

- 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 standard operating procedures for performance targets and reporting
- ✓ **Week 6:** Monitoring the implementation of standard operating procedures





6. Monitoring the implementation of standard operating procedures



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Week 6: Presenter

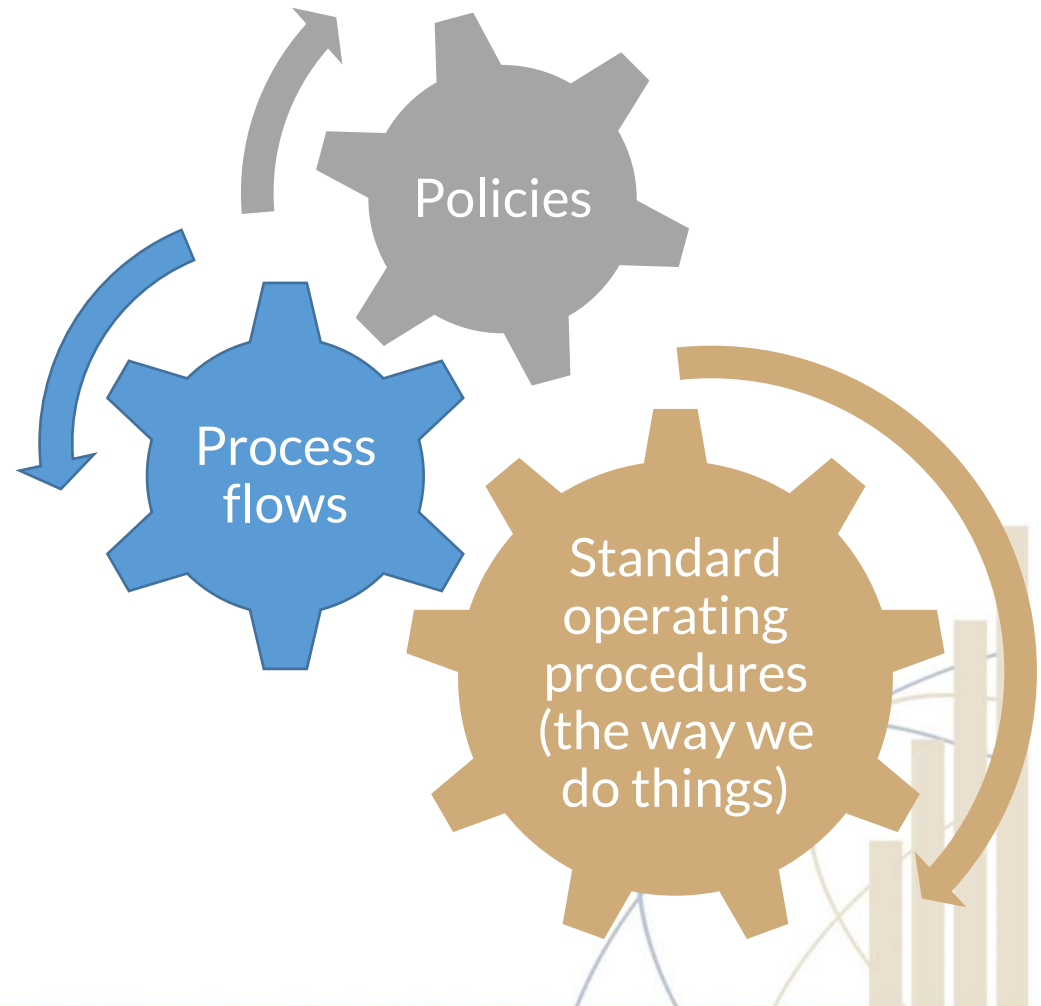
Noeline Slogrove

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

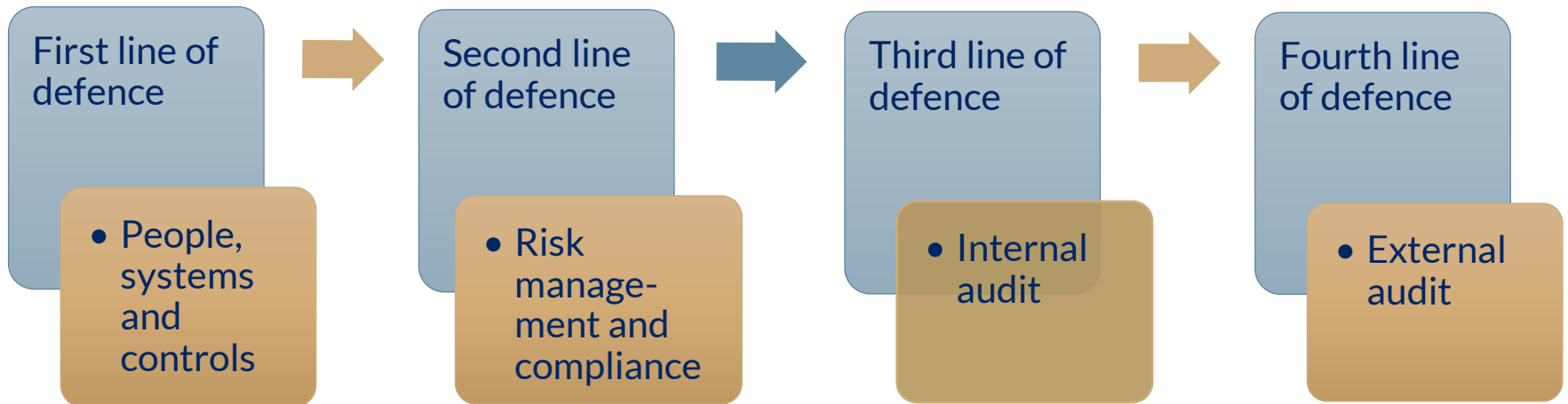


Week 6: Outline

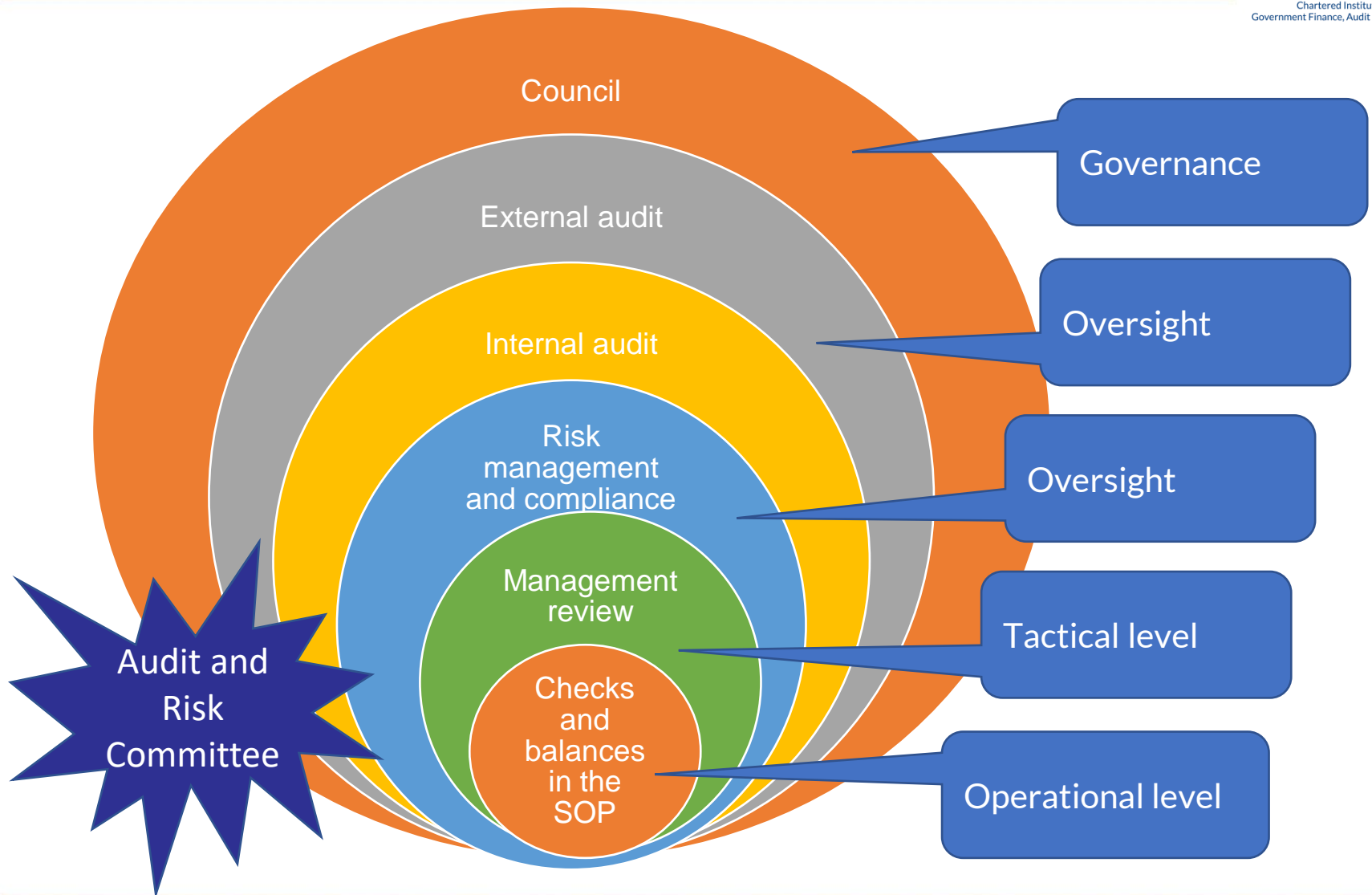
- ✓ Monitoring through combined assurance
- ✓ Actions following monitoring results
- ✓ Re-cap of previous weeks' sessions
- ✓ Discussion of your questions



Monitoring through combined assurance



Monitoring through combined assurance



Example: Monitoring through combined assurance

It doesn't matter where the chip or crack is, the windshield is damaged and visibility is impaired



Actions following monitoring results

Risk
register

Oversight
reports

External
audit report

Action plans and
implementation!



Internal
audit report

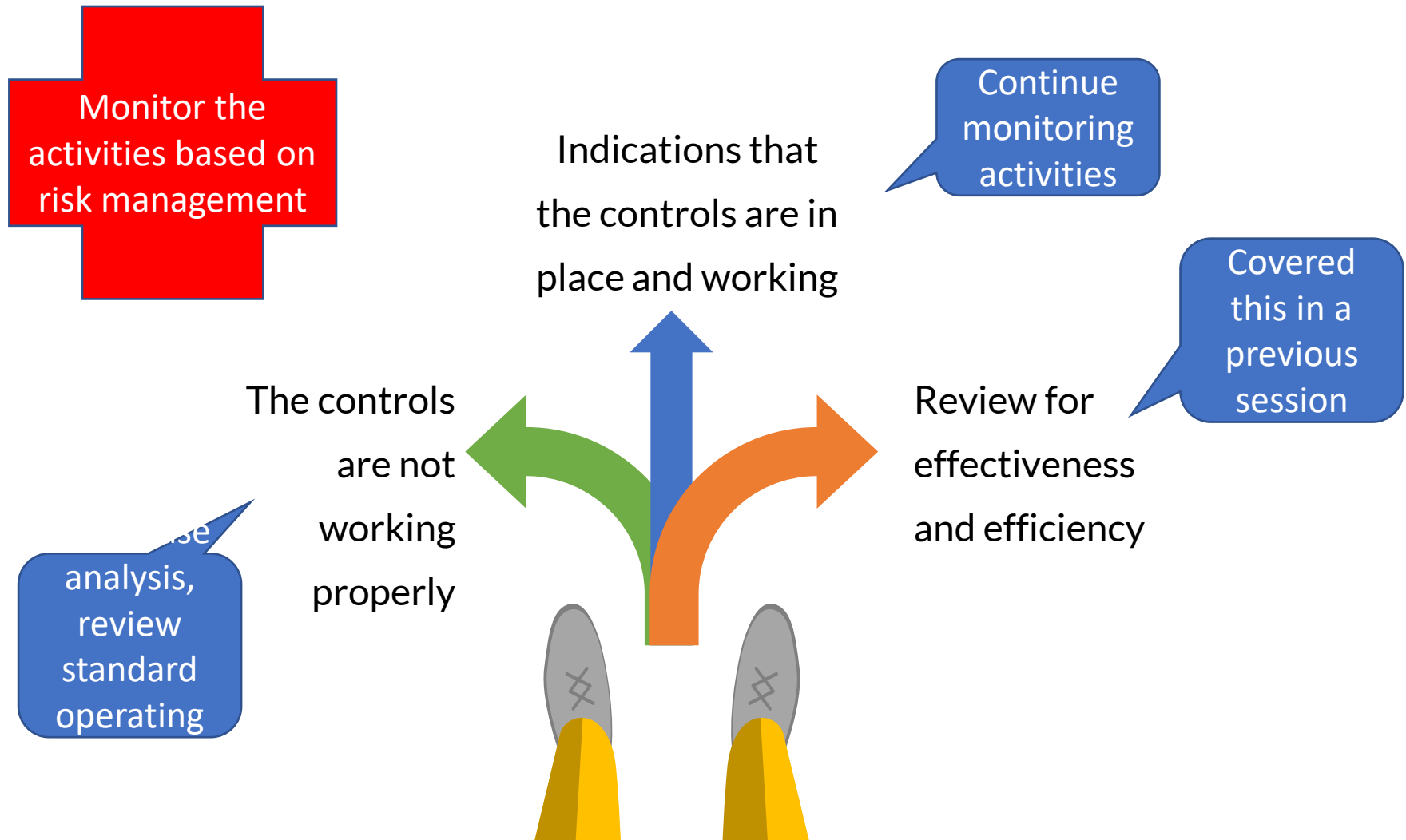
In-year
monitoring
reports

Performance
reports

Performance
reviews

Management
report

Actions following monitoring results

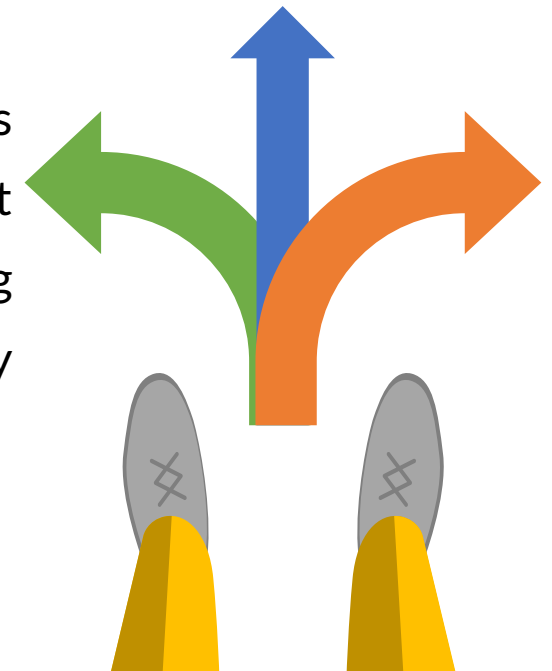


Actions following monitoring results

Reduce residual
risk to an
acceptable level

Consider:
Root cause analysis
Review standard operating
procedures for internal controls
Skills development

The controls
are not
working
properly



Actions following monitoring results

Inherent
risk

Residual risk
after
implementation
of controls

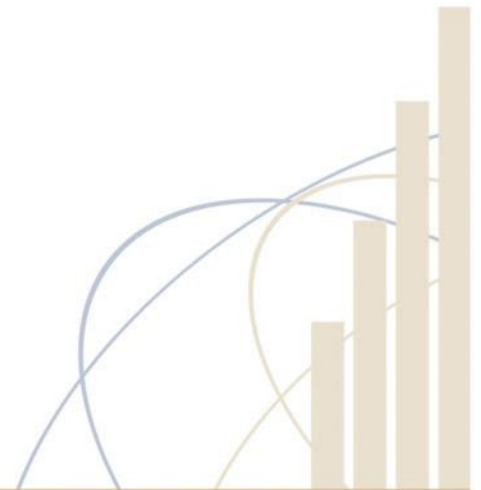
Reduce residual
risk to an
acceptable level

Questions?



Recap week 1

- ✓ 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



Recap week 1: 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

Recap week 1: 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**

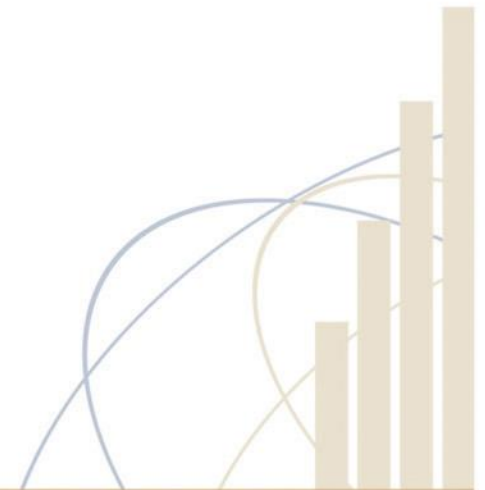
Recap week 1: Step-by-step: Update policies

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



Recap week 2: Outline

- ✓ Definitions and examples: policy, process flow and standard operating procedures
- ✓ Why bother with process flows?
- ✓ Who do you need on the team?
- ✓ Step-by-step: document a process flow
- ✓ Tips for creating great process flows
- ✓ Discussion of your questions



Recap week 2: Step-by-step: Document a process

1. Identify the process

- Write the name of the process
- Benefits of the process for the municipality
- Brief description

2. Define the scope

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

3. Set process boundaries and measurements

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

4. Determine process outputs and inputs

- Help to determine what the task needs to achieve
- Help to identify resources needed to complete the task

Recap week 2: Step-by-step: Document a process

5. Organise the process steps

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

6. Describe the team members involved

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

7. Visualise the process

- Draw the process diagram to improve
- Show the steps in a visually appealing manner
- Include controls where relevant

Recap week 2: Step-by-step: Document a process

8. Consider exceptions to the normal process flow

- Include work-arounds for exceptions that will cause the team to take different steps than in the outline
- Workshop potential risks in the process and include risk treatment activities such as controls

9. Review and test the process

- Gather the team to review the process
- Include any steps that you might have missed
- Match the process steps with the policy determinations
- Test the process to see if it is effective

Recap 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

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

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

6. Describe the team members involved

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

7. Visualise the procedure

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

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

Recap week 4: Outline

- ✓ Review standard operating procedures
- ✓ Link between standard operating procedures and internal controls
- ✓ Background to internal controls
- ✓ Limitations of internal controls
- ✓ Update the standard operating procedures
- ✓ Discussion of your questions

Recap week 4: Reviewing standard operating procedures

✓ 5 W's:

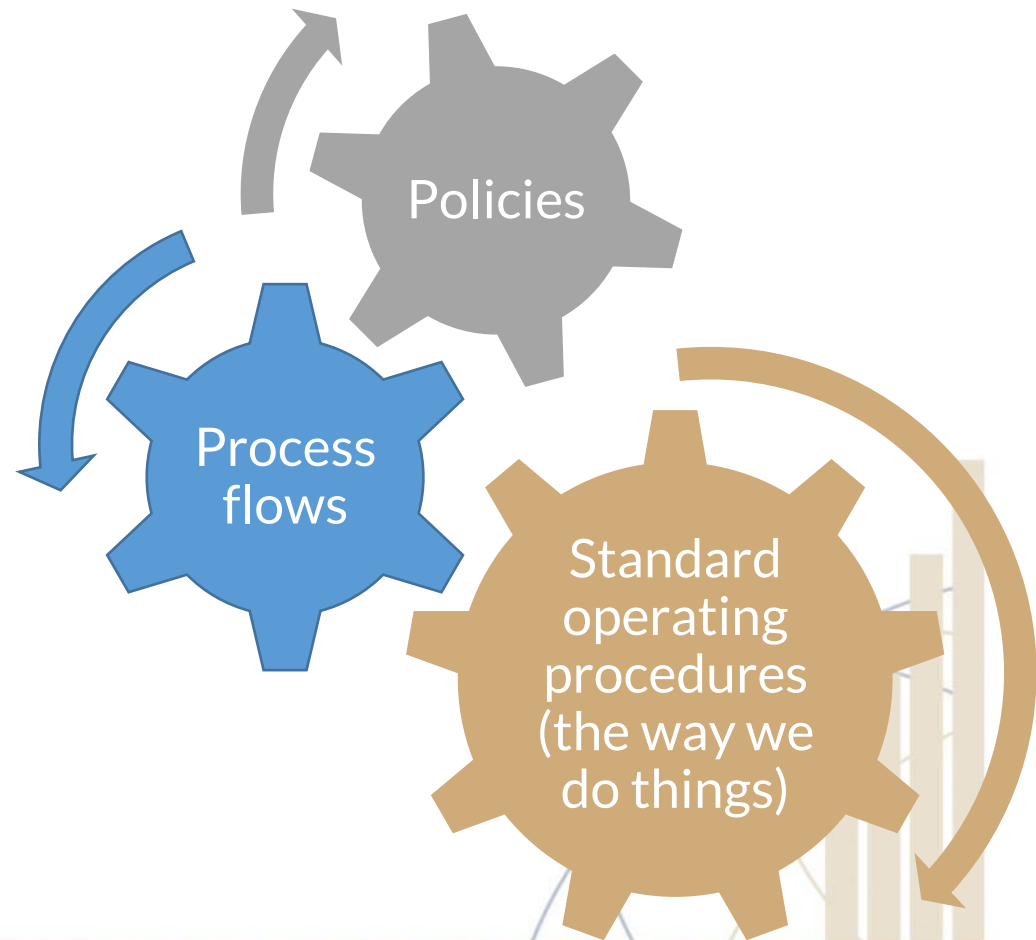
- **Who**
 - Performs each activity
 - Receives the outcome of the activities?
- **What**
 - Activities are performed?
 - Forms and reports are used?
 - Computer systems and files are used?
 - Is the sequence of activities?
- **When**
 - Are the activities performed?
 - Is the timing of the activities?
 - Is the frequency of the activities?
- **Where** are the activities performed
- **Why** are the activities performed?

Will any changes to the process increase the efficiency of the process or firm up controls?



Recap week 5: Outline

- ✓ A few principles of performance targets and reporting
- ✓ Standard operating procedures for performance targets and reporting
- ✓ Discussion of your questions



SMART TARGETS

- **S - Specific:** The nature and required level of performance is clear
- **M – Measurable:** the required performance can be measured
- **A – Achievable:** The target is realistic given the existing capacity
- **R – Relevant:** the required performance is linked to achieving a goal
- **T – Timebound:** The period or deadline is specified

If you are struggling to measure performance, the targets are probably not SMART

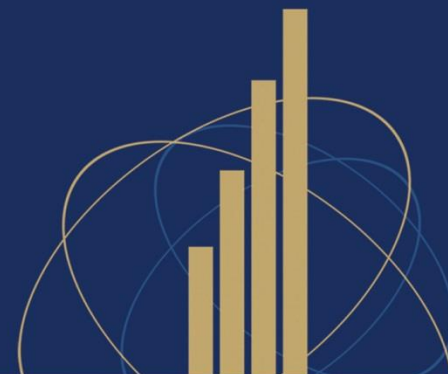


Questions?





Thank You!



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