged in MFMA section 120; and</p> <ul style="list-style-type: none"> • Municipal Budget and Reporting Regulations (MBRR) and mSCOA Regulations reporting templates as generated by the Core Financial system.
			<p>Billing module in addition to integrate:</p> <ul style="list-style-type: none"> • The A&B valuation roll publication as required by the Municipal Property rates Act, 2004; and • The customer portal; and • Should as a minimum (if not hosted on the municipality's web site) be accessible or redirected from the website of the municipality.
	Document Management	Document Management to ensure that all municipal documents are secured and if possible electronically received to achieve the lowest possible foot print. National Archives of South Africa Act, 1996.	<p>Support secure and reliable document management including, but not limited to:</p> <ul style="list-style-type: none"> • Document sharing; • Dedicated registry for document filling; • Document tracking; and • Secure access to documents.
			<p>Document management should originate at the lowest level of transaction. (I.e. invoices should originate from creditors module).</p> <p>Scanned documents and images to be linked to the each enquiry of the system (e.g. Assistance-to-the-Poor application scanned forms to be linked to the customer identification number on the system).</p>

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	<p>Reporting mechanisms</p>	<p>Business intelligence reporting solutions</p>	<p>The report writer should have a user configurable application utility like Sequel server reporting server (SSRS). This must include sample reports configured as well as standard reports. This will allow for consistency in reporting and best of client base reports that can be shared in the whole-of-municipal environments;</p> <p>Alternatively, an effective, flexible report-writing facility with access to the database dictionary is required;</p> <p>Ensure that mSCOA segmented reports can be produced on any level of the mSCOA chart with any combination of segments;</p> <p><i>In addition, there should be a management dashboard that displays at the Municipal Manager's (accounting officer) and senior managers' offices, the key performance areas information in a continues real time update. This should as a minimum:</i></p> <p>Assist the municipal manager to adhere to MFMA section 70 by providing early warning of impeding financial distress;</p> <p>Monitor the financial progress of grants, programs and capital projects (as per the annual service delivery-and budget implementation plan (SDBIP));</p> <p>Monitor performance of debt recovery and creditor payments;</p> <p>Reflect budget versus actual performance of the votes/ functions of the municipality.</p>

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			Allow for the export of data via reports in commonly used file formats which is normally associated with spread sheet and other data base applications.
		National Treasury Portal and other statutory submissions	Statutory submission to the National Treasury local government Database (LG Database);
			<i>mSCOA data extraction and upload to portal submissions with a dashboard configuration to allow the Municipal Manager (accounting officer) to verify the mSCOA data extracts before submitting them:</i>
			The annual procurement plan - actual versus budget;
			The asset maintenance plan - actual versus budget;
			Annual Financial Statements (AFS);
			Annual report;
			National Energy Regulator SA (Nersa) and Department of Water Affairs and Sanitation (DWS) reports;
			VAT returns 201 reconciliations;
			PAYE and 501 reconciliations;
			IRP 5; and
			Unemployment Insurance Fund (UIF) forms.

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 and planning business processes are primarily derived from two sets of legislation, namely the Municipal Systems Act, 2000 (MSA) and the Municipal Finance Management Act, 2003 (MFMA). The MSA provides for the setting of the strategic objective whilst the MFMA and Municipal Budget and Reporting Regulations, 2009 (MBRR) provide for the output associated with this business process. This needs to incorporate key processes and procedures such as strategy formulation, integrated development planning (IDP), prioritisation,

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<i>revenue generation, resource allocation, as well as long term forecasting and modelling of key financial dimensions such as the statement of financial position, cash flow forecasting, funding compliance, asset management and basic service delivery.</i>			
	Main Budget	<p>In terms of Section 25 of the Municipal Systems Act, 2000 each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan (the integrated development plan (IDP)) for the development of the municipality which must inform the municipal budget to be mutually credible and reliable and should include the following functionality:</p>	<p>Must have budgeting capabilities in that the budget are informed from the integrated development plan (IDP) and budget capturing occur across all the mSCOA segments as per the mSCOA Regulations, 2014.</p> <p>System must support budgeting cycles across the medium term revenue and expenditure framework (MTREF) (3-year budget) of the municipality.</p> <p>The system should be able to link budgeting to final integrated development plan (IDP) priorities.</p> <p>Budgeting on the factual elements of typical work streams.</p> <p>Budgeting on the factual elements of municipal operational and running cost.</p> <p>Enable users with budget and management information to determine funding adequacy of the budget to ensure the budget is funded. (Municipal Budget and Reporting Regulations, 2009 (MBRR)).</p> <p>Incorporation of the sub module's elements.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Tracking of the budget process plan and timetable.
			Automated workflow for departments' submissions as per budget guideline documents.
			Comparison capabilities for department budget submissions, scenarios and recommendations.
			Planning of secondary costing i.e. Departmental charges, internal recoveries and activity based charges.
			The system should be able to link Expenditure and Revenue to All segments of mSCOA.
			Track, compare and report on budget versus actual amounts for year 1 of the medium term revenue and expenditure framework (MTREF) as per mSCOA Regulation requirement.
			Enable what-if inter-operability and modelling between the municipality's main budget module and the sub-budget modules.
			Ensure that the policies referred to in MFMA section 17 and the Municipal Budget and Reporting Regulation 7 are, via formal work flow, reviewed by the relevant municipality departments/ sections. Any amendments must be incorporated into the budget submission. These reviews, as a minimum, must include:
			The tariff policy referred to in section 74 of the Municipal Systems Act, 2000;
			The rates policy as required in terms of the Municipal Property Rates Act, 2004;

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>The credit control and debt collection policy referred to in section 96 of the Municipal Systems Act, 2000;</p> <p>The supply chain management policy referred to in Chapter 11 of the MFMA, 2003;</p> <p>The statutory budget submission to the National Treasury local government Database (LG Database);</p> <p>The annual procurement plan;</p> <p>The asset maintenance plan;</p> <p>Any amendments made/ proposed to the municipality's policies or By-laws;</p> <p>The rates and tariffs promulgation;</p> <p>The general tariff advertisement;</p> <p>Data extraction from the mandatory six (6) segments on the mSCOA classification framework and upload to the National Treasury local government Database (LG Database) portal.</p>
	Revenue	A revenue sub-ledger budget module that as a minimum:	<p>Calculate and spread budgets based on current consumption and database history.</p> <p>Measure and flag anomalies of the current database history against alternative information sources such as the Surveyor General (SG), Deeds Office and valuation rolls to ensure completeness of budgeting and actual billing.</p> <p>Provide functionality for town ship development and populate amounts and consumption on average per type of connection in this development.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Provide for the adjustment of distribution losses based on anticipated remedial actions on the sales loss as identified by the water and electricity distribution loss templates. Zero consumption account based on average and type of use tariffs.</p> <p>Create projected growth and tariff calculations taking into account the provision for bad debt and material losses. (In this regard transacting on the "Regional" segment is crucial for GRAP 104 type calculations).</p> <p>Planning of secondary costing i.e. Departmental charges, internal recoveries and activity based charges informing cost reflective tariffs.</p> <p>Review of sundry tariffs.</p> <p>Supply the general ledger's "main budget module"-budgets with the full mSCOA segments as a budget line. It should be able to provide this for revenue, expenditure and balance sheet items.</p>
	<p>Human Resources (HR) /Payroll</p>	<p>A Human Resource (HR) budget/ payroll module that as a minimum:</p>	<p>Allow the municipality to budget for its full organogram (organisational structure).</p> <p>Incorporate the ability to apply costing allocation to projects and percentage (%) based allocation of administration costs to trading service departments (if not allocated) using direct calculation methods.</p>

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			<p>Provision to calculate new notch values within grades either as a percentage increase or by minimum value. These notch values are to be held on a temporary file and the user must be able to perform Various "what if" scenarios without affecting the live data.</p> <p>Ensure that the planned positions is budgeted for pro-rata to when the expected appointment can be done.</p> <p>Utilising historical trends, calculate the likely provision for leave and bonus provisions. This function should also be able to anticipate (if applicable) any long service allocations.</p> <p>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.</p>
	Assets	An Asset management sub-ledger budget module that as a minimum:	<p>Allows budgeting for "new capital" projects requested in the integrated development plan (IDP).</p> <p>Anticipates completion and subsequent operational costs of these "new capital" projects.</p> <p>Calculates existing and anticipates new planned assets' maintenance, insurance and a percentage of "un-planned" maintenance.</p> <p>Calculates depreciation, taking into account the impact of major repairs.</p>

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			<p>Calculates profit or loss on planned disposals.</p> <p>Provides for a (contract) retention payment schedule.</p> <p>Provides for grant and work-in-progress (WIP) or contract management payment schedules to assist the main budget module with its forecasting and cash flow management.</p> <p>Supplies the general ledger's main budget module planned budgets with the full mSCOA segments as a budget line. This functionality should be able to provide this for both expenditure and balance sheet items.</p> <p>Provide the asset maintenance plan.</p>
	<p>Budget Management</p>	<p>Budget Management and Monitoring</p>	<p>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.</p> <p>Automate the virement process as per the virement policy.</p> <p>Link the service delivery- and budget implementation plan (SDBIP) and workflow to show progress on projects and include links to service delivery scorecards and municipal procurement plans.</p> <p>Provide the annual procurement plan.</p>

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Financial Accounting			
<p><i>Financial accounting incorporates a host of policies, processes and procedures in order to operationalise the effective and efficient recording and accounting of daily financial transactions as well as month and year end closure procedures and transactions. The MFMA provides a platform for the prescription of norms and standards such as the Standards of Generally Recognised Accounting Practices (GRAP) which have been designed and formulated based on unique South African circumstances (such as the VAT requirements which must be accommodated by the financial system) and leading international practices. Municipalities and municipal entities are therefore required to operationalise daily business processes and procedures that incorporate at the very least regular reconciliations, correct and accurate allocation and classification of transactions based on the SCOA classification framework. These processes and procedures must give rise to monthly performance represented by among others, the Statement of Financial Performance, Capital and Grant Performance, Statement of Financial Position, movement in net assets and cash flow in the Section 71 in-year reporting formats. It is important to keep in mind that outputs needs to be reported and must at all times be measurable so that progressive achievements can benefit communities. Processes should be focussed at clean and accountable operations and the outcome must be reported in terms of by all roll players.</i></p>			
	General Ledger (Core Financials)	General Ledger (GL) that as a minimum	<p>Contains all the accounts for recording transactions relating to municipalities assets, liabilities and net assets as per mSCOA segments.</p> <p>Is a central repository for accounting data transferred from all sub-ledgers e.g. supply chain, revenue, cash management, fixed assets, purchasing, debt control, billing, prepaid, and projects etc.</p> <p>Reflect transactions posted in the sub-ledgers immediately in the main ledger thereby ensuring the financial integrity of the entire system without the need for manual reconciliations between main and sub-ledgers.</p> <p>Notwithstanding the above and due to probable packet loss a routine, is required to ensure that the general ledger and sub-ledger is in balance. This must be done by enforcing daily closing routines with subsequent blocking of opening routines if out of balance occurrence with control accounts is observed.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality		
			Drill down to transactions from the general ledger (GL) to the sub-ledger or 3 rd party systems for an audit trail.		
			Journal capturing capabilities (including reversible and recurring journals) including electronic approval.		
			Reporting functionality for all financial reports in the full mSCOA segmented transactions.		
	Accounts Receivable	Transactions in debtors must reflect in the AR in mSCOA segmentation		<i>Provide a debtor master record containing at least but not limited to:</i>	
				Debtor classes and discount categories to ensure correct billing and rebates;	
				Trade, sundry and other debtor types to comply with mSCOA requirements;	
				Debtor levies in mSCOA segmentation to the Accounts Receivable;	
				Receipt allocation to AR in the correct mSCOA segmentation;	
				Daily balancing between sub-system and AR; and	
				Month-end and year-end procedures to ensure correct disclosure of cash on hand and age analysis.	
				Drill down to transactions from the general ledger (GL) to the sub-ledger or 3 rd party systems.	
				Integration of sundry systems	Abattoir system.
					Cemeteries system.
					Fire and emergency services systems.

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			Fresh produce market systems.		
			Library system.		
			Nurseries systems.		
			Pound system.		
			Traffic fines systems.		
			Transport services systems.		
			Weigh bridge system.		
	Accounts Payable	Supplier maintenance		Creating a supplier database.	
				Post supplier invoices, credit- and debit notes. Select documents to pay with payment dates.	
				Make payments and part payments. Allow for future and scheduled payments.	
				Align suppliers with debtors and HR modules.	
		Accounts Payable (AP)			AP must include, at a bare minimum but not limited to:
					Goods received notes for full or partial deliveries aligned to authorised issued purchase orders. Goods return notes with debit and credit orders;
					Invoicing for goods received notes as partial or multiples invoice payments. Settlement discounts as allowed by suppliers;
			Selection of invoice payments on varied platforms. Bulk payment of invoices including direct linking to the banking sector. Producing of electronic remittance statements with automated distribution;		
			Direct invoice payment such as Eskom;		

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Sundry payments generated from payroll, billing or manual S&T transactions;</p> <p>Re-occurring and scheduled payment such as lease amounts or quarterly loan repayments;</p> <p>Retention register with auto mated update, pay-out and balancing;</p> <p>A cession register linked to the PMU with automated allocations;</p> <p>Age analysis of creditors with supporting reports;</p> <p>Must be able to calculate accounts payable VAT reconciliations (including calculations on returns and discounts);</p> <p>The option to scan and store invoices and other documents on the supplier;</p> <p>A web portal for suppliers to enquire on payment status and uploading/ submitting of invoices.</p>
		Cash Management	<p>Automated receipting of bank deposits received.</p> <p>Automated passing of journals for interest and other bank charges.</p> <p>Electronic payment of creditors and salaries.</p>
		Investments	<p>An investment register with notifications/responses for the end of fixed investment periods (date of maturity) incorporated within the workflow. Updates from cashbook and payments must be seamless.</p> <p>Produce a reconciliation of the investment register with all required documentation.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
		Loan Register	<p>A loan register capable of calculating repayments and schedule payments within the workflow.</p> <p>Produce a reconciliation of the loan register with all required documentation.</p>
		Tax & VAT	<p>Fully integrated and approved VAT handling capabilities incorporating all statutory required documentation.</p> <p>Interface to SARS eFiling for automated reconciliations and submissions of disclosures.</p>
		Automated Work flow	Where authorisations are across line functions, the process must be automated. Examples are deviations (section 36), Subsistence and Travel claims, Personnel Requisitions, Transfer of funds (virement Policy), Asset Transfer, Clearance forms, Works orders, Leave applications, etc.
		Fixed Asset Management	<p>Trace all financial asset transactions to the asset level.</p> <p>Ensure that all asset transactions are aligned with mSCOA Regulations.</p>
		Insurance Claims	<p>Provide an insurance claims register with direct linking to the assets module.</p> <p>Derive valuation of assets to calculate insurance premiums from the asset register.</p> <p>Write-off of assets from the insurance module must update and transact on the asset register as well as the general ledger.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Workflow with document management and reporting must be available.
Costing and Reporting			
<p><i>Costing or management accounting is concerned with financial and management information internal to the municipality and municipal entity which provides the basis for sound and informed business decision making. In contrast to financial accounting, management accounting is primarily forward looking instead of historically focused and informs planning and budget processes by applying forecasting and prediction models. Determining the full cost of tariff services including primary and secondary costing to inform tariffs and pricing of services in order to achieve cost reflective tariffs, reporting thereon and measuring performance of services based on financial and non-financial information.</i></p>			
	Cost Planning	Incorporate a costing module	<p>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.</p> <p>Management reporting on all charges should be available for reports as well as dashboard information.</p>
Project Accounting			
<p><i>Project Accounting refers to the capability to account for individual project costs and ensure that these settle as assets under construction (AUC's) where applicable. The project accounting functionality should be extendable to provide project management capabilities in order to track physical project progress against predetermined milestones in addition to tracking the financial performance of the project or portfolio of projects.</i></p>			
	Project Creation & Planning		<p>A comprehensive project module that allows for integrated development plan (IDP) objectives to be transferred into the project module for planning, budgeting and ultimately reporting purposes.</p> <p>The municipal budget module must be aligned to the project module.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Projects registered in the project module must be aligned to the mSCOA Project segment.</p> <p>All segmentation of mSCOA must be incorporated into the project module, whereby a project based budget is produced, informed by the integrated development plan (IDP) and giving input to the annual service delivery- and budget implementation plan (SDBIP).</p> <p>Capital acquisition, maintenance and replacements must be driven from the project module.</p> <p>Operating budget items such as operating expenditure on repairs and maintenance, operational costs and typical work streams must originate from the project module.</p>
	<p>Project Management</p>	<p>Project Management Unit (PMU)</p>	<p>Project management and stakeholder inputs must be controlled by clear business processes and user access controls.</p> <p>Projects not completed within a financial year must be carried over and work-in-progress (WIP) items registered.</p> <p>Project managers should have full access to their projects within the limitations of the budget and internal policies.</p> <p>Workflow processes must assist in project maintenance.</p> <p>Strict budget control as per the approved integrated development plan (IDP) must be maintained.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>A Safety, Health and Environmental (SHE) module to comply with general Health and Safety Regulations should be incorporated within the system. (For example the Construction Regulations, the Occupational Health and Safety (OHS) Act, 1993, General Administrative Regulations, General Safety Regulations and the National Environmental Management Act, 1998).</p> <p>Regulatory Safety, Health and Environmental (SHE) documentation must be available in a document management tool with defined check lists and milestones.</p> <p>Health and safety incidents must be recorded and managed on the system and reported as per legislation.</p>

Treasury and Cash Management

Treasury and cash management refers to investing, financing activities and operational cash management. The following processes must be considered relevant to this cycle –

(a) Investing activities comprises the acquisition, disposal and management of tangible assets, including land, buildings, plant and machinery, motor vehicles, furniture and equipment, computer hardware, software and communication networks. Also included are acquisition, disposal and management of intangible assets such as research and development expenditure, patents and trademarks, scientific and technical know-how, intellectual property rights such as copyrights and licences. Municipalities and municipal entities must introduce accounting policies for depreciation, impairment, revaluation, asset retirement, etc.;

(b) Financing activities are the means by which the municipality or municipal entity obtains its funding. This may be in the form of funds obtained from borrowing (external loans) or transfers and subsidies to the municipality or municipal entity. Financing activities also include finance and operating leases entered into by the municipality or municipal entity. Included are related transactions such as security and guarantees granted to a lender, accounts receivables pledged to a discount house, interest charges, finance charges on leases, foreign exchange gains and losses, hedging gains and losses and commitments for capital expenditure;

(c) Investment may take the form of fixed interest, long-term or short-term debt, investments or loans; secured or un-secured. Procedures must be implemented to control the purchase and sale of investments, the movement of scrip or recording of dematerialised securities and the resulting cash received and paid including income from investments, and

(d) Cash and bank refers to transactions occurring daily in all municipalities and municipal entities represented by a high volume of transactions in payments and receipts. Procedures must provide for expenses and reimbursements of “suspense accounts and floats” including regular surprise

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
<i>counts; cash handling procedures for unbanked receipts and money in transit; control over the opening of bank accounts and obtaining access to electronic banking signatures, regular reconciliations of bank accounts and timely follow-up of reconciling items by management.</i>			
	Cash Management	Bank Reconciliation	<p>A fully integrated and automated cashbook module that links to the banking sector and allows for at least:</p> <p>Allow for multiple bank accounts and sweeping between accounts;</p> <p>Automated receipting of debtor payments and other monies received;</p> <p>Automated passing of journals for interest and other bank charges;</p> <p>Automated clearing of system generated transactions such as payments; and</p> <p>Automated clearing of cash received in the general ledger (GL) to the bank account;</p> <p>Automated reconciliation of bank statements to the ledger and supplying supporting documentation for management.</p> <p>Forecasting of cash must be available on a dashboard.</p> <p>Support mSCOA segmentation in the cashbook module.</p>
		Petty cash	<p>A petty cash module that would allow for accounting for petty cash transactions and subsequent budget allocations and control as per mSCOA.</p> <p>Internal cash receipt with drawdown of petty cash.</p> <p>Automated payment requests with user authorisation and access control.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
		<p>Ad hoc: The Cash Management System must at least accommodate, but not be limited to:</p>	<p>Loan liability register.</p> <p>Investment Management and Register (parameter driven).</p> <p>Interest Received and interest expense reconciliation.</p> <p>Cash Flow Management which includes forecasting and analysis and full integration with the budget and financial accounting modules.</p> <p>Funds management and budget availability control.</p>

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

Supply Chain Management, Expenditure Management and Accounts Payable (Creditors) needs to incorporate as a minimum the following –

(a) Supply chain management is the management of a network of interconnected business processes involved in the provision of goods and services required by the municipality. It integrates the management of supply, demand, acquisition, logistics and disposal by implementing a supply chain management policy in compliance with the MFMA and Municipal Supply Chain Management Regulations in a fair, equitable, transparent, competitive and cost effective way;

(b) Expenditure management follows the SCM processes that should ensure an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. These expenditures should be monitored against the approved budget, and reasons for variances must be explained and corrective action must be implemented to keep expenditure in line with budget estimates;

(c) Accounts payable results from any monies owed in respect of goods and services purchased and must be settled within thirty days of date of invoice or statement unless it is prescribed otherwise. The payment of creditors or accounts payable must be reconciled monthly according to the statements received from service providers;

(d) Material and inventory management deals with the maintenance of inventory catalogues classified according to the high-level categories provided for in the Standard Chart of Accounts. Business processes need to incorporate at a minimum, ordering; issuing and management of inventory levels; preferred suppliers linked to inventory categories; flagging of stock levels with limited movements for substantial periods; regular physical counts and reconciliation to system stock records; exception reporting and enhanced controls on stock items susceptible to misuse such as illegal stock-pilling; and all sub stores to be activated on the system;

(e) Contract management entails the management of contracts through the entire Contract Life Cycle so as to maximise value for money that includes procedures for planning; contract creation; collaboration; execution; administration; and close-out. Contracts should be listed in a contract

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
<p><i>register embedded into the financial application that automates all the activities necessary to manage the contract as informed and dependant on the nature of the work, the type of contract, the legal aspects and delivery timeframes. It also entails the activities carried out to determine whether the service provider and the municipality are performing adequately to meet the requirements in listed contracts that had been awarded through the procurement process and the prescriptions in the MFMA; and</i></p> <p><i>(f) Vendor management entails managing a supplier database in support of various strategic procurement objectives.</i></p>			
	<p>Supply Chain Management (SCM)</p>	<p>A Supply chain management system that give effect to section 11 of the Municipal Finance Management Act, 2003 (MFMA), the Municipal Supply Chain Management Regulations and council's approved SCM policy</p>	<p>The supply chain module should as a minimum have the following functionality:</p> <p>Allow for requisition from the annual procurement plan;</p> <p>Align requisition to be project based;</p> <p>Supplier rotation management (parameter driven);</p> <p>Supply Chain Deviation Management Facility in terms of legislation;</p> <p>Adhere to the municipality's delegation of duties and authority levels;</p> <p>Electronically validate against the National Treasury database for prohibited, employees of state and related parties and invite tenders based preferential procurement principals;</p> <p>Electronically manage the invitation, bid closure and adjudication process with a full document management server unpinning the cycle;</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Record and electronically store the bid adjudication committee's meeting minutes and store the minutes on the document management server;</p> <p>Ensure the service level agreement (SLA) and allocation letters are electronically archived prior to any payment being made;</p> <p>Enforce where applicable retention enforcement and manage retention registers;</p> <p>Ensure tax clearance management for the duration of the contract;</p> <p>Integrate with the asset management system;</p> <p>Ensure that all payments are made within 30 days of receipt of an invoice therefore; and</p> <p>Ensure that full accrual is done at month-end and year-end cut-off periods.</p>
		Contract Management that gives effect to MFMA section 116.	Contract management through workflow and audit trail.
		Requisitions	<p>Different requisition origination such as online, manual, stores and other modules.</p> <p>Project based requisition forms.</p> <p>mSCOA segmented capturing.</p> <p>Ability to attach documents to online requisitions such as drawings or specifications.</p> <p>Must support full work flow and electronic signatures.</p>
		Projects	Must be able to support the generation of mandatory budget pricing at the beginning of the project and the maintenance thereof.

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Follow accepted project management methodology through work flow and document management.
			Allow for incentives, penalties and returns.
		Supplier Evaluation	Evaluate supplier performance in accordance with contract deliverables.
			Update incentives and penalties to supplier database.
			Automate notification alerting relevant system users when a supplier's BEE certificate and tax certification reach expiry dates.
		Request for quote, quotations and Request for proposals	Maintain a Request for quote, quotations and proposals database linked to suppliers.
			Automated notification of price differences outside of approved variance.
			Automated evaluating of quotations with parameters.
			Comparative tables for allocation of bids.
			Automated notification and ordering system.
			Workflow and document management in quotation process.
		Purchase Order Processing(PO)	Allow for automated purchase orders from approved requisitions.
			Electronic authorising and signing of purchase orders (PO's) through workflow process.
			Automated sending of purchase orders (PO's) to supplier through email and/or fax.
			Processing of partial order deliveries with automated reminders of outstanding items.
			Automated transfers of outstanding orders to future periods with budget controls.

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Align purchase order (PO) deliverables to the annual service delivery- and budget implementation plan (SDBIP).
	Inventory	Inventory / Stores sub system	<p>All consumable items in terms of the classification framework is purchased via an inventory principal. This include direct purchases like pens, stationary, etc.</p> <p>In terms of the above, all systems should cater for a stores module be it virtual or actual that will allow management to control the consumable items in an effective and controlled manner.</p> <p>The stores module must seamlessly integrate and balance with the core financial system.</p> <p>Where a full stores module is operational, high value items should annually be measured to establish whether any of these items should be capitalised as 'assets'.</p> <p>Normal functions should be included as standard best practice and should include but not be limited to: Warehouse management; Acquisitions; Stock Level Management; Disposals; and Automated consumable stores stock count sheets (departmental stores).</p>
Grant Management			
<i>Grant management includes all the activities, processes and procedures to register and reconcile all the grants allocated, received and spent according to the conditions in the Annual Division of Revenue Act.</i>			
	Subsidies	Maintain a grant register that as a minimum:	<p>Provide for a grant register linked to ledger accounts.</p> <p>Automate receipt allocation of grants.</p> <p>Automate payment allocations.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Link to mSCOA funding source with budget control.
			Provide for reporting in accordance with the mSCOA Regulation and internal control.

Full Asset Life Cycle Management Including Maintenance Management

In terms of Section 152 of the Constitution, local government's primary mandate is to ensure services are provided in a sustainable and developmental manner; this notion and spirit is supported by the MFMA. Good asset management facilitates the provision of services in a financially sustainable manner and requires adequate automation of critical process within the asset management cycle. Typical to an effective and efficient system at least the following functions need to be addressed as part of the minimum business process requirements –

- (a) Safeguarding of assets, e.g. asset tracking, numbering and locations;*
- (b) Maintaining assets, planned and unplanned maintenance which needs to also incorporate capital asset renewal;*
- (c) Maintenance costing as an input into asset replacement plans;*
- (d) Establishing and maintaining a management, accounting and information system that accounts for the assets of the municipality;*
- (e) Asset valuation principles in accordance with Generally Recognised Accounting Practice (GRAP);*
- (f) Establishing and maintaining systems of internal control over assets;*
- (g) Establishing and maintaining an asset register;*
- (h) Clarifying responsibilities and accountabilities for the asset management process, and*
- (i) Insurance of assets.*

	Asset Management	Subject to the existing legislative and generally recognised accounting practice (GRAP) requirements:	<p>An asset and liabilities subsystem that gives effect to MFMA section 63: Assets classes with its associated asset types to manage the accounting policy statements in the financial statements as well as give overall control of all assets within asset classes with its associated useful lives and its associated SCOA reporting framework.</p> <p>It should also include the NERSA Regulatory Reporting Manual (RAM) classification as well as the Department of Water Affairs (DWA) in order for the municipality to comply with NERSA and DWA requirements.</p>
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Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>All asset transaction types must be accommodated in a flexible manner to accommodate future expansion within the SCOA framework.</p> <p>An audit Trail, with an enquiry facility into the audit trail, of all movement within these files is a requirement.</p> <p>The 'asset management system' module should:</p>
			<p>Manage the full asset life cycle;</p> <p>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);</p> <p>Immediately after a completion certificate is received, unbundle assets and maintain the parent-child relationship between the main asset and its components;</p> <p>Enable <i>table-to-floor</i> inspection sheets (electronic devices are preferred) as well as <i>floor-to-table</i> look-up methodologies;</p> <p>Host the insurance register and constantly update the portfolio as new assets are purchased or if there is progress on the value of work-in-progress (WIP);</p> <p>Compile and monitor expenditure against the asset maintenance plans;</p> <p>Integration to billing systems to monitor investment properties and valuation inconsistencies;</p> <p>Utilise the billing system functionality to ensure ownership of land and buildings to the deeds register;</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Integration of the electronic scanning and verification device. The purpose is to ensure annual verification and conditional assessment with GPS co-ordinate capturing to the nearest extent possible; and</p> <p>Seamless integration with a Geographical Information System (GIS) or alternative mapping enabled graphical user interphase.</p>
		Identification of Assets	<p>Ability to identify and track assets in a hierarchy structure of departments, locations, components and sub-components.</p> <p>Define Cost Centres, Work Centres, assigning of re-servicing the equipment to an individual.</p> <p>Allow for criticality rating to be assignable to each asset via the risk assessment model.</p> <p>Ability to link movable assets to third party asset tracking systems.</p>
		Maintenance Strategies	<p>Must be able to configure different strategies.</p> <p>Ability to attach and insert links to Technical Documentation throughout the maintenance module.</p> <p>Must cater for a master maintenance schedule with reporting of 'maintenance done'.</p> <p>Must be able to indicate the lifespan of equipment for replacement budgeting purposes.</p> <p>Must be able to track warranty periods by components.</p> <p>Support call centre notifications and maintenance of assets with integrated workflow.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
		Fleet Management	Fleet Management system.
		Fleet Tracking	Fleet Tracking system.

Real Estate and Resources Management

Real estate management includes the management of land plus anything permanently fixed to it, including buildings, sheds and other items attached to the structure that are both lease-in and lease-out. It can be grouped into three broad categories based on its use - residential, commercial and industrial. Examples of real estate include undeveloped land, houses, condominiums, town homes, office buildings, retail store buildings and factories. Specific attention needs to be given to the property register inclusive of owned and leasehold properties, tenant and occupant information, lease contract administration and management, occupational health and safety requirements, insurance, etc. Other resources management among others include fleet (vehicle) management, plant and equipment, etc. including the hiring thereof.

	Rental	Rent out	Maintain a rent register for rental properties.
			Holiday resort systems.
			Automated rent renewals with workflow and document management.
			Link to debtors system for collection of rent.
			Link to valuation system.
			Link to asset register.
		Facilities	Facilities rental module updated from receipting with workflow refunds.
		Rent in	Lease register with work flow and document management.
	Automated payment scheduling.		
		General Processes	Maintenance
	Facilities Management (Maintenance).		

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
Human Resource and Payroll Management			
<p><i>Human resources and payroll management is the organisational function that deals with issues related to employees such as compensation, hiring, performance management, organisational development, safety, wellness, leave management, benefits, employee motivation, communication, administration, and training in line with the prescriptions of the Labour Relations Act. Staff establishment, human resources development and expenditures on staff benefits should be done according to the processes and procedures set out in the MSA and MFMA. Pay roll management entails the administration of the financial record of employees' salaries, wages, bonuses, net pay, and deductions and should be done within the limits of the approved budget and the prescriptions of the South African Revenue Services (SARS). Budgeted remuneration and benefits needs to be directly aligned to the approved staff establishment with provision for vacancies shown separately and all staff payments must be reconciled monthly. The issue of productivity or performance management needs to be addressed by using the latest available technologies such as bio metrics devices.</i></p>			
	Human Resources (HR)	A Human Resource (HR) payroll module that as a minimum (In addition to the normal payroll calculation):	<ul style="list-style-type: none"> Organisation Management. Employee Records Management. Leave Records Management. Leave Pay Accrual to be automated also to be retrieved on an ad hoc basis. E-Leave functionality. Training and Development Management. Recruitment and Selection Management. Performance Management. Travel claims Management. Human Resource Self Service. Talent Management. Career Path Management. Payroll and Benefits Management.

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Automated reconciliation at predetermined intervals.
			Overtime claims Management/ Time off in lieu.
			Special Allowance Management (e.g. acting, secondments, etc.).
			Refunds to staff in respect of over-deductions and ad hoc payments.
			Deductions and payments to third parties (e.g. medical aids, SARS, union contributions, etc.).
			Ad hoc payroll runs must reflect in the Financial Management System.
			Must cater for pensioners' benefits.
			Provision to record allowance details against a post and employee (e.g. Telephone Allowance, categories, amounts, telephone number etc.).
			Employee Relations.
			The system must cater for all requirements of the South African Revenue Services (SARS).
			Must provide a facility to automate the update of tax tables whenever changes occur.
			History of previous tax tables must be retained on the system for an indefinite period.
			The system must be flexible so as to cater for any legislative changes to UIF, Workman's Compensation, Unions, etc.
			The system must be able to cater for more than 1 payroll type (e.g. Staff, Pensioners, etc.).

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Narrative type pay slips must be provided (Hard copy and electronically).</p> <p>Accumulations of all deductions to be printed on pay slip if required (Pension, tax, housing allowance, motor car allowance, etc.).</p> <p>Salary payments made to employees' bank accounts must be catered for electronically by either ACS (Automated Clearing Bureau) or electronic funds transfer (EFT).</p> <p>Provide a payment hold facility.</p> <p>Third Party deduction and payments in terms of schedules or ad hoc basis.</p> <p>Variance reporting.</p> <p>The ability to calculate back pay across tax periods and increment periods must be provided for.</p> <p>The system must allow for dummy validation pay runs to be carried out prior to running the final run.</p> <p>All temporary staff (e.g. seasonal workers, learner ship programs, contract workers, etc.) to be controlled via Budget availability.</p> <p>Provision to maintain (add, amend, delete) conditions of service pertaining to specific posts.</p> <p>The Payroll System must be able to accommodate or account for all vacancies (i.e. funded and or unfunded vacancies) based on a Council approved Organogram in terms of. Section 66A of the Municipal Systems Act Amendment Act (MSAA).</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Budget control and management of virement requirements.</p> <p>Ensure that all employees' and councillors' declaration of interest and related parties are captured on the master files.</p> <p>Bank account monitoring against supplier and/ or contract payment AND against own and related parties' bank accounts.</p> <p>Test against the central database for contracts with any 'organs of state'/ "persons in the service of state" and supply the central database with employees' and related parties' details.</p> <p>Supply the central database with the identification (ID) numbers of employees, councillors and related parties.</p> <p>Report and create the workflow for collection of all employees and councillors with arrear accounts.</p> <p>Provide the financial statements with regulated reporting requirements regarding the municipal councillors' outstanding debtor account details.</p> <p>Provide the general ledger (GL) with transactions that debit expenditure and credit revenue votes when applicable. This creates a temporary total liability of the payroll balance on the integration control.</p> <p>Create the clearing transactions that clear the integration control, these transactions include:</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Electronic funds transfer (EFT) to employee's bank accounts into the core financial systems cashbook awaiting approval;
			Creation of "invoices" for 3 rd parties, SARS (PAYE, VAT, etc.), UIF, Medical aid and pension funds;
			Provide for an employee portal to update personal information and re-produce documents.
			<p>The system must support a disciplinary module which should allow for (not complete list):</p> <ul style="list-style-type: none"> - Grievances created (bottom up workflow) - System should recommend action to be performed based on type of grievance - Allow for exception reporting (when a grievance is not being addressed in correct time frame).
	Time Management		Work schedule and shift planning.
			Time data recording and administration.
			Align with Safety Health and Environmental (SHE) module.
	Payroll		Must be able to easily integrate with banks. Seamless upload of payroll information.
			Support multiple payrolls with different pay structures.
			Produce, in conjunction with the Human Resource system, a multi-year budget in the mSCOA segmentation.
			Integrate with the time management system.

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Ability to submit statutory reporting to SARS for all taxes.
Customer Care, Credit Control and Debt Collection			
<i>Each municipality must within its financial and administrative capacity establish a sound customer management system as prescribed in the MSA. Credit control and debt collection is the responsibility of the municipality and processes, procedures and mechanisms must be implemented in line with the policy as adopted by the Council as prescribed in the MSA.</i>			
	Credit Control	A credit control and debt collection system that integrate with the revenue management system and that gives effect to Chapter 9 of the Municipal Systems Act, 2000	<p>The system should enable the municipality to manage an end-to-end debt collection process and must:</p> <p>Provide for SMS, email and hand delivered late payment notifications;</p> <p>Provide for parameter based disconnection list generation;</p> <p>Manage re-connection and arrangements with integrated notes on the debtor master file and workflow with technical services;</p> <p>Integrated clearance applications and calculations;</p> <p>Final demand and summons issuing; and</p> <p>Management of attorney actions on an integrated level.</p> <p>If the module is a 3rd 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.</p> <p>Indigent Management (Assistance-to-the-Poor).</p>
		Debtor Classification and Categorisation	Indigent Management (Assistance-to-the-Poor).

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p><i>Indigent Register must be accommodated in a work flow of various administration processes including, but not limited to:</i></p> <p>Online Application;</p> <p>House visit;</p> <p>Capturing of details;</p> <p>Verification of details, Test against Central Supplier Database;</p> <p>Authorisation of application;</p> <p>Automated Subsidy, Write Off and reversals thereof.</p>
		Arrear Arrangements	<p><i>Arrear arrangement functionality must be accommodated in a work flow of various administration processes including, but not limited to:</i></p> <p>Online Application;</p> <p>Authorisation of application;</p> <p>Automated arrangement financials;</p> <p>Automated Default process;</p> <p>Irrecoverable Debt Write Off process;</p> <p>Restriction and Reinstatement of Credit and prepaid meters;</p> <p>Meter Tampering Management;</p> <p>Debtor (individual/group) dashboard;</p> <p>Management facility to monitor Debtors that are also Service Providers (creditors) set off Management;</p> <p>Management of staff arrear set off.</p>
		Legal Process	<p>Up to the Default Judgement.</p> <p>Debit Order Payments.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			Councillor Arrear Management.
			Specialised Functionality for Third Party Interfaces (e.g. Staff Arrear Set Offs, Prepaid Vending Arrear Set Offs, Prepaid meter blocking/ set offs, etc.).
	Customers	Customer portals to give effect to Section 95 of the Municipal Systems Act, 2000 which (amongst other) requires the following:	<p><i>A sound customer management system that:</i></p> <p>Aims to create a positive and reciprocal (give-and-take) relationship between persons liable for payments and the municipality;</p> <p>Establishes mechanisms for users of services and ratepayers to provide feedback to the municipality or other service providers/ mechanisms (of the municipality) regarding the quality of the services and the performance of the municipality or its service providers/ mechanisms;</p> <p>Provides accessible mechanisms to any person to query or verify municipal accounts and metered consumption;</p> <p>Enables electronic query and appeal procedures which allow persons to receive prompt response/ action to 'inaccurate accounts' queries;</p> <p>Enables structured workflow mechanisms to deal with complaints from such persons, together with prompt replies and corrective action by the municipality;</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Mechanisms to monitor the municipality's response time and efficiency in complying with the above; and</p> <p>Provides for accessible, secure and electronic payment channels.</p>
		Customer Relations Management & Community Liaison	<p>Able to automate customer registration.</p> <p>Automate the registration of services (water, electricity & prepaid electricity).</p> <p>Automate the allocation of funds to the customer to trigger instruction to unblock/ reconnect suspended service.</p> <p>Automated customer correspondence capabilities which includes, but is not limited to, automated responses to customer enquiries, linking a reference number to the customer's account.</p> <p>Updates on statements which will reflect latest adjustments.</p> <p>Integrate community liaison (e.g. service interruptions).</p> <p>Account payments and cashier balancing on one system.</p> <p>Must have real time reflection of payments.</p>

Valuation Roll Management

The valuation roll forms the basis for the levying of assessment rates and all processes and procedures are governed by the Municipal Property Rates Act, 2004 (MPRA). All categories of properties in the municipal boundary need to be recorder and maintained in a municipal register of properties including the value of land and improvements as described in the MPRA. Municipalities are also required to undertake interim valuations to ensure the property valuation roll is constantly maintained and updated. Importantly, the business processes need to ensure integration with the revenue value chain of the municipality and the billing processes and procedures.

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
		<p>Valuations Module to give effect to the Municipal Property Rates Act, 2004, and as a minimum:</p>	<p>Seamlessly integrate with the revenue management module.</p> <p>Integrate information for spatial analysis in a Geographical Information System (GIS).</p> <p>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.</p> <p>Integrate with the land use system to ensure appropriate tariffs is timeously applied.</p> <p>Integrate with the Surveyor General (SG) database and town planning systems in use at the municipality.</p> <p>Integrate with the deeds registry and monitor actual sales with current valuations as well as ownership against the billing system.</p> <p>Validate and report anomalies in the asset register on municipal owned properties.</p> <p>Provide the municipal website with the Municipal Property Rates Act, 2004 required A&B valuation rolls.</p>
		<p>Managing and calculation of property rates, special rating areas and service charges on a property subject to a number of requirements including but not limited to:</p>	<p>The valuation of property will be performed in the separate (Computer Assisted Mass Appraisal) system and the individual property values and relevant property attributes passed to the solution via an interface with valuation module. Data to be validated and managed within the solution in compliance with legislation policies and business rules to enable calculation of</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			property rates.
			<p>Property Rates and service charges are calculated at different tariffs depending on various criteria such as the category of the property.</p> <p>Functionality is required to exempt certain categories of property and/ or certain categories of property owners from rates.</p> <p>Functionality is required to calculate a rebate or a reduction in rates in compliance with the requirements of legislation and/ or business rules.</p> <p>Functionality is required for the phasing in of rates in compliance with legislation.</p> <p>Clearance Certificate Management to be online and comply with Section 118 of the Municipal Systems Act, 2000.</p>

Land Use Building Control

Land use management is a process of managing the use and development of land. Aspects need to include spatial, urban policy usage, and economic considerations. A land use management system need to include all processes, methods and tools used for organising, operating and supervising the urban environment including the factors influencing it. A management system needs to cover all phases from the vision behind the preparation of plans and decisions to their implementation and the monitoring of impacts. Planning practices, decision making processes, procedures, implementation, monitoring mechanisms, methods and tools used in the above-mentioned phases are all elements of an integrated system. In general, land use management is driven by various decisions taken at different levels of administration (local, regional, national). Building management incorporates all activities relating to township management such as building plan approvals, rezoning applications, illegal land usage and Municipal By-laws management.

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
<i>Importantly, the land and building management needs to be integrated with the revenue value chain of the municipality.</i>			
	Land use	Property maintenance	Property register providing for all land in the municipal area.
			Town, township, suburb, street, erf, subdivision and sectional title detail must be aligned to the deeds office and Demarcation Board specifications.
			Integration with billing and valuation systems.
			Alignment of ownership must be verifiable with the deeds office.
			Property transfers, subdivisions, consolidations and zoning changes must be system process with work flow and document management driven.
	Special	Integration with external stakeholders	Must be able to align property register with the Surveyor General register.
			Where a 3rd party GIS system is used integration should be seamless.
			Integration with the asset register for municipal properties.
	Building Control	Integration to the Town Planning function	Building plan submission and approval.
			Document management for building plans and zoning certificates.
Revenue Cycle Billing			
<i>The valuation roll forms the basis for the levying of assessment rates and all processes and procedures are governed by the Municipal Property Rates Act, 2004 (MPRA). All categories of properties in the municipal boundary need to be recorded and maintained in a municipal register of properties including the value of land and improvements as described in the MPRA. Municipalities are also required to undertake interim valuations to ensure the roll is constantly maintained and updated. Importantly, the business processes need to ensure integration with the</i>			

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
<i>revenue value chain of the municipality and the billing processes and procedures.</i>			
	Billing	Revenue management module that give effect to MFMA section 64 that also incorporate:	<p><i>Additionally to the standard minimum functionality in the MFMA the billing system must:</i></p> <p>Measure and flag anomalies of the current database transaction (all services) against alternative information sources such as Surveyor General (SG), Deeds and valuation rolls to ensure completeness of actual billing;</p> <p>Calculate and account monthly for the provision of bad debt;</p> <p>Integration of Prepaid at a minimum of a 'debtor per tariff '-code per region, monthly bill the consolidation sales amount and daily receipt the sales;</p> <p>Provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for services;</p> <p>Provide adequate information for spatial analysis in a GEOGRAPHICAL INFORMATION SYSTEM (GIS) system;</p> <p>Create and Maintain Regional Structure;</p> <p>Integrate with valuation and property systems;</p> <p>Allow for multiple billing cycles;</p> <p>Create and maintain a tariff structure to comply with mSCOA Regulations;</p> <p>Produce monthly invoices to debtors and group accounts;</p> <p>Allow for rebates and penalty levies.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
		Specific but not limited requirements	<p>Must have report writing capabilities for standard & Ad hoc reporting (daily, monthly & annual).</p> <p>Maintenance of tariffs as per the tariffing section.</p> <p>Integrate with debt collection for disconnections and reconnections.</p> <p>Integration into 3rd party software for receive readings taken.</p> <p>Must be able to store infrastructure (metering) diagrams which will show the physical location of meter in order to be able to drill down to all of the relevant information concerning the meter in question.</p> <p>Must have a full process and document flow for terminations and re-connections of services and the relevant documentation.</p> <p>Must integrate with the Geographical Information System (GIS) to the extent that reticulation of services can be viewed as a layer at any point in time within the context of the current property being worked on.</p>
		Billing Reporting and Tariff Maintenance	<p>Must be able to do consolidated billing of properties (all services and rates into one bill): As Municipalities are working within the determination of the Municipal Property Rates Act, 2004, a property relational database design is critical.</p> <p>Generate statements at any point in time and consolidate at customer level.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Flexible tariff building structure and design. System must be capable of inclining block tariffs based on daily, monthly, or annual rate scales.</p> <p>Must allow for the maintenance of tariffs as per the tariffing section.</p> <p>Customer must be able to nominate between mailing, MMS or e-mailing of monthly statement.</p>
		Revenue receipting	<p>Must adhere to applicable legislation and by-laws.</p> <p>Allow for all accepted payment methods at cashiers, including automated payment and clearing of card payments.</p> <p><i>To accommodate fully automated processing of multiple receipting streams including but not limited to:</i></p> <p>Payroll;</p> <p>Third Party vendors (e.g. Absa, Easy Pay, Prepaid Vendor, etc.);</p> <p>Cash Offices;</p> <p>Traffic;</p> <p>Other Municipal Directorates (e.g. Fresh Produce Market, Libraries, etc.).</p> <p>To cater for multiple bank accounts.</p> <p>Processing of payments at supervisor controlled cash offices to accommodate cashier opening, balancing and closing.</p> <p>Multiple daily and monthly online and automated reconciliations.</p> <p>Receipting to be online.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Cash payments must be able to be processed during database server and network downtime.</p> <p>All pay points and receipting streams to be uniquely identifiable in the sub ledger and general ledger.</p> <p>Receipting to also accommodate specialised payment types e.g. Rates Clearance, Arrear Debt arrangements, Assistance-to-the-Poor, Service Deposits, etc.</p> <p>To accommodate the correction of erroneous and/or rejected receipts.</p> <p>Facility to reverse "refer to drawer"(R/D) for Cheques, debit orders and IVR payments.</p> <p>To facilitate debit orders.</p> <p>Printing and re-printing (marked as "Copy Receipt") of receipts.</p> <p>Interface with barcode scanner to scan account numbers from the statements.</p> <p>Recording of cheque details.</p> <p>Reversal of receipt and associated interest where applicable.</p> <p>While the billing process itself follows standard accounting practices for raising debit and credit transactions, the tariffs of charges and the business rules that govern the selection of the Appropriate tariff are complex. The Solution will provide functionality to calculate the amounts due for services and levies in accordance with the determined tariffs and business rules.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Calculate the income due to the municipality for services and/ or products or property, on a regular, user defined and maintainable basis.</p> <p>Generate invoices and/or statements for the amounts payable to the municipality on a regular, user defined and maintainable basis.</p> <p>Group accounts into one or more 'billing cycles' based on user defined criteria.</p> <p>Provides the facility to charge interest on arrears amount subject to certain user defined provisions and according to user maintainable rates.</p> <p>Functionality is required to raise debit and credit transactions which are updated to a Debtor account. The functionality must provide for the following transaction sources:</p> <p>Calculated transactions - these transactions will be the result of a calculation that is subject to user defined business rules to determine the tariff to be used, special conditions that may apply to be used, discounts or rebates to be applied etc.;</p> <p>Manually Input transactions - these transactions are captured by a user and will reflect all the details of the transaction;</p> <p>Electronic transactions - these transactions are received electronically, which then must be identified and raised to the relevant Debtor account.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Transactions will be classified by type e.g. billing transaction, receipt transaction, journal transaction etc. The definition of a transaction type must be user maintainable.</p> <p>All transactions, regardless of type and origin, must be date/time stamped and have the user/origin included in the record. A narration / description field must be available whereby a short description of the transaction can be recorded.</p> <p>Functionality is required to correct and recalculate incorrect accounts with full audit trail of actions taken to rectify the error. This could include the recalculation of interest over different financial periods at different rates. (MSA section 95f).</p> <p>Account maintenance functionality is required to generate the necessary transactions to correct accounts which are in error by an authorised user with a full audit trail and maintenance report of actions taken to rectify the error. (MSA section 95f).</p> <p>Account maintenance functionality must produce 'hard copy' of all transactions generated to rectify the account to enable the user to verify and 'sign off' the action taken.</p> <p>Functionality is required to categorise Debtors and Properties by a set of user defined parameters. The categories are used to create subsets of the Debtor Master for reporting, to establish appropriate tariffs and to determine billing cycles (MPRA section 3(3) c (i)).</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Functionality is required to process different Debtor and property categories according to different business rule or time frames.</p> <p>Tariffs are stored by effective date from inception and all history is retained to enable recalculation of accounts even over different tariff periods.</p> <p>Functionality is required for the system to automatically apply new tariffs from the effective date specified in the tariff record. At this time the 'current' tariff will receive a status of 'expired' and the 'new' tariff becomes 'current'.</p> <p>It is important to note that in all areas of revenue calculation, rebates and/ or exemptions may be applied based on a single or on multiple criteria which may be applied to the Debtor account in an 'and/ or' context. The solution must provide the required level of flexibility to cater for these variations.</p> <p>Miscellaneous Charges: Certain miscellaneous charges may be raised at regular intervals (monthly, quarterly, annually) and fixed periods whilst others are raised on an ad hoc basis with automated escalation dates and percentages.</p>
		<p>Meter Management (credit and prepaid)</p>	<p>Functionality is required to link the numbered meter that is used to measure the consumption of services to the erf/ property on which the meter is installed. It is important to note that there may well be more than one meter per erf/ property.</p> <p>Functionality is required to categorise meters.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>The solution must be able to record the relationship of each meter to the property and track meter readings and relevant history of each meter individually.</p> <p>Functionality is required to link the Debtor to the numbered meter that is used to measure the Debtor consumption of services. It is important to note that a Debtor may well be linked to a number of meters. (E.g. a landlord with a number of leased properties). (MSA section 95d).</p> <p>Functionality is required to create and maintain practical and efficient meter reading routes.</p> <p>Functionality is required to capture and record the meter reading and the date on which the meter was read. At least the following methods of capture must be provided, namely:</p> <p>Capture via standard keyboard entry;</p> <p>Receiving meter readings electronically from a third party interface. Automated uploading and validation will be required.</p> <p>Meter readings must be retained at a transaction level and may not be overwritten, deleted or adjusted. Errors must be rectified by entering a cancelling entry and entering the correct reading.</p> <p>Functionality is required to calculate charges for services consumed according to user defined algorithm which may contain a number of variable factors in order to determine the correct tariffs to apply.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Functionality is required to raise the charges against a debtor's account according to a user defined billing cycle (which may coincide with the meter reading cycle for an area).</p> <p>In the event of a meter being read 'out of cycle' the charges may be raised to the debtors account on an 'ad hoc' basis. These charges raised must be visible on the debtor's account immediately, but will not generate an invoice immediately as it will be included on the standard invoice/ statement generated during the next billing cycle.</p> <p>In the event that a meter reading is not received, functionality is required to calculate an estimated consumption, according to a user maintained algorithm.</p> <p>Functionality is required to recalculate an account from all meter transaction history, taking into account any tariff changes, or from a specific starting point in the history on an ad hoc basis with the option to accept or discard the result. (I.e. the recalculation will be regarded as a 'what if' with the option to make it 'live').</p> <p>Meter management system must be integrated/ interfaced with the Billing Component.</p> <p>Prepaid electricity meters:</p> <p>Functionality that is an integral part of the Billing interface to its prepaid vendor;</p> <p>Automated blocking and arrear set off functionality is required.</p> <p>Water inventory managing.</p>

Business Process	Sub-Process	Legislative or Business Requirement	System / Applications minimum functionality
			<p>Functionality is required to manage an Inventory of Water Meters. This to be work flowed as certain steps are dependent on others.</p> <p>Reports/ extracts including but not limited to:</p> <p>Water Meter maintenance management;</p> <p>Various statistical extracts and reports.</p>