

- 6 POWERFUL SESSIONS -

FINANCE POLICIES & OPERATING PROCEDURES



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FRIDAYS 25 FEB - 01 APR, 2022
10:00 - 12:00



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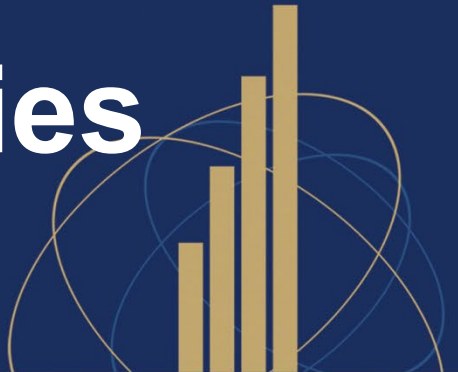
Finance policies and operating procedures

- ✓ **Week 1: Update your policies without consultants**
- ✓ **Week 2: Document a process flow aligned to the policy**
- ✓ **Week 3: Documenting the standard operating procedures aligned to the policy**
- ✓ **Week 4: Review standard operating procedures for effectiveness and internal controls**
- ✓ **Week 5: Building performance targets and reporting standard operating procedures**
- ✓ **Week 6: Monitoring the implementation of standard operating procedures**





1. Update your policies without consultants



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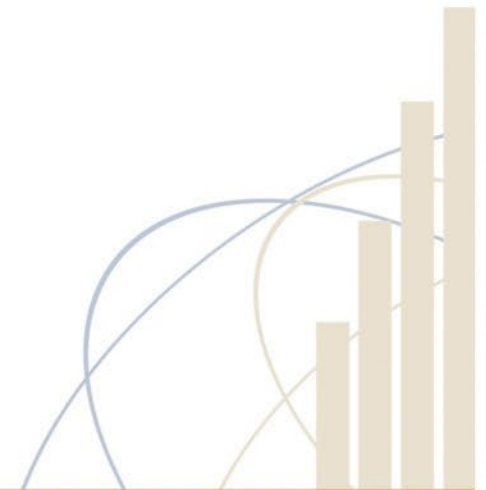
Week 1: Presenter

Annalien Carstens
[M Com, CA(SA), RA, MTP(SA)]



Week 1: Outline

- ✓ What is the difference between policies and procedures?
- ✓ When do you need to update a policy?
- ✓ Step-by-step: review policies
- ✓ Step-by-step: update policies
- ✓ Discussion of your questions



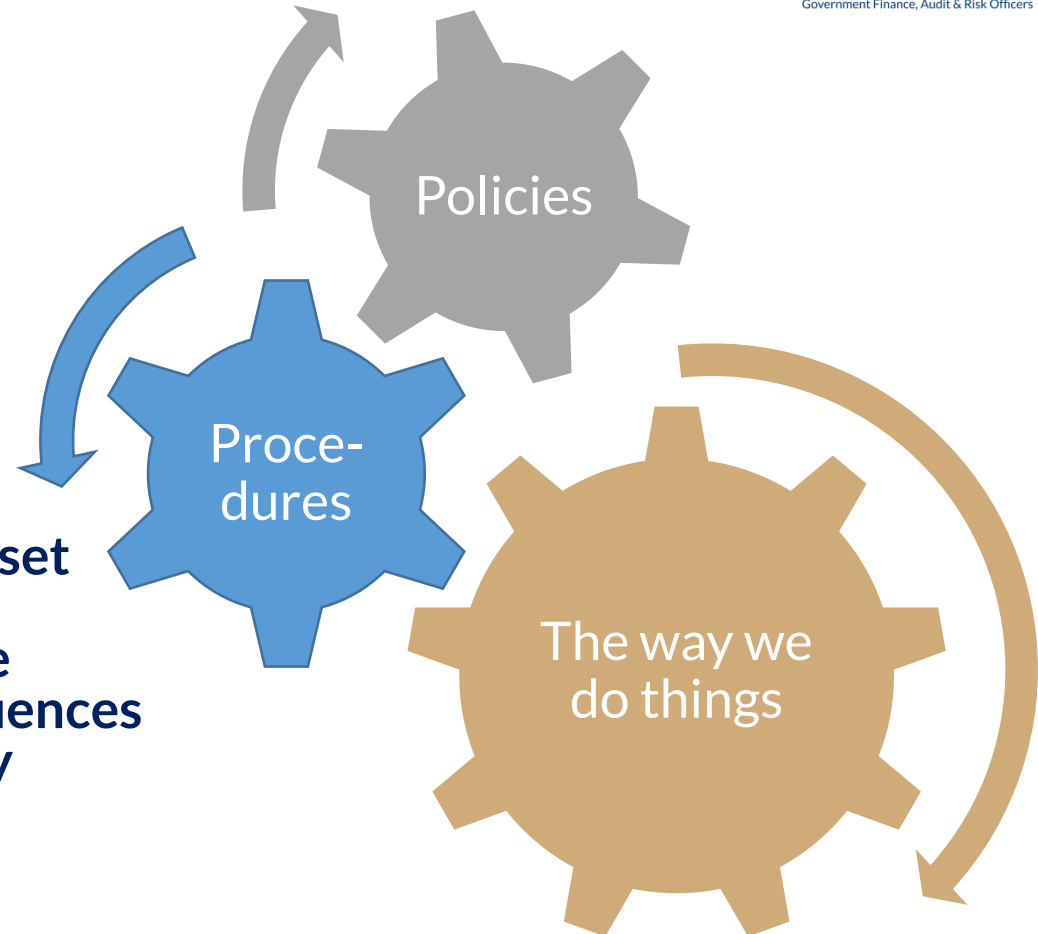
What is the difference between policies and procedures?

✓ Policy:

- Guiding principles used to set direction
- Usually includes legislative requirements and consequences for not following the policy

✓ Procedures:

- A series of steps to follow consistently and repetitively to accomplish an end result



When do you need to update a policy?

- ✓ Policy review indicates gaps or inaccuracies
- ✓ Changes in regulations
- ✓ Changes in legislation
- ✓ Litigation against the municipality
- ✓ Past events and emerging issues
- ✓ Changes in systems or technology
- ✓ Time frame as indicated in the policy

Review first, an update may not be necessary!



Step-by-step: Review policies

1. Read through the policy document with comprehension
2. Compare the policy determinations with current legislation, regulations and practices
3. Discuss the current policy with stakeholders to identify uncertainties, incorrect determinations, past events and emerging issues, changes in systems and technology
4. Summarise the findings in a report
5. Classify the findings to help with the decision to update the policy or not – type of finding and risk
6. Propose changes to the policy
7. Discuss proposed changes with stakeholders and note discussion points
8. Decide if the policy should be updated or not

Example: Review findings report

- ✓ Indicate the policy and version under review
- ✓ Reason for the review
- ✓ Summary of findings classified as indicated on the next slide
- ✓ Rate findings according to the risk
- ✓ Recommendation to update the policy or not



Example: Review findings report

✓ Classifications for findings:

Classification	Description
G	General comments
I	Incomplete information that impedes the understandability and/or use thereof
L	Language: spelling, grammar, understandability, plain English
R	Relevance is unclear. The determinations may not enhance the value of the policy document
S	A section of the policy that enables the understanding of the policy
T	A finding that represents a technically incorrect and therefore misleading statement made

Example: Review findings report

✓ Rate the findings for risk:

Classification	Description
High	The finding increases the risk of inadequate performance to an unacceptably high level. It also presents a significant reputational risk for the municipality
Medium	The finding poses a risk of inadequate understanding of the policy, resulting in improper application in the practical environment
Low	The quality of the policy is impeded, but it is not likely to result in an adverse effect in terms of the practical application and therefore poses a minimal reputational risk

Example: Review findings report

✓ A few review findings:

Section	Finding	Category	Risk
Overall	The internal audit function should follow an integrated approach and form part of the combined assurance model	G	High
Par 18	Include detail on quality assurance of internal audit reports	I	Medium
Par 25	Correct font and bullets	L	Low



Example: Review findings report

✓ Recommendations:

- Evaluate the risk ratings of the findings
- If most of the findings are medium or low risk, an update may not be necessary. If resources are available, update the policy
- If there are some high-risk findings, the policy should be updated, and resources must be made available to do so

Step-by-step: Update policies

- 1. Gather a team with the following collective skills:**
 - Legal expertise
 - Critical thinking
 - Language editing
 - Formatting
 - Review
- 2. Formulate a plan with individuals and timelines for critical activities**
- 3. Obtain a Word-version of the policy if possible**
- 4. Use the review findings report to update the relevant sections of the policy document**
- 5. Spell check and language edit the document**
- 6. Clean up the abbreviations and acronyms**

Step-by-step: Update policies

7. Format the document to be consistent with other policies in the municipality. Focus on fonts and page breaks too
8. Update and check the index numbering
9. Discuss the draft policy with stakeholders to ensure that all the uncertainties, incorrect determinations, past events and emerging issues, changes in systems and technology are addressed
10. Update the draft policy with input from stakeholders
11. Complete steps 4-7 again
12. Submit the draft policy for approval

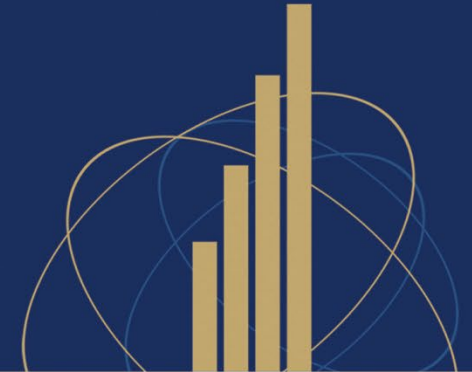


Questions?





Thank You!



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Next week's
session

2. Document a process flow aligned to the policy



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