
GENERIC STRUCTURE FOR THE FINANCIAL MANAGEMENT FUNCTION (Office of the CFO)

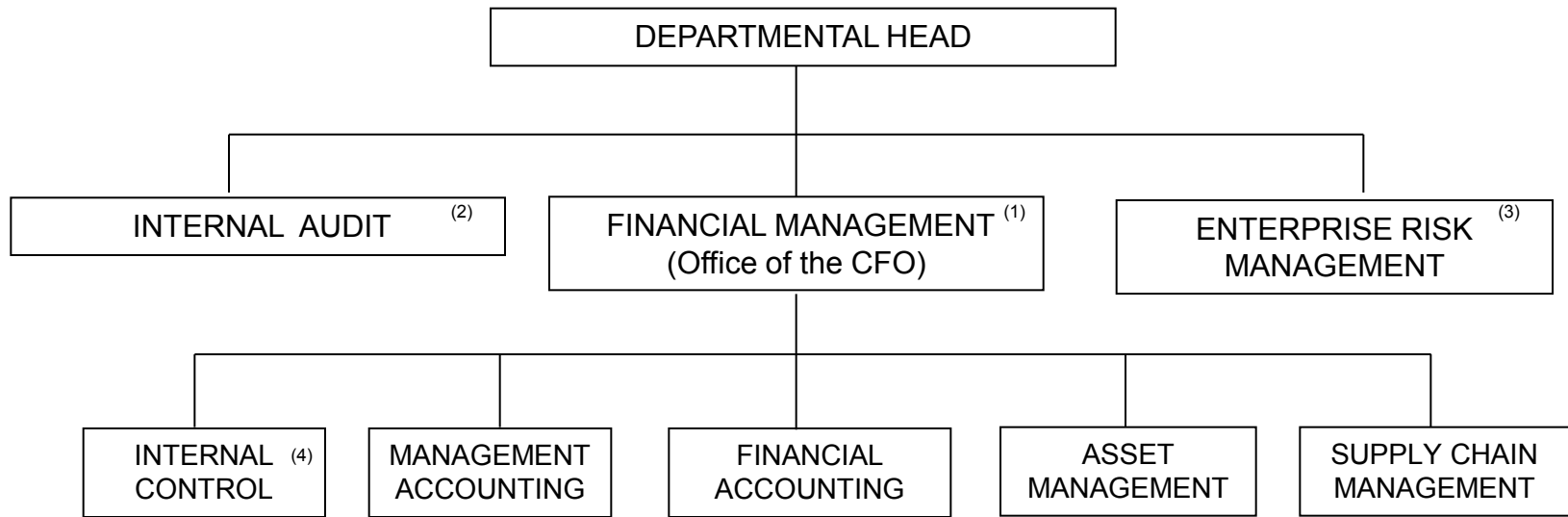


the dpsa

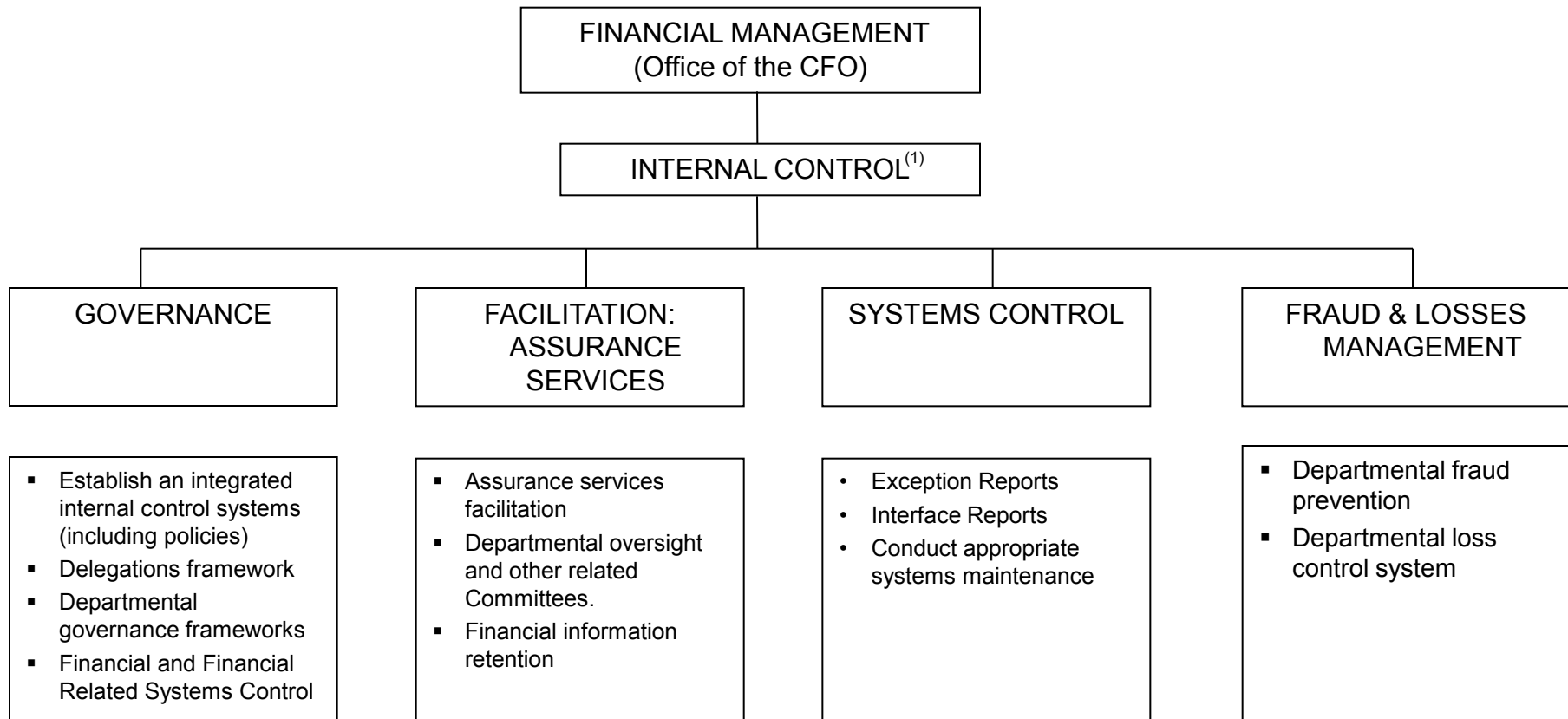
Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA



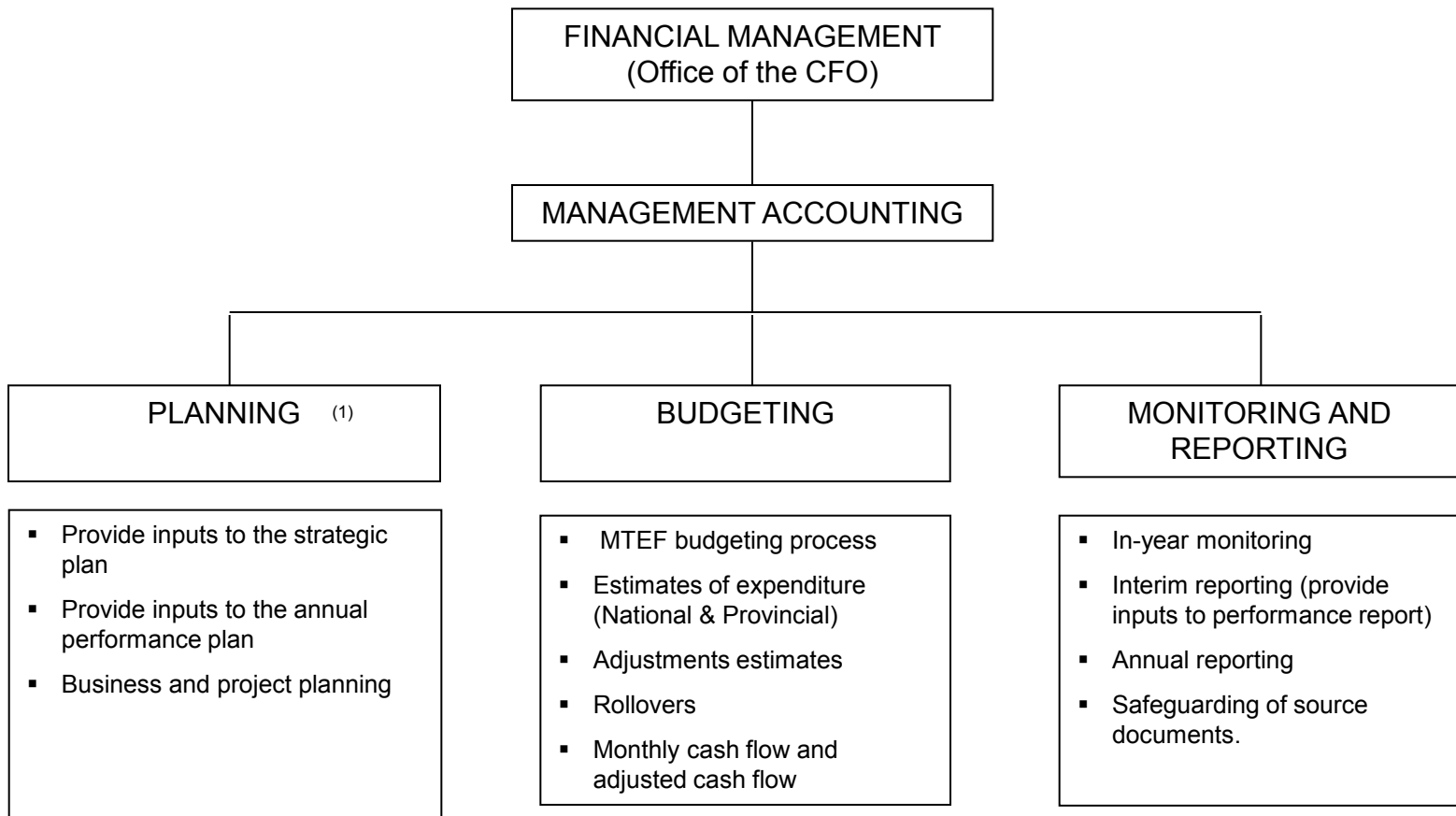
National Treasury



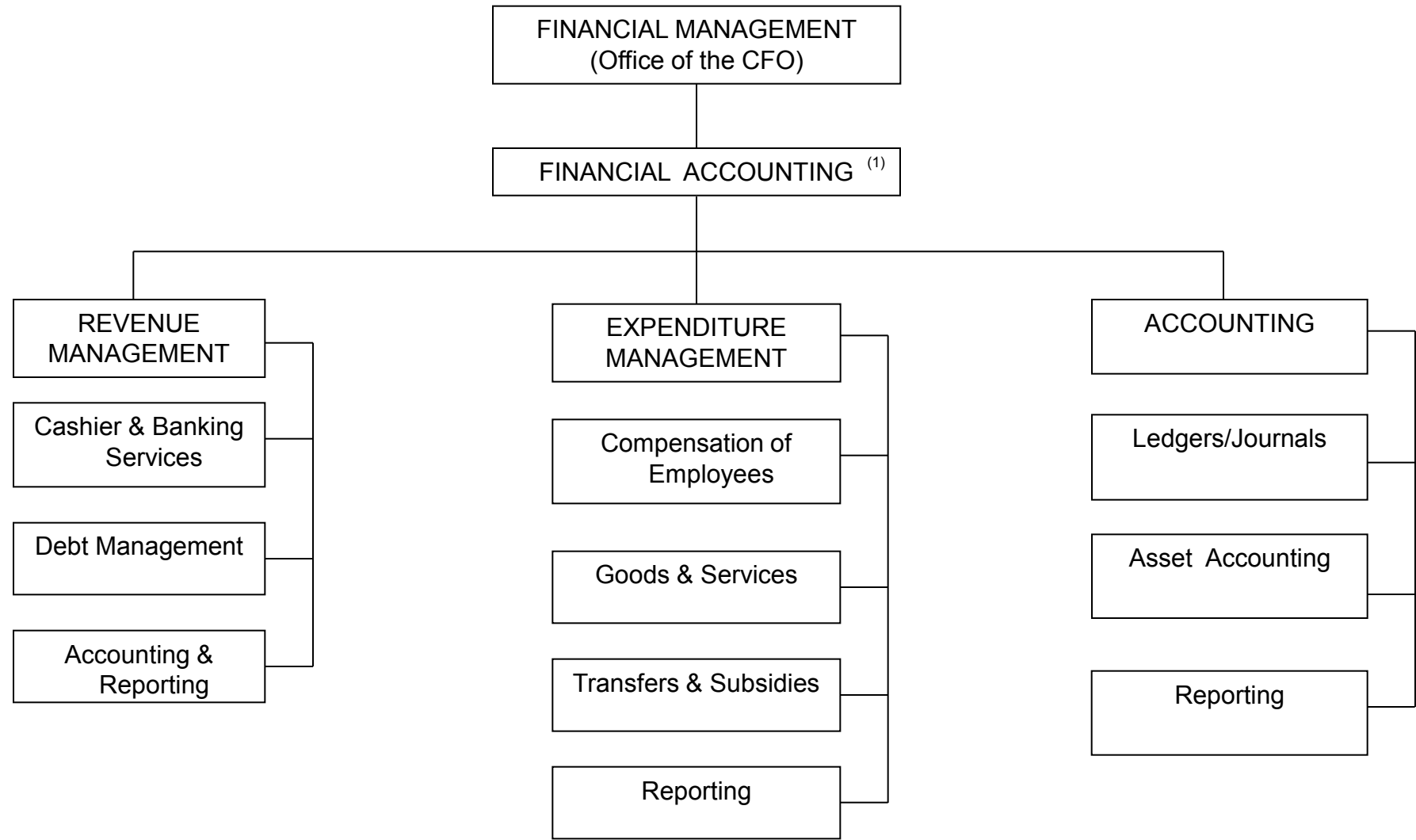
1. The role of the CFO is to support the Accounting Officer (AO) in discharging his/ her responsibilities. The AO may delegate functions to any person, including the CFO. This is a functional structure and therefore does not talk to positions and levels within an organisation. The levels and final structures are determined in accordance with organisational design principles issued by DPSA
2. The Internal Audit function is an independent governance structure whose function is to provide oversight role on the systems of internal control ,risk management, and governance. The Audit Committee assists the AO in the effective execution of his/her duties. (Internal Audit Framework March 2009, 2nd Edition)
3. The responsibility for Enterprise Risk Management (ERM) lies with AO and management. (Internal Audit Framework March 2009, 2nd Edition)
4. The operation of the internal control system is the responsibility of the relevant line managers. However due to the occurrence of repeat audit findings, there is a need to strengthen the competency to implement and review controls in organisation



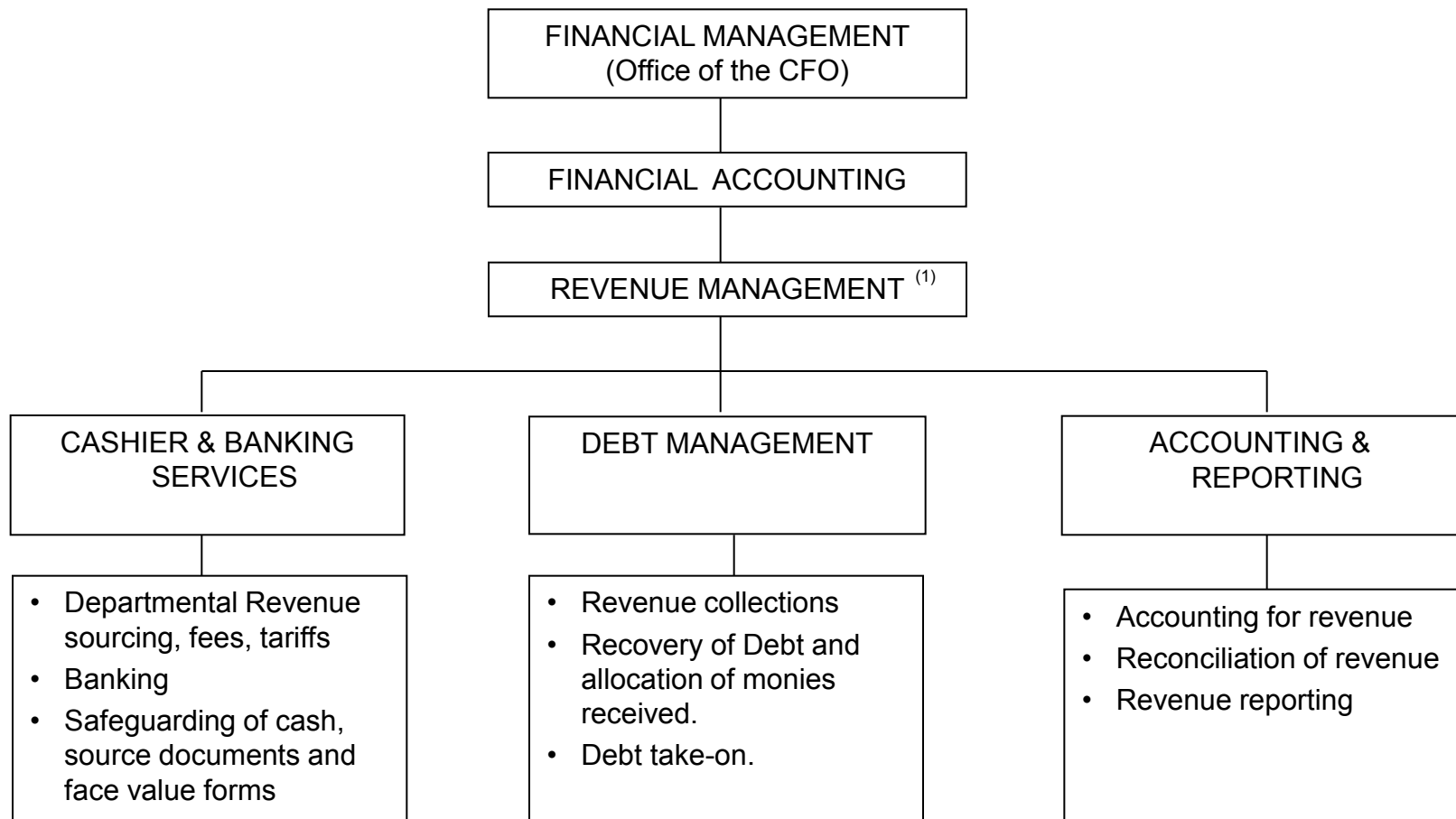
1) This competency cuts across the internal control within the organisation and is not purely about financial internal controls. It is a management system, culture and set of values designed to ensure that the organisation is managed efficiently and effectively, with the appropriate policies and procedures that promote the achievement of its overall goals and objectives.



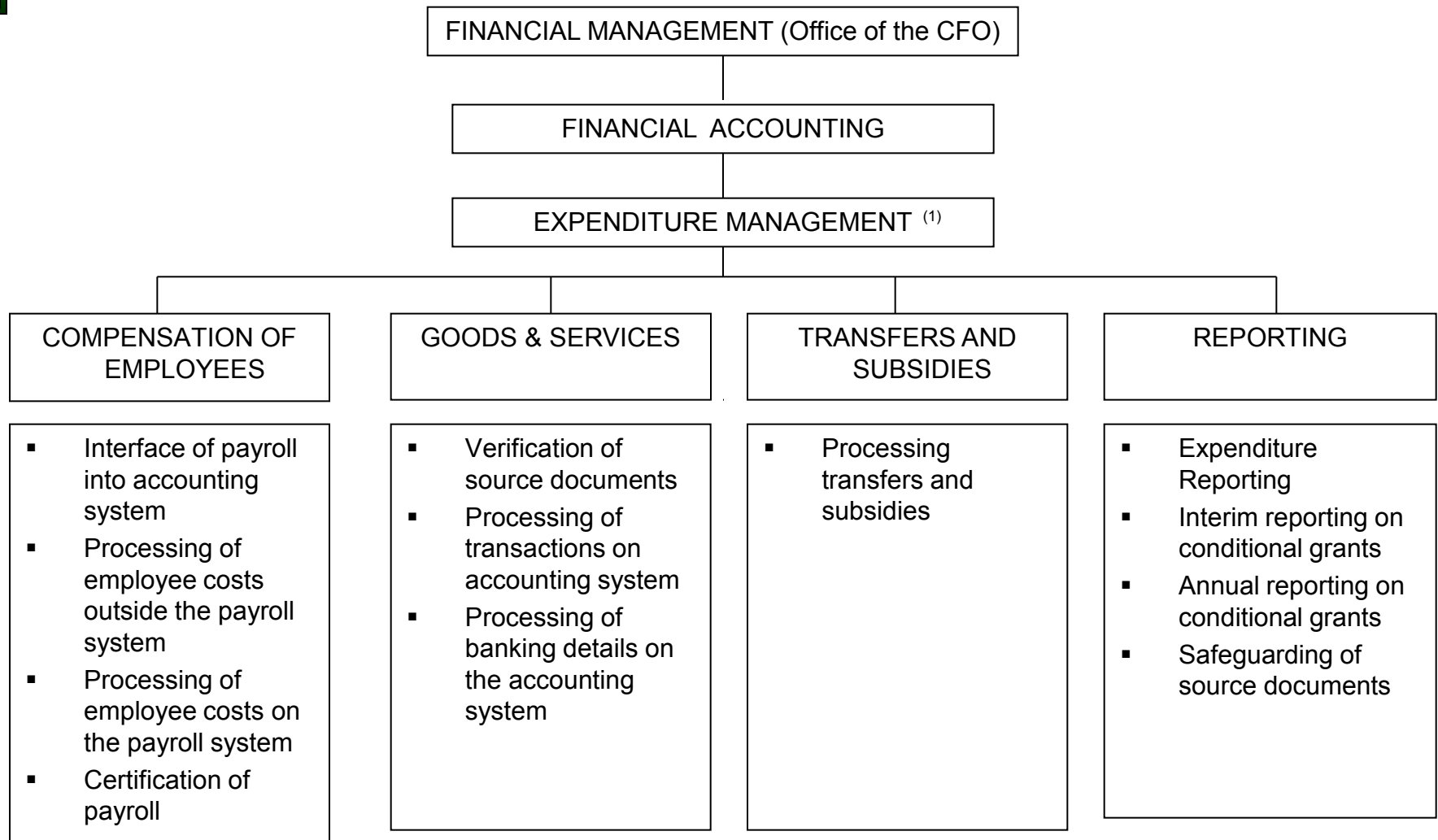
1. This is a support function responsible for providing financial inputs to the strategic plan, annual plan, business and project plan. This does not replace the strategy and planning unit of a department in the Draft Functional and Organisational Configuration of Corporate Management Units proposed by the DPSA.



1. Financial accounting involves all the procedures necessary to ensure that the department's financial activities are captured & recorded and that the transactions are valid, accurate and complete.



1. In departments where revenue collection is not a major function, expenditure management may be combined with Revenue Management. There has to be proper segregation controls in place.



1. This function is to ensure that payments are settled in accordance with agreed terms.

FINANCIAL MANAGEMENT (Office of the CFO)

FINANCIAL ACCOUNTING

ACCOUNTING ⁽¹⁾

LEDGERS/JOURNALS

- Liability management (accruals)
- Accounting for donor funding
- Safeguarding of source documents
- Clearing suspense accounts
- Clearing interdepartmental accounts
- Other salary payovers
- Annual PAYE reconciliation
- Unauthorized, fruitless and wasteful and irregular expenditure
- Receipt or granting of gifts, donations and sponsorships
- Debt Write-off
- Establish departmental Accounting Structure
- Review Accounting structure.
- Completeness of source documents.
- Loss control system.
- Cash Management.
- Petty Cash Management
- Bank Reconciliation.
- PAYE/UIF Pay-overs.

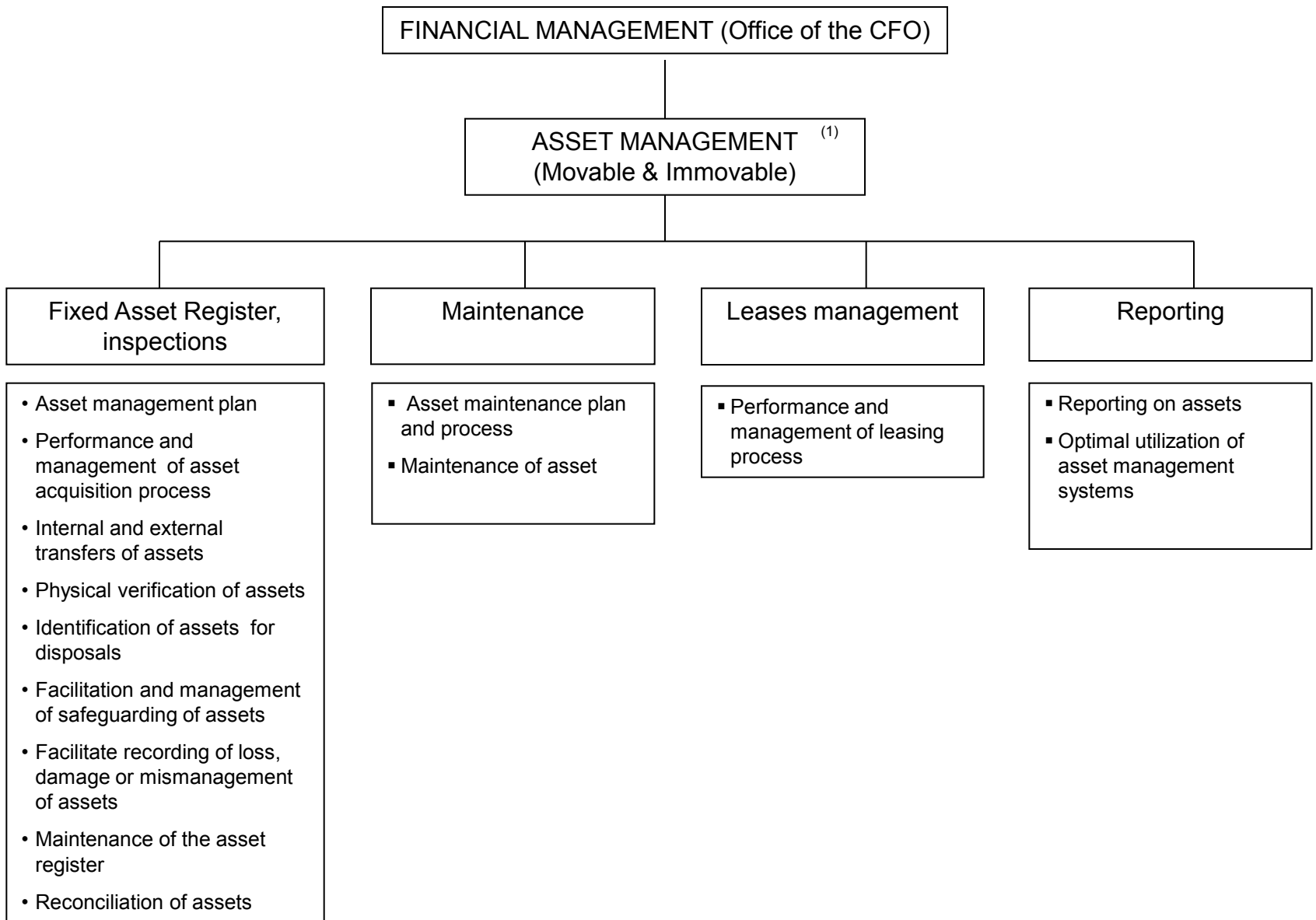
ASSET ACCOUNTING

- Reconcile General Ledger to Fixed asset register.
- Allocation between capital and current accounts

REPORTING

- Liaison with internal and external auditors
- Interim financial statements
- Annual Financial Statements
- Year end closure
- Month end closure.

1. *The purpose of this function is to manage and provide financial administration and accounting services.*



Where the nature of the asset is said to be technical and is beyond the scope of the CFO, the CFO cannot be said to be managing the asset. Instead, individuals with the necessary competency will be required to take over the management of the asset on behalf of the CFO. The management of the fixed asset register, accounting and the reporting for the asset will remain the responsibility of the CFO. While the functions may appear similar, the knowledge required is vastly different. This function excludes management of biological assets, military assets, assets belonging to trading entities, investments (shares and unit trusts and financial instruments).

FINANCIAL MANAGEMENT (Office of the CFO)

SUPPLY CHAIN MANAGEMENT (1)

DEMAND MANAGEMENT

- Needs analysis
- Annual procurement plan
- Funding
- Compilation of specifications and terms of reference

ACQUISITION MANAGEMENT

- Strategic sourcing
- Provide secretariat services
- Compilation of bid documents
- Receiving and opening of bids
- Evaluation and adjudication of bids
- Compilation of prospective list of providers for quotations
- Analysis of procurement request for quotations
- Sourcing suppliers for quotations
- Handling urgent and emergency cases

CONTRACT MANAGEMENT

- Contract administration
- Supplier performance
- Managing contracts

LOGISTICS MANAGEMENT

- Requisition of goods and services
- Placing orders
- Receiving goods
- Goods distribution
- Inventory management
- Warehouse management
- Stocktaking
- Matching documents
- Preparation of payment documentation

DISPOSAL MANAGEMENT

- Preparation for disposal
- Disposal process
- Control of disposal documentation

RISK & PERFORMANCE MANAGEMENT

- Risk management of the SCM
- SCM performance review
- Reporting on SCM information
- Optimum system utilization
- Safeguarding of SCM information

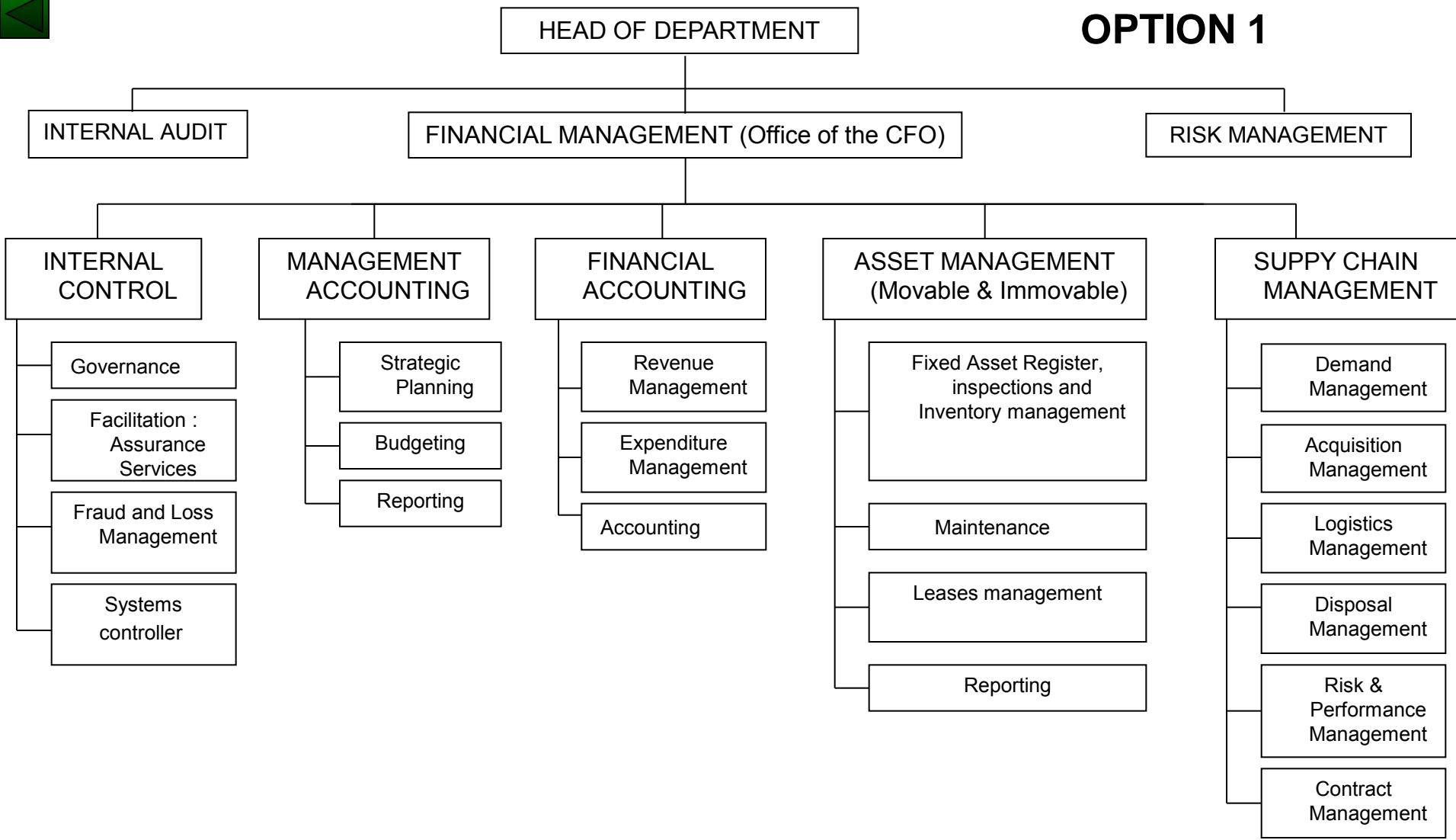
1. *SCM is about strategic sourcing which requires product research, understanding economic conditions, and the use of price indices.*

In smaller departments, the link between SCM, Asset Management and Budgeting is critical in ensuring that the department has the correct resources to do its work.

In smaller departments consideration should be given to combining SCM & Asset Management



OPTION 1



This a typical Financial Management functional structure including all traditional financial management functions.