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4/4/3/R

Enquiries: HC Burger

Financial Accounting Minute: 0004/2017

To: Deputy Directors-General, Chief Directors, Directors (Head Office and district offices), Heads of all subdirectorates and divisions, and finance personnel

Subject: Introduction of the Supplier Invoice Tracking System (SITS)

1. The purpose of this minute, issued in terms of section 38 (1)(a)(i) of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended, is to:
 - (a) introduce the new automated Supplier Invoice Tracking System (SITS) that will replace Manual Invoice Registers (with certain exceptions) and become operational from the date of the signing of this minute;
 - (b) replace Finance Instruction 0004/2012 to the extent contained in this minute;
 - (c) provide a tool to comply with Treasury Regulation 8.2.3;
 - (d) provide a mechanism to register, track, monitor and account for all invoices received;
 - (e) strengthen the control environment;
 - (f) mitigate the risk of duplicate payments;
 - (g) enhance the fast-tracking of invoices to meet payment runs and ensure that suppliers are paid within 30 days; and
 - (h) improve financial reporting on Accruals and Payables.
2. The use of Manual Invoice Registers, as currently utilised by the Western Cape Education Department (WCED) to register invoices and manage payments to suppliers, is a cumbersome process thereby necessitating the need to automate the system to improve effectiveness, efficiency and financial reporting. The automated SITS has been designed and developed to ensure compliance with legislative prescripts, policies and processes.
3. The SITS is accessible through the WCED's Enterprise Content Management System (ECM) and can be accessed as follows:
 - log on to ECM "MyContent" with user credentials; and
 - click on "MyInvoice Tracking" on the "Home" tab.

4. The table below indicates the changes from the current manual system to the automated system:

Manual System	Responsible	Automated system on ECM	Responsible
Manual Invoice Register	Payment Office	Automated Supplier Invoice Tracking System	All persons involved in the payment process cycle
Late payment certificate (Annexure D) compiled manually for each invoice not paid within the required 30-day timeframe	Payment Office	Late payment certificate (Annexure D) generated automatically for each invoice not paid within the required 30-day timeframe	Officials accountable for late payments Payment Office generates late payment certificate (Annexure D)
Financial Reports relating to 30-day payments (paid/not paid) compiled manually for reporting periods	Batch & Loss Control, Directorate: Financial Accounting (DFA)	Financial Reports relating to 30-day payments (paid/not paid) generated automatically for a reporting period	Batch & Loss Control, DFA Exception reports provided by Batch & Loss Control, DFA to Management to institute corrective measures
Manual Invoice Registers utilised for the reporting period ending 31 March 2017	Payment Office	SITS effective from the date of this minute	All persons involved in the payment process cycle
Reconciling KITSO report with manual late payment certificates (Annexure D) and original payment	Batch & Loss Control, DFA	Reconciling KITSO report with system-generated Annexure D certificates and 30-day exception reports generated from SITS	Batch & Loss Control, DFA Exception Reports provided to Management
Manual calculations to compile reports (30-day paid/not paid) issued to Provincial Treasury by the 10 th of each month	Batch & Loss Control, DFA	Automated calculations to compile reports (30-day paid/not paid) issued to Provincial Treasury by the 10 th of each month	Batch & Loss Control, DFA

5. The SITS consists of an automated centralised online Supplier Invoice Register that integrates an established workflow designed to accommodate multiple users at the click of a button.

6. The SITS' functionalities include the following:
 - (a) Registration of an invoice
 - (b) Registration of a credit note
 - (c) Registration of negative amounts on an invoice
 - (d) Capturing invoice discrepancies
 - (e) Updating the invoice payment process and electronic workflow routing
 - (f) Monitoring invoice "Health" status
 - (g) Linking credit notes to invoices for reconciliation
 - (h) Cancelling an invoice payment process
 - (i) Re-instating an invoice payment process
 - (j) Search functionality
 - (k) Dashboards — graphical representation of reports
 - (l) Generating Financial and Statistical Reports

7. The SITS offers the following benefits:
 - (a) Reduces tedious manual tasks
 - (b) Eliminates manual registers dispersed throughout the WCED
 - (c) Enhances analysis, decision-making and reporting
 - (d) Enhances the control environment, e.g. segregation of duties and compliance
 - (e) Monitors the payment of creditors within 30 days from receipt of invoice
 - (f) Provides business intelligence data
 - (g) Detects the mode of delivery and point of entry of invoices

8. An official involved in the payment process will be required to:
 - (a) register all invoices received electronically on SITS;
 - (b) record the unique SITS reference number on the invoice;
 - (c) complete the manual payment process step for which the official is responsible;
 - (d) update the payment process step for which the official is responsible electronically on SITS and route workflow step to next responsible official in the payment process;
 - (e) ensure that the manual process coincides with SITS; and
 - (f) monitor and track the payment of the invoice and take corrective measures when necessary.

9. Training will be provided to the relevant Head Office and all district office officials.

10. Requests for further training or technical assistance must be addressed to the following SITS Operations Administrators from Batch and Loss Control at the Directorate: Financial Accounting:
Mr Hein Burger (tel. no. 021 467 2188 or email Hein.Burger@westerncape.gov.za)
Ms Azra Domingo (tel. no. 021 467 2061 or email Azra.Domingo@westerncape.gov.za)
Mr Mfundiso Nkente (tel. no. 021 467 2885 or email Mfundiso.Nkente@westerncape.gov.za)

11. All officials should be aware that there are scheduled payment runs. This fact must be incorporated into operational planning in conjunction with the supplier and should not be used as motivation for not paying a supplier within the allocated 30 days.
12. In order to facilitate and simplify reconciliations between the related systems it is crucial that information captured on the relevant payment system and SITS corresponds and is correct, for example the actual invoice date and the valid invoice received date.
13. The SITS User Manual and Administrator Maintenance Manual are available on SITS under the "HELP" menu.
14. The high-level governance framework for SITS is illustrated below:

System Owner – Chief Director: Financial Management				
Systems Administrator – Director: Financial Accounting				
Operations Administrator – Financial Accounting (Batch and Loss Control)				
Supplier Master Table	SITS User Table	SITS User Authorisation Table	BAS Capture Dates Table	SITS Delegation Table

15. Non-compliance with Treasury Regulation 8.2.3 poses a number of risks for the WCED, including creating a negative perception of the WCED. Delays in payments also impact negatively on the cash flow of service providers, and to a larger extent, on the capacity of emerging suppliers to deliver goods and services.
16. Your cooperation to ensure further distribution and implementation is appreciated.

SIGNED: LJ ELY
DEPUTY DIRECTOR GENERAL: FINANCE
DATE: 2017-05-05