South African Revenue Service

REQUEST FOR INFORMATION

(PRE-MARKET CONSULTATION)

SARS RFI 01/2025

BUSINESS REQUIREMENTS SPECIFICATION

RFI 01/2026- THE PROVISION OF A VENDOR RECONCILIATION AUTOMATION SOLUTION, INCLUDING MAINTENANCE AND SUPPORT FOR A PERIOD OF THREE (3) YEARS.

South African Revenue Service

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LIST OF ACRONYMS

Acronym	Description
ACT	Activity Identifier
AFS	Annual Financial Statements
AI	Artificial Intelligence
AP	Accounts Payable
ASS	Assumption Identifier
BAPI	Business Application Programming Interface
BPR	Business Process Reference
BRS	Business Requirements Specification
CON	Constraint Identifier
CO	Controlling – SAP management accounting module
DEP	Dependency Identifier
ECC	ERP Central Component – SAP enterprise resource planning system
EDI	Electronic Data Interchange
ERP	Enterprise Resource Planning
ESB	Enterprise Service Bus
FI	Financial Accounting – Core SAP finance module
FIN	Financial Officer role identifier
FIM	Finance Manager role identifier
GL	General Ledger
GR/IR	Goods Receipt / Invoice Receipt
GRN	Goods Received Note
ICT	Information and Communications Technology
IDocs	Intermediate Documents – SAP electronic message format used for exchanging data between SAP and other systems
IFRS	International Financial Reporting Standards
JSON	JavaScript Object Notation
LLM	Large Language Model
MFA	Multi-Factor Authentication
MM	Materials Management
MS	Microsoft
OCR	Optical Character Recognition – technology that reads text from scanned invoices, statements, or PDF documents and converts it into electronic data for automated processing
PDF	Portable Document Format
PFMA	Public Finance Management Act
PO	Purchase Order
POPIA	Protection of Personal Information Act
PRN	Principle Identifier
RBAC	Role-Based Access Control
REP	Report Identifier
REST	Representational State Transfer
RFI	Request for Inofrmation
RSK	Risk Identifier
RUL	Business Rule Identifier
SAP	Systems, Applications, and Products
SAP PI/PO	SAP Process Integration / Process Orchestration – SAP middleware used to integrate SAP with external applications
SARS	South African Revenue Service
SD	Sales and Distribution
SLA	Service Level Agreement
SOAP	Simple Object Access Protocol
SoD	Segregation of Duties
SOP	Standard Operating Procedures
SSO	Single Sign-On
S/4HANA	SAP S/4HANA – SAP's next-generation enterprise resource planning suite
XML	Extensible Markup Language

This document forms part of the RFI 01/2026 pack. The document sets out SARS's business requirements for the Appointment of a Service Provider for the Provision of a Vendor Reconciliation Automation Solution, Including Maintenance and Support for a Period of Three (3) Years.

1 EXECUTIVE SUMMARY

The South African Revenue Service (SARS) is committed to strengthening financial governance, improving operational efficiency, and enhancing the accuracy, completeness, and reliability of financial information. As part of its ongoing modernisation agenda, SARS seeks to leverage technology-enabled solutions that improve internal controls, support regulatory compliance, and promote effective financial management across the organisation.

Vendor account reconciliation is a critical financial control activity that supports the validation of vendor balances, liabilities, payments, and related financial transactions recorded within the SARS financial environment. Effective vendor reconciliation contributes directly to the integrity of financial reporting, the accuracy of the Annual Financial Statements (AFS), and the maintenance of sound supplier relationships.

This Business Requirements Specification (BRS) defines the business, functional, technical, integration, reporting, security, compliance, and operational requirements for a Vendor Reconciliation Automation Solution that will enable SARS to modernise and optimise its vendor reconciliation capability and strengthen financial control. The solution must be compatible with and/or housed within SAP to support seamless integration with SARS financial processes and systems.

2 BACKGROUND

SARS currently performs vendor account reconciliations through a predominantly manual process that requires the collection, review, comparison, and reconciliation of vendor statements against financial records maintained within SAP and supporting documentation. The process is labour-intensive, time-consuming, and highly dependent on spreadsheets and manual intervention.

The current environment presents several operational, governance, and financial control challenges, including limited process automation, delayed identification and resolution of discrepancies, increased risk of human error, limited visibility of outstanding reconciliation items, extensive manual effort, and a growing administrative burden associated with increasing transaction volumes and financial close activities. These challenges impact the efficiency of reconciliation activities and may adversely affect financial reporting, financial close processes, supplier management, and audit readiness.

To address these challenges, SARS intends to implement a Vendor Reconciliation Automation Solution that will enhance financial control, improve operational efficiency, strengthen governance and auditability, and support the organisation's broader objective of becoming a modern, efficient, and digitally enabled institution. The initiative supports SARS strategic outcomes by improving internal efficiency, strengthening financial governance, enhancing accountability, and reinforcing public trust through improved financial oversight and control.

2.1 Current Environment and Transaction Volumes

a) SARS currently processes approximately **53,862 invoices annually**.
b) Vendor reconciliation activities are performed across more than **1,400 vendor accounts**, including trade vendors, municipalities, utilities, and other vendor categories.
c) The reconciliation process supports multiple vendor reconciliation scenarios and requires the automated identification, investigation, and resolution of reconciliation exceptions.
d) Service providers should consider these volumes when proposing the solution, implementation approach, sizing assumptions, and pricing

3 TECHNOLOGY SOLUTION

SARS seeks to procure a Vendor Reconciliation Automation Solution through a competitive Request for Proposal (RFP) process. The proposed solution must support the modernisation and optimisation of vendor reconciliation activities within SARS and align with the organisation's strategic objectives of strengthening financial governance, improving operational efficiency, enhancing financial reporting integrity, and supporting effective financial management practices.

The solution must be **compatible with and/or housed within SAP** and support seamless integration with SARS financial systems and related business processes. The solution must **integrate with SAP ECC and/or SAP S/4HANA**. The objective of the solution is to automate the reconciliation of vendor accounts and general ledger balances within SAP, improving accuracy, reducing manual effort, and ensuring compliance.

The solution must enable the electronic ingestion of vendor statements and supporting documentation, perform automated matching against SAP records, identify reconciliation discrepancies and exceptions, and support workflow-driven investigation, review, approval, and reporting processes with minimal manual intervention.

The solution must provide a single, integrated platform that supports the end-to-end vendor reconciliation lifecycle and enhances visibility, control, auditability, and operational efficiency across the reconciliation process.

For a comprehensive understanding of the end-to-end business, functional, technical, reporting, integration, compliance, and operational requirements, this document should be read in conjunction with the process models, process definitions, reporting requirements, integration requirements, and non-functional requirements contained within this BRS.

4 SOLUTION SCOPE

4.1 SCHEDULE EXECUTION (1ST OF EACH MONTH)

a) Run SAP Vendor Account Analysis
b) Filter by reconciliation date range
c) Export open items report

4.2 INTELLIGENT DATA PROCESSING

a) Accepts multiple formats (PDF, Excel, EDI)
b) Uses intelligent OCR to extract structured data from various layouts.
c) Performs automated format validation
d) Organize by vendor number/priority (high-value vendors first)

4.3 AUTOMATED RECONCILIATION AND MATCHING

a) Matches vendor statements to SAP AP Open Items (FBICS3) and GR/IR Items (FBICA3)
b) Utilises advanced, rule based matching logic with user defined tolerances
c) Flag unapplied credits

4.4 PROACTIVE EXCEPTION HANDLING & WORKFLOW

a) Automatically flags all discrepancies (missing invoices, amount mismatches, etc.)
b) Provides interface for manual review, assignment and resolution
c) User designed approval workflows with notifications and escalations
d) Users can categorize discrepancies for clear tracking (i.e., Timing Difference, Unmatched GRN, Vendor Error)
e) Adjustment Posting (if required) for Credit memo creation, Payment reversal and Journal entry etc.
f) Validation & enrichment of financial data
g) GL recording and automated routing to the Reconciliation Hub
h) Automated matching of large-volume transactions
i) Manual adjustment workflow for exceptions
j) Real-time discrepancy scanning and reporting
k) Reconciliation Ledger creation and management
l) Financial close acceleration and reporting dashboards

4.5 INTEGRATED REPORTING & ANALYTICS

a) Offers interactive dashboards that provides real-time status tracking, aging analysis, and performance metrics
b) Generates exportable reports (PDF/Excel)
c) Integration with SAP ECC or S/4HANA, supporting multi-company code environments, and handling high-volume transactions.
d) General Ledger Reconciliation Audit trail

4.6 PERFORMANCE

a) Deliver reliable and responsive performance to ensure uninterrupted operations, including:
   1) 99.9% uptime
   2) Load balancing and fail-over
b) The solution must be capable of supporting increasing volumes of vendor, financial, and reconciliation data without compromising performance or system stability.

4.7 EXCLUSIONS

a) Modifications to upstream SAP modules
b) Legacy spreadsheet-based reconciliation

5 DESIGN ASSUMPTIONS, RISKS, CONSTRAINTS AND DEPENDENCIES

5.1 Assumptions

Assumption ID	Assumption Statement
ASS001	SARS has resources and capabilities for the project
ASS002	Corporate Finance have required skills to use the Automated Vendor Reconciliation system
ASS003	Proposed business requirements will leverage on existing SARS processes
ASS004	Sourcing a tailored, cost-effective and more convenient system which is preferably compatible with SAP
ASS005	Adding qualitative opportunities to improve internal systems, vendor relationships and management

5.2 Risks

Risk ID	Risk Statement	Risk Mitigation
RSK001	The software requires ongoing annual maintenance, and additional consulting costs may be incurred if issues arise during the rollout phase.	Maintenance and support costs in the total cost of ownership and budget forecasts, and negotiate clear support agreements and service level commitments with the vendor
RSK002	Staff may be resistant to adopting the new technology, potentially impacting implementation and adoption timelines	Implement a structured change management and communication plan to address staff concerns, foster engagement, and encourage adoption of the new technology, thereby minimizing potential delays in implementation
RSK003	Staff may be concerned about potential job redundancy as the software automates vendor account reconciliation, which could impact morale and change adoption.	Establish a formal change communication strategy that clearly outlines the purpose of automation initiatives, focusing on productivity enhancement and improved process effectiveness rather than job losses.
RSK004	Employees attending training on the new system will result in reduced productivity.	Introducing a more user-friendly system

Risk ID	Risk Statement	Risk Mitigation
RSK005	Employees resist the change over to the new system, which will result in employee relations issues.	Parallel integration of the system
RSK006	Delays in the implementation of the system could potentially demotivate employees.	Providing a more agile approach in the integration of the system.

5.3 Constraints

Constraint ID	Constraint Statement
CON001	Unavailability of funds may impact the implementation of the project
CON002	Stakeholders are not timeous available to review and approve the business requirements documented
CON003	Development and Testing effort

5.4 Dependencies

Dependency ID	Dependency Statement
DEP001	Stakeholder availability
DEP002	Maintenance contracts
DEP003	Integration between impacted systems is seamless to support the execution of the process designed
DEP004	Resource and system availability
DEP005	Stakeholder availability

6 Conceptual Solution Design

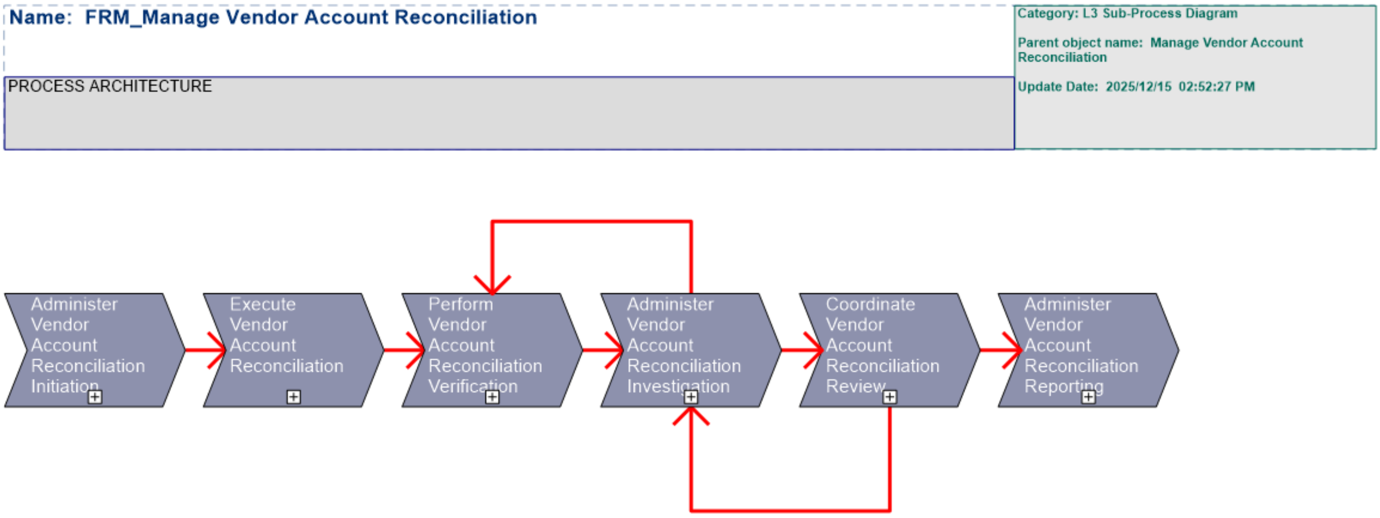
6.1 Solution Design Principles

Principle ID	Principle Statement
PRN001	The solution must be designed to comply with all applicable legislation, regulations, and internal policies, including PFMA, SARS Act, POPIA (where applicable), and audit requirements
PRN002	**Data Extraction (OCR/AI):** Uses AI (Large Language Models or Intelligent OCR) to read and extract structured data (invoice number, date, amount, currency) from various PDF and document formats, even poor-quality or non-standard statements. Automated Import: Can often connect directly to an email inbox or use a drag-and-drop feature for bulk upload.

PRINCIPLE ID	PRINCIPLE STATEMENT
PRN003	**ERP Integration:** Directly connects to your SAP system (S/4HANA or current version of SAP) to pull your Accounts Payable (Vendor) line items. Automated Matching: Matches the transactions from the supplier's PDF statement against your SAP records. This typically uses multiple criteria (e.g., invoice number, date, amount) and fuzzy logic to find near-matches
PRN004	**GR/IR Clearance**: By identifying invoices on the supplier statement that are missing from SAP, the system helps proactively chase those invoices, which is a key activity in managing and clearing the GR/IR (Goods Receipt/Invoice Receipt) account
PRN005	The solution should support real-time or near real-time interfaces with vendors and internal systems to improve reconciliation timeliness and reduce outstanding open items.
PRN006	The solution must be scalable to accommodate increases in vendor volumes, transaction volumes, and future business requirements
PRN007	The automated solution must integrate seamlessly with SAP or other core financial systems to ensure a single source and eliminate duplicate data capture
PRN008	The system must be intuitive and easy to use, reducing reliance on manual workarounds and extensive training while improving productivity within Corporate Finance.
PRN009	The solution must provide real-time dashboards and management reports on reconciliation status, exceptions, aging, and resolution performance to support oversight and decision-making.
PRN010	The solution must support backup, recovery, and failover mechanisms to ensure continuity of reconciliation processes in the event of system failures.
PRN011	**Discrepancy Highlighting:** The primary output is an exception report showing all transactions that could not be automatically matched. Workflows and Dashboards: Provides interactive dashboards for AP staff to investigate, assign, and track the resolution of exceptions (e.g., 'Supplier Invoice Missing,' 'Amount Discrepancy,' 'Requires Write-Off'). Audit Trail: Maintains a full, auditable history of the reconciliation and exception resolution process
PRN012	The system must ingest raw transactional data from SAP FI, MM, SD, and CO modules with high fidelity
PRN013	The system must enforce standardized formatting and structure of financial data
PRN014	The system must support high-volume, high-speed matching

7 PROCESS DEFINITION

7.1 High Level Business Process Model Manage Vendor Account Reconciliation



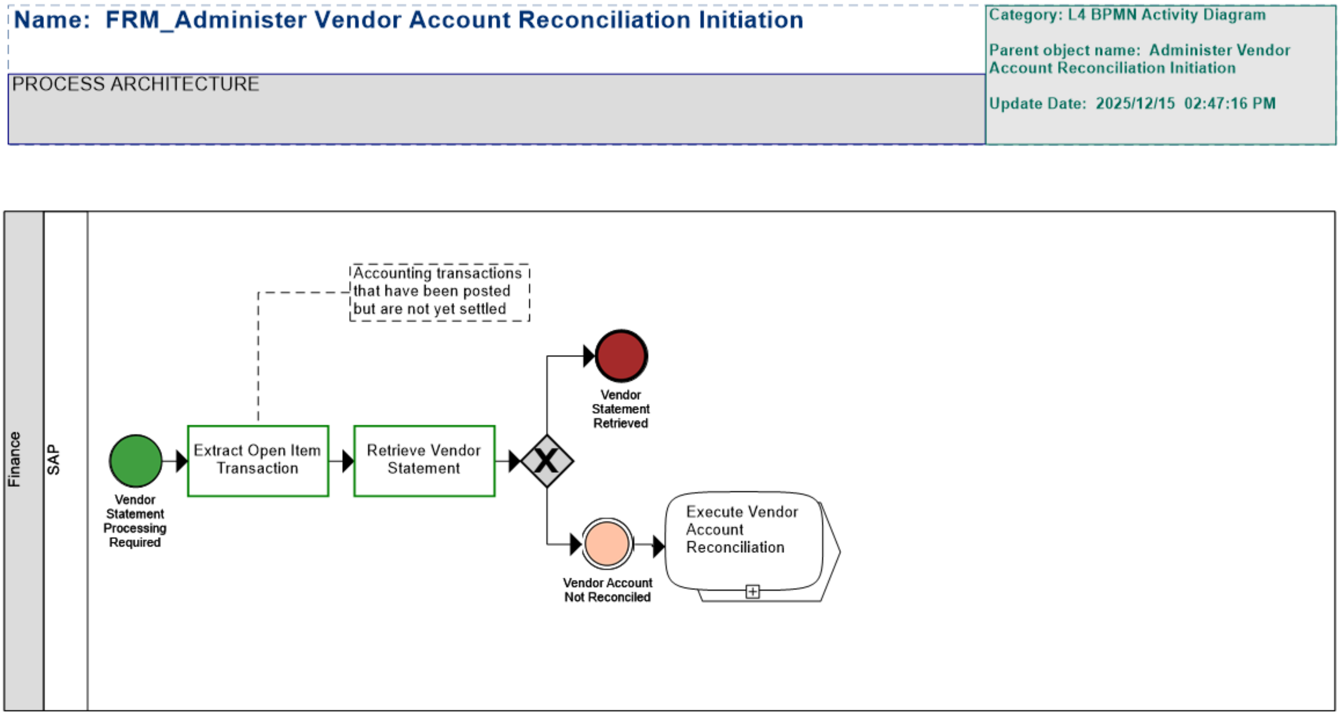
7.2 Business Process/Sub-process Listing Business Process/Sub-Process

Business Process ID	Business Process Name	Business Process Description	Pre-condition (Input)	Post Condition (Output)
BPR001	Administer Vendor Account Reconciliation	The process involves reviewing, matching, and reconciling vendor invoices, payments, credit notes, and vendor statements to identify and resolve discrepancies in a timely manner	Supporting documentation (purchase orders, goods receipt notes, contracts, and proof of payment) is available and accessible	Vendor account balances are accurately reconciled
BPR002	Execute Vendor Account Reconciliation	The process involves the system performing real-time matching of transactions based on configurable criteria such as invoice number, amount, vendor reference, purchase order number, and posting date	Vendor invoices, credit notes, and payments have been electronically received and posted in the SAP	Vendor account transactions are automatically matched, cleared, or flagged as exceptions.

Business Process ID	Business Process Name	Business Process Description	Pre-condition (Input)	Post Condition (Output)
BPR003	Perform Vendor Account Reconciliation	The process involves extraction of vendor account balances and open item reports from SAP, together with the receipt of vendor statements. Transactions are matched against supporting documentation.	Vendor invoices, credit notes, and payments have been correctly captured and posted in the financial system.	All valid transactions are matched, cleared, or appropriately explained
BPR004	Administer Vendor Account Reconciliation Investigation	The process involves investigating reconciliation exceptions or unmatched items are identified through automated reconciliation	Vendor account reconciliation has been performed, and discrepancies or exceptions have been identified.	Identified discrepancies are fully investigated, resolved, or formally escalated in accordance with procedures
BPR005	Coordinate Vendor Account Reconciliation Review	The process involves submission of completed vendor account reconciliations, including all supporting documentation and discrepancy to the reviewer for approval	Vendor account reconciliations have been completed and submitted for review	Vendor account reconciliations are reviewed, validated, and formally approved
BPR006	Administer Vendor Account Reconciliation Reporting	The process involves collection and consolidation of reconciliation data from the SAP including open item reports, matched and unmatched transactions, cleared items, adjustments, and	Vendor account reconciliations have been performed and updated in the SAP	Vendor account reconciliation reports are accurately generated, validated, and reviewed.

Business Process ID	Business Process Name	Business Process Description	Pre-condition (Input)	Post Condition (Output)
		investigation outcomes and generate report		

7.2.1 Process/Sub-process Diagram Administer Vendor Reconciliation Account Initiation



7.2.1.1 Process User Story Administer Vendor Account Reconciliation Initiation

The **Vendor Account Reconciliation Initiation** process is the first step in ensuring that vendor accounts are accurate, complete, and aligned with internal financial records and vendor statements. This process involves accessing SAP, selecting vendor accounts, extracting Open Items Transaction validating transaction data and triggering the reconciliation workflow.

7.2.1.2 Process/Sub-process Activities Listing Administer Vendor Account Initiation

Activity ID	Activity Name	Activity Description	Business Process ID
ACT001	Extract Open Item Transaction	This activity involves accessing SAP to extract a list of all open items for selected vendor accounts	BPR001

Activity ID	Activity Name	Activity Description	Business Process ID
ACT002	Retrieve Vendor Statement	This activity involves requesting, accessing and downloading the vendor statement to ensure the company has the most up-to-date and accurate transaction information from the vendor	BRP001

7.2.2 Process/Sub-Process Activity Requirements Extract Open Items Transaction

Activity Name	Extract Open Item Transaction	
Activity ID	ACT001	
Brief Description	The process entails retrieving of all outstanding vendor transactions from SAP to facilitate accurate reconciliation	
Activity Requirements	The system must allow extraction of all open vendor transactions including invoices, debit notes and credit memos. Extraction should support filtering by vendor, date range, transaction type, and status	
Business Process Name (Part of)	Administer Vendor Account Initiation	
Business Process ID	BPR001	
Risk Sensitivity Index	Medium	
Business Rules	**Rule ID**	**Detail**
	RUL001	Only transactions that are unpaid or partially paid must be classified and extracted as open items. Fully cleared transactions must be excluded from the extract.
	RUL002	SAP system must of record all open item transaction data used in vendor reconciliation.
	RUL003	Open item transactions may only be extracted for active vendor accounts
	RUL004	Open item extraction must be performed using a defined cut-off date (e.g., month-end). Transactions posted after the cut-off date must not be included
Role Detail		
Role ID	SAP001	
Role Name	Systems, Applications, and Products in Data Processing	
Role Description	SAP records vendor invoices, payments, credit notes, and debit notes, and tracks their status as open or cleared items. It supports end-to-end financial processes such as vendor account reconciliation, payment processing, financial reporting, and audit compliance.	

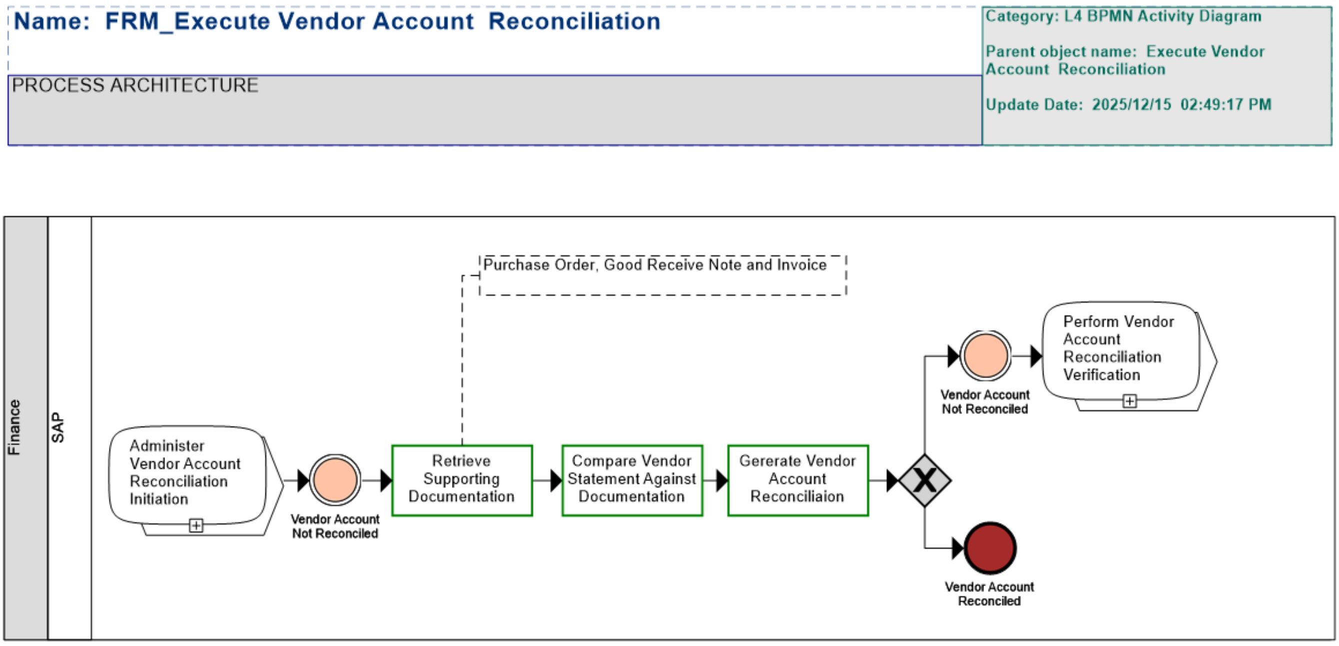
Business Area	Corporate Finance	
Precondition	Vendor invoices, credit notes, debit notes, and relevant payments have been correctly posted in SAP	
Input	Payment terms and reconciliation account	
Typical flow of activities (positive flow)	**Action**	**Response**
	User selects Open Items indicator	SAP filters out cleared items and prepares open items only
Alternate flow of activities (negative flow)	No Open Items Found	
Output	Extracted data in a usable format	
Conclusion	All outstanding vendor transactions unpaid or partially paid are accurately retrieved from SAP for review and reconciliation	

7.2.3 Process/Sub-Process Activity Requirements Retrieve Vendor Statement

Activity Name	Retrieve Vendor Statement	
Activity ID	ACT002	
Brief Description	This activity involves obtaining the vendor's official account statement for a defined period, through the SAP system.	
Activity Requirements	The system must retrieve the vendor statement in a format that is readable and compatible with SAP	
Business Process Name (Part of)	Administer Vendor Account Initiation	
Business Process ID	BPR001	
Risk Sensitivity Index	Medium	
Business Rules	**Rule ID**	**Detail**
	RUL001	The system must only retrieve vendor statements for active vendors with a valid vendor master record in SAP.
	RUL002	Vendor statements must be retrieved for the approved reconciliation period only.
	RUL003	The statement format must be readable and compatible with SAP and reconciliation tools (e.g. PDF, Excel, or system extract).
	RUL004	The system must validate completeness of the statement before it is used for reconciliation.
	RUL005	Access to retrieve vendor statements must be restricted to authorised users or system roles.
Role Detail		

Role ID	SAP001	
Role Name	Systems, Applications, and Products in Data Processing	
Role Description	SAP records vendor invoices, payments, credit notes, and debit notes, and tracks their status as open or cleared items. It supports end-to-end financial processes such as vendor account reconciliation, payment processing, financial reporting, and audit compliance.	
Business Area	Corporate Finance	
Precondition	Relevant vendor transactions (invoices, credit notes, payments) must be posted in the system, and transactions should be correctly recorded against the vendor account.	
Input	Vendor account details, including reconciliation account and payment terms	
Typical flow of activities (positive flow)	**Action**	**Response**
	The Accounts Payable user initiates the Retrieve Vendor Statement activity as part of the vendor reconciliation process	The system accesses the defined source of the vendor statement
Alternate flow of activities (negative flow)	The selected statement period is invalid, or the financial period is closed.	
Output	System-generated confirmation indicating successful retrieval of the vendor statement	
Conclusion	The system successfully retrieves the vendor statement for the selected vendor and period.	

7.2.4 Process/Sub-process Diagram Execute Vendor Account Reconciliation



7.2.4.1 Process User Story Execute Vendor Account Reconciliation

The **Execute Vendor Account Reconciliation** process involves comparing the retrieved vendor statement with internal open item transactions recorded on SAP. The process identifies matched and unmatched items, highlights discrepancies, and enables investigation and resolution to ensure the vendor account balance is accurate and complete.

7.2.4.2 Process/Sub-Process Activities Listing Execute Vendor Account Reconciliation

Activity ID	Activity Name	Activity Description	Business Process ID
ACT001	Retrieve Supporting Documentation	This activity involves retrieving supporting documentation related to vendor transactions, such as invoices, credit notes, purchase orders, delivery notes, or payment confirmations, to validate and reconcile vendor account balances.	BPR002
ACT002	Compare Vendor Account Statement Against Documentation	This activity involves comparing the vendor account statement against retrieved supporting documentation so that all vendor transactions are validated, discrepancies are identified, and vendor balances are accurately reconciled in the system.	BRP002
ACT003	Generate Vendor Account Reconciliation	This activity involves automating generation of vendor account reconciliations by comparing vendor invoices and statements with internal financial records.	BRP002

7.2.5 Process/Sub-Process Activity Requirements Retrieve Supporting Documentation

Activity Name	Retrieve Supporting Documentation
Activity ID	ACT001
Brief Description	The process entails accessing and retrieving all relevant supporting documentation, such as invoices, credit notes, purchase orders, delivery notes, or payment confirmations, required to validate and reconcile vendor transactions.
Activity Requirements	The system must provide a mechanism to retrieve, view, and attach the document to the vendor reconciliation record
Business Process Name (Part of)	Execute Vendor Account Reconciliation
Business Process ID	BPR002

<table>
<tr><td>Risk Sensitivity Index</td><td colspan="2">Medium</td></tr>
<tr><td rowspan="5">Business Rules</td><td>Rule ID</td><td>Detail</td></tr>
<tr><td>RUL001</td><td>Supporting documentation retrieved must be linked to the corresponding vendor transaction and reconciliation record.</td></tr>
<tr><td>RUL002</td><td>Retrieved documentation must include all required details: invoice number, date, amount, vendor details, and reference to the related transaction</td></tr>
<tr><td>RUL003</td><td>Vendor account reconciliation cannot be completed without retrieving and validating all necessary supporting documents for the transactions</td></tr>
<tr><td>RUL004</td><td>If a documentation is missing, incomplete, or corrupted, the issue must be flagged, and corrective action must be initiated</td></tr>
<tr><td colspan="3">Role Detail</td></tr>
<tr><td>Role ID</td><td colspan="2">SAP001</td></tr>
<tr><td>Role Name</td><td colspan="2">Systems, Applications, and Products in Data Processing</td></tr>
<tr><td>Role Description</td><td colspan="2">SAP records vendor invoices, payments, credit notes, and debit notes, and tracks their status as open or cleared items. It supports end-to-end financial processes such as vendor account reconciliation, payment processing, financial reporting, and audit compliance.</td></tr>
<tr><td>Business Area</td><td colspan="2">Corporate Finance</td></tr>
<tr><td>Precondition</td><td colspan="2">Vendor statement or transaction has been identified for reconciliation.</td></tr>
<tr><td>Input</td><td colspan="2">Vendor statement</td></tr>
</table>

<table>
<tr><td rowspan="2">Typical flow of activities (positive flow)</td><td>Action</td><td>Response</td></tr>
<tr><td>User requests a supporting documentation for a specific vendor transaction.</td><td>Supporting documentation are retrieved from the system/repository and displayed to the user.</td></tr>
<tr><td>Alternate flow of activities (negative flow)</td><td colspan="2">Retrieved documentation are unreadable or missing key information</td></tr>
<tr><td>Output</td><td colspan="2">Retrieved supporting documentation linked to the transaction with confirmation of successful retrieval.</td></tr>
<tr><td>CONCLUSION</td><td colspan="2">Supporting documentation are retrieved and attached to the reconciliation record.</td></tr>
</table>

7.2.5.1 Process/Sub-Process Activity Requirements Compare Vendor Account Statement Against Documentation

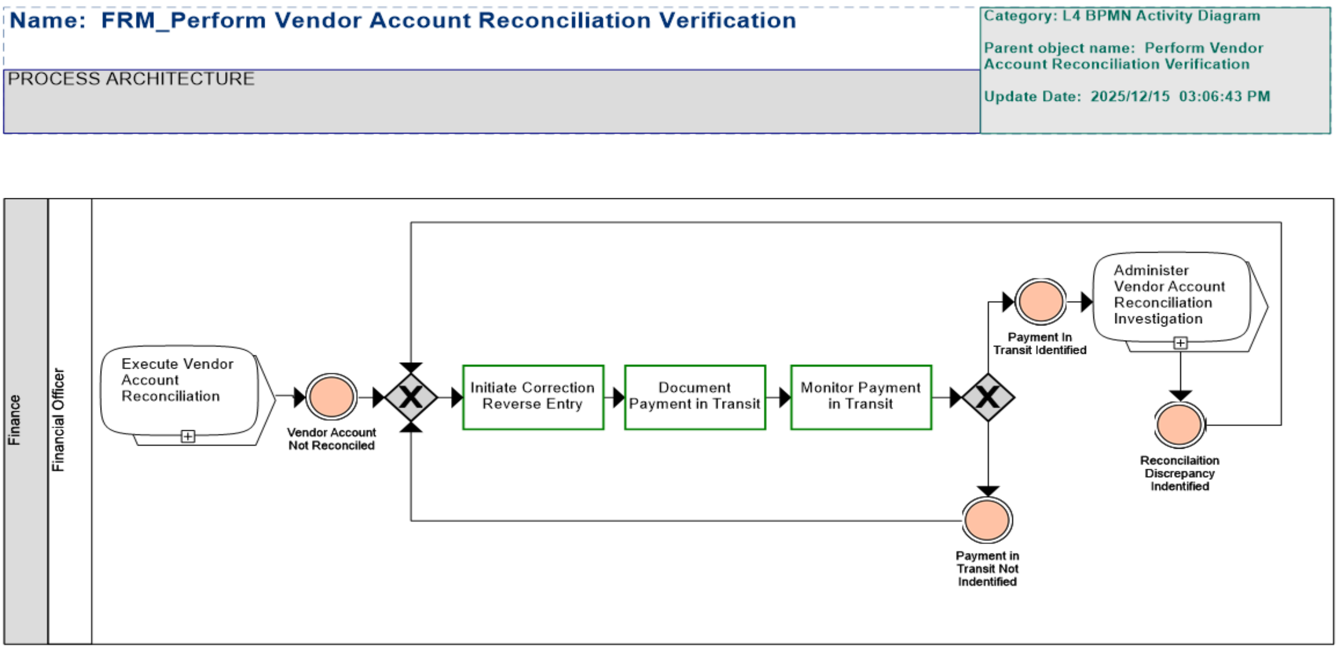
<table>
<tr><td>Activity Name</td><td colspan="3">Compare Vendor Account Statement Against Documentation</td></tr>
<tr><td>Activity ID</td><td colspan="3">ACT002</td></tr>
<tr><td>Brief Description</td><td colspan="3">The process involves reviewing the vendor account statement against retrieved supporting documentation such as invoices, credit notes, purchase orders, and payment records to confirm accuracy and identify mismatches for the vendor account reconciliation process.</td></tr>
<tr><td>Activity Requirements</td><td colspan="3">The system must automatically compare vendor statement entries against supporting documentation, identify and flag unmatched or mismatched transactions for investigation</td></tr>
<tr><td>Business Process Name (Part of)</td><td colspan="3">Execute Vendor Account Reconciliation</td></tr>
<tr><td>Business Process ID</td><td colspan="3">BPR002</td></tr>
<tr><td>Risk Sensitivity Index</td><td colspan="3">Medium</td></tr>
<tr><td rowspan="4">Business Rules</td><td>Rule ID</td><td colspan="2">Detail</td></tr>
<tr><td>RUL001</td><td colspan="2">All discrepancies must be investigated and documented.</td></tr>
<tr><td>RUL002</td><td colspan="2">Reconciliation cannot be finalised with unresolved material variances.</td></tr>
<tr><td>RUL003</td><td colspan="2">All comparison activities must be auditable and retained per policy.</td></tr>
<tr><td colspan="4">Role Detail</td></tr>
<tr><td>Role ID</td><td colspan="3">SAP001</td></tr>
<tr><td>Role Name</td><td colspan="3">Systems, Applications, and Products in Data Processing</td></tr>
<tr><td>Role Description</td><td colspan="3">SAP records vendor invoices, payments, credit notes, and debit notes, and tracks their status as open or cleared items. It supports end-to-end financial processes such as vendor account reconciliation, payment processing, financial reporting, and audit compliance.</td></tr>
<tr><td>Business Area</td><td colspan="3">Corporate Finance</td></tr>
<tr><td>Precondition</td><td colspan="3">Supporting documentation have been retrieved and linked to transactions.</td></tr>
<tr><td>Input</td><td colspan="3">Vendor account statement, Supporting documentation and Open item transaction data</td></tr>
<tr><td rowspan="2">Typical flow of activities (positive flow)</td><td colspan="2">Action</td><td>Response</td></tr>
<tr><td colspan="2">System automatically matches transactions based on defined rules.</td><td>Unmatched items are flagged for investigation.</td></tr>
<tr><td>Alternate flow of activities (negative flow)</td><td colspan="3">System errors preventing comparison.</td></tr>
<tr><td>Output</td><td colspan="3">Reconciled transactions and Discrepancy and exception list</td></tr>
<tr><td>Conclusion</td><td colspan="3">Transactions are reconciled and flagged for investigation</td></tr>
</table>

7.2.6 Process/Sub-Process Activity Requirements Generate Vendor Account Reconciliation

<table>
<tr><td>Activity Name</td><td colspan="3">Generate Vendor Account Reconciliation</td></tr>
<tr><td>Activity ID</td><td colspan="3">ACT003</td></tr>
<tr><td>Brief Description</td><td colspan="3">The process involves automatically produces vendor account reconciliations by matching vendor invoices and statements with internal records, identifying matched items and exceptions for review.</td></tr>
<tr><td>Activity Requirements</td><td colspan="3">The system must automatically generate vendor account reconciliations using vendor invoices and statements received via the real-time interface.</td></tr>
<tr><td>Business Process Name (Part of)</td><td colspan="3">Generate Vendor Account Reconciliation</td></tr>
<tr><td>Business Process ID</td><td colspan="3">BPR002</td></tr>
<tr><td>Risk Sensitivity Index</td><td colspan="3">Medium</td></tr>
<tr><td rowspan="6">Business Rules</td><td>Rule ID</td><td colspan="2">Detail</td></tr>
<tr><td>RUL001</td><td colspan="2">Vendor invoices and statements must be successfully received and validated before reconciliation is performed.</td></tr>
<tr><td>RUL002</td><td colspan="2">Reconciliation must be executed per vendor, per account, and for a defined accounting period.</td></tr>
<tr><td>RUL003</td><td colspan="2">Matching must be performed using predefined criteria (e.g. invoice number, amount, date, purchase order, and vendor reference).</td></tr>
<tr><td>RUL004</td><td colspan="2">Transactions that meet matching criteria must be automatically marked as reconciled.</td></tr>
<tr><td>RUL005</td><td colspan="2">Transactions that do not meet matching criteria must be classified as exceptions.</td></tr>
<tr><td colspan="4">Role Detail</td></tr>
<tr><td>Role ID</td><td colspan="3">SAP001</td></tr>
<tr><td>Role Name</td><td colspan="3">Systems, Applications, and Products in Data Processing</td></tr>
<tr><td>Role Description</td><td colspan="3">SAP records vendor invoices, payments, credit notes, and debit notes, and tracks their status as open or cleared items. It supports end-to-end financial processes such as vendor account reconciliation, payment processing, financial reporting, and audit compliance.</td></tr>
<tr><td>Business Area</td><td colspan="3">Corporate Finance</td></tr>
<tr><td>Precondition</td><td colspan="3">Vendor invoices and statements must be received and available in the system.</td></tr>
<tr><td>Input</td><td colspan="3">Internal vendor account transactions and open items from SAP</td></tr>
<tr><td rowspan="2">Typical flow of activities (positive flow)</td><td colspan="2">Action</td><td>Response</td></tr>
<tr><td colspan="2">System generates reconciliation report</td><td>A detailed vendor account reconciliation report is produced, showing reconciled items, open items, and exceptions.</td></tr>
</table>

ALTERNATE FLOW OF ACTIVITIES (NEGATIVE FLOW)	Transactions that cannot be matched automatically due to discrepancies (amount, date, or reference mismatch) are flagged as exceptions.
OUTPUT	Reconciliation report with: Matched transactions (reconciled items) Unmatched transactions (exceptions requiring manual review)
CONCLUSION	The automated vendor account reconciliation generated

7.2.7 PROCESS/SUB-PROCESS DIAGRAM EXECUTE VENDOR ACCOUNT RECONCILIATION VERIFICATION



7.2.7.1 PROCESS USER STORY PERFORM VENDOR ACCOUNT RECONCILIATION VERIFICATION

The **Perform Vendor Account Reconciliation Verification** this process involves verifying the accuracy and completeness of vendor account reconciliations by reviewing reconciled and unreconciled items, validating supporting documentation to confirm that reconciliation outcomes comply with standard operational procedure and accounting standard.

7.2.7.2 PROCESS/SUB-PROCESS ACTIVITIES LISTING PERFORM VENDOR ACCOUNT RECONCILIATION VERIFICATION

Activity ID	Activity Name	Activity Description	Business Process ID
ACT001	Initiate Correction Reserve Entry	This activity ensures that financial records accurately reflect known errors, timing differences, or unresolved disputes while investigations are in progress, in line with accounting policies and control requirements	BPR003
ACT002	Document Payment in Transit	This activity ensures that timing differences are clearly explained, supported by valid documentation, and accurately reflected in the vendor reconciliation process.	BRP003
ACT003	Monitor Payment in Transit	This activity ensures that timing differences are resolved within an acceptable period and that outstanding payments do not indicate processing errors, failed payments, or potential fraud.	BRP003

7.2.8 Process/Sub-Process Activity Requirements Initiate Correction Reserve Entry

<table>
<tr><td>Activity Name</td><td colspan="2">Initiate Correction Reserve Entry</td></tr>
<tr><td>Activity ID</td><td colspan="2">ACT001</td></tr>
<tr><td>Brief Description</td><td colspan="2">The process involves initiating a temporary accounting reserve entry to correct identified discrepancies during vendor account reconciliation, ensuring that vendor balances and financial records remain accurate while outstanding issues are investigated and resolved.</td></tr>
<tr><td>Activity Requirements</td><td colspan="2">The reserve entry is processed in the financial system (e.g. SAP) using approved reserve or provision accounts.</td></tr>
<tr><td>Business Process Name (Part of)</td><td colspan="2">Perform Vendor Account Reconciliation Verification</td></tr>
<tr><td>Business Process ID</td><td colspan="2">BPR003</td></tr>
<tr><td>Risk Sensitivity Index</td><td colspan="2">Medium</td></tr>
<tr><td rowspan="5">Business Rules</td><td>Rule ID</td><td>Detail</td></tr>
<tr><td>RUL001</td><td>Correction reserve entries may only be initiated for discrepancies identified through an approved vendor reconciliation or verification process.</td></tr>
<tr><td>RUL002</td><td>Reserve entries must comply with approved accounting standards, standard operational procedure and materiality thresholds.</td></tr>
<tr><td>RUL003</td><td>All correction reserve entries require documented justification and supporting evidence.</td></tr>
<tr><td>RUL004</td><td>Reserve entries must be reviewed and approved by an authorized finance approver before posting</td></tr>
<tr><td colspan="3">Role Detail</td></tr>
</table>

ROLE ID	FIN001	
ROLE NAME	Financial Officer	
ROLE DESCRIPTION	A Financial Officer is a professional responsible for performing account reconciliations, preparing, managing, and reporting an organization's financial information in line with accounting standards.	
BUSINESS AREA	Corporate Finance	
PRECONDITION	Discrepancy or unreconciled item has been identified	
INPUT	Vendor Account Reconciliation Report	
TYPICAL FLOW OF ACTIVITIES (POSITIVE FLOW)	**ACTION**	**RESPONSE**
	Financial Accountant identifies an unreconciled item during vendor account reconciliation.	Financial Accountant initiates the correction reserve journal entry in the SAP
ALTERNATE FLOW OF ACTIVITIES (NEGATIVE FLOW)	During review, the discrepancy is found to be unsupported or incorrect.	
OUTPUT	Discrepancy amount reserved or adjusted in the general ledger.	
CONCLUSION	No reserve entry is initiated; item is returned for further investigation	

7.2.9 PROCESS/SUB-PROCESS ACTIVITY REQUIREMENTS DOCUMENT PAYMENT IN TRANSIT

ACTIVITY NAME	Document Payment in Transit	
ACTIVITY ID	ACT002	
BRIEF DESCRIPTION	The process involves recording and tracking vendor payments that have been initiated and recorded but have not yet been reflected on the vendor statement or cleared by the bank at the reconciliation date.	
ACTIVITY REQUIREMENTS	Payment has been processed and recorded in the SAP and Payment is not yet cleared in the bank or vendor statement.	
BUSINESS PROCESS NAME (PART OF)	Perform Vendor Account Reconciliation Verification	
BUSINESS PROCESS ID	BPR003	
RISK SENSITIVITY INDEX	Medium	
BUSINESS RULES	**RULE ID**	**DETAIL**
	RUL001	Only payments that have been successfully posted in the SAP system but are not yet reflected on the bank or vendor statement may be classified as Payment in Transit

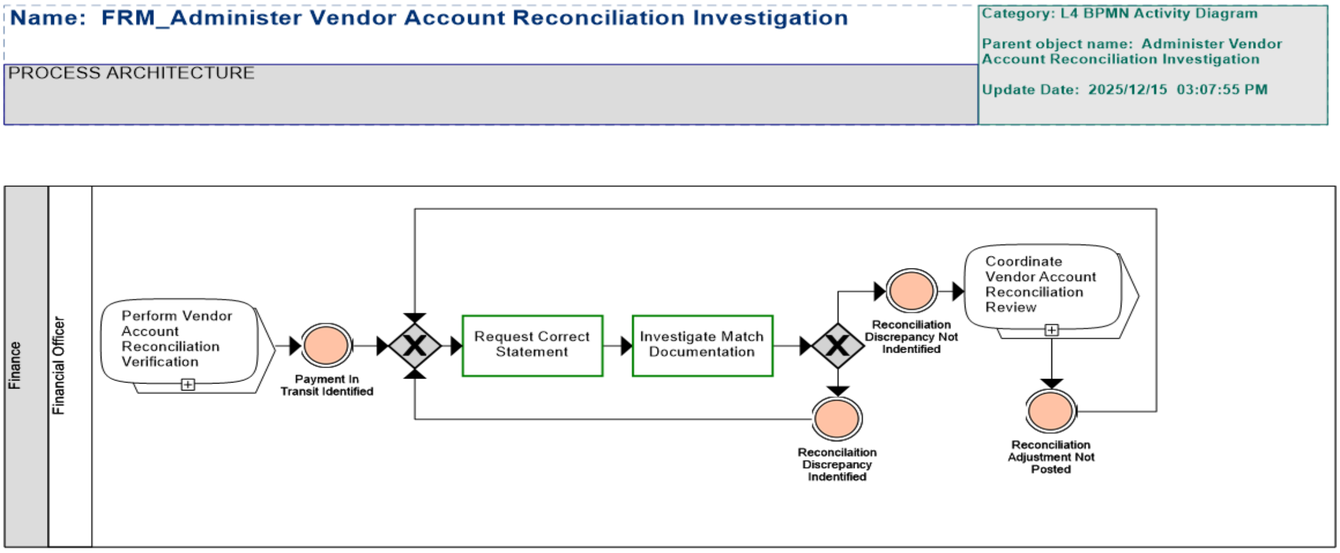
	RUL002	Payment in Transit must be supported by valid documentation
	RUL003	Payments classified as in transit must relate to transactions initiated before the reconciliation cut-off date.
ROLE DETAIL		
ROLE ID	FIN001	
ROLE NAME	Financial Officer	
ROLE DESCRIPTION	A Financial Officer is a professional responsible for performing account reconciliations, preparing, managing, and reporting an organization's financial information in line with accounting standards.	
BUSINESS AREA	Corporate Finance	
PRECONDITION	FIN001	
INPUT	Financial Officer	
TYPICAL FLOW OF ACTIVITIES (POSITIVE FLOW)	**ACTION**	**RESPONSE**
	Finance Officer identifies a vendor payment not yet reflected on the vendor statement during reconciliation.	System displays unmatched payment item
ALTERNATE FLOW OF ACTIVITIES (NEGATIVE FLOW)	Duplicate Payment in Transit detected. System must block duplication and displays error message	
OUTPUT	Payment successfully classified as Payment in Transit	
CONCLUSION	Valid vendor payments which have been initiated but not yet reflected on vendor or bank statements are accurately identified, documented, and monitored during the reconciliation process.	

7.2.9.1 PROCESS/SUB-PROCESS ACTIVITY REQUIREMENTS MONITOR PAYMENT IN TRANSIT

ACTIVITY NAME	Monitor Payment in Transit	
ACTIVITY ID	ACT003	
BRIEF DESCRIPTION	The process involves verifying the accuracy and completeness of vendor account balances by comparing the records with vendor statements and supporting documentation.	
ACTIVITY REQUIREMENTS	Vendor account balances and transactions are extracted from SAP system	
BUSINESS PROCESS NAME (PART OF)	Perform Vendor Account Reconciliation Verification	
BUSINESS PROCESS ID	BPR003	
RISK SENSITIVITY INDEX	Medium	
BUSINESS RULES	**RULE ID**	**DETAIL**

	RUL001	All the transactions included in the reconciliation must have valid supporting documentation
	RUL002	Any differences between SAP balances and vendor statements must be recorded
	RUL003	Transactions must be matched line by line with vendor statements to ensure no overpayment, duplicate posting, or unrecorded item exists.
	RUL004	All unreconciled or exception items must be documented and escalated according to Standard Operational Procedure
Role Detail		
Role ID	FIN001	
Role Name	Financial Officer	
Role Description	A Financial Officer is a professional responsible for performing account reconciliations, preparing, managing, and reporting an organization's financial information in line with accounting standards.	
Business Area	Corporate Finance	
Precondition	Vendor statements and supporting documentation (invoices, payment confirmations, credit notes) are available.	
Input		
Typical flow of activities (positive flow)	**Action**	**Response**
	Compare SAP and vendor statement	Compare SAP and vendor statement System identifies matched and unmatched items
Alternate flow of activities (negative flow)	Access denied; process escalated for unauthorised user attempts verification	
Output	Verified reconciliation report showing matched and unmatched items	
Conclusion	Accurate reconciliation verification enables ensures vendor balances reflect the true financial position of SARS.	

7.2.10 Process/Sub-process Diagram Administer Vendor Account Reconciliation Investigation



7.2.11 Process User Story Administer Vendor Account Reconciliation Investigation

This process **Administer Vendor Account Reconciliation Investigation** involves investigating discrepancies identified during the vendor account reconciliation. It ensures that all exceptions, timing differences, or errors are analysed, validated, and resolved in accordance with accounting policies and standard operational procedure.

7.2.11.1 Process/Sub-Process Activities Listing Perform Vendor Account Reconciliation Verification

Activity ID	Activity Name	Activity Description	Business Process ID
ACT001	Request Correct Statement	This activity involves requesting an updated or corrected vendor statement when a payment in transit has been identified during vendor account reconciliation.	BPR004
ACT002	Investigate Match Documentation	This activity involves reviewing and comparing supporting documentation against SAP system records and vendor statements to verify the accuracy and validity of matched or disputed transactions identified during vendor account reconciliation.	BRP004

7.2.12 Process/Sub-Process Activity Requirements Request Correct Statement

Activity Name	Request Correct Statement	
Activity ID	ACT001	
Brief Description	Request Correct Statement is the activity of formally contacting the vendor to obtain an updated or corrected vendor statement when a validated payment in transit has been identified during vendor account reconciliation.	
Activity Requirements	System must identify and validate payment in transit during vendor account reconciliation.	
Business Process Name (Part of)	Administer Vendor Account Reconciliation Investigation	
Business Process ID	BPR004	
Risk Sensitivity Index	Low	
Business Rules	**Rule ID**	**Detail**
	RUL001	A corrected statement may only be requested when a Payment in Transit has been validated as correctly posted on SAP but not reflected on the vendor statement.
	RUL002	Upon receipt, the corrected vendor statement must be reviewed to confirm the payment is accurately reflected.
	RUL003	Once the corrected statement is verified, the Payment in Transit must be cleared during the next reconciliation cycle.
Role Detail		
Role ID	FIN001	
Role Name	Financial Officer	
Role Description	A Financial Officer is a professional responsible for performing account reconciliations, preparing, managing, and reporting an organization's financial information in line with accounting standards.	
Business Area	Corporate Finance	
Precondition	A Payment in Transit has been identified and validated internally	
Input	Vendor statement (showing missing payment)	
Typical Flow of Activities (Positive Flow)	**Action**	**Response**
	Identify a payment in transit during vendor reconciliation.	Item flagged during reconciliation
Alternate Flow of Activities (Negative Flow)	Vendor not responding within agreed timeframe, follow-up request sent; escalate if necessary.	
Output	Corrected or updated vendor statement received	

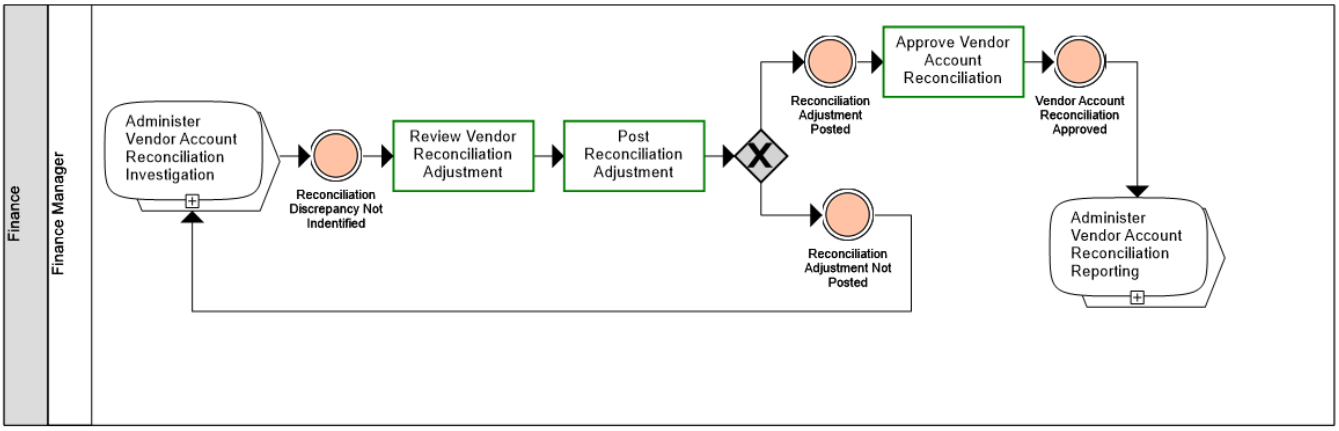
CONCLUSION	The vendor statements requested accurately reflect validated payments in transit, enabling correct and timely vendor account reconciliation.

7.2.13 Process/Sub-Process Activity Requirements Investigate Match Documentation

Activity Name	Investigate Match Documentation	
Activity ID	ACT002	
Brief Description	This activity involves confirming valid matches, identifying errors or omissions, and determine the appropriate resolution for discrepancies.	
Activity Requirements	Vendor account reconciliation has identified matched or disputed items	
Business Process Name (Part of)	Administer Vendor Account Reconciliation Investigation	
Business Process ID	BPR004	
Risk Sensitivity Index	Medium	
Business Rules	**Rule ID**	**Detail**
	RUL001	All transactions under investigation must be supported by valid documentation.
	RUL002	Each SAP transaction must correspond to a single supporting documentation
	RUL003	The details (amount, date, vendor, reference number) must match across SAP records and supporting documents.
Role Detail		
Role ID	FIN001	
Role Name	Financial Officer	
Role Description	A Financial Officer is a professional responsible for performing account reconciliations, preparing, managing, and reporting an organization's financial information in line with accounting standards.	
Business Area	Corporate Finance	
Precondition	FIN001	
Input	Financial Officer	
Typical Flow of Activities (Positive Flow)	**Action**	**Response**
	Select transaction for investigation	Transaction details displayed
Alternate Flow of Activities (Negative Flow)	**Mismatch identified** • Amounts, dates, or references do not match. • Item flagged for correction or further investigation	
Output	Verified and documented investigation results	

CONCLUSION	Vendor transactions are validated against supporting documentation, confirming the accuracy and legitimacy of reconciled or disputed items.

7.2.14 Process/Sub-process Diagram Coordinate Vendor Account Reconciliation Review



7.2.14.1 Process User Story Coordinate Vendor Account Reconciliation Review

This process **Coordinate Vendor Account Reconciliation Review** involves overseeing and managing the review of vendor account reconciliation reports to ensure accuracy, completeness, and compliance with the standard operational procedure and accounting standard.

7.2.14.2 Process/Sub-Process Activities Listing Coordinate Vendor Account Reconciliation Review

Activity ID	Activity Name	Activity Description	Business Process ID
ACT001	Review Vendor Reconciliation Adjustment	The Review Vendor Reconciliation Adjustment activity involves examining adjustments to the vendor reconciliation report to ensure they are accurate, justified, and compliant with accounting standard.	BPR005
ACT002	Post Reconciliation Adjustment	The Post Reconciliation Adjustment activity involves recording and applying approved adjustments to the vendor reconciliation report	BRP005
ACT003	Approve Vendor Account Reconciliation	Approve Vendor Account Reconciliation activity involves validating and authorising the vendor account	BRP005

ACTIVITY ID	ACTIVITY NAME	ACTIVITY DESCRIPTION	BUSINESS PROCESS ID
		reconciliation after all reviews and adjustments have been completed.	

7.2.15 PROCESS/SUB-PROCESS ACTIVITY REQUIREMENTS REVIEW VENDOR RECONCILIATION ADJUSTMENT

ACTIVITY NAME	Review Vendor Reconciliation Adjustment	
ACTIVITY ID	ACT001	
BRIEF DESCRIPTION	Review Vendor Reconciliation Adjustment activity involves reviewing proposed adjustments to the vendor reconciliation report to ensure accuracy, completeness, and compliance with financial policies before approval and implementation.	
ACTIVITY REQUIREMENTS	Workflow approval for adjustments is generated	
BUSINESS PROCESS NAME (PART OF)	Coordinate Vendor Account Reconciliation Review	
BUSINESS PROCESS ID	BPR004	
RISK SENSITIVITY INDEX	Medium	
BUSINESS RULES	**RULE ID**	**DETAIL**
	RUL001	Only authorized Finance Managers reviewers may approve reconciliation adjustments.
	RUL002	All adjustments must be supported with appropriate documentation.
	RUL003	Adjustments must comply with accounting standard.
	RUL004	No adjustment may be applied without workflow approval.
ROLE DETAIL		
ROLE ID	FIM001	
ROLE NAME	Financial Manager	
ROLE DESCRIPTION	The Finance Manager is the authorised reviewer responsible for receiving the workflow approval request and approving the vendor reconciliation report.	
BUSINESS AREA	Corporate Finance	
PRECONDITION	Workflow approval request for adjustment review has been generated.	
INPUT	Vendor reconciliation report with proposed adjustments	
TYPICAL FLOW OF ACTIVITIES (POSITIVE FLOW)	**ACTION**	**RESPONSE**
	Receive workflow approval request to review adjustments	Approve adjustments via the workflow system
ALTERNATE FLOW OF ACTIVITIES (NEGATIVE FLOW)	Reject the proposed adjustments in the workflow system and provide detailed feedback	

OUTPUT	Updated vendor reconciliation report reflecting approved adjustments
CONCLUSION	Adjustment to vendor accounts is accurate, justified, and compliant with Standard Operating Procedure and Accounting Standard

7.2.15.1 Process/Sub-Process Activity Requirements Post Reconciliation Adjustment

ACTIVITY NAME	Post Reconciliation Adjustment	
ACTIVITY ID	ACT002	
BRIEF DESCRIPTION	This activity involves posting and recording all approved adjustments to the vendor reconciliation report in the SAP, ensuring accurate vendor balances and compliance with Accounting Standard.	
ACTIVITY REQUIREMENTS	Approved reconciliation adjustments are available and supporting documentation for adjustments are complete.	
BUSINESS PROCESS NAME (PART OF)	Coordinate Vendor Account Reconciliation Review	
BUSINESS PROCESS ID	BPR004	
RISK SENSITIVITY INDEX	Medium	
BUSINESS RULES	**RULE ID**	**DETAIL**
	RUL001	Only authorised Finance Manager may post reconciliation adjustments.
	RUL002	All posted adjustments must have been approval and supporting documentation
	RUL003	Adjustments must be accurately reflected in both the vendor accounts and the general ledger
ROLE DETAIL		
ROLE ID	FIM001	
ROLE NAME	Financial Manager	
ROLE DESCRIPTION	The Finance Manager is the authorized reviewer responsible for receiving the workflow approval request and approving the vendor reconciliation report	
BUSINESS AREA	Corporate Finance	
PRECONDITION	Adjustments have been approved through the workflow system.	
INPUT	Approved vendor reconciliation adjustments	
TYPICAL FLOW OF ACTIVITIES (POSITIVE FLOW)	**ACTION**	**RESPONSE**
	Retrieve the approved reconciliation adjustments and supporting documentation	Post each approved adjustment to the vendor accounts and general ledger
ALTERNATE FLOW OF ACTIVITIES (NEGATIVE FLOW)	Post approved adjustments and have system errors or incorrect data	

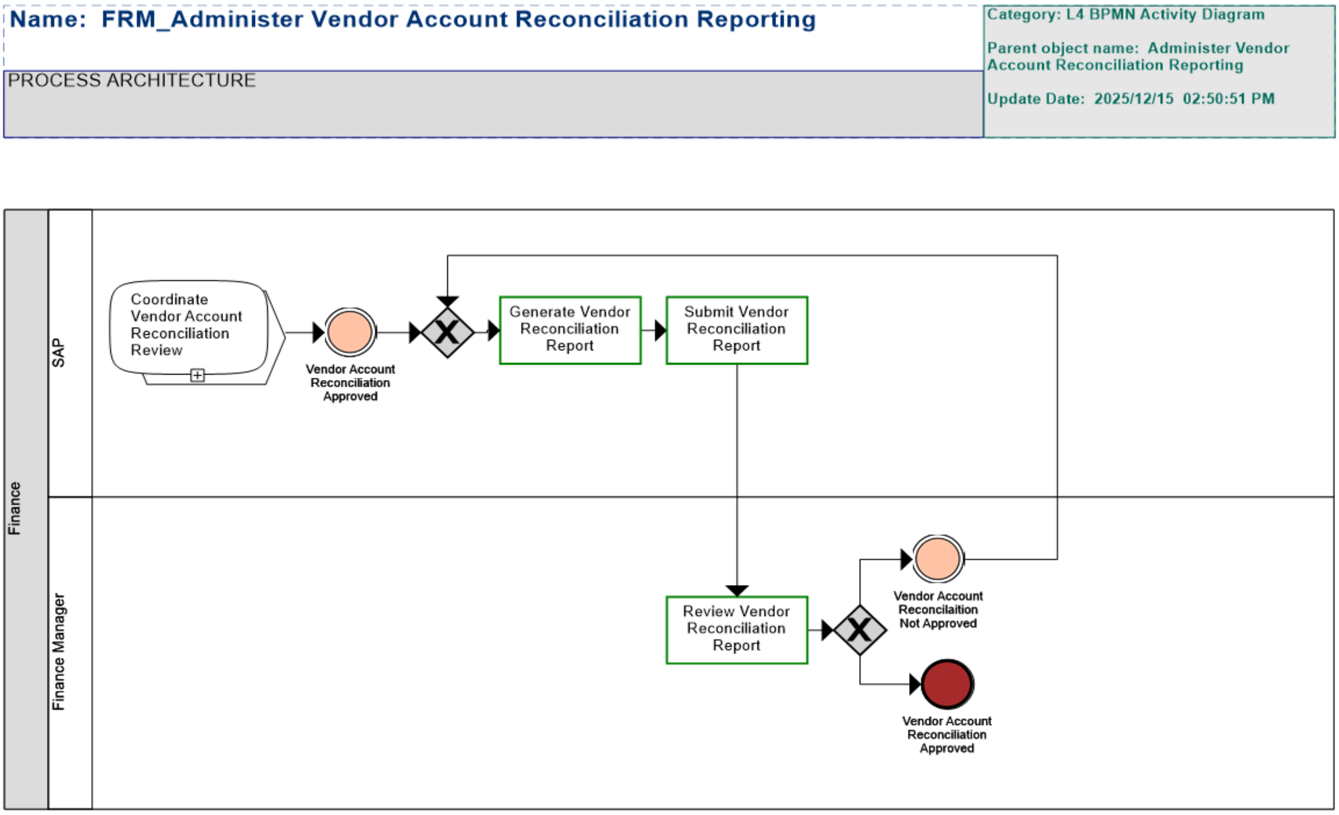
OUTPUT	Vendor accounts and general ledger updated with adjustments
CONCLUSION	Approved adjustments are accurately reflected in vendor accounts and the general ledger

7.2.16 PROCESS/SUB-PROCESS ACTIVITY REQUIREMENTS APPROVE VENDOR ACCOUNT RECONCILIATION

ACTIVITY NAME	Approve Vendor Account Reconciliation	
ACTIVITY ID	ACT003	
BRIEF DESCRIPTION	This activity involves approving the vendor account reconciliation after all reviews, adjustments, and postings have been completed.	
ACTIVITY REQUIREMENTS	Vendor reconciliation report has been reviewed and verified, and adjustments have been posted and reflected in the report.	
BUSINESS PROCESS NAME (PART OF)	Coordinate Vendor Account Reconciliation Review	
BUSINESS PROCESS ID	BPR004	
RISK SENSITIVITY INDEX	Medium	
BUSINESS RULES	**RULE ID**	**DETAIL**
	RUL001	Only authorised Finance Managers approvers may approve the reconciliation.
	RUL002	Approval may be allowed when all discrepancies are resolved, and all adjustments are posted.
	RUL003	The approved vendor account reconciliation must reconcile with vendor statements and the general ledger.
ROLE DETAIL		
ROLE ID	FIM001	
ROLE NAME	Financial Manager	
ROLE DESCRIPTION	The Finance Manager is the authorized reviewer responsible for receiving the workflow approval request and approving the vendor reconciliation report	
BUSINESS AREA	Corporate Finance	
PRECONDITION	Vendor reconciliation Account has been reviewed, adjusted, and posted	
INPUT	Workflow approval notification	
TYPICAL FLOW OF ACTIVITIES (POSITIVE FLOW)	**ACTION**	**RESPONSE**
	Receive workflow approval request for final approval	Approve the vendor reconciliation account in the workflow/system
ALTERNATE FLOW OF ACTIVITIES (NEGATIVE FLOW)	Access the reconciliation account and identify unresolved discrepancies	
OUTPUT	Recorded approval in the workflow/system for audit purposes	

CONCLUSION	Vendor balances, adjustments, and supporting documentation are accurate, complete, and compliant with accounting standard

7.2.17 Process/Sub-process Diagram Administer Vendor Account Reconciliation Reporting



7.2.18 Process User Story Administer Vendor Account Reconciliation Reporting

This process **Administer Vendor Account Reconciliation Reporting** ensure that the outcomes of vendor account reconciliations are accurately compiled, reviewed, approved, and reported to management, it also provides visibility of reconciled balances, outstanding variances, and risk exposures to support financial control and compliance.

7.2.19 Process/Sub-Process Activities Listing Administer Vendor Account Reconciliation Reporting

Activity ID	Activity Name	Activity Description	Business Process ID
ACT001	Generate Vendor Reconciliation Report	Generate Vendor Reconciliation Report activity involves generating a consolidated reconciliation report that reflects the reconciliation status of vendor accounts for a specific reporting period.	BPR006
ACT002	Submit Vendor Reconciliation Report	Submit Vendor Reconciliation Report activity involves formally submitting the completed vendor reconciliation report to the	BRP006

Activity ID	Activity Name	Activity Description	Business Process ID
		Finance Manager stakeholders for review, approval and distribution	
ACT003	Review Vendor Reconciliation Report	Review Vendor Reconciliation Report activity involves examining the completed vendor reconciliation report to ensure accuracy, completeness, and compliance with Standard Operating Procedures and accounting standards.	BRP006

7.2.19.1 Process/Sub-Process Activity Generate Vendor Reconciliation Report

Activity Name	Generate Vendor Reconciliation Report	
Activity ID	ACT001	
Brief Description	This activity involves compiling and producing a consolidated reconciliation report that reflects the reconciliation status of vendor accounts for a defined reporting period, highlighting reconciled balances, outstanding items, and variances.	
Activity Requirements	The system must extract reconciled and unreconciled vendor account data for the selected reporting period and consolidate reconsolidate reconciliation report with balances per vendor and in total	
Business Process Name (Part of)	Administer Vendor Account Reconciliation Reporting	
Business Process ID	BPR006	
Risk Sensitivity Index	Medium	
Business Rules	**Rule ID**	**Detail**
	RUL001	Vendor reconciliation reports must be generated for each defined reporting period in line with the financial close calendar.
	RUL002	All report balances must reconcile to the Accounts Payable sub-ledger and the General Ledger.
	RUL003	Material unreconciled items must be identified, explained, and flagged for management review
	RUL004	Reports must be reviewed and approved before final distribution.
	RUL005	Generate reconciliation reports per vendor and company code
	RUL006	Flag unmatched items for manual review
Role Detail		
Role ID	SAP001	
Role Name	Systems, Applications, and Products in Data Processing	

Role Description	SAP records vendor invoices, payments, credit notes, and debit notes, and tracks their status as open or cleared items. It supports end-to-end financial processes such as vendor account reconciliation, payment processing, financial reporting, and audit compliance.	
Business Area	Corporate Finance	
Precondition	Vendor account reconciliations have been completed.	
Input	Approved Vendor Account Reconciliation	
Typical flow of activities (positive flow)	**Action**	**Response**
	Generate vendor reconciliation report	Validate report totals against GL
Alternate flow of activities (negative flow)	Report generation delayed	
Output	Vendor Reconciliation Report (draft)	
Conclusion	Generate Vendor Reconciliation Report to ensures accurate, timely, and auditable reporting of vendor reconciliation outcomes	

7.2.19.2 Process/Sub-Process Activity Requirements Submit Vendor Reconciliation Report

Activity Name	Submit Vendor Reconciliation Report	
Activity ID	ACT002	
Brief Description	This activity involves formally submitting the completed vendor reconciliation report to the Finance Manager for review and approval, ensuring timely communication of reconciliation results, exceptions, and variances for financial control and compliance purposes.	
Activity Requirements	The Vendor Reconciliation Report is accurate, with all reconciled and unreconciled items properly documented	
Business Process Name (Part of)	Administer Vendor Account Reconciliation Reporting	
Business Process ID	BPR006	
Risk Sensitivity Index	Medium	
Business Rules	**Rule ID**	**Detail**
	RUL001	Reports must be submitted only after validation against the General Ledger and supporting documentation.
	RUL002	Any changes post-submission must formally be approved on the workflow and documented.
	RUL003	The reviewer must receive and act on the workflow approval request before approving the vendor reconciliation report.
Role Detail		
Role ID	SAP001	
Role Name	Systems, Applications, and Products in Data Processing	

Role Description	SAP records vendor invoices, payments, credit notes, and debit notes, and tracks their status as open or cleared items. It supports end-to-end financial processes such as vendor account reconciliation, payment processing, financial reporting, and audit compliance.	
Business Area	Corporate Finance	
Precondition	Vendor Reconciliation Report has been generated and validated.	
Input	Completed Vendor Reconciliation Report	
Typical flow of activities (positive flow)	**Action**	**Response**
	Submit the report to designated management or finance stakeholders	Report is received by reviewers
Alternate flow of activities (negative flow)	Stakeholders do not acknowledge receipt	
Output	Submitted Vendor Reconciliation Report	
CONCLUSION	Vendor Reconciliation Report successfully submitted	

7.2.19.3 Process/Sub-Process Activity Requirements Review Vendor Reconciliation Report

Activity Name	Review Vendor Reconciliation Report	
Activity ID	ACT003	
Brief Description	This activity involves reviewing the vendor reconciliation report to confirm accuracy, completeness, and compliance with financial policies before approval or submission.	
Activity Requirements	Vendor statements and supporting documents are attached and accessible	
Business Process Name (Part of)	Administer Vendor Account Reconciliation Reporting	
Business Process ID	BPR006	
Risk Sensitivity Index	Medium	
Business Rules	**Rule ID**	**Detail**
	RUL001	The vendor reconciliation report must be reviewed by an authorised and independent reviewer
	RUL002	Vendor balances must agree with the general ledger extract and vendor statements
	RUL003	No reconciliation may be approved without required evidence and explanations
	RUL004	All unreconciled items must have valid explanations and supporting documentation.
Role Detail		
Role ID	FIM001	
Role Name	Finance Manager	

ROLE DESCRIPTION	The Finance Manager is the authorized reviewer responsible for receiving the workflow approval request and approving the vendor reconciliation report.	
BUSINESS AREA	Corporate Finance	
PRECONDITION	The workflow approval request has been generated and sent to the Finance Manager	
INPUT	Completed vendor reconciliation report	
TYPICAL FLOW OF ACTIVITIES (POSITIVE FLOW)	**ACTION**	**RESPONSE**
	Receive Workflow Approval – The Finance Manager receives the workflow approval request to review the vendor reconciliation report.	Access Reconciliation Report –Open the submitted vendor reconciliation report with all supporting documents
ALTERNATE FLOW OF ACTIVITIES (NEGATIVE FLOW)	Return for Correction – Reject the report in the workflow system and provide detailed feedback to the preparer for correction.	
OUTPUT	Approved vendor reconciliation report if all items are accurate and complete	
CONCLUSION	Finance Manager confirms accuracy, completeness, and compliance with financial policies, approves the report for submission, and maintains proper records for audit and compliance purposes.	

7.3 SUPPORTING DOCUMENT REQUIREMENTS

Supporting Document ID	Supporting Document Name	Activity ID	Activity Name
SD001	Approved reconciliation adjustments	ACT002	Post Reconciliation Adjustment
SD002	Bank statements	ACT002	Document Payment in Transit
SD003	Correspondence related to discrepancies or disputes	ACT002	Compare Vendor Account Statement Against Documentation
SD004	Credit notes	ACT003	Monitor Payment in Transit
SD005	Delivery Note	ACT001	Retrieve Supporting Documentation
SD006	General ledger extracts	ACT003	Review Vendor Reconciliation Report
SD007	Invoices	ACT001	Extract Open Item Transaction
SD008	Payment confirmations / proof of payment	ACT001	Retrieve Vendor Statement

SD009	Purchase Order	ACT001	Retrieve Supporting Documentation
SD010	Vendor statements	ACT001	Retrieve Vendor Statement

8 REPORTING REQUIREMENTS

8.1 Report Listing

Report ID	Report Name	Report Description /Purpose	Report Frequency	Target Audience	Distribution Format
REP001	Vendor Reconciliation Audit Trail Report	The system must keep audit trials of all permission and authorisation changes made to objects, indicating responsibility, action type, date, and time Audit output must link each reconciliation record back to its SAP FI/MM/SD source transaction. Audit status must display as "Verified" once reconciliation lineage is complete. Audit output must link each reconciliation record back to its SAP FI/MM/SD source transaction. Audit status must display as "Verified" once reconciliation lineage is complete.	Monthly	Manager	Email Notification
REP002	Vendor Reconciliation Exception Report	The purpose of this report to identify unreconciled items, discrepancies, and variances arising from the reconciliation of general ledger accounts, sub-ledgers, bank statements, or vendor/customer statements. The system must detect discrepancies in real time, including: • Missing goods receipts • Variances correct pricing The system must flag issues before month-end close. Alerts must be delivered through dashboards and notifications	Weekly	Finance Manager	Email Notification

Report ID	Report Name	Report Description /Purpose	Report Frequency	Target Audience	Distribution Format
REP003	Vendor Reconciliation Report	The purpose of this report is to detail reconciled items, open items, and exceptions	Monthly	Finance Manager	Email Notification
REP004	Vendor Reconciliation Open Items Report	The purpose of this report is to identify and list outstanding transactions that remain unresolved, unpaid, or unmatched as at a specific reporting date	Monthly	Finance Team	Email Notification

9 NON-FUNCTIONAL REQUIREMENTS

9.1 DEPLOYMENT MODEL

a) The proposed solution must support a **Hybrid deployment model**, whereby the solution may be cloud-hosted and/or deployed within a private cloud environment while integrating with SARS's on-premise SAP environment.

b) The proposed solution must integrate with SAP, which will remain the system of record for vendor, financial, and reconciliation-related data.

c) The Service Provider must clearly describe the proposed deployment architecture, integration approach, and any dependencies required for the successful implementation and operation of the solution.

d) The proposed solution must be capable of securely exchanging data and interacting with SAP and any other authorised SARS systems required for the vendor reconciliation process.

e) **Note:** The solution is expected to be deployed on the SARS MS (Microsoft Azure) cloud tenant. Other components may be deployed on SARS on-prem data centre. Therefore, we expect the infrastructure costs to be covered by SARS

9.2 PLATFORM END-TO-END SOLUTION

a) The solution must provide a single, integrated platform for Vendor Reconciliation Automation that supports vendor and general ledger reconciliation processes, including data ingestion, automated matching, exception handling, workflow approvals, reporting, dashboards, audit trails, and SAP integration through a common user interface and administration framework.

b) The platform should eliminate the need for multiple standalone tools, spreadsheets, or separate reconciliation applications.

9.3 INTEGRATION WITH SAP

a) Compatible with and/or housed in SAP.

b) Secure storage and encrypted audit logs.

c) Role-based access controls for adjustments.

d) SAP ECC 6.0 and/or SAP S/4HANA compatibility.

e) Integration with SAP modules, including Financial Accounting (FI), Materials Management (MM), and Accounts Payable (AP).

f) Use of IDocs, BAPIs, SAP PI/PO, REST APIs, SOAP services, Enterprise Service Bus (ESB) technologies, or equivalent integration mechanisms for interfacing.

g) Support for industry-standard data and message formats, including XML, JSON, EDI, or equivalent standards.
h) Support for secure large-volume data and file transfers.
i) Email integration for statement ingestion.
j) OCR capability for scanned documents.

9.4 DATA RESIDENCY AND COMPLIANCE

a) The Service Provider must ensure that any data generated, processed, stored, backed up, or replicated by the solution outside SARS environments resides within data centres located in the Republic of South Africa and complies with applicable South African legislation, including POPIA, as well as SARS information security and data governance requirements.

9.5 SECURITY REQUIREMENTS

The solution must provide security controls that support the protection of sensitive financial and vendor data and align with SARS information security requirements, including but not limited to:

a) User access control, including support for authentication and authorization mechanisms.
b) Role-Based Access Control (RBAC).
c) Segregation of Duties (SoD).
d) Multi-Factor Authentication (MFA).
e) Support for Single Sign-On (SSO), where applicable.
f) Encryption of data at rest and in transit.
g) Audit logging and traceability of user activities, reconciliation activities, workflow actions, and system changes.
h) Secure administration and management of user accounts, roles, permissions, and access rights.
i) Secure storage and protection of reconciliation records, supporting documentation, and audit trails.
j) Accountability, non-repudiation, and traceability through comprehensive audit trails and logging mechanisms.
k) Support for SARS information security, access management, and data protection requirements.

9.6 REGULATORY COMPLIANCE

Compliance includes but is not limited to:

a) International Financial Reporting Standards (IFRS) and internal audit requirements.
b) The Public Finance Management Act (PFMA) and applicable National Treasury Regulations, Instructions, and Circulars, where relevant to financial management, record keeping, auditability, and reporting.
c) The Protection of Personal Information Act (POPIA) and applicable data protection requirements.
d) Applicable SARS information security, ICT governance, and cybersecurity requirements.
e) Applicable statutory, regulatory, audit, and record-retention requirements.
f) Applicable National Treasury and financial governance requirements relevant to financial reporting, auditability, and reconciliation processes.

9.7 SYSTEM REQUIREMENTS

a) Handle high-volume vendor reconciliation transactions efficiently.
b) Process and reconcile high volumes of financial, vendor, supplier statement, and invoice data.
c) Support real-time or near-real-time discrepancy detection and exception identification.

d) Support automated matching and reconciliation of vendor statements against SAP vendor balances and transactions.
e) Accommodate multiple vendor reconciliation scenarios, including trade vendors, municipalities, utilities, and other vendor categories.
f) Maintain performance, stability, and data integrity during peak processing periods and high-volume reconciliation activities.

9.8 LANGUAGE REQUIREMENTS

a) The solution and related materials are required to be provided in English.

9.9 MAINTENANCE AND SUPPORT SERVICES

a) SARS will require maintenance and support services for the Vendor Reconciliation Automation Solution following implementation for a period of three (3) years.
b) Maintenance and support services must be provided in accordance with an agreed Service Level Agreement (SLA).
c) The Service Provider must provide:
   1 Solution support and incident management services.
   2 Software updates, upgrades, security patches, and defect resolution.
   3 Maintenance of system configurations, reconciliation rules, and workflow configurations where applicable.
   4 A helpdesk and support service for authorised SARS users.
   5 A dedicated support team and account manager.
   6 Access to a knowledge base and support documentation.
   7 Regulatory, security, and compliance-related updates required to maintain the solution.
   8 Functional enhancements and updates to support evolving reconciliation and business requirements.
   9 Service availability and performance commitments as agreed in the SLA.
   10 Planned maintenance notifications provided in advance and preferably scheduled outside normal business hours.

9.10 TRAINING AND KNOWLWDGE TRANSFER

a) The Service Provider must be available to provide training on the operation, administration, and maintenance of the solution, including:
   1 **Super User (Administrator) Training** – 10 users. Training must be tailored for administrators and technical support personnel responsible for solution configuration, maintenance, monitoring, and user administration.
   2 **End-User Training –** 14 users. Training must be tailored for business users responsible for performing vendor reconciliation activities and day-to-day operation of the solution.
   3 **Tailored Training Programmes-** The Service Provider must design and deliver role-based training programmes to ensure that different user groups receive relevant practical instruction aligned to their responsibilities. Training must be available through a combination of classroom, virtual, and self-service formats, including user manuals, online documentation, and video tutorials.
   4 **Train-the-Trainer Approach-** The Service Provider must provide a hybrid train-the-trainer programme comprising both in-person and virtual training sessions. An initial group of Super Users and End Users will be trained and will subsequently deliver training to approximately 76 users nationally. The user numbers specified above represent the initial estimated training requirement and may be refined

during implementation planning. The Service Provider must be able to accommodate additional users and provide further training and knowledge transfer services as required by SARS.

b) The Service Provider must provide training on new features, enhancements, updates, and releases of the solution.
c) The Service Provider must conduct knowledge transfer and provide a sustainability plan to enable SARS to independently administer, support, and maintain the solution.
d) The Service Provider must implement change management and user adoption activities to facilitate the successful transition and utilisation of the solution across SARS.

9.11 LICENSING, SUBSCRIPTION AND ONCE OFF COSTS (PACKAGES)

a) The Service Provider must ensure that the proposed pricing structure is comprehensive, transparent, and supported by a detailed cost breakdown.
b) The Service Provider is required to provide a subscription-based pricing model
c) The Service Provider must submit pricing in accordance with the Pricing Template provided by SARS.
d) The Service Provider must clearly distinguish between Once-off cost, Recurring costs, Annual support and maintenance costs; and Any usage-based or consumption-based charges.
e) The Service Provider must provide scalable licensing options capable of accommodating future growth in business requirements.

9.12 POST-IMPLEMENTATION SUPPORT

The Service Provider must provide post-implementation support services, including:

a) Knowledge transfer to SARS personnel.
b) End-user and administrator training.
c) User guides, technical documentation, and operational manuals.
d) Transition support to enable business-as-usual operations following implementation.