

- 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:** Document 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





3. Document standard operating procedures aligned to the policy



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Week 3: Presenter

Noeline Slogrove

[B Com, MBA, Post-grad Diploma in Risk,
Fellow member of Inst. Directors, Member of IRMSA]



Week 3: Outline

- ✓ Recap definitions: policy, process flow and standard operating procedures
- ✓ Why do we need standard operating procedures?
- ✓ Involve the right people
- ✓ Step-by-step: document a standard operating procedure
- ✓ Tips writing great standard operating procedures
- ✓ Discussion of your questions

Policies, process flows and standard operating procedures

✓ Policy:

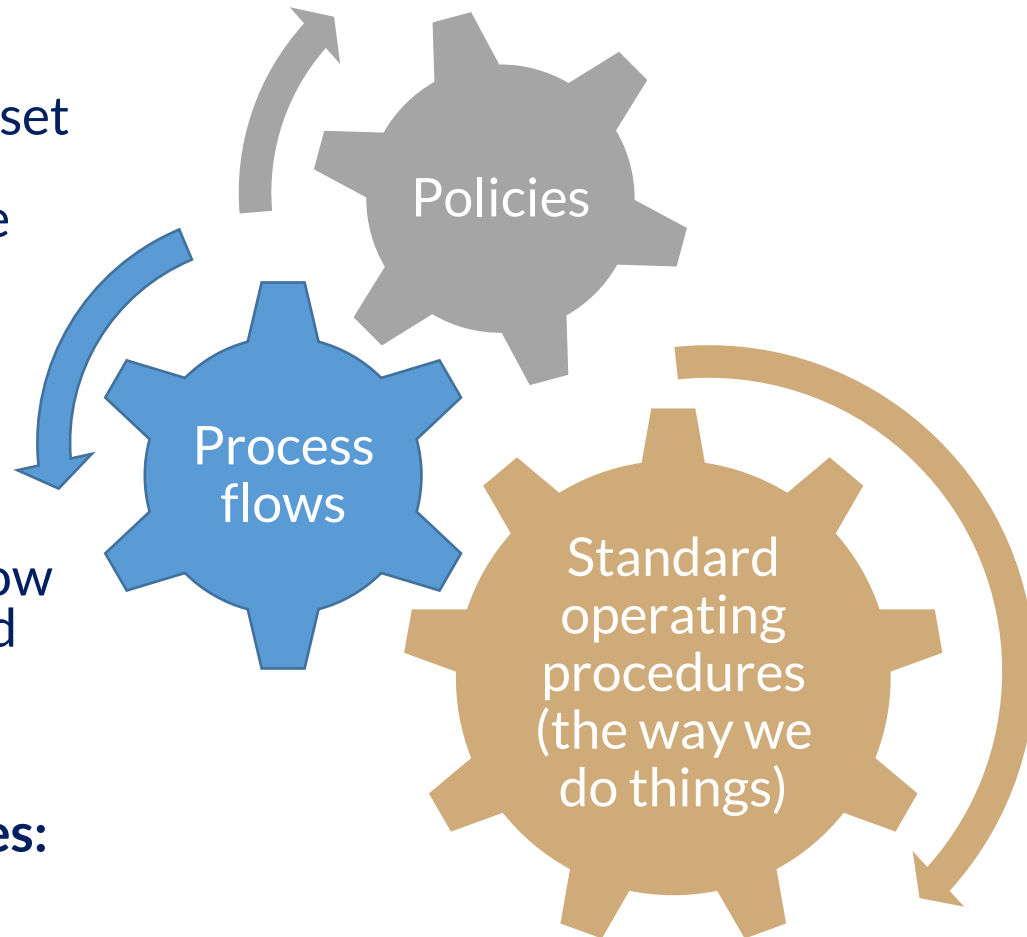
- Guiding principles used to set direction
- Usually includes legislative requirements and consequences for not following the policy

✓ Process flow:

- Visual overview or workflow diagram of all the tasks and relationships involved in a process

✓ Standard operating procedures:

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

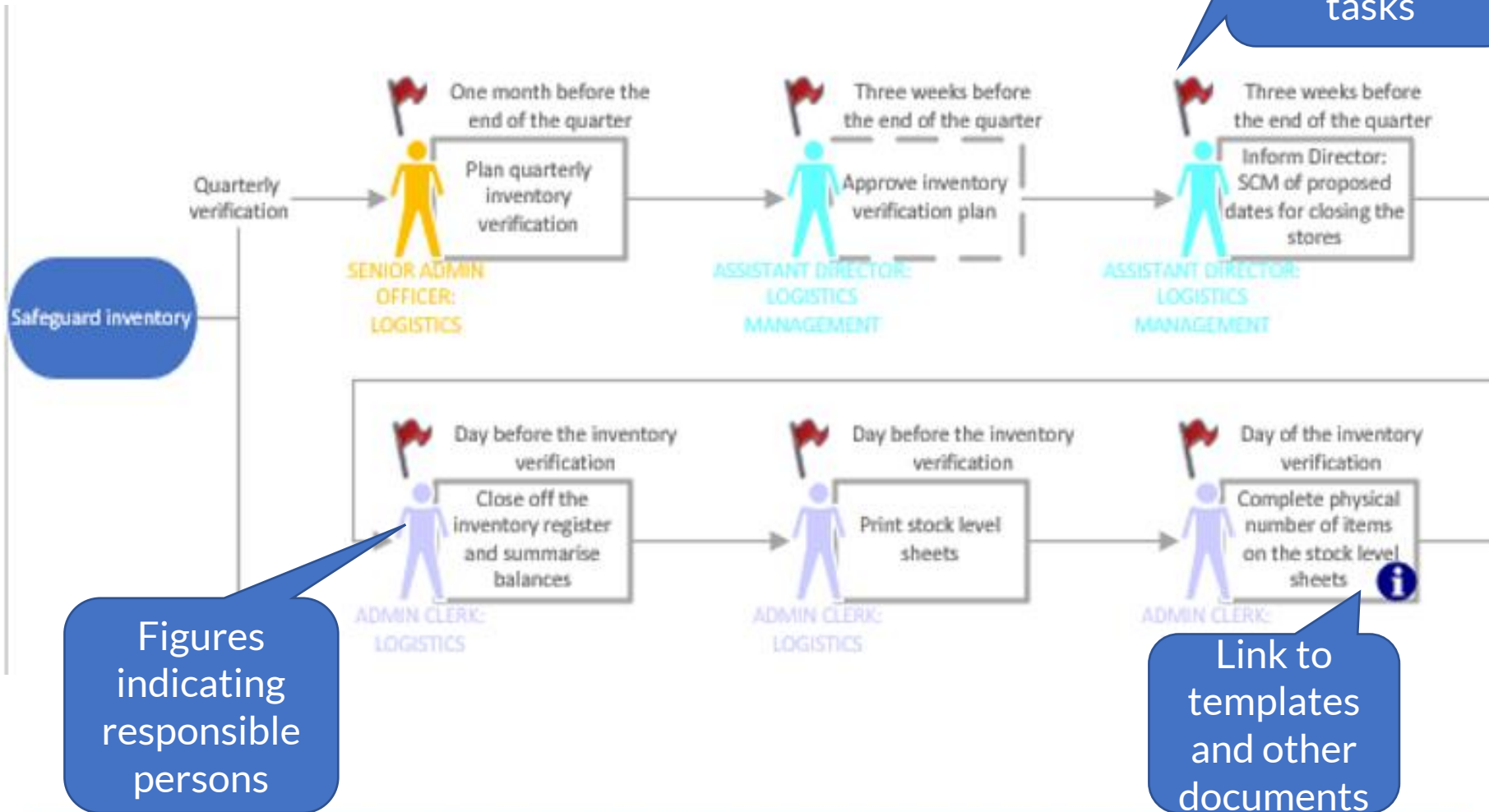


Policies, process flows and standard operating procedures



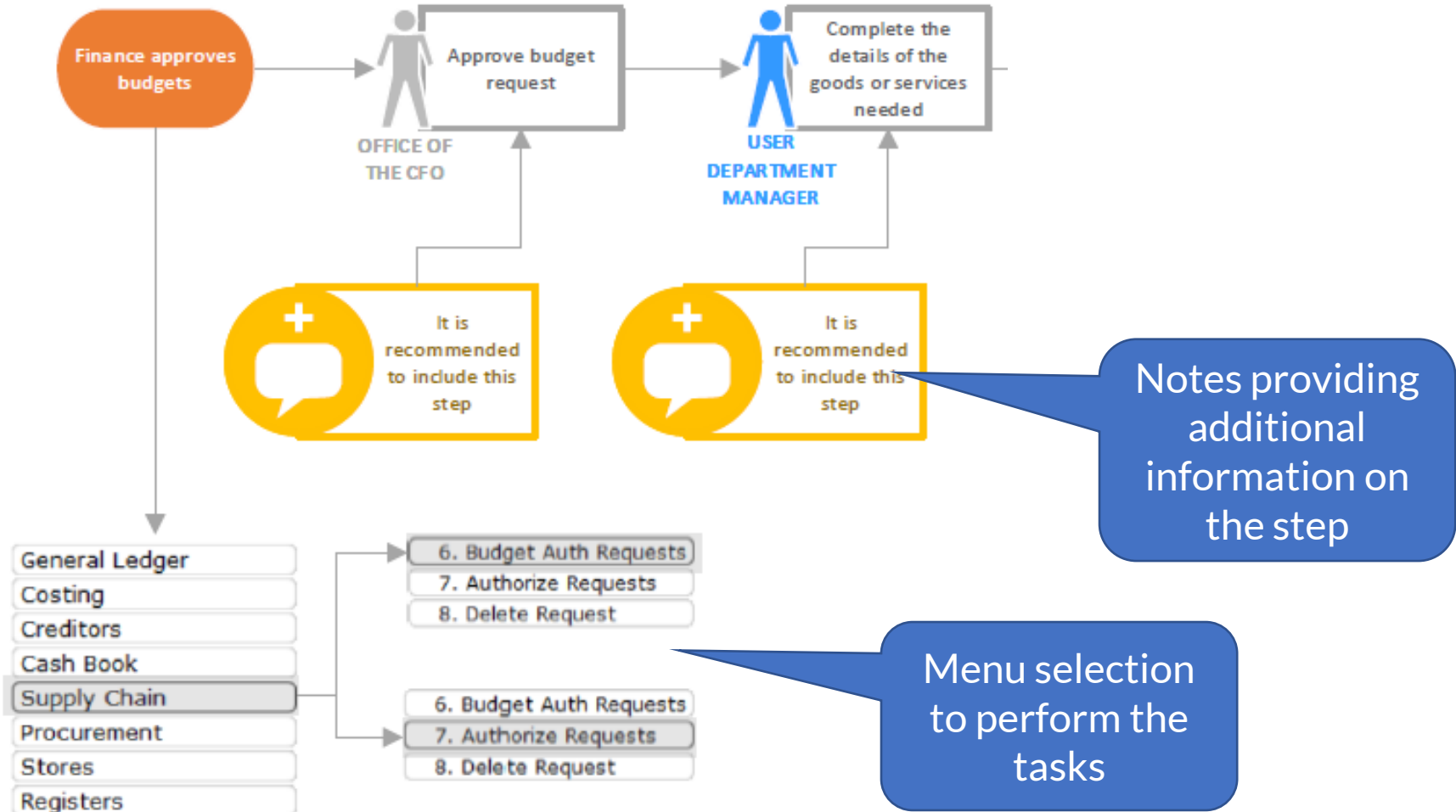
✓ Standard operating procedure: Example 1

Timelines for completing tasks



Policies, process flows and standard operating procedures

✓ Standard operating procedure: Example 2



Policies, process flows and standard operating procedures

✓ Standard operating procedure: Example 3

National Treasury has process flow charts on its website for:

- Revenue management
- Expenditure management
- Asset management
- Liability management
- Finding management
- Statement of financial position
- Statement of financial performance

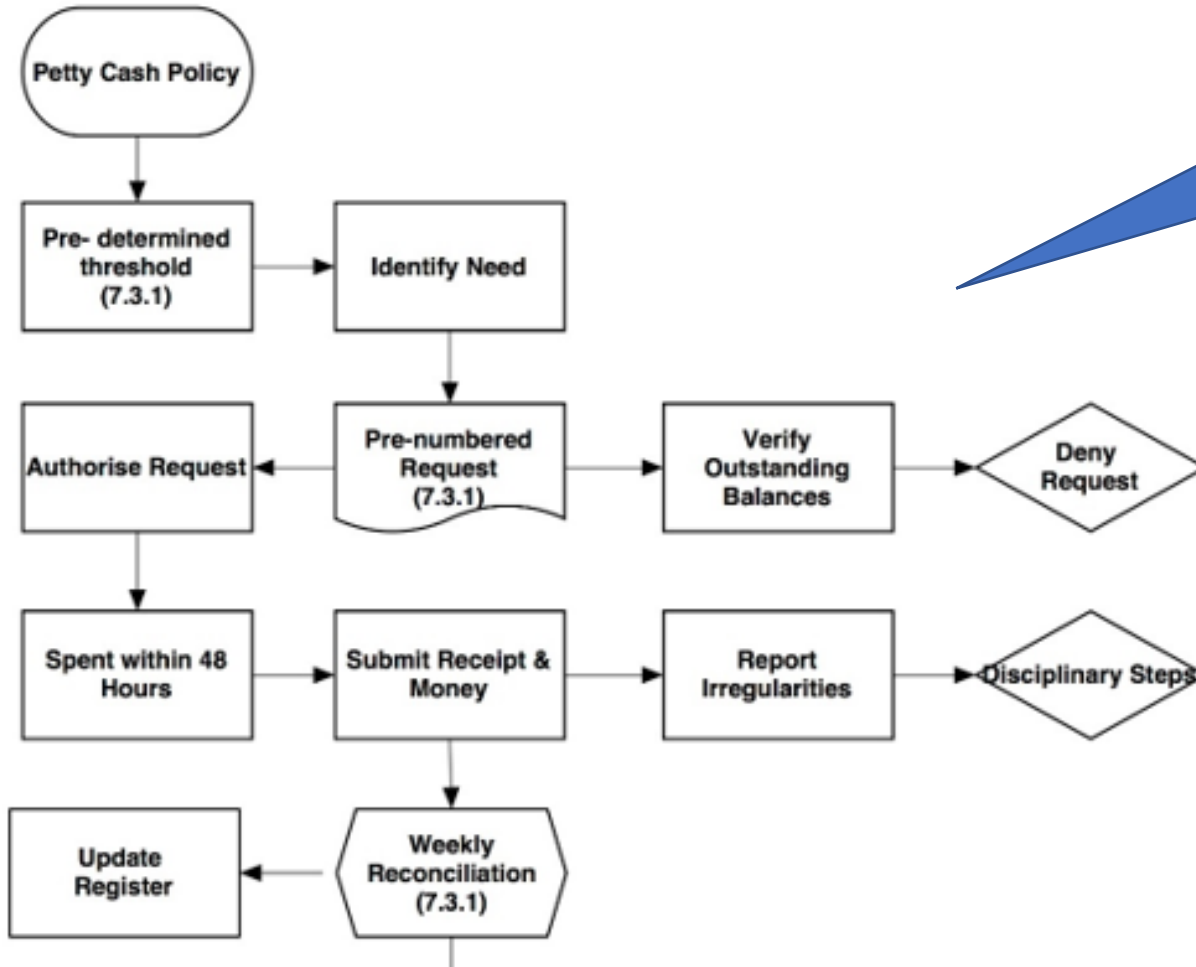
Available on National
Treasury's website
mfma.treasury.gov.za

The document includes standard operating procedures for each of these cycles.

Municipalities can customise it for their size, operations, environment and organogram

Policies, process flows and standard operating procedures

✓ Standard operating procedure: Example 3



Available on National Treasury's website
mfma.treasury.gov.za

Policies, process flows and standard operating procedures

✓ Standard operating procedure: Example 3 (continued)

No.	Procedure	Departmental Secretary	Leader Worker (Supervisor)	Accountant: Supply Chain Management	Accountant: Expenditure	Manager: Supply Chain Management	Head: Assets and Expenditure	Heads of Departments	Chief Financial Officer	Municipal Manager
1	Petty cash purchases may only be made in accordance with the Petty Cash Policy of the municipality and section 15 of the Supply Chain Management Regulations.	Perform daily	Perform daily	Verify monthly	Reconcile monthly		Reconcile monthly	Reconcile monthly	Reconcile annually	Reconcile annually
2	Determine the maximum number of transactions or the maximum amount of the permissible petty cash expenditure per month;							Verify annually	Verify annually	Perform annually

Why do we need standard operating procedures?

- ✓ Produce reliable results
- ✓ Operations are performed consistently
- ✓ Increase efficiency
- ✓ Maintain quality control of processes
- ✓ Find gaps in the process
- ✓ Promote positive change
- ✓ Tool for skills development
- ✓ Mitigate risks and reduces errors
- ✓ Assign responsibilities

Enhance
customer
satisfaction



Involve the right people

✓ More than just the manager

- Involve team members in the documentation too
- At least one person with detail knowledge of the process
- Can suggest improvements and effective controls

✓ Skilled writer

- Writes and edits the process documents
- Conveys the ideas in simple language
- Prepares easy-to-understand visual aids
- Uploads correct versions to a filing system
- Version control



✓ Reviewers

- Review logical flow of the operating procedures
- Confirm effectiveness of the internal controls

Step-by-step: Document a standard operating procedure

1. Identify procedure

- Write the name of the procedure
- Which process it belongs to
- Brief description
- Decide on the template to document the standard operating procedures

Similar to a process flow, but more detail such as timelines, templates and tasks rather than steps

2. Define the scope

- Where should the procedure begin and end?
- Use the policy and process flow to assist with the scope

3. Set process boundaries and measurements

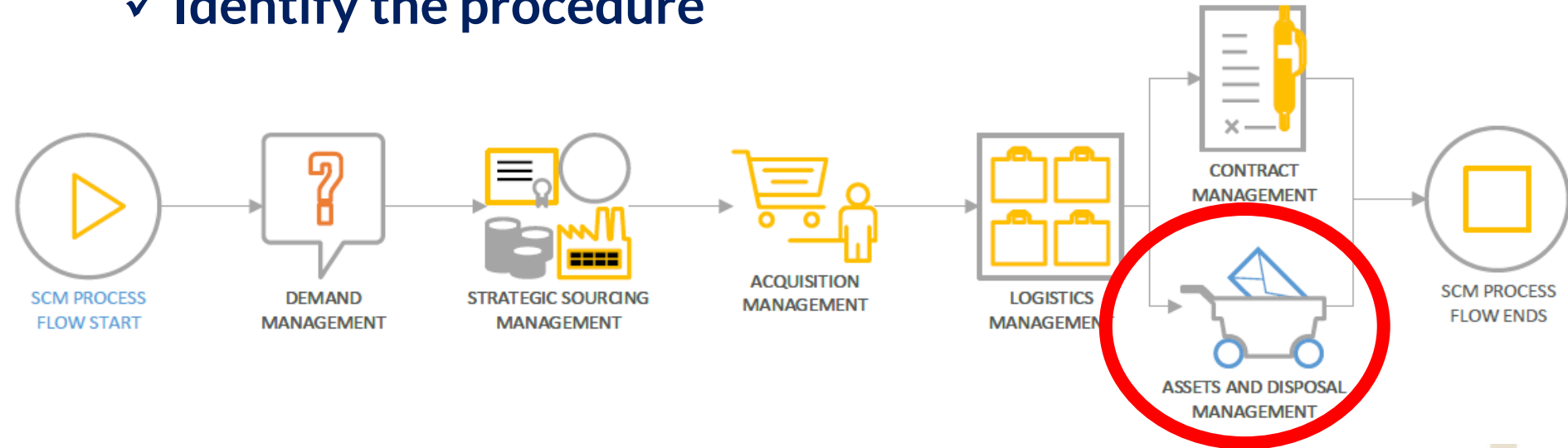
- Start and end date for the project to set boundaries
- Use the policy to add measurements

4. Determine procedure's resource requirements and outputs

- Identify the needs in terms of resources – system, people, other commodities

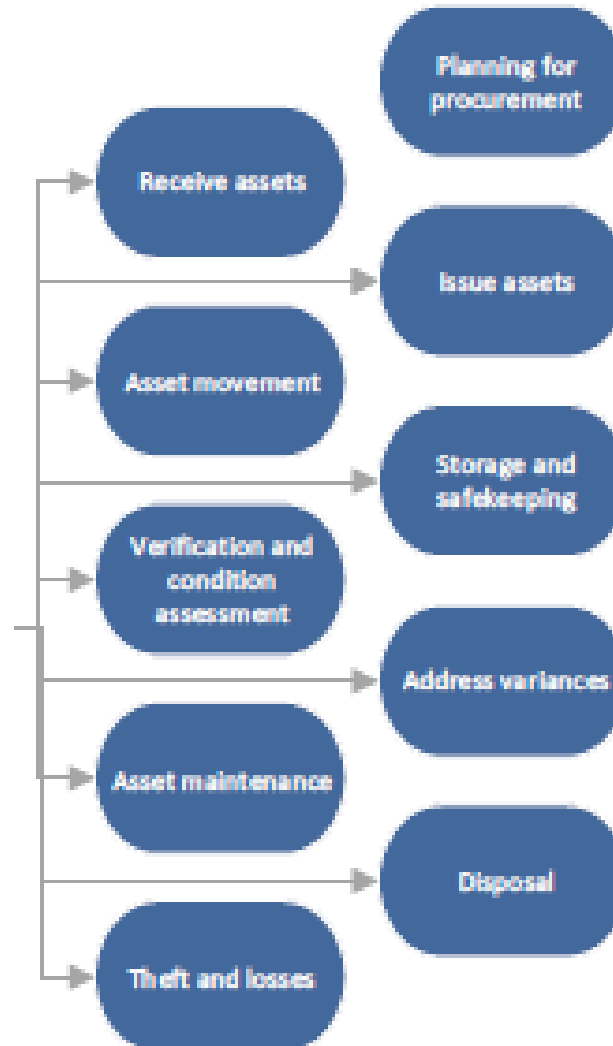
Example: Document a standard operating procedure

✓ Identify the procedure



Example: Document a standard operating procedure

✓ Scope



Step-by-step: Document a standard operating procedure

5. Organise the procedure

- Conduct a workshop or brainstorming session
- Determine the tasks needed to accomplish the procedure
- Order tasks sequentially so that the team knows what to do first
- Add arrows once all the tasks are in the correct order

TIP: Write the steps on sticky notes so that you can move them around until they are in the correct order

6. Describe the team members involved

- Assign roles for each task
- Each task must have a person assigned who is going to complete it

TIP: Include job description rather than people's names

7. Visualise the procedure

- Show the tasks in a visually appealing manner
- Use the template from step 1 to document the standard operating procedure

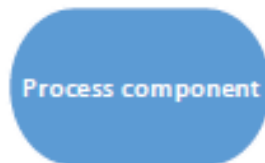
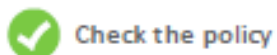
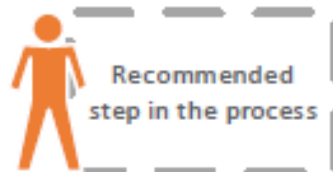
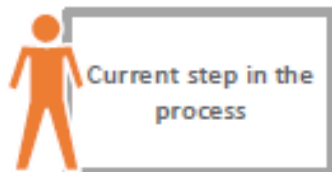
TIP: Software such as Visio works well, but Excel, Word or PowerPoint can also do the trick

Example: Document a standard operating procedure

✓ Document procedure tasks

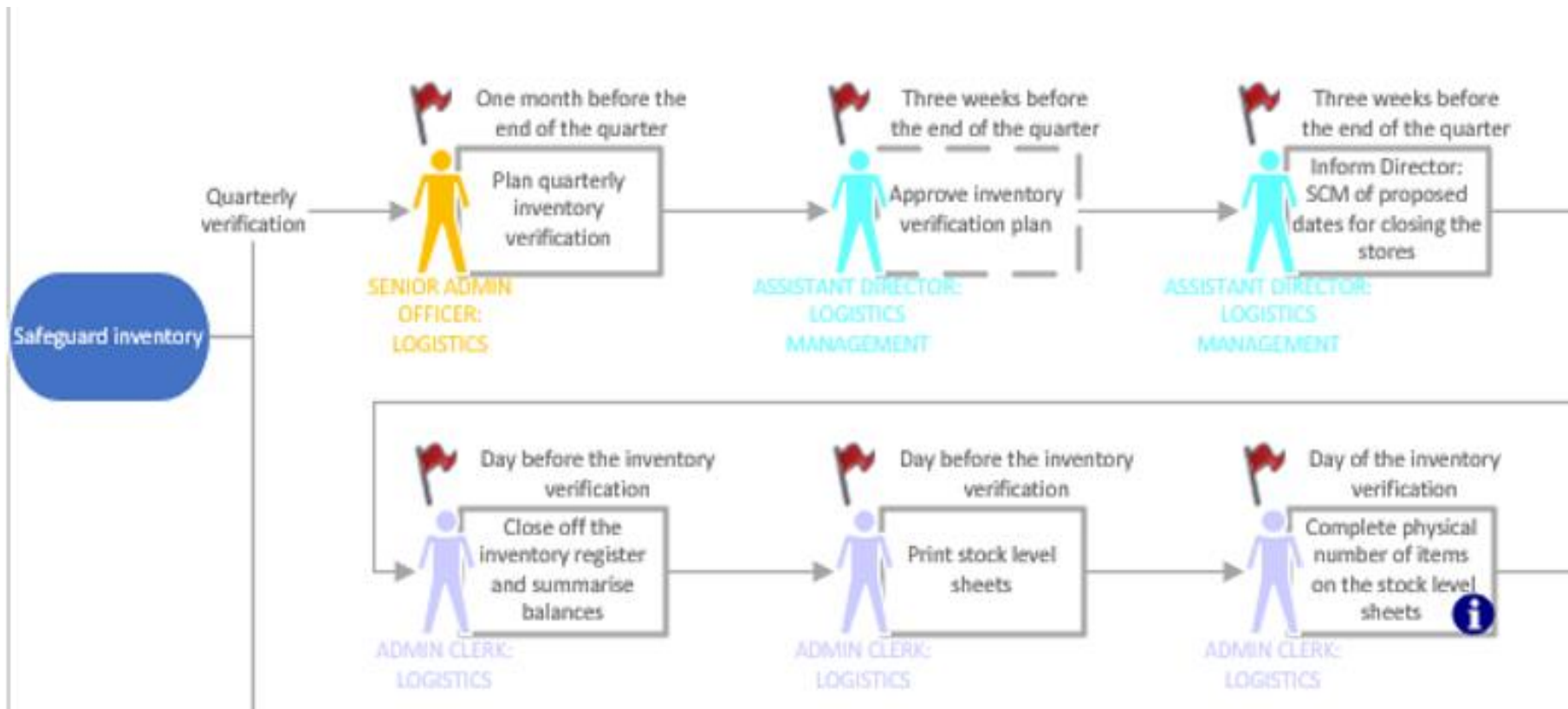
LEGEND

Meanings of shapes:



Example: Document a standard operating procedure

✓ Document procedure tasks



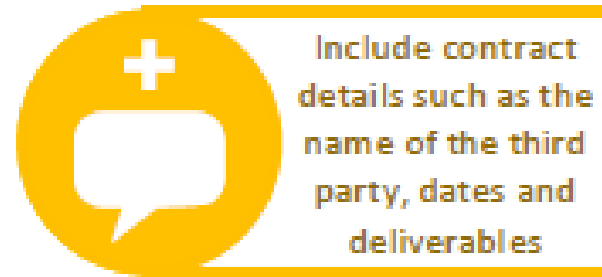
Step-by-step: Document a standard operating procedure

- 8. Consider exceptions to the standard operating procedure**
 - Include work-arounds for exceptions that will cause the team to take different steps than in the outline
 - Workshop potential risks in the procedures and include risk treatment activities such as controls
- 9. Review and test the procedures**
 - Include controls where relevant
 - Gather the team to review the process
 - Include any tasks that you might have missed
 - Match the procedure scope with the policy determinations
 - Test the standard operating procedures to see if it is effective

Tips for writing great standard operating procedures

Version 1.0
27 Jul 2020

- ✓ Don't assume anything
- ✓ Test before you document
- ✓ Make it easy to edit
- ✓ Implement version control
- ✓ Be concise
- ✓ Create access for everyone
- ✓ Add visual elements

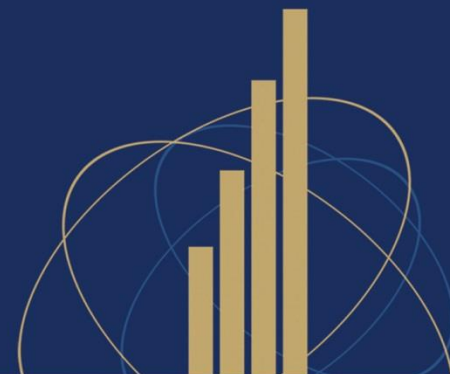


Questions?





Thank You!



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Next week's
session

4. Review standard operating procedures for effectiveness and internal controls



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