- 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

2. Document a process flow aligned to the policy

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[B Com, MBA, Post-grad Diploma in Risk,
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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**
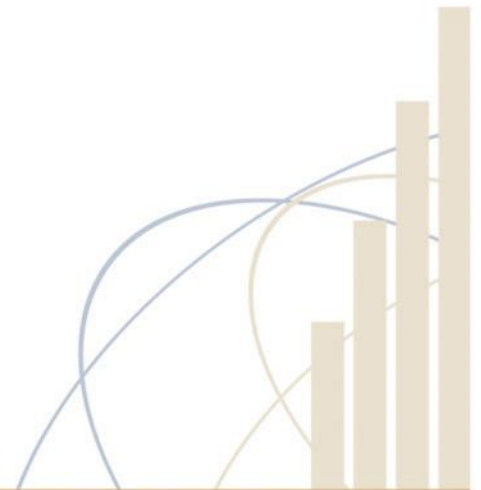
Policies, process flows and standard operating procedures

- **Policy:**

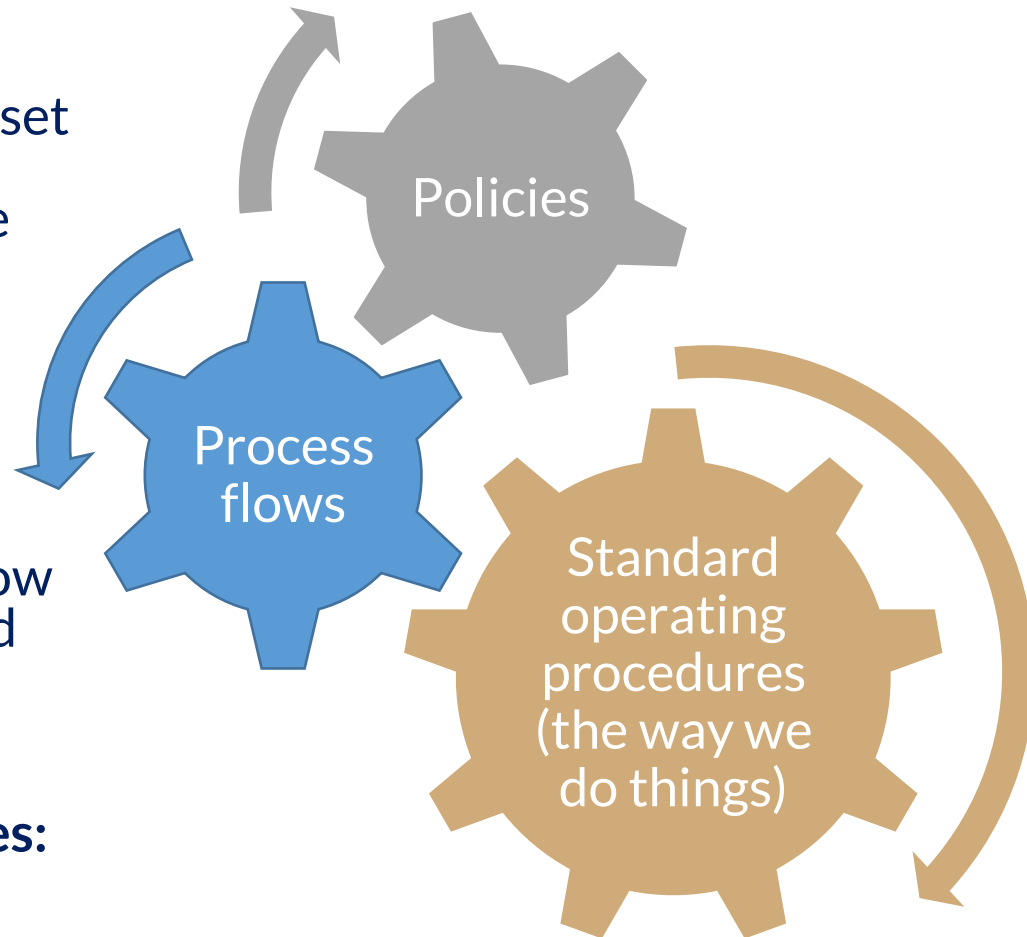   - Guiding principles used to set direction
    - Usually includes legislative requirements and consequences for not following the policy

- **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

Standard operating procedures (the way we do things)

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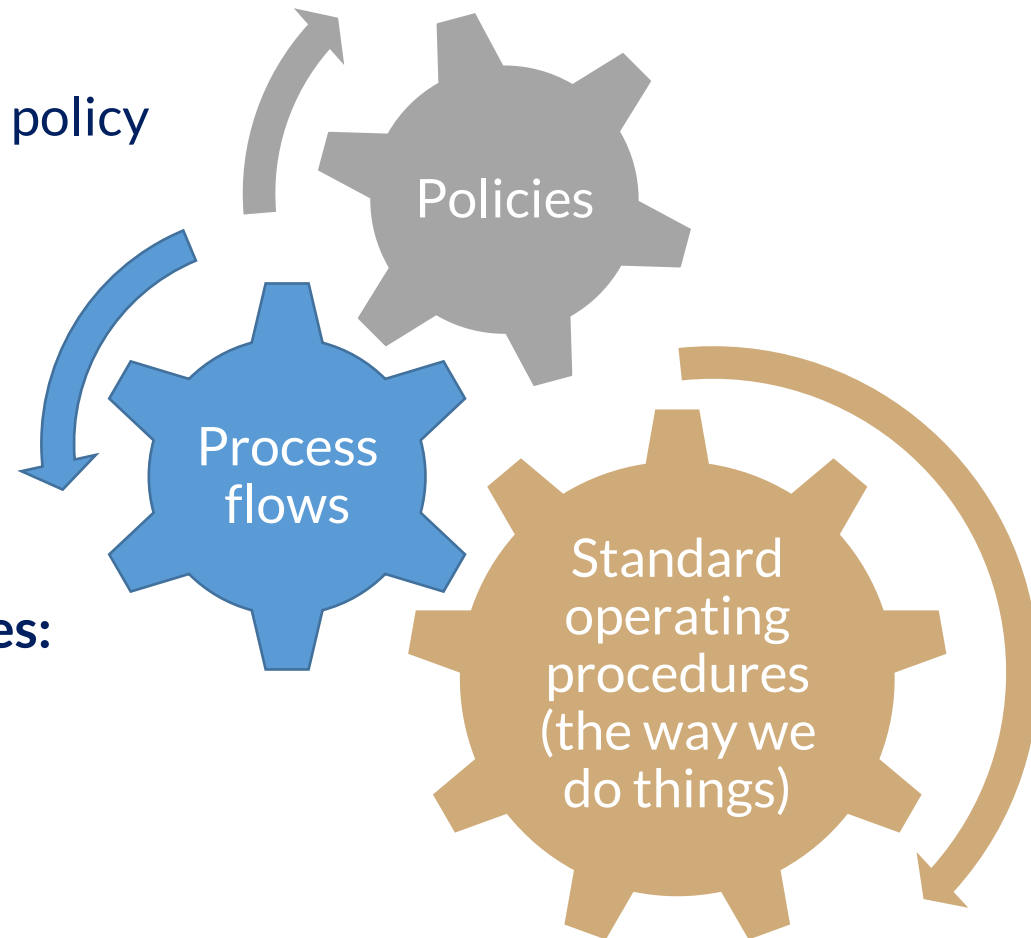Government Finance, Audit & Risk Officers

✓ **Policy:**

- Supply chain management policy
- Finance policy

✓ **Process flow:**

- Demand management
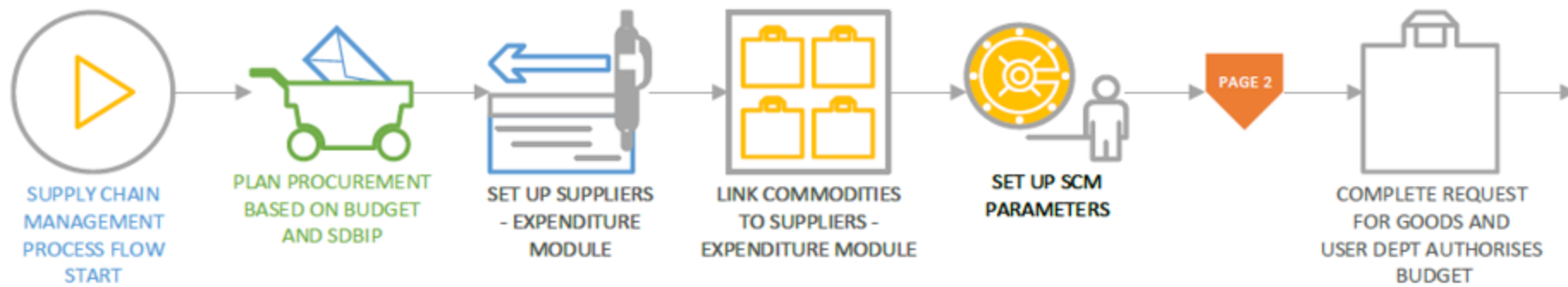- Acquisition management
- Logistics
- Disposal management

✓ **Standard operating procedures:**

- Procurement activities
- Supplier payments

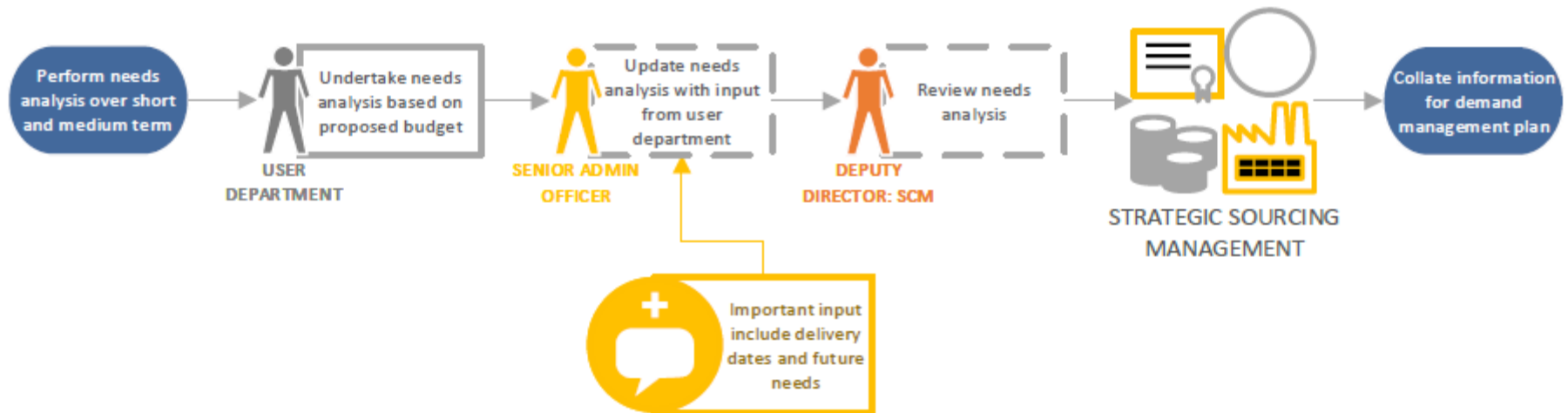Policies

Process
flows

Standard
operating
procedures
(the way we
do things)

✓ **Process flow (high-level):**

SUPPLY CHAIN
MANAGEMENT
PROCESS FLOW
START

PLAN PROCUREMENT
BASED ON BUDGET
AND SDBIP

SET UP SUPPLIERS
- EXPENDITURE
MODULE

LINK COMMODITIES
TO SUPPLIERS -
EXPENDITURE MODULE

SET UP SCM
PARAMETERS

PAGE 2

COMPLETE REQUEST
FOR GOODS AND
USER DEPT AUTHORISES
BUDGET

No standard format

✓ **Process flow:**

Perform needs analysis over short and medium term → **USER DEPARTMENT** — Undertake needs analysis based on proposed budget → **SENIOR ADMIN OFFICER** — Update needs analysis with input from user department → **DEPUTY DIRECTOR: SCM** — Review needs analysis → **STRATEGIC SOURCING MANAGEMENT** → Collate information for demand management plan

Important input include delivery dates and future needs

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✓ **Standard operating procedure:**

More about
standard operating
procedures in next
week's presentation

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Why bother with process flows?

✓ **Tool for skills development**

✓ **Assist with pinpointing inefficiencies and bottlenecks**

✓ **Mitigate risks and reduces errors**

✓ **Decrease costs and can reduce unnecessary expenses**

✓ **Preserve institutional memory**

✓ **Assign responsibilities**

Who do you need on the team?

✓ **Process owner**
- • Defines the overall goal of the process
- • Defines measures for success
- • Monitors the process' output
- • Devises improvements based on the process' performance
- • Consider adding people involved in the current process

✓ **Documentation specialist**
- • Person with a sound knowledge of the software used to document the process flow
- • Uploads correct versions to a filing system
- • Version control

✓ **Technical writer**
- • Writes and edits the process documents
- • Conveys the ideas in simple language
- • Prepares easy-to-understand visual aids

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

Example: Document a process

✓ **Identify the process**

Example: Document a process

✓ **Brief description**

SCM FRAMEWORK
The SCM SOPs cover the entire SCM process within the SCM framework consisting of the legislative compliance requirements as described in the SCM policy as well as the five pillars of procurement, namely:
- Value for money
- Open and effective competition
- Ethics and fair dealing
- Accountability and reporting
- Equity

OVERVIEW OF CONTRACT MANAGEMENT
Contract management assists to ensure consistency and quality of service and administrative processes.

Contract management flows from the procurement processes. The purpose is to effectively administer contracts including contract arrangement, variation, price adjustments, expiry notification, GPG and National Treasury transversal contracts, contract performance management reports, penalty, disputes and resolution management, restriction of suppliers / contractors, termination of contracts, ceding or transfer of contracts and contract close-out reports.
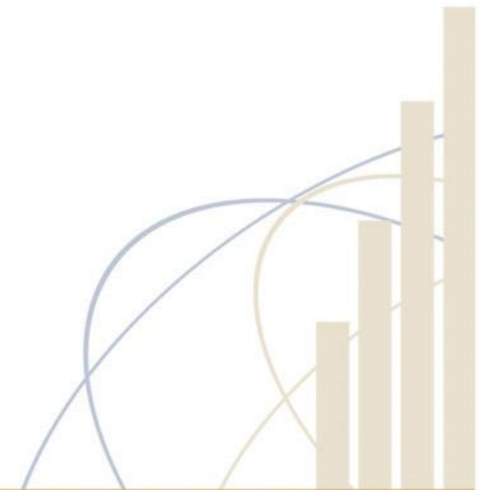
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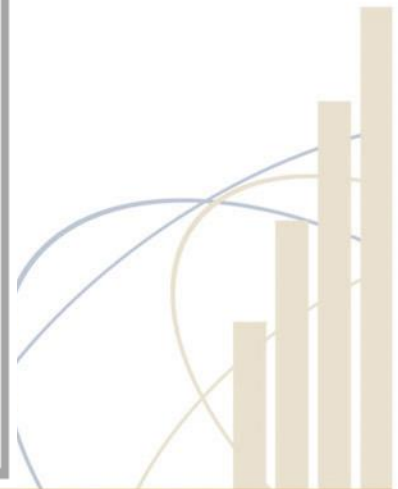
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✓ **Scope**

SCM ELEMENTS
- Demand management
- Strategic sourcing
- Acquisition management
  - Less than R2 000
  - Between R2 000 and R30 000
  - Between R30 000 and R500 000
  - Between R500 000 and R50 million
  - Above R50 million
- Logistics management
- Assets and disposal management
- Contract management

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
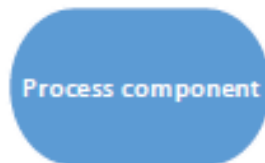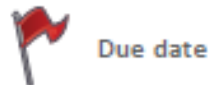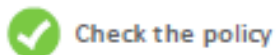   - Include controls where relevant

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

TIP: Include job description rather than people's names

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

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Example: Document a process

✓ **Document process steps**

LEGEND
Meanings of shapes:
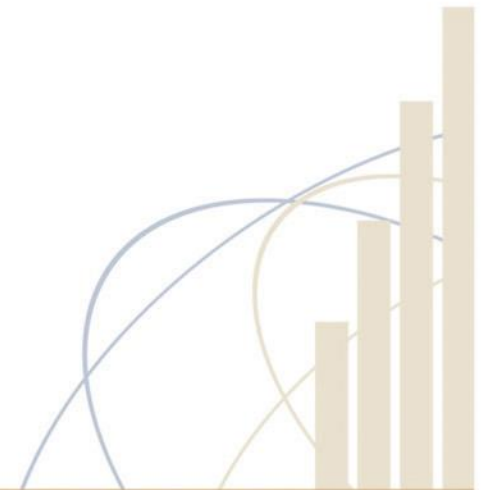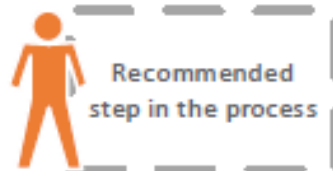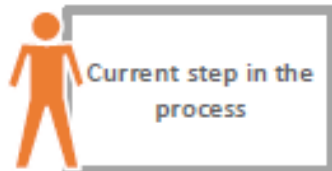
Current step in the process

Recommended step in the process

Check the policy

Due date

Useful information on a step

Process component

Example: Document a process
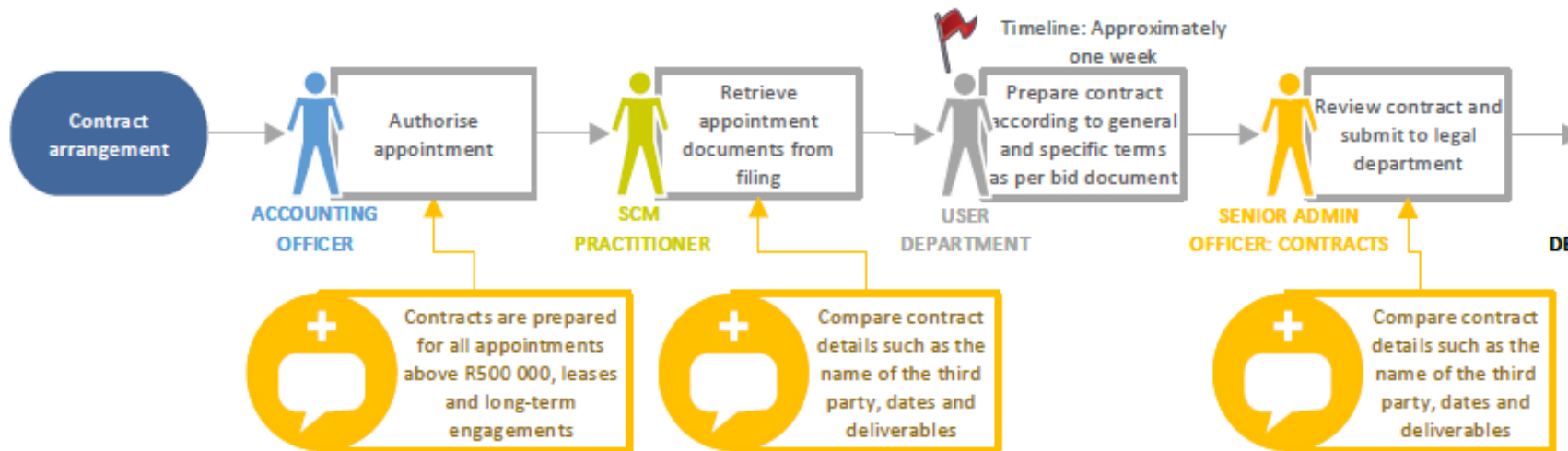
✓ **Document process steps**

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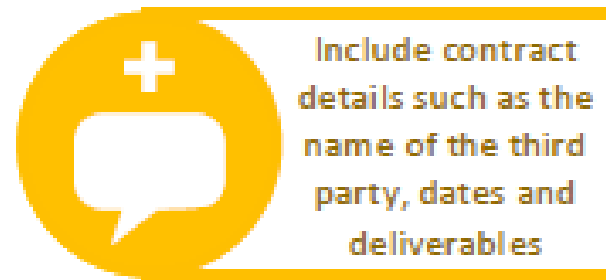
9. **Review and test the process**
- Gather the team to review the process
- Include any steps that you might have missed
- Match the process steps with the policy determinations
- Test the process to see if it is effective

Tips for creating great process flows

✓ **Make it easy to edit**

✓ **Implement version control**

✓ **Be concise**

✓ **Create access for everyone**

✓ **Add visual elements**

Version 1.0
27 Jul 2020

Include contract details such as the name of the third party, dates and deliverables

Capture contract on contract register

SENIOR ADMIN OFFICER: CONTRACTS

TEMPLATE FOR DEMAND MANAGEMENT PLAN

Contract price adjustment

LOGISTICS MANAGEMENT

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**
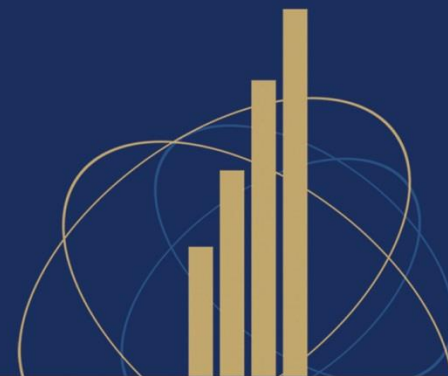
- ✓ **Recommendation to update the policy or not**

Questions?

Thank You!

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