6.1 Financial Management: Financial Planning, Budgeting and Monitoring

DEPARTMENT OF PUBLIC WORKS AND INFRASTRUCTURE
STANDARD OPERATING PROCEDURE

public works
& infrastructure

Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

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SOP AUTHORISATION AND SIGNOFF

I, the undersigned, in my capacity as indicated below at the National Department of Public Works, herewith approve this Standard Operating Procedure for implementation in accordance with the mandate granted to me in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) and any other relevant Acts and Regulations.

NAME AND DESIGNATION	SIGNATURE	DATE APPROVED
TBA	TBA	TBA

The following individual/s can be contacted, should there be any query regarding the content of this SOP:

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1. DEFINITION AND ACRONYMS

1.1 DEFINITIONS

TERM	FULL DESCRIPTION
Accounting Officer	The Accounting Officer is defined in section 1 of the PFMA. The Accounting Officer for the department is the Director General of the Department of Public Works.
Accounting Period	Refers to a period of 12 months commencing on 1 April of one year and ending on 31 March of the following year.
Acquire	In relation to an immovable asset; means acquisition through construction, purchase, and finance lease, acceptance of a gift, expropriation, exchange or transfer of custodianship between custodians in that sphere of government.
Adjustment Date	The date when the escalated rate comes into effect.
Asset Register	A record of asset information including inventory, historical, condition, technical and financial information.
Authorisation	The amount authorised on the system that will allow the project manager to make payments. This will include the contract amount, CPAP, approved variation order / site instructions, other additions as approved by the relevant authority.
Authorised Person	The accounting officer, the accounting authority or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order.
Budget Management Committee	Refers to the subcommittee of EXCO dealing with specific budget issues related to the departments' and the Department as a whole.
Centralised Supplier Database	A single database hosted by National Treasury to serve as the source of all supplier information for all spheres of government wherein suppliers self-register as
Client	A sector Department that uses or intends to use an immovable asset in support of its service delivery objectives (and includes a Custodian in relation to an immovable
Contract Price Adjustment Provision	Refers to the amount allowed as per the construction contracts. This amount is calculated in accordance with the escalation experienced in the construction industry.
Deposit	Where a Landlord and prospective tenant enter into a lease agreement, the pre-lease deposit must be applied as the tenant's security deposit.
Estimates of National Expenditure	This document sets out the details of every departments' budget in line with its performance indicators and represents the approved appropriation (budget) of all departments and entities.

TERM	FULL DESCRIPTION
Expenses	Those disbursements in respect of the property that are occasioned by the ownership or the operation thereof, including but not limited to, assessment rates, municipal levies, heat ventilation and air-conditioning maintenance, lift maintenance and insurance premiums.
Finance Lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.
Financial Statements	Statements consisting of at least: (a) A balance sheet, (b) An income sheet, (c) A cash-flow statement (d) Any other statements that may be prescribed, and Any notes to these statements.
Framework	A set of guidelines from which a programme and/or project is developed.
Fruitless and Wasteful Expenditure	Expenditure which was made in vain and would have been avoided had reasonable care been exercised.
Goods and Services	Goods means corporeal movable things, fixed property and any right in any such thing of fixed property. Service means anything done or to be done, including the granting, assignment, cession or surrender of any right and the making available of any facility or advantage.
Gross Investment in the Lease	This is the aggregate of: • The minimum lease payments receivable by a lessor under a finance lease, and Any unguaranteed residual value accruing to the lessor.
Guaranteed Residual Value	• For a lessee, that part of the residual value that is guaranteed by the lessee or by a party related to the lessee (the amount of the guarantee being the maximum amount that could, in any event, become payable), and For a lessor, that part of the residual value that is guaranteed by the lessee or by a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee
Immovable Asset Management	Means those management processes, which ensure that the value of an immovable asset is optimised throughout its life cycle.
Immovable Property / Asset	Any immovable asset acquired or owned by government, excluding any right contemplated in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).
Initial Direct Costs	Incremental costs that are directly attributable to negotiating and arranging a lease, except for such costs incurred by manufacturer or trader lessors.

TERM	FULL DESCRIPTION
Infrastructure Procurement	The procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.
Irregular Expenditure	Expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: a) Public Finance Management Act, 1999 (No. 1 of 1999); b) State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of that Act; or Any provincial legislation providing for procurement procedures in that provincial government.
Lessees Incremental Borrowing Rate of Interest	The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.
Life-Cycle	The period during which a custodian or user expects to derive benefits from the control or use of an immovable asset.
Maintenance	The combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function. Maintenance can be distinguished between Scheduled and Unscheduled Maintenance.
Master Lease Agreement	A governing agreement that parties leasing property may use to define the condition agreed to between the Entity and Lessor. The Entity and Lessor can enter into several leases under the master agreement.
Medium Term Expenditure Framework	The framework and medium-term cycle that managers the budget of the Government. A 3-year cycle allows government departments and entities to budget for the medium term and request funding for new policy objectives.

TERM	FULL DESCRIPTION
Minimum Lease Payments	The payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and, where appropriate, taxes to be paid by and reimbursed to the lessor, together with: • For a lessee, any amounts guaranteed by the lessee or by a party related to the lessee, or • For a lessor, any residual value guaranteed to the lessor by: o The lessee, o A party related to the lessee, or o A third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee. However, if the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it.
Municipal Services	Services provided to the public in the designated areas they live in by the Municipality, which includes at least the basic services required in terms of the Constitution namely, electricity, water supply, sewage collection and disposal and refuse removal.
Portfolio	The total extent of immovable assets controlled or used by a National or Provincial Department.
Rates, Taxes and Levies	Fees paid to the authority, Body Corporate or Municipality, for specific services on the property. The fees are dependent on the property type. The entity must pay it to the authority that services the property such as a body corporate or municipality.
Responsibility Manager	The official responsible for the management and control of a budget allocated to a specific responsibility (cost centre). This official is normally on Deputy Director level or higher.
Standard	The latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury.
Standard Operating Procedure	Detailed written instructions to achieve uniformity of the performance of a specific function.
Strategic Plan	The strategic plan of a custodian or user as prescribed in terms of the Public Service Act, 1994 (Proclamation R103 of 1994) and the PFMA
The Minister of Public Works	The custodian of immovable assets that vest in the National Government, situated within the former (pre 27 April 1994) Republic of South Africa, except in cases where National assets are assigned to other Ministers by virtue of specific legislation.

TERM	FULL DESCRIPTION
Total Cost Provision	The total completion cost estimate on a project. This might be based on the estimate or the funds authorised. The TCP can only be increased based on the approval of the delegated authority.
Treasury	The National Treasury or Provincial Treasury, as defined in section 1 of the PFMA.
Unearned Finance Revenue	The difference between: • The gross investment in the lease; and The net investment in the lease.
Unguaranteed Residual Value	That portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor.
Upgrade	Includes Extensions or Additions. Comprehensive Capital Works that increases the value of the asset and extend the area or add new functionality to the asset.
User	A national or provincial department that uses or intends to use an immovable asset in support of its service delivery objectives and includes a custodian in relation to an
User Department	A sector Department that uses or intends to use an immovable asset in support of its service delivery objectives (and includes a Custodian in relation to an immovable asset that it uses or intends to use in support of its own service delivery objectives). Also known as Client.
VAT	Value-Added Tax in terms of the VAT Act.

1.2 ACRONYMS

ACRONYM	FULL DESCRIPTION
ABC	Approved Budget for the Contract
AFS	Annual Financial Statements
APP	Annual Performance Plan
AR	Asset Register
ASD	Assistant Director
CD	Chief Director
CD PM	Chief Director Property Management
CFO	Chief Financial Officer

ACRONYM	FULL DESCRIPTION
CPAP	Contract Price Adjustment Provision
CR	Credits
CSD	Centralised Supplier Database
D	Director
DD	Deputy Director
DDG	Deputy Director General
DG	Director General
DPW	National Department of Public Works
EFT	Electronic Funds Transfer
ENE	Estimates of National Expenditure
IT	Information Technology
LOGIS	IT System
MANCO	Management Committee
MDB	Master Database
NDPW	National Department of Public Works
NT	National Treasury
PFMA	Public Finance Management Act
PMBC	Planned Maintenance Budget Committee for DPW Capital Budget
PMIS	IT system
PMG	Pay Master General
RM	Regional Manager
RO	Regional Office
RSA	Republic of South Africa
SABS	South African Bureau of Standards
SAC	Senior Admin Clerk
SAO	Senior Admin Officer
SARS	South African Revenue Services
SCOA	Standard Charts of Accounts
SOP	Standard Operating Procedure
TCP	Total Cost Provision

ACRONYM	FULL DESCRIPTION
TOR	Terms of Reference
TR	Treasury Regulations

2. DOCUMENT PURPOSE

The purpose of this Standard Operating Procedure (SOP) is to establish a standardised procedure for the Department of Public Works (DPW) when providing accommodation and built environment services to National Government User Departments.

This document contains a set of step-by-step process instructions, called procedures, to direct staff members, contractors and consultants when executing routine operations. The SOPs aim to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and ensuring compliance and consistency with all relevant Regulations, Policies and Guidelines.
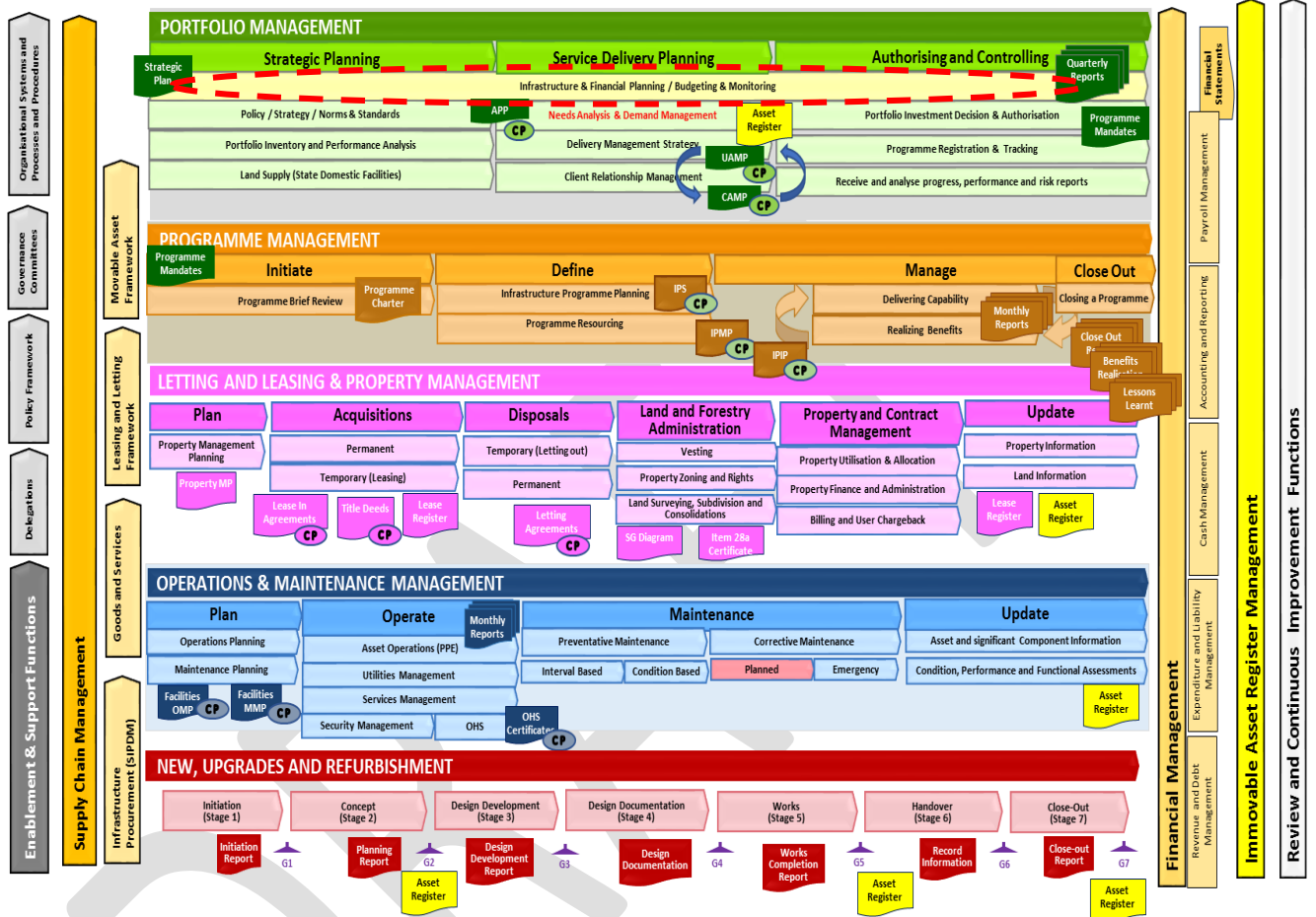
3. SCOPE AND OBJECTIVE

3.1 THE OPERATING MODEL

The placemat is a set of primary and support activities that DPWI performs to provide accommodation and built environment services to National Government User Departments. Each Value Chain Activity in turn, decomposes into a lower level of processes and sub-processes.
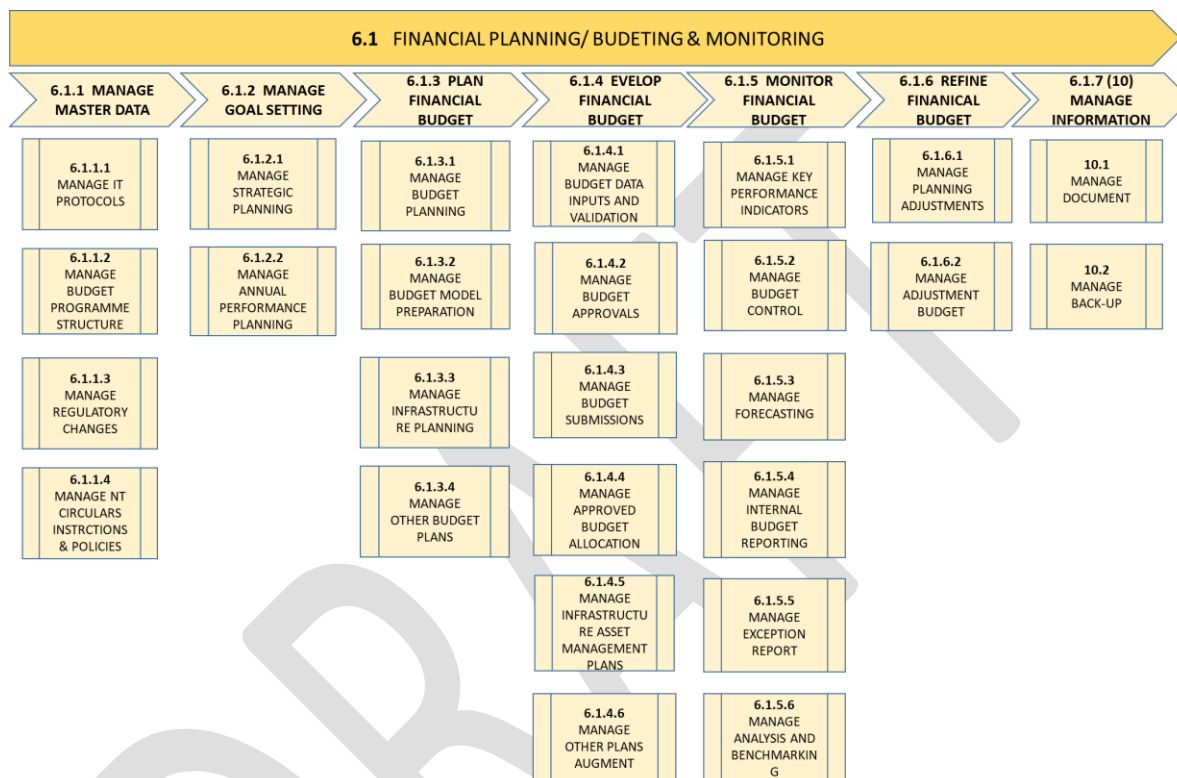
Figure 1: DPWI Operating Model

DPWI Asset Lifecycle Management Methodology Operating Model

PORTFOLIO MANAGEMENT

Strategic Plan

Strategic Planning	Service Delivery Planning	Authorising and Controlling	Quarterly Reports
Infrastructure & Financial Planning / Budgeting & Monitoring			
Policy / Strategy / Norms & Standards	APP — Needs Analysis & Demand Management	Asset Register — Portfolio Investment Decision & Authorisation	Programme Mandates
Portfolio Inventory and Performance Analysis	Delivery Management Strategy	Programme Registration & Tracking	
Land Supply (State Domestic Facilities)	Client Relationship Management — UAMP / CAMP	Receive and analyse progress, performance and risk reports	

PROGRAMME MANAGEMENT

Programme Mandates

Initiate	Define	Manage	Close Out
Programme Brief Review — Programme Charter	Infrastructure Programme Planning — IPS	Delivering Capability — Monthly Reports	Closing a Programme
	Programme Resourcing — IPMP / IPIP	Realizing Benefits	Close Out — Benefits Realisation — Lessons Learnt

LETTING AND LEASING & PROPERTY MANAGEMENT

Plan	Acquisitions	Disposals	Land and Forestry Administration	Property and Contract Management	Update
Property Management Planning	Permanent	Temporary (Letting out)	Vesting	Property Utilisation & Allocation	Property Information
Property MP	Temporary (Leasing)	Permanent	Property Zoning and Rights	Property Finance and Administration	Land Information
	Lease In Agreements — Title Deeds — Lease Register	Letting Agreements	Land Surveying, Subdivision and Consolidations — SG Diagram — Item 28a Certificate	Billing and User Chargeback	Lease Register — Asset Register

OPERATIONS & MAINTENANCE MANAGEMENT

Plan	Operate	Maintenance		Update
Operations Planning	Asset Operations (PPE) — Monthly Reports	Preventative Maintenance	Corrective Maintenance	Asset and significant Component Information
Maintenance Planning	Utilities Management	Interval Based — Condition Based	Planned — Emergency	Condition, Performance and Functional Assessments
Facilities OMP — Facilities MMP	Services Management			Asset Register
	Security Management — OHS — OHS Certificates			

NEW, UPGRADES AND REFURBISHMENT

Initiation (Stage 1)	Concept (Stage 2)	Design Development (Stage 3)	Design Documentation (Stage 4)	Works (Stage 5)	Handover (Stage 6)	Close-Out (Stage 7)
Initiation Report	Planning Report	Design Development Report	Design Documentation	Works Completion Report	Record Information	Close-out Report
G1	G2 — Asset Register	G3	G4	G5 — Asset Register	G6	G7 — Asset Register

Left side vertical bands: Enablement & Support Functions — Organisational Systems and Processes and Procedures — Governance Committees — Policy Framework — Delegations — Supply Chain Management — Movable Asset Framework — Leasing and Letting Framework — Goods and Services — Infrastructure Procurement (sIPDM)

Right side vertical bands: Financial Management — Financial Statements — Payroll Management — Accounting and Reporting — Cash Management — Expenditure and Liability Management — Revenue and Debt Management — Immovable Asset Register Management — Review and Continuous Improvement Functions

3.2 PROCESS SCOPE

The following process flow and sub-processes are documented in this SOP.

6.1 FINANCIAL PLANNING/ BUDETING & MONITORING						
6.1.1 MANAGE MASTER DATA	6.1.2 MANAGE GOAL SETTING	6.1.3 PLAN FINANCIAL BUDGET	6.1.4 EVELOP FINANCIAL BUDGET	6.1.5 MONITOR FINANCIAL BUDGET	6.1.6 REFINE FINAICAL BUDGET	6.1.7 (10) MANAGE INFORMATION
6.1.1.1 MANAGE IT PROTOCOLS	6.1.2.1 MANAGE STRATEGIC PLANNING	6.1.3.1 MANAGE BUDGET PLANNING	6.1.4.1 MANAGE BUDGET DATA INPUTS AND VALIDATION	6.1.5.1 MANAGE KEY PERFORMANCE INDICATORS	6.1.6.1 MANAGE PLANNING ADJUSTMENTS	10.1 MANAGE DOCUMENT
6.1.1.2 MANAGE BUDGET PROGRAMME STRUCTURE	6.1.2.2 MANAGE ANNUAL PERFORMANCE PLANNING	6.1.3.2 MANAGE BUDGET MODEL PREPARATION	6.1.4.2 MANAGE BUDGET APPROVALS	6.1.5.2 MANAGE BUDGET CONTROL	6.1.6.2 MANAGE ADJUSTMENT BUDGET	10.2 MANAGE BACK-UP
6.1.1.3 MANAGE REGULATORY CHANGES		6.1.3.3 MANAGE INFRASTRUCTURE PLANNING	6.1.4.3 MANAGE BUDGET SUBMISSIONS	6.1.5.3 MANAGE FORECASTING		
6.1.1.4 MANAGE NT CIRCULARS INSTRCTIONS & POLICIES		6.1.3.4 MANAGE OTHER BUDGET PLANS	6.1.4.4 MANAGE APPROVED BUDGET ALLOCATION	6.1.5.4 MANAGE INTERNAL BUDGET REPORTING		
			6.1.4.5 MANAGE INFRASTRUCTURE ASSET MANAGEMENT PLANS	6.1.5.5 MANAGE EXCEPTION REPORT		
			6.1.4.6 MANAGE OTHER PLANS AUGMENT	6.1.5.6 MANAGE ANALYSIS AND BENCHMARKING		

4. PROCESS EXECUTION ENABLERS

4.1 EQUIPMENT REQUIRED

The following equipment is required to execute this SOP:

EQUIPMENT TYPE	DESCRIPTION
IT INFRASTRUCTURE AND HARDWARE	• All users implementing this SOP require access to basic IT infrastructure and hardware to support basic computer, information and telecommunication requirements.
IT SOFTWARE AND SYSTEMS	• All users implementing this SOP require access to all basic IT software required to produce e-mails and Microsoft documents. • All users involved with the construction and registration of projects also require access to the Works Control System (WCS). • All users involved with property management require access to the PMIS System. • All users involved with finance and payments require access to the LOGIS System, in line with their financial delegations and segregation of duty roles. • All users involved with property documentation require access to the Paper Trail system. • All users involved with the asset register require access to the Archibus System. • All users implementing this SOP require access to GIS. • All users involved with town planning require access to Windeed.
OFFICE EQUIPMENT	• All users implementing this SOP require access to all basic office equipment e.g. telephone, computer, printer and charging points for all mobile devices. • All users require appropriate and secure facilities for the storage and maintenance of hard copy confidential documents and contract documentation. • All users require adequate hard drive storage facilities for the storage and maintenance of electronic documentation. • All users require an adequate and externally located backup facility to ensure safeguarding of all process related material.
OTHER EQUIPMENT	• All users involved in Construction, Cleaning Services, Horticultural Services, and Facilities Maintenance require access to specialised construction related equipment, which includes Occupational Health and Safety (OHS) personal safety equipment.

4.2 ROLES

All personnel, departments, groups, contractors and/or subcontractors involved in the management, execution and/or monitoring of the processes set out in this SOP should familiarise themselves with the detailed contents thereof.

The following roles and impacted divisions are specifically identified within this SOP:

ROLES
Financial Planning and Budgeting
TBA

* The above list is grouped alphabetically.

4.3 REFERENCE DOCUMENTATION

The referenced documents listed below are indispensable for the knowledgeable application of this SOP. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced documents (including any amendments) apply.

REFERENCE DOCUMENTATION
POLICIES
DPW Immovable Asset Disposal Policy, 2013
LEGISLATION, STANDARDS AND REGULATIONS
MTEF Guidelines (distributed annually)
Public Service Act, 1994 (Proclamation R103 of 1994)
Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA]
National Treasury, Standard for Infrastructure Delivery Management System,
GUIDELINES, DOCUMENTS, PROGRAMMES, MANUALS AND HANDBOOKS
PMTE Budget Framework Document (issued by Financial Planning)

5. PROCESS AND PROCEDURE

5.1 PROCESS LEGEND

Notations Dictionary
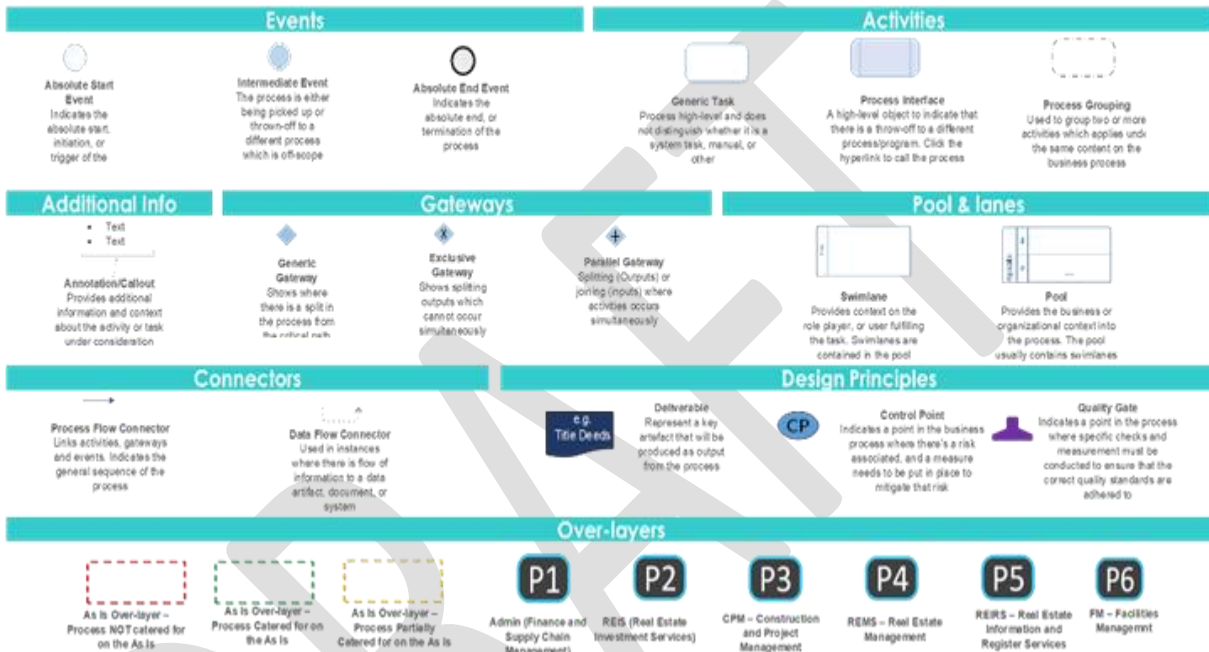
5.2 INFRASTRUCTURE AND FINANCIAL PLANNING, BUDGETING AND MONITORING

Infrastructure programmes and project proposals should be planned, appraised and evaluated before significant funds are committed. The acquisition of new infrastructure or rehabilitation and refurbishment including maintenance requires comprehensive assessment and planning that takes into consideration the full life-cycle cost of the asset. This process will enable decision makers to evaluate and make decisions on whether capital investments are in the best public interest.

Planning and budgeting for infrastructure contributes to effective delivery, good quality, value for money and appropriate infrastructure implementation. This result in infrastructure budget being utilised effectively, to minimise wasteful and inefficient use of limited resources, and a decreased risk of incurring irregular expenditure.

5.2.1 MANAGE MASTER DATA

PROCESS NAME	Manage Master Data
PROCESS OBJECTIVE	Effective management of standing/master data to be used in the Manage Planning and Budgeting processes.
INITIATING PARTY / PROCESS	➢ Information Technology (IT) ➢ Financial Management ➢ Legislative/ Regulatory requirements
INITIATING EVENT / TRIGGER	➢ New User or Changed User Requirements ➢ Changes to Budget Programme Structure ➢ Regulatory Changes ➢ National Treasury Circulars, Instruction and Policy Changes
OUTPUT / RECORDS PRODUCED	Updated Standing/Master Data
GOVERNANCE	➢ National Treasury Regulations /Instruction Notes and Circulars ➢ Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] ➢ IDMS ➢ MTEF ➢ MTSF ➢ Finance Model ➢ GRAP Standards

Diagram 0: Manage Master Data Processes

6.1.1 Manage Master Data

Financial Management

Financial Planning, Budgeting & Monitoring

Request for User Access

6.1.1.1 Manage IT Protocols

Updated User Access

Budget Programme Inputs

6.1.1.2 Manage Budget Programme Structure

Manage Budget Planning

Receipt of Regulatory Changes

6.1.1.3 Manage Regulatory Changes

Updated Business Processes and Systems

Changes in NT Circulars, Instructions and Policies

6.1.1.4 Manage NT Circulars, Instructions & Policies

Updated Business Processes and Systems

5.2.1.1   Manage IT Protocols Process

Diagram 1: Manage IT Protocols Process Flow
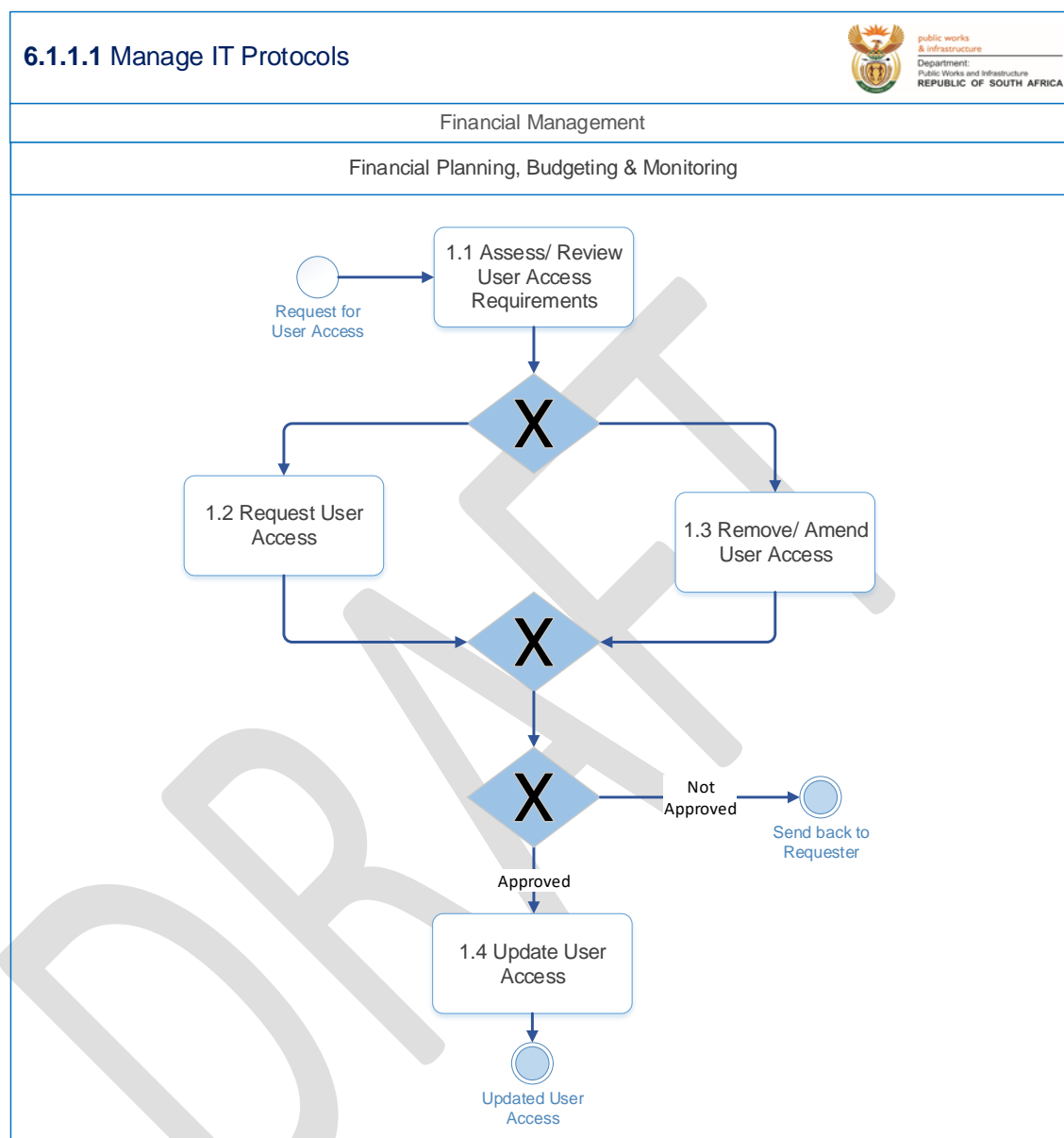
Table 1: Manage IT Protocols Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	**MANAGE INFORMATION TECHNOLOGY (IT) PROTOCOLS**			
1.1.	Assess / Review User Access Requirements	• Conduct an assessment of User Access requirement for each user needing access to the system. • Ensure that assessed privileges are aligned to User work requirements and should be granted on a "need-to-have" basis. • Prepare and forward Request for User Access or Access Removal / Amendment. **Note:** *User rights and privileges should be reviewed on a period basis to ensure that IT Access Control is kept up to date.* *Once User Requirements have been properly assessed and approved, you will need to either:* • *Request User Access and allocate Permissions (refer to 1.2 below); or* • *Remove / Amend Access rights of an existing User, whether in part or in whole (refer to 1.3 below).*	TBA	TBA
1.2.	Request User Access	• Receive User Access Request in line with Assessed User Requirements. • Ensure that all User details are completed correctly. • Obtain authorisation for user Access Request in line with the Approved Delegations and Approvals Framework. • Forward approved request to IT.	TBA	TBA
1.3.	Remove / Amend User Access	• Receive User Access Deactivation (Amendment) in line with Assessed User Requirements. • Review request to ensure that all User details are completed correctly.	TBA	TBA

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
		• Obtain authorisation for user Access Request in line with the Approved Delegations and Approvals Framework. • Forward approved request to IT.		
1.4.	Update User Access	• Amend access/ permission as per approved User Request. • Update user privileges on relevant IT system.	TBA	TBA

5.2.1.2   Manage Budget Programme Structure Process

Diagram 2: Manage Budget Programme Structure Process Flow

6.1.1.2 Manage Budget Programme Structure

Financial Management

Financial Planning, Budgeting & Monitoring

1.1.1 Manage Policy/Strategy/ Norms and Standards

2.1 Determine Budget Programme Structure

Alignment Not Required

Alignment Required

2.2 Amend Budget Programme Structure

2.3 Approve Amendments to budget Programme Structure

Not Approved

Approved

6.1.3.1 Manage Budget Planning
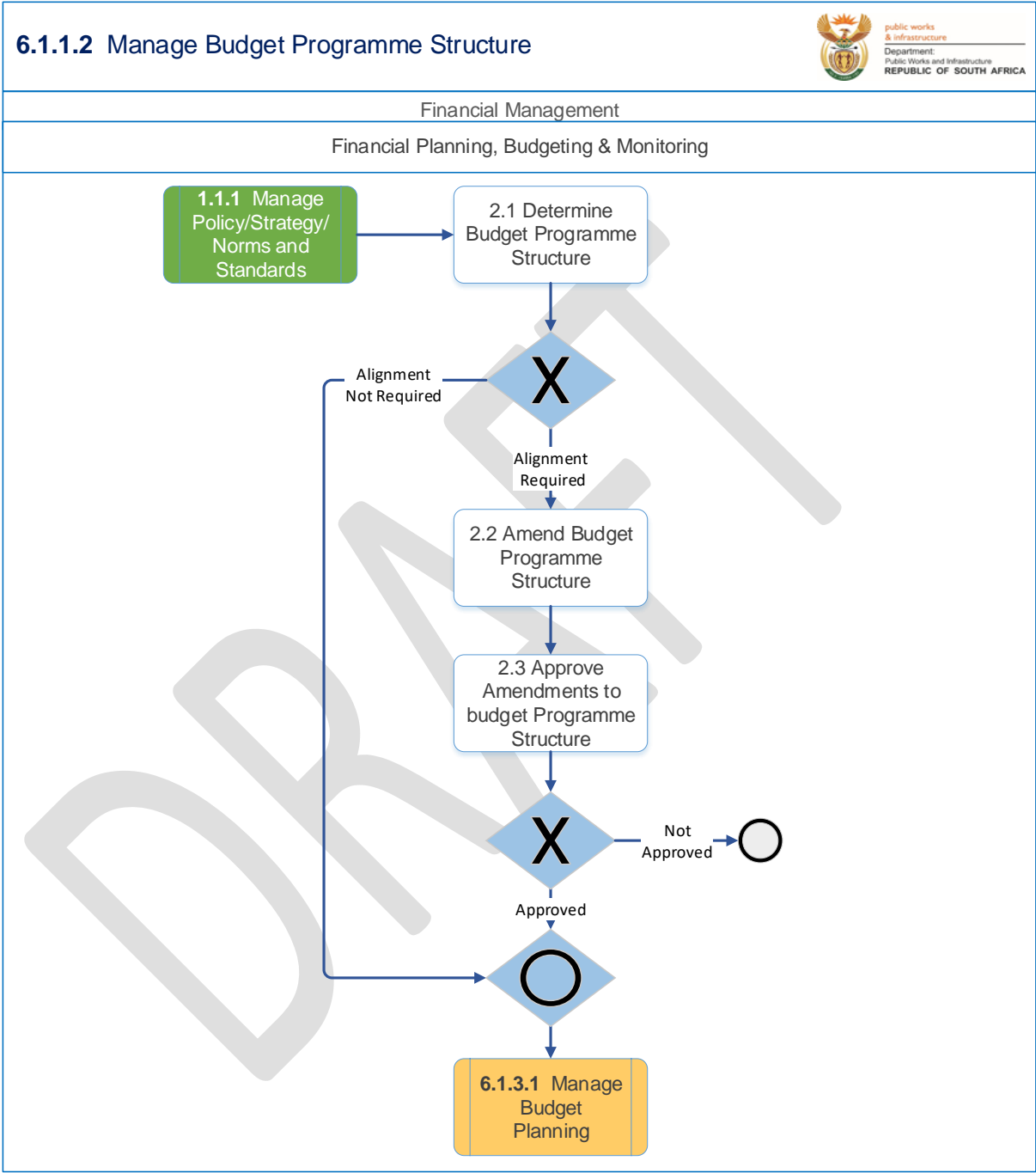
Table 2: Manage Budget Programme Structure Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
2.	**MANAGE BUDGET PROGRAMME STRUCTURE**			
2.1.	Determine Budget Programme Structure	• Determine / Establish the Targeted Programmes Structure (in consultation with National Treasury) as part of Strategic Planning process. **_Note:_** _This should be based on service delivery, enabling and support services to be performed by the Department. Programmes and sub-programmes should not be established simply because of a change to the organisational structure at executive management level._	TBA	Finance (Head Office)
2.2.	Amend Budget Programme Structure (where Required)	• Determine GAPS between the current Budget Programmes Structure and the Targeted Programmes Structure (as per 2.1 above). • Assess and Submit proposed amendments to Programme Structure for Internal and External Approval. **_Note:_** _Amendment of Programme Structure could take place for any of the following reasons:_ • _Changed mandate/ Policy of the Department_ • _Changes of a technical nature_ • _Changed oriented towards improved service delivery, performance and accountability._	TBA	Finance (Head Office)
2.3.	Approve Amendments to Budget Programme Structure	• Obtain Internal Approval for proposed amendments in line with Approved Delegations and Approval Framework. • Submit Budget Programme Structure changes to National Treasury for Final Approval. • Receive and implement the approved Budget Programme Structure in Budget Preparation processes.	TBA	Finance (Head Office)

5.2.1.3 *Manage Regulatory Changes Process*
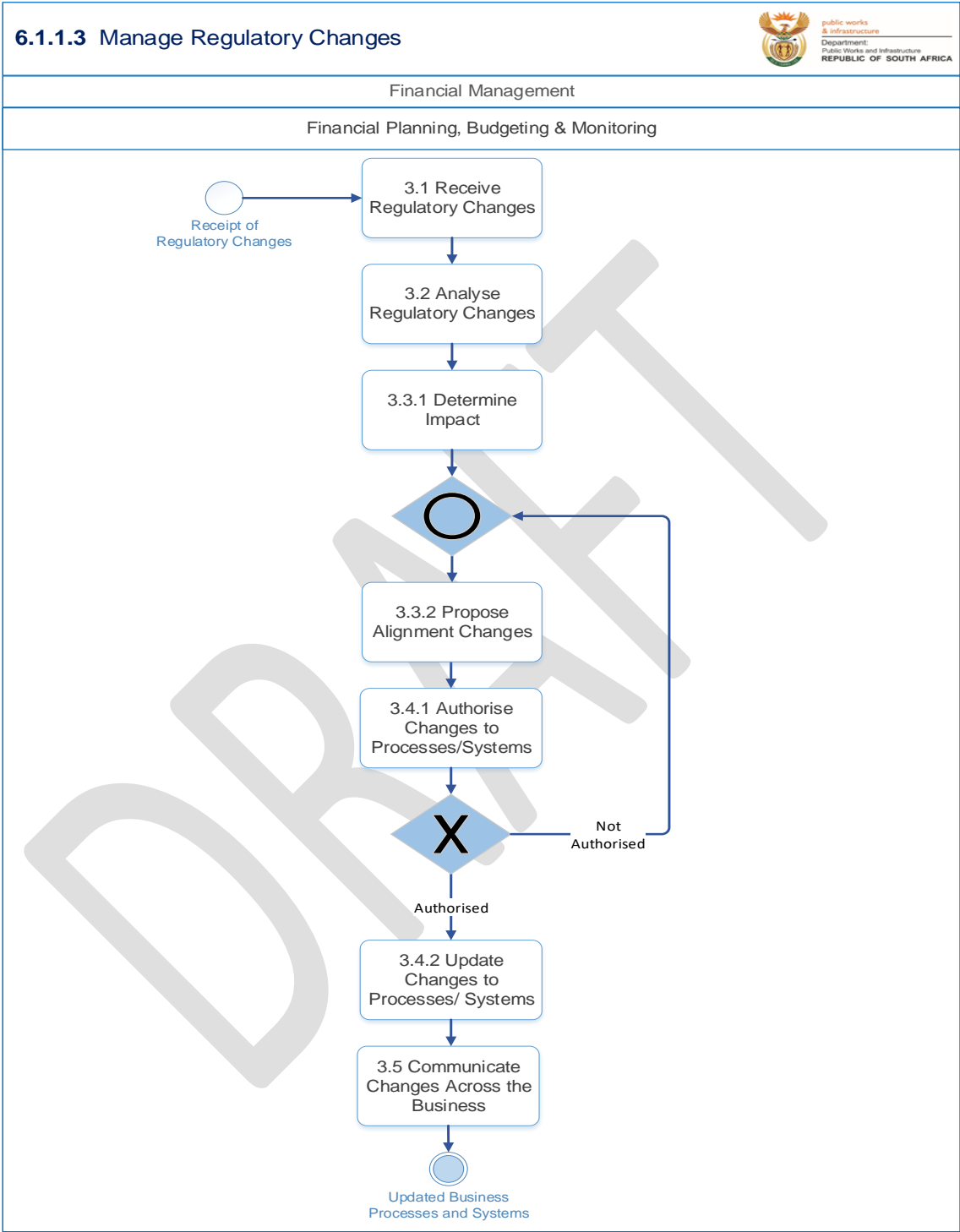**Diagram 3: Manage Regulatory Changes Process Flow**

Table 3: Manage Regulatory Changes Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
3.	**MANAGE REGULATORY CHANGES**			
3.1.	Receive Regulatory Changes	• Identify and/or receive communication regarding any REGULATORY CHANGES that could affect the Department. **Note:** *This will be limited to Financial Planning related changes. Each unit is responsible for tracking changes that affect their area of responsibility. Legal Assistance may be required where necessary.*	TBA	Finance (Head Office)
3.2.	Analyse Regulatory Changes	• On identification / receipt, the documents must be carefully analysed to identify areas that are new / changed and that may affect Department business from a Financial Planning compliance or regulatory perspective.	TBA	Finance (Head Office)
3.3.	Determine Impact and Propose Alignment Changes	• Determine Impact of Regulatory Changes on existing Financial Planning Business Processes and Systems that are currently utilised by the Department. • Identify areas within the existing Financial Planning Business Processes and Systems that are affected by such changes and propose alignment changes. • Compile Action Plan, with responsible persons, in order to align the existing Financial Planning Business Processes and Systems and cascade Regulatory Changes within the business.	TBA	Finance (Head Office)
3.4.	Authorise and Update Changes to Processes/ Systems	• Obtain Internal Approval proposed Alignment Changes, and Action Plan, in line with Approved Delegations and Approval Framework. • Receive and implement the approved Financial Planning Business Processes and Systems Alignment changes in Budget Preparation processes. • Update Standard Operating Procedures documents to reflect above changes.	TBA	Finance (Head Office)
3.5.	Communicate Changes Across the Business	• Ensure that the implemented changes to Financial Planning Business Processes and Systems are communicated across the business to ensure that they are implemented effectively.	TBA	Finance (Head Office)

5.2.1.4   Manage NT Circulars, Instructions and Policies Process

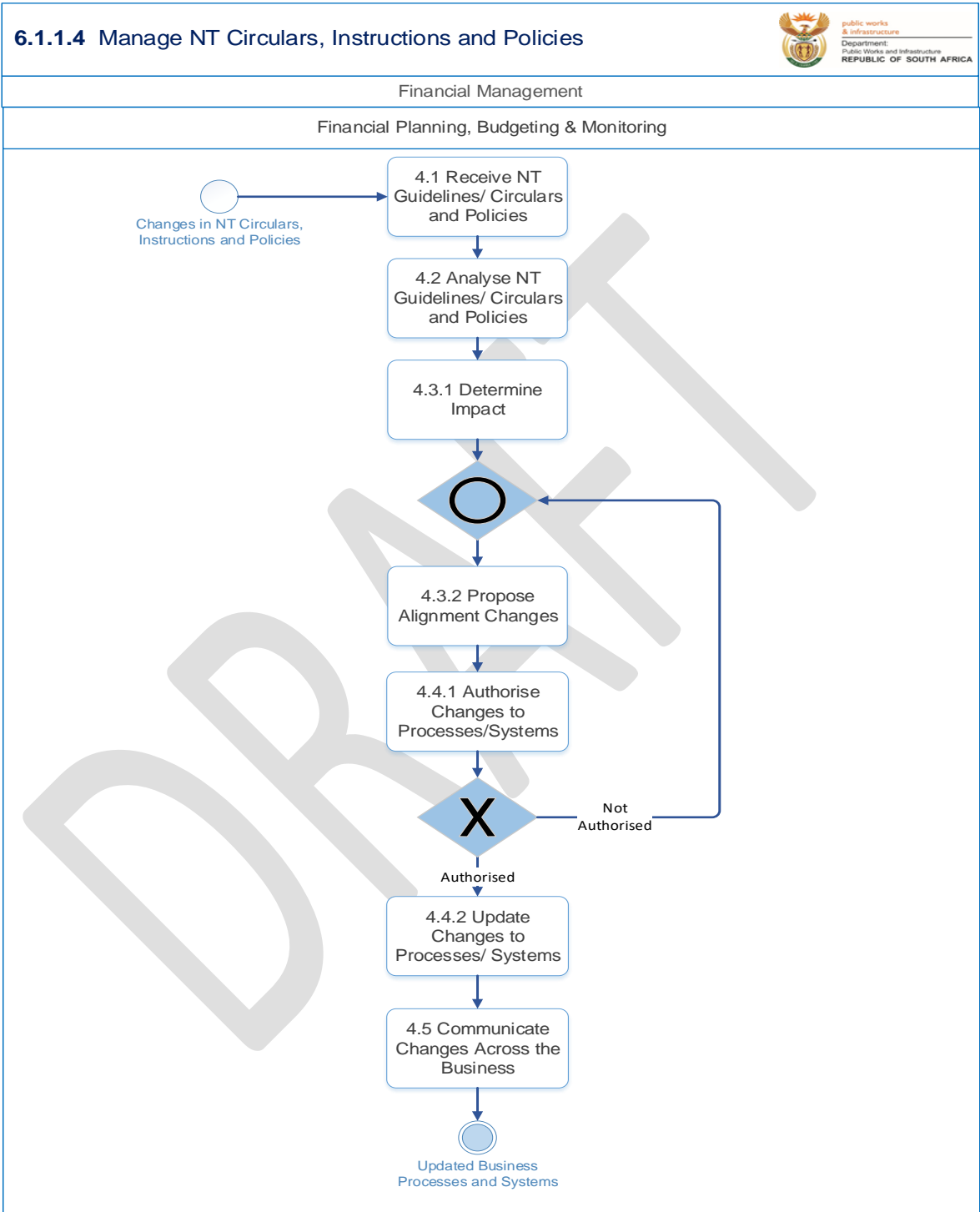**Diagram 4: Manage NT Circulars, Instructions and Policies Process Flow**

6.1.1.4 Manage NT Circulars, Instructions and Policies

Financial Management

Financial Planning, Budgeting & Monitoring

Changes in NT Circulars, Instructions and Policies

4.1 Receive NT Guidelines/ Circulars and Policies

4.2 Analyse NT Guidelines/ Circulars and Policies

4.3.1 Determine Impact

4.3.2 Propose Alignment Changes

4.4.1 Authorise Changes to Processes/Systems

X

Not Authorised

Authorised

4.4.2 Update Changes to Processes/ Systems

4.5 Communicate Changes Across the Business

Updated Business Processes and Systems

Table 4: Manage NT Circulars, Instructions and Policies Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
4.	**MANAGE NATIONAL TREASURY CIRCULARS, INSTRUCTIONS AND POLICIES**			
4.1.	Receive Guidelines/ Circulars and Policies from NT	• Receive National Treasury communication regarding any new/changes to existing TREASURY CIRCULARS, INSTRUCTIONS and POLICIES that could affect the Department. ***Note:*** *This will be limited to* Financial Planning *related changes. Each unit is responsible for tracking changes that affect their area of responsibility. Legal Assistance may be required where necessary.*	TBA	Finance (Head Office)
4.2.	Analyse Guidelines/ Circulars and Policies	• On identification / receipt, the documents must be carefully analysed to identify areas that are new / changed and that may affect Department business from a Financial Planning Regulatory perspective. • Where necessary, consult with the responsible person within the National Treasury to obtain clarity on any matters therein.	TBA	Finance (Head Office)
4.3.	Determine Impact and Propose Alignment Changes	• Determine Impact of Regulatory Changes on existing Financial Planning Business Processes and Systems that are currently utilised by Department. • Identify areas within the existing Financial Planning Business Processes and Systems that are affected by such changes and propose alignment changes. • Compile Action Plan, with responsible persons, in order to align the existing Financial Planning Business Processes and Systems and cascade Regulatory Changes within the business.	TBA	Finance (Head Office)
4.4.	Authorise and Update Changes to Processes/ Systems	• Obtain Internal Approval proposed Alignment Changes, and Action Plan, in line with Approved Delegations and Approval Framework. • Receive and implement the approved Financial Planning Business Processes and Systems Alignment changes in Budget Preparation processes. • Update Standard Operating Procedures documents to reflect above changes.	TBA	Finance (Head Office)

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
4.5.	Communicate Changes Across the Business	• Ensure that the implemented changes to Financial Planning Business Processes and Systems are communicated across the business to ensure that they are implemented effectively.	TBA	Finance (Head Office)

5.2.2 MANAGE GOAL SETTING

PROCESS NAME	➢ Manage Goal Setting
PROCESS GOAL / OBJECTIVE	➢ To sets out the policy priorities, programmes and project plans for a five-year period, as approved by the executive authority, within the scope of available resources. ➢ To sets out what the institution intends doing in the upcoming financial year and during the MTEF to implement its Strategic Plan.
INITIATING PARTY / PROCESS	➢ Strategic Planning
INITIATING EVENT / TRIGGER	➢ Government Planning Cycle
OUTPUT / RECORDS PRODUCED	➢ Approved Strategic Plan ➢ Approved Annual Performance Plans
GOVERNANCE	➢ NT Regulations /Instruction Notes and Circulars ➢ Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] ➢ IDMS ➢ MTEF ➢ MTSF ➢ Finance Model

Diagram 0: Manage Goal Setting Processes

5.2.2.1   Manage Strategic Planning Process

Diagram 1: Manage Strategic Planning Process Flow
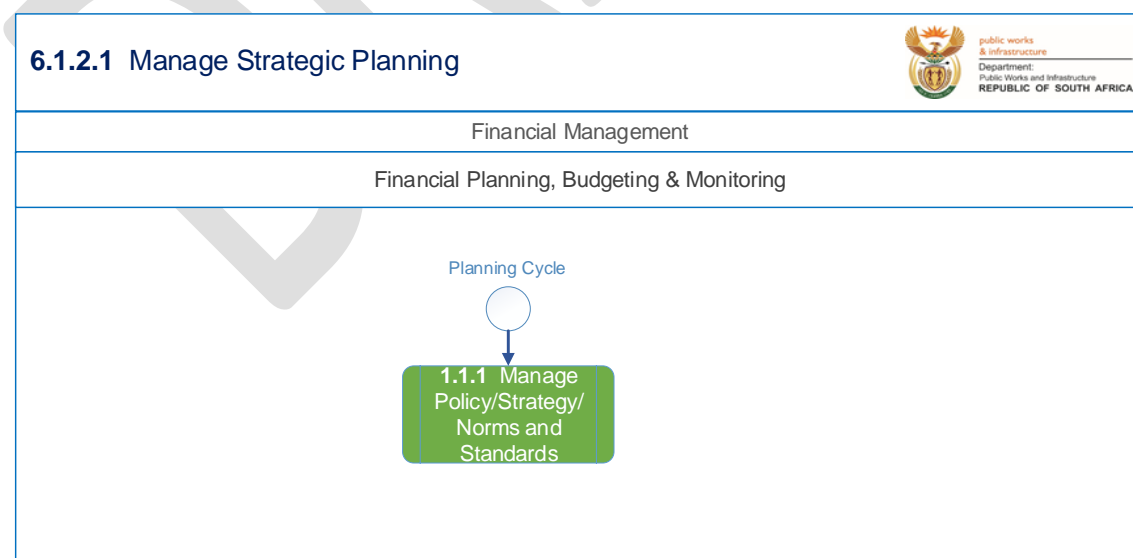
Table 1: Manage Strategic Planning Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	MANAGE STRATEGIC PLANNING			
1.1.1 MANAGE POLICY / STRATEGY / NORMS & STANDARDS		Prepare Strategic Plan as per **Manage Policy /Strategy / Norms & Standard** Processes.	N/A	N/A

Diagram 2: Manage Annual Performance Planning Process Flow

6.1.2.2 Manage Annual Performance Planning	public works & infrastructure Department: Public Works and Infrastructure REPUBLIC OF SOUTH AFRICA
Financial Management	
Financial Planning, Budgeting & Monitoring	

Planning Cycle

○

1.1.1 Manage Policy/Strategy/ Norms and Standards
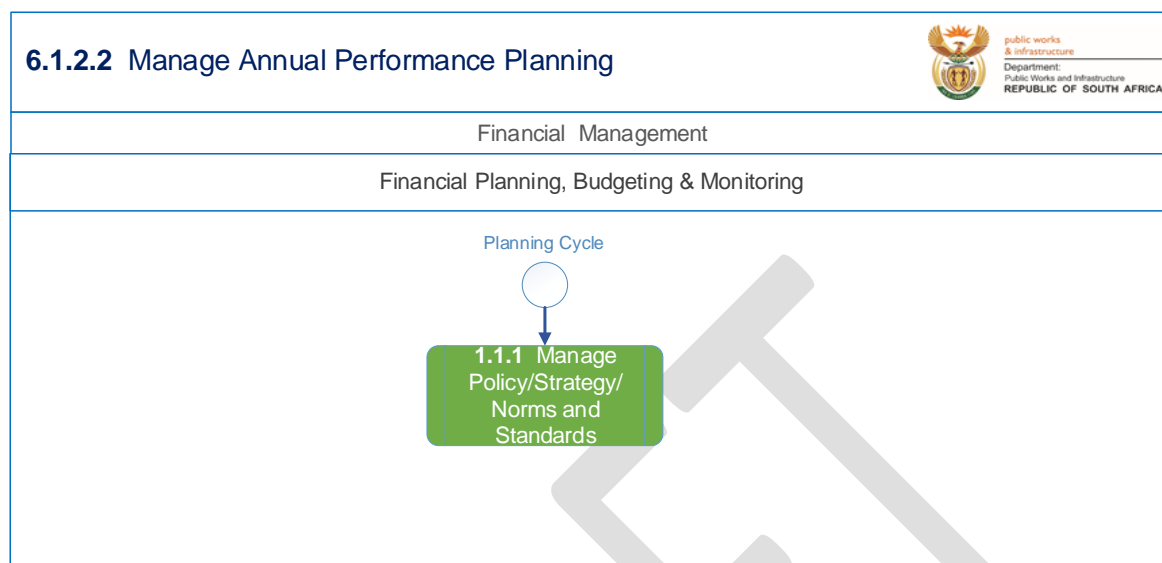
Table 2: Manage Annual Performance Planning Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
2.	MANAGE ANNUAL PERFORMANCE PLANNING			
1.1.1 MANAGE POLICY / STRATEGY / NORMS & STANDARDS		Prepare Annual Performance Plan in line with **Manage Policy / Strategy / Norms & Standards** Processes.	N/A	N/A

5.2.3 PLAN FINANCIAL BUDGET

PROCESS NAME	➢ Plan Financial Budget
PROCESS OBJECTIVE	➢ To ensure effective Planning and resource allocation towards the Budgeting Process and ensuing activities, thereby ensuring a smooth Budget Process.
INITIATING PARTY / PROCESS	➢ Planning and Budgeting
INITIATING EVENT / TRIGGER	➢ The MTEF (Medium Term Expenditure Framework) budgeting cycle ➢ ENE (Estimates of National Expenditure) cycle Annual budgeting (June)
OUTPUT / RECORDS PRODUCED	➢ Approved MTEF / Annual Budget Action Plan ➢ Approved Budget Model/Templates
GOVERNANCE	➢ NT Regulations /Instruction Notes and Circulars ➢ Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA] ➢ IDMS ➢ MTEF ➢ MTSF ➢ Finance Model

Diagram 0: Plan Financial Budget Processes

6.1.3 Plan Financial Budget

Financial Management

Financial Planning, Budgeting & Monitoring

Budget Cycle

6.1.3.1 Manage Budget Planning

6.1.3.2 Manage Budget Model Preparation

6.1.3.3 Manage Infrastructure Planning

6.1.3.4 Manage Other Budget Plans

Manage Budget Model Preparation

Manage Budget Input Data

Updated IAM Plans

Adjusting Journals
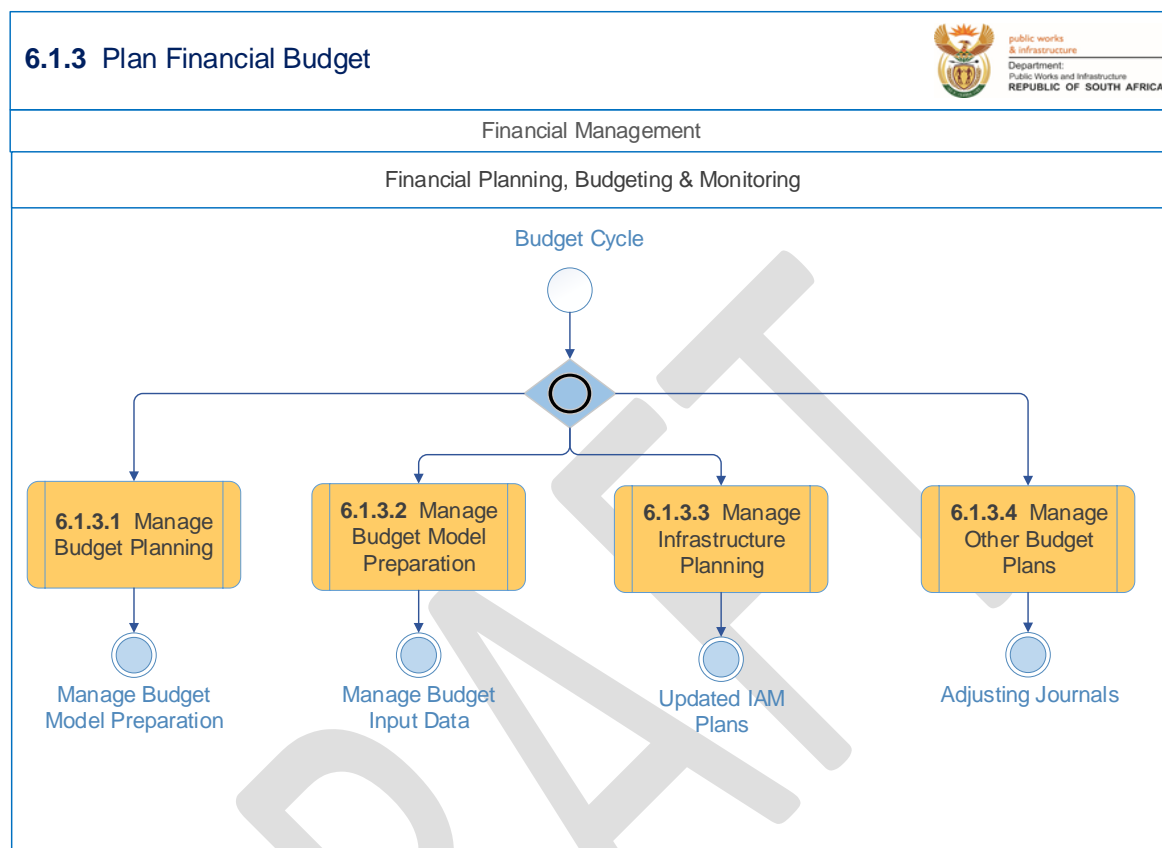
5.2.3.1   Manage Budget Planning Process

Diagram 1: Manage Budget Planning Process Flow
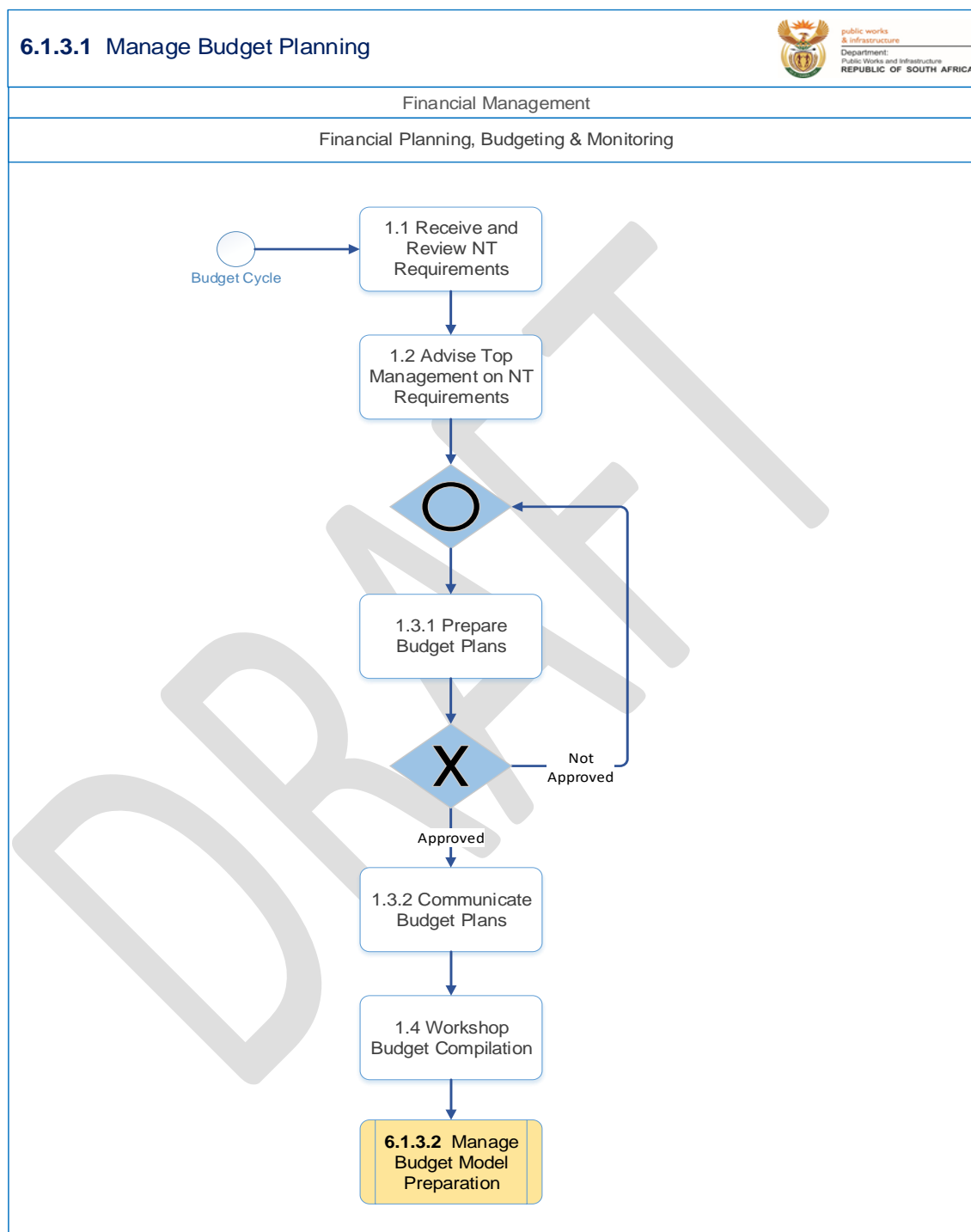
Table 1: Manage Budget Planning Activity Process Detail Table

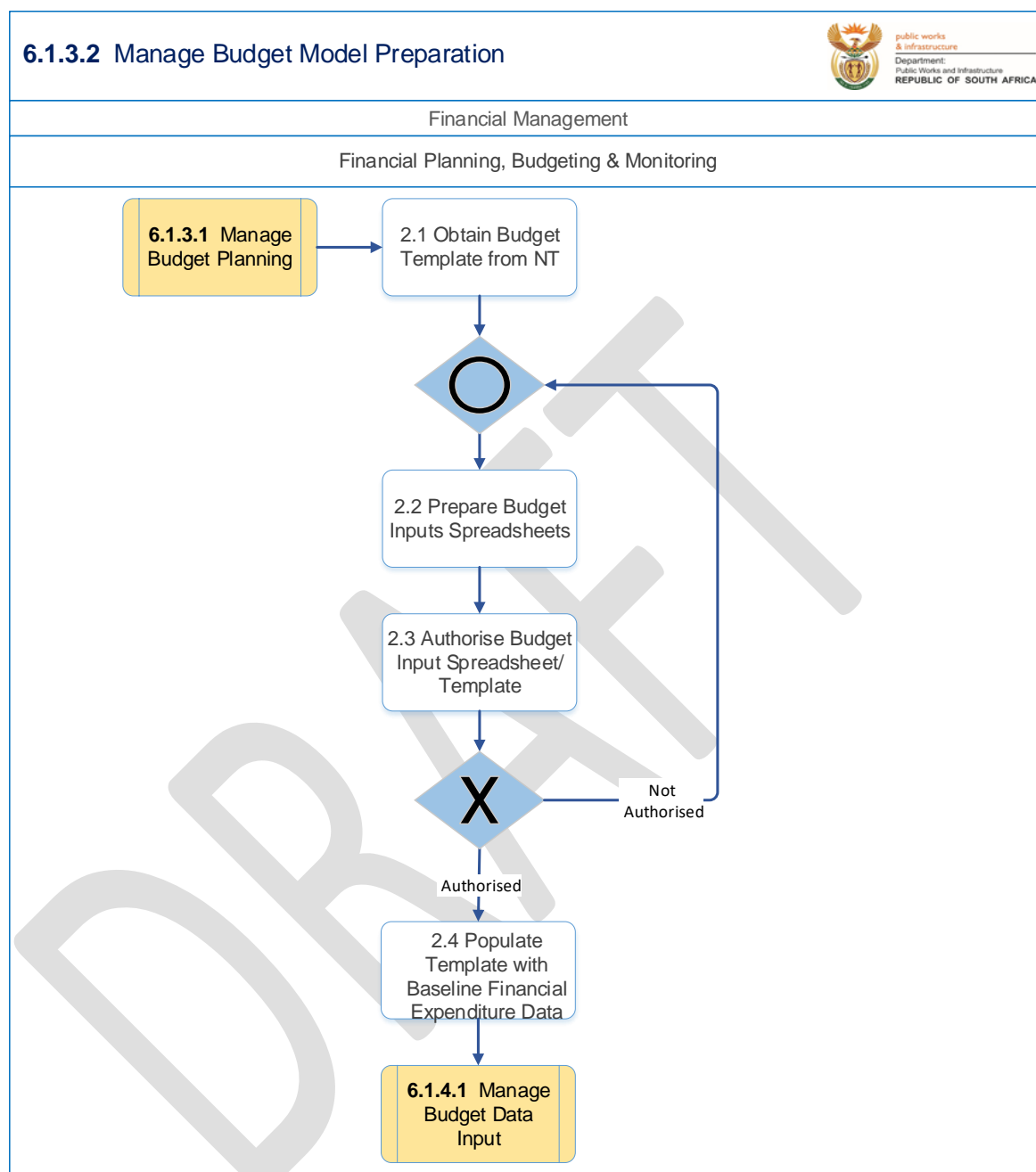| NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	**MANAGE BUDGET PLANNING**			
1.1.	Receive and Review NT Requirements	• Receive NT guidelines or Circular issued to Departments for preparation of MTEF/ENE budget submissions. • On receipt of NT guidelines, the document must be carefully studied to identify impact on the existing Department Financial Planning processes and timelines. • Where necessary, consult with the responsible person within the National Treasury to obtain clarity on any matters therein. *Note:* *The guidelines are issued as envisaged in the NT Regulations in terms of Section 76 of the PFMA.* *The accounting officer of a department must comply with any annual budget circulars issued by the relevant treasury.*	TBA	Finance (Head Office)
1.2.	Advise Top Management on NT Requirements	Advise Top Management on the requirements of NT regarding the MTEF / ENE Budget and Budget Process and timelines	TBA	Finance (Head Office)
1.3.	Prepare and Communicate Budget Project Plan	• Prepare Budget Action Plan (Project Plan) and obtain approval in line with Approved Delegations and Approvals Framework. Ensure that the approved Budget Action Plan (Project Plan) is communicated across the business to ensure that it is implemented effectively.	TBA	Finance (Head Office)
1.4.	Workshop Budget Compilation with Line Managers	• Workshop the budget compilation, according to NT requirements, with all line managers and designated officials. Implement and Monitor the approved Budget Action Plan (Project Plan)	TBA	Finance (Head Office)

5.2.3.2   Manage Budget Model Preparation Process
Diagram 2: Manage Budget Model Preparation Process

Table 2: Manage Budget Model Preparation Activity Process Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
2.	**MANAGE BUDGET MODEL PREPARATION**			
2.1.	Obtain Budget Templates from NT	Obtain/Receive latest approved Budget Templates for NT for capturing of MTEF / ENE Budget submission.	TBA	Finance (Head Office)
2.2.	Prepare Budget Input Spreadsheets	Prepare Internal Budget Input Spreadsheets / Templates for recording of budget inputs, detailing the baseline amounts and the options.	TBA	Finance (Head Office)
2.3.	Authorise Budget Input Spreadsheet/Template	• Obtain approval for Internal Budget Input Spreadsheets / Templates and the approach being taken in line with the Approved Delegations and Approvals Framework.	TBA	Finance (Head Office)
2.4.	Populate Template with Baseline Financial Expenditure Data	• Obtain approved Internal Budget Input Spreadsheets / Templates. • Identify Admin and Line Baseline Amounts. • Capture Financial Expenditure Data of Current Year.	TBA	Finance (Head Office)

5.2.3.3   *Manage Infrastructure Planning Process*
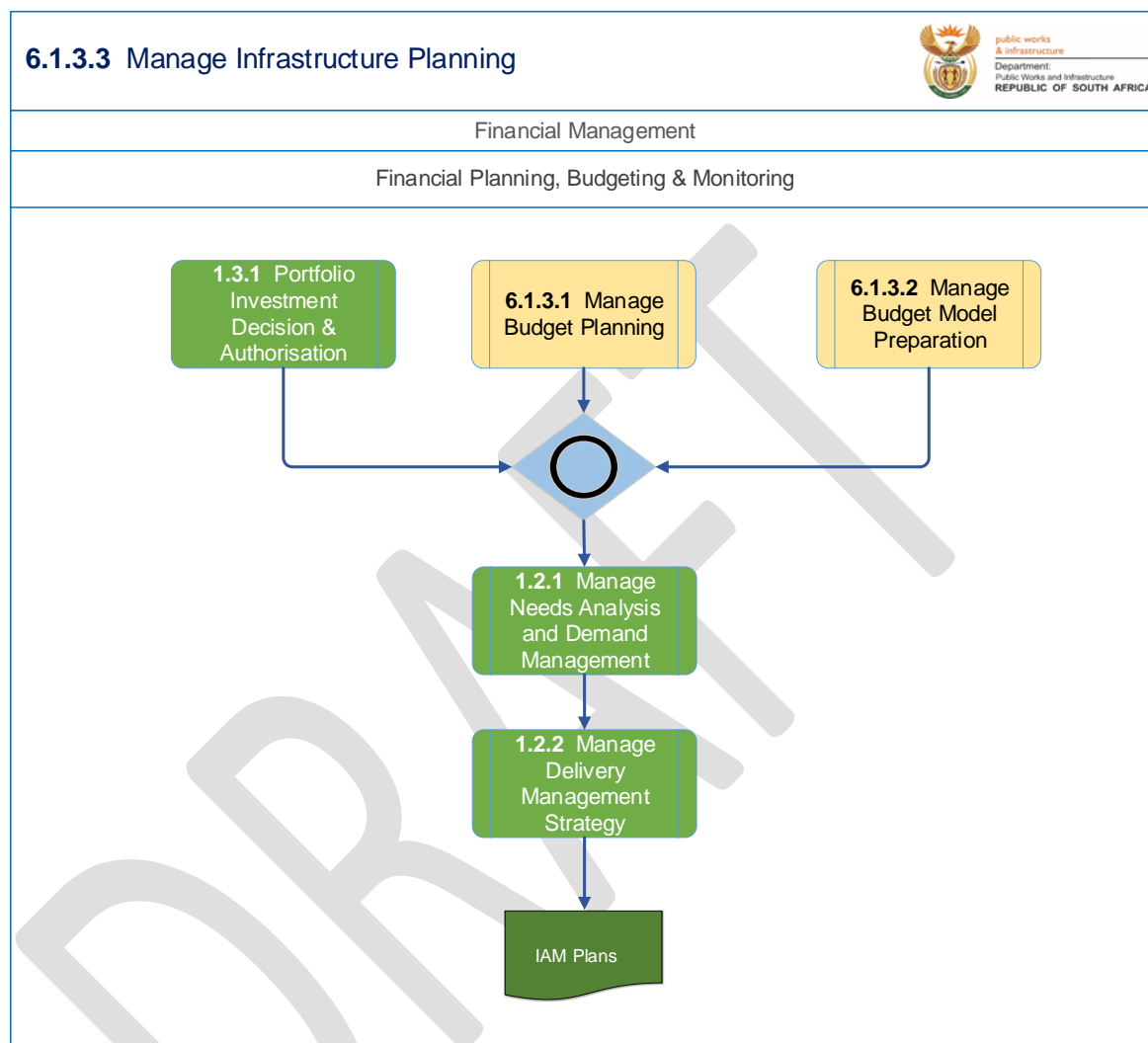
Diagram 3: Manage Infrastructure Planning Process Flow

Table 3: Manage Infrastructure Planning Activity Process Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
3.	**MANAGE INFRASTRUCTURE PLANNING**			
1.2.1 MANAGE NEEDS ANALYSIS & DEMAND MANAGEMENT		Assess Infrastructure Needs in line with **Manage Needs Analysis and Demand Management** Processes	N/A	TBA
1.2.2 MANAGE DELIVERY MANAGEMENT STRATEGY		Prepare Delivery Management Strategy and Infrastructure Management Plans in line with **Manage Delivery Management Strategy** Processes	N/A	TBA

5.2.3.4   Manage Other Budget Plans Process

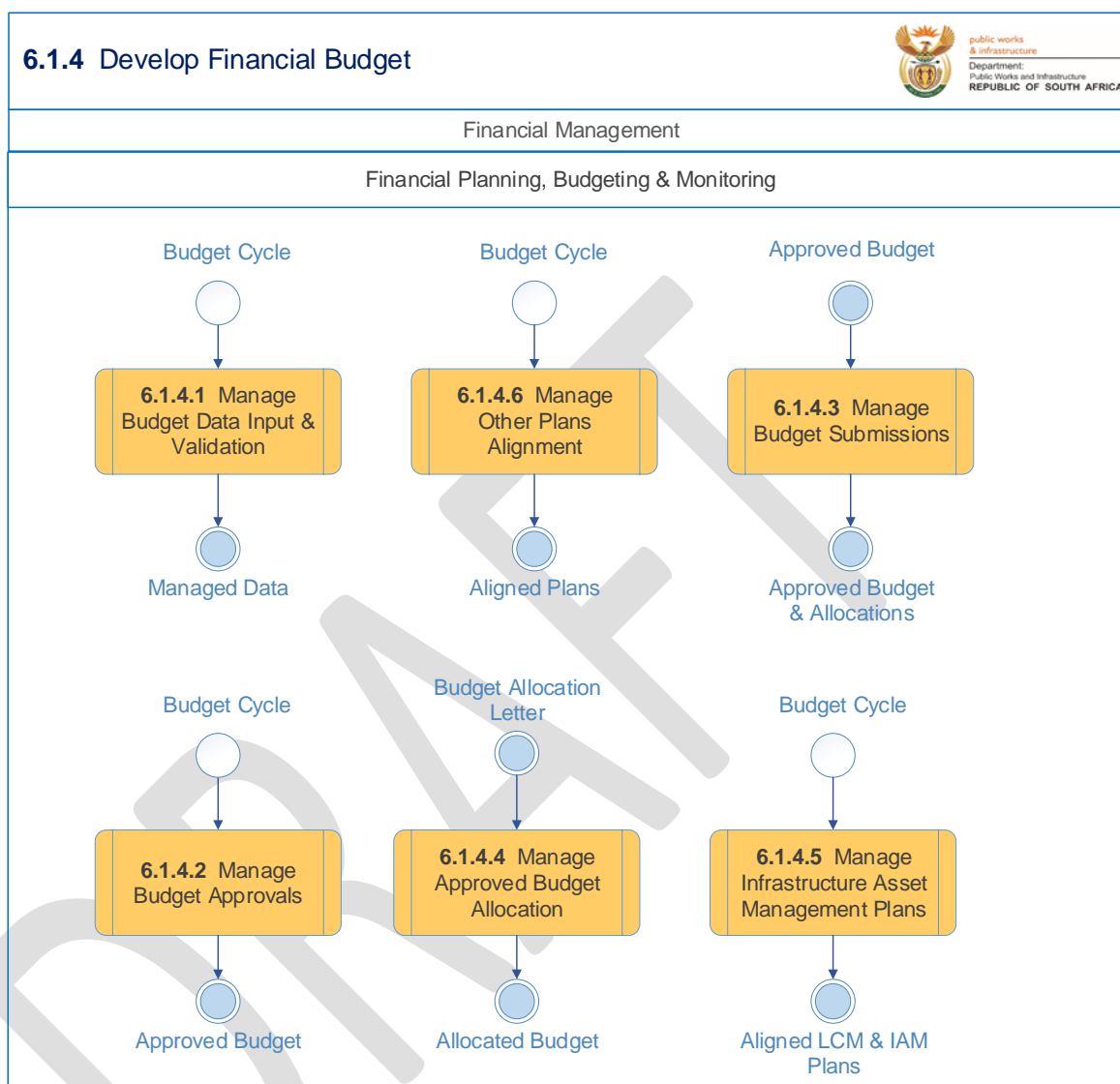**Diagram 4: Manage Other Budget Plans Process Flow**
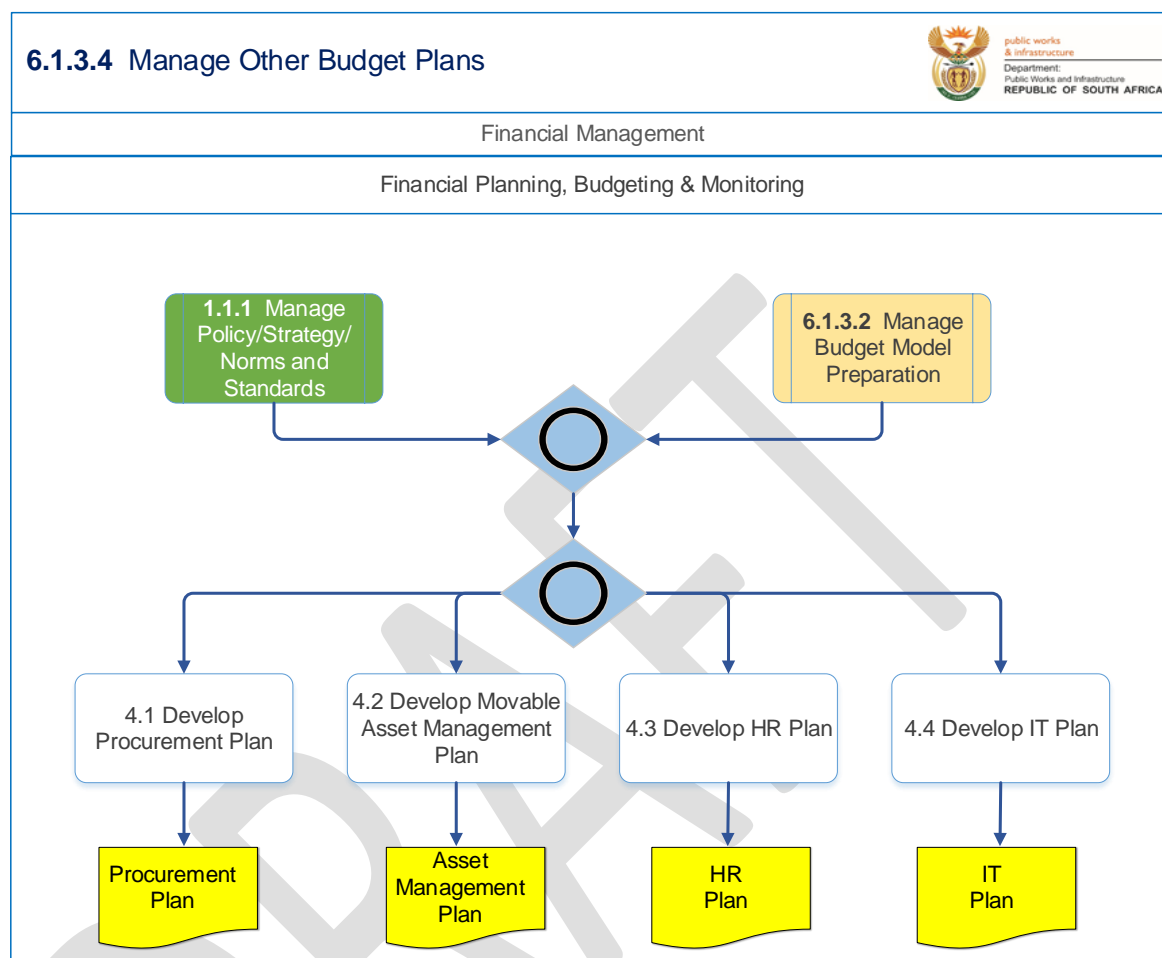
Table 4: Manage Other Budget Plans Activity Process Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
4.	**MANAGE OTHER BUDGET PLANS**			
4.1.	Develop Procurement Plan	• Prepare Procurement Plan in line with Supply Chain Management Processes. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Line Function
4.2.	Develop Movable Asset Plan	• Prepare Movable Asset Plan in line with Asset Management Processes. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Line Function
4.3.	Develop HR Plan	• Prepare Human Resources Plan in line with Departmental HR Processes. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Line Function
4.4.	Develop IT Plan	• Prepare IT Plan in line with Departmental IT Processes. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Line Function

5.2.4 DEVELOP FINANCIAL BUDGET

PROCESS NAME	Develop Financial Budget
PROCESS OBJECTIVE	Ensure efficient and effective resource allocation to Programmes and Sub-Programmes, thereby ensuring effective, efficient, economical and transparent use of the resources of the Department.
INITIATING PARTY / PROCESS	Planning and Budgeting
INITIATING EVENT / TRIGGER	➢ Budget Action Plans ➢ Approved Internal Budget Spreadsheets / Templates
OUTPUT / RECORDS PRODUCED	➢ Approved and Allocated Budgets ➢ Updated Infrastructure Asset Management Plans and Other Plans
GOVERNANCE	➢ NT Regulations /Instruction Notes and Circulars ➢ Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA]

Diagram 0: Develop Financial Budget Processes

6.1.4 Develop Financial Budget

Financial Management

Financial Planning, Budgeting & Monitoring

Budget Cycle → **6.1.4.1** Manage Budget Data Input & Validation → Managed Data

Budget Cycle → **6.1.4.6** Manage Other Plans Alignment → Aligned Plans

Approved Budget → **6.1.4.3** Manage Budget Submissions → Approved Budget & Allocations

Budget Cycle → **6.1.4.2** Manage Budget Approvals → Approved Budget

Budget Allocation Letter → **6.1.4.4** Manage Approved Budget Allocation → Allocated Budget

Budget Cycle → **6.1.4.5** Manage Infrastructure Asset Management Plans → Aligned LCM & IAM Plans

5.2.4.1   *Manage Budget Data Input and Validation Process*
Diagram 1: Manage Budget Data Input and Validation Process Flow

Table 1: Manage Budget Data Input and Validation Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	**MANAGE BUDGET DATA INPUT AND VALIDATION**			
1.1.	Request Budget Inputs from Line Managers (Incl. Projects)	• Prepare covering letter to Line Managers requesting budget inputs accompanied by Approved Internal Budget Spreadsheets / Templates. • Line Managers (including Projects) to populate Approved Internal Budget Spreadsheets / Templates and provide any further information as may be required. • Obtain Internal Approval for Line Manager (including Projects) inputs in line with Approved Delegations and Approvals Framework.	TBA	Financial Planning and Budgeting (Head Office)
1.2.	Conduct Budget Validation Meetings	• Receive approved Line Manager (including Projects) inputs and assess for reasonability. • Conduct Internal Budget Validation meetings with Line Managers (including Projects) to ensure validity, accuracy and completeness of budget information provided. *Note:* *Ensure that any changes from validation process are made prior to consolidation of validated inputs.*	TBA	Financial Planning and Budgeting (Head Office)
1.3.	Consolidate Validated Budget Inputs and Evaluate	• Consolidate all final Validated Budget Inputs ensuring that all validated inputs are incorporated. • Evaluate Consolidated Budget Input amounts and identify any re-prioritisation opportunities / needs. *Note:* *During the evaluation and consolidation, the following should be considered:* • *Ensure that the consolidated MTEF baseline amounts are in line with the ENE baseline amounts;*	TBA	Financial Planning and Budgeting (Head Office)

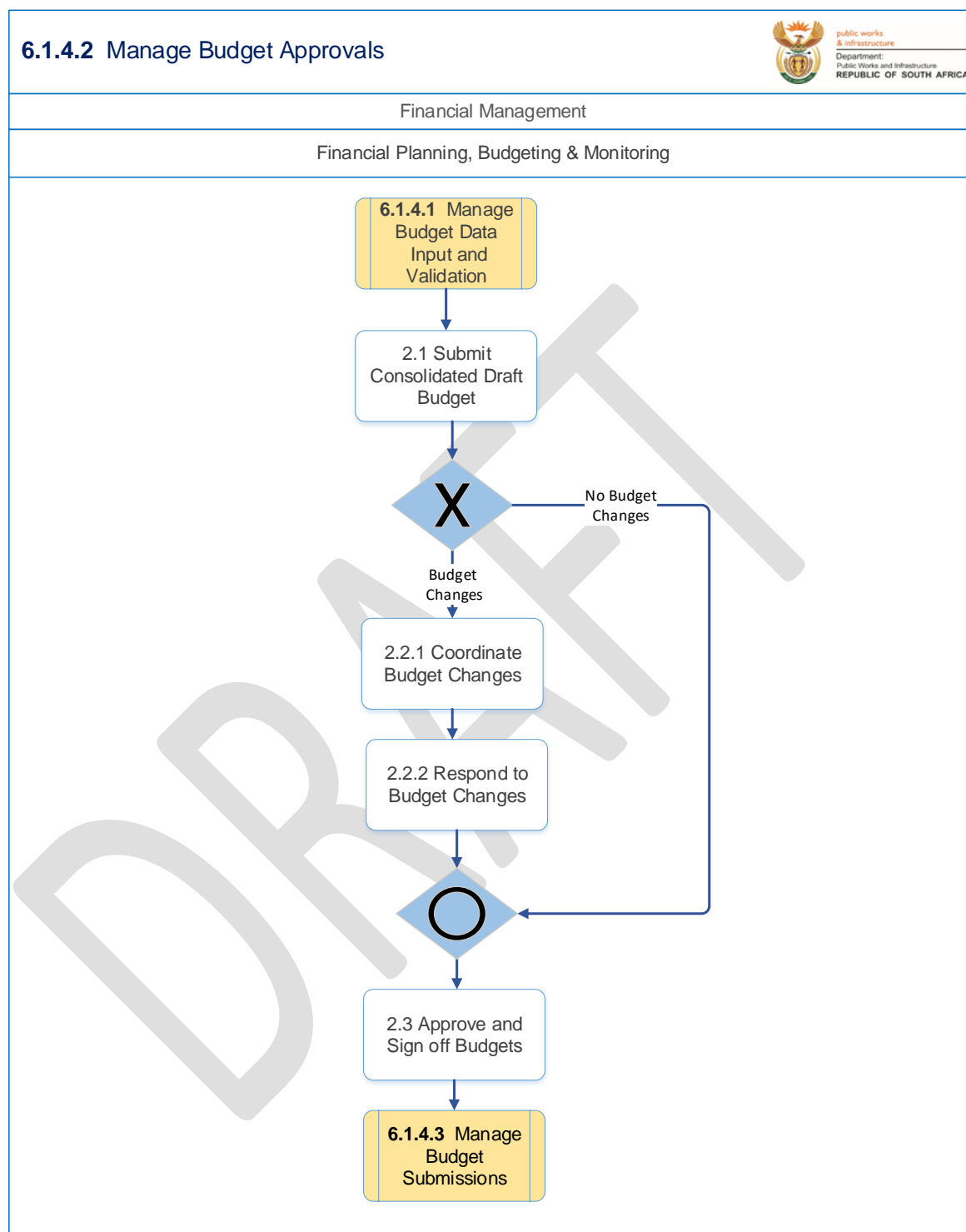| NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
		• *All matters related to new policy development and/or policy changes, which have financial implications, are included in the options; and* • *The consolidated submission complies with the prescribed format and requirements of NT.*		
1.4.	Request Budget Re-prioritisation (where Necessary)	• Request line managers to re-prioritise the baseline amount, where necessary. • Line managers to make the suggested changes and Re-submit the budget with the changes. • Receive credible inputs from Line Managers for re-evaluation and consolidation.	TBA	Financial Planning and Budgeting (Head Office / Regions)
1.5.	Align Consolidated Lifecycle Management (LCM) Plan and Funding Requests with Budget	Align Consolidated Lifecycle Management (LCM) Plan and Funding Requests with re-prioritised Budget in line with **Manage Delivery Management Strategy** Processes.	TBA	Financial Planning and Budgeting (Head Office)
6.1.4.6 MANAGE OTHER PLANS ALIGNMENT		• Align Other Plans as per **Manage Other Plans Alignment** Processes.	TBA	Financial Planning and Budgeting (Head Office)
1.6.	Consolidate Database and Narratives	• Finalise and Consolidated Budget Database and Narratives for submission and approval.	TBA	Financial Planning and Budgeting (Head Office)

5.2.4.2   Manage Budget Approvals Process
Diagram 2: Manage Budget Approvals Process Flow

Table 2: Manage Budget Approvals Activity Process Detail Table

	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
2.	**MANAGE BUDGET APPROVALS**			
2.1.	Submit Consolidated Draft Budgets for Internal Approval	• Receive Final Consolidated Budget Database and Narratives for internal approval. • Review of Draft Budget in line with the Approved Delegations and Approvals Framework.	Manual	Financial Planning and Budgeting (Head Office)
2.2.	Coordinate and Respond to Budget Changes (where required)	• Respond to any queries, information requests or Requests to make changes to consolidated budget, where necessary. • Line managers to make the suggested changes and Re-submit the budget with the changes.	Manual	Financial Planning and Budgeting (Head Office / Regions)
2.3.	Approve and Sign off Budgets	• Receive Final Budget Submission with Changes for re-evaluation and approval. • Obtain internal Approval for Budget as per Approved Delegations and Approvals Framework. *Note:* *The Approved Delegations and Approvals Framework should include both EXCO and Budget Committee Approvals.*	Manual	Financial Planning and Budgeting (Head Office)

5.2.4.3   Manage Budget Submissions Process
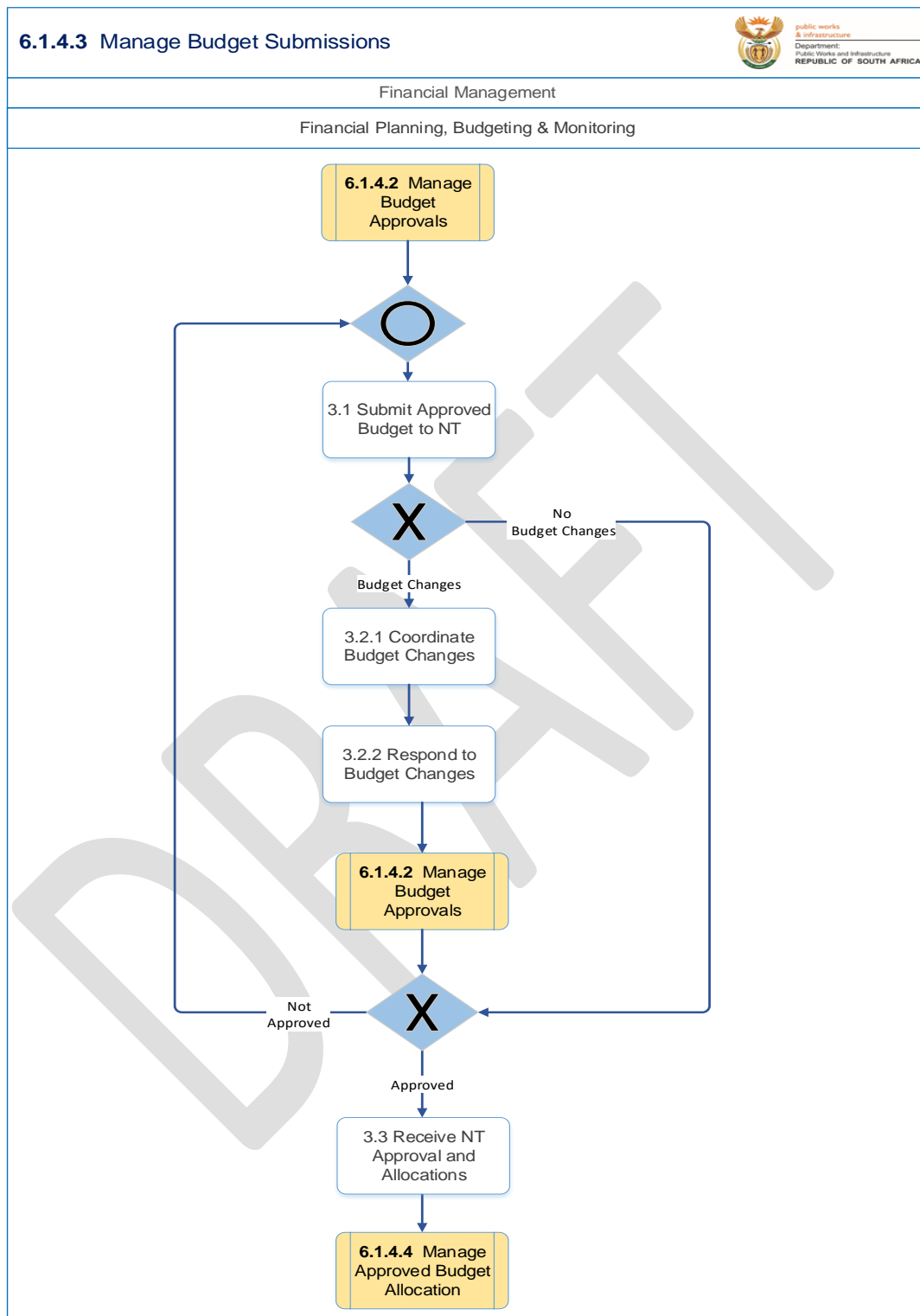**Diagram 3: Manage Budget Submissions Process Flow**

Table 3: Manage Budget Submission Activity Process Detail Table

	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
3.	**MANAGE BUDGET SUBMISSION**			
3.1.	Submit Approved Budget to NT	• Receive Internally Approved Budget for submission. • Submit the Approved Budget to NT including the database and narratives.	Manual	Financial Planning and Budgeting (Head Office)
3.2.	Coordinate and Respond to NT Budget Inputs (where required)	• Respond to National Treasury queries, information requests or Requests to make changes to consolidated budget, where necessary. • Line managers to make the suggested changes and Re-submit the budget with the changes.	Manual	Financial Planning and Budgeting (Head Office / Regions)
6.1.2 MANAGE BUDGET APPROVALS (Where required)		• Obtain approvals for amended Budget to be submitted in line with **Manage Budget Approvals Process** already outlined above.	TBA	Manual
3.3.	Receive NT Approvals and Allocations	• Receive final National Treasury approvals and Budget allocation letter.	Manual	Financial Planning and Budgeting (Head Office)

5.2.4.4 *Manage Approved Budget Allocation Process*
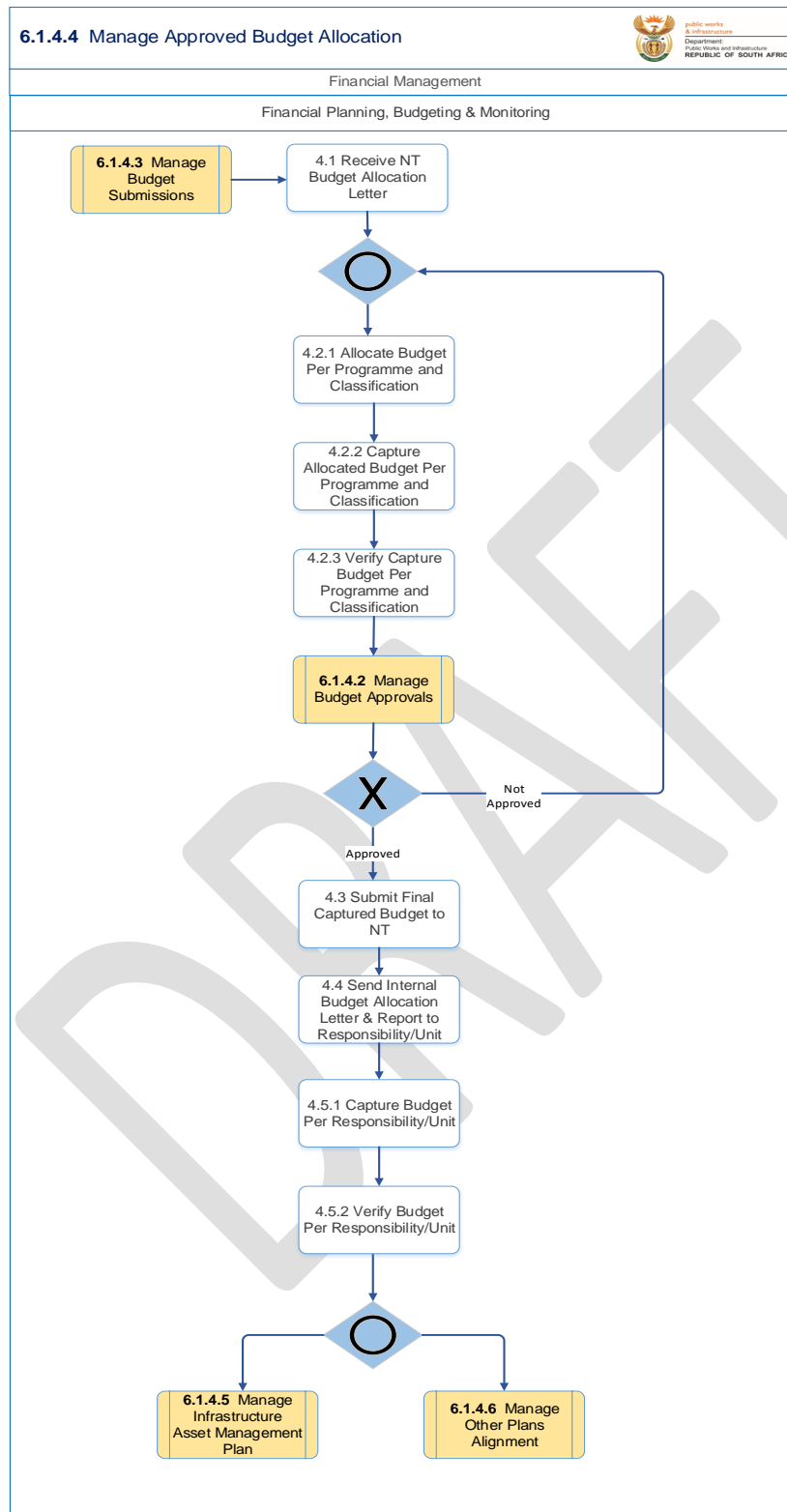**Diagram 4: Manage Approved Budget Allocation Process Flow**

Table 4: Manage Approved Budget Allocation Activity Process Detail Table

	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
4.	**MANAGE APPROVED BUDGET ALLOCATION**			
4.1.	Receive NT Budget Allocation Letter	• Receive final National Treasury approvals and Budget allocation letter.	Manual	Financial Planning and Budgeting (Head Office)
4.2.	Allocate, Capture and Verify Budget per Program and Classification	• Allocate Budget per Programme and Responsibility. • Capture Approved Budget per Programme and Responsibility. • Verify Capturing to ensure that the captured Budget balances with the approved budget.	Manual	Financial Planning and Budgeting (Head Office)
6.1.4.2 MANAGE BUDGET APPROVALS		• Obtain Approval for Captured Budget in line with **Manage Budget Approvals** Process already outlined above.	Manual	Manual
4.3.	Submit Final Captured Budget to NT	• Receive Internally Approved Budget for submission to National Treasury. • Submit the Final Captured Budget to National Treasury. • Receive Spending Letter from National Treasury.	Manual	Financial Planning and Budgeting (Head Office)
4.4.	Send Internal Budget Allocation Letter and Reports to Responsibility/Units	• Prepare and forward Internal Budget Allocation Letters to Responsibility / Units – in line with Final Approved Captured Budget.	Manual	Financial Planning and Budgeting (Head Office)
4.5.	Capture and Verify Budget per Responsibility/Unit	• Capture allocated budget to each HO responsibility according to work sheets from the lowest level to programme level. • Obtain reports to verify the correctness of the allocations on the system against the allocations on the worksheets. • Forward final reports to Programme and Responsibility Managers when budget capturing is finalised.	Manual	Financial Planning and Budgeting (Head Office / Regions)

5.2.4.5   Manage Infrastructure Asset Management Plans Process
Diagram 5: Manage Infrastructure Asset Management Plans Process Flow
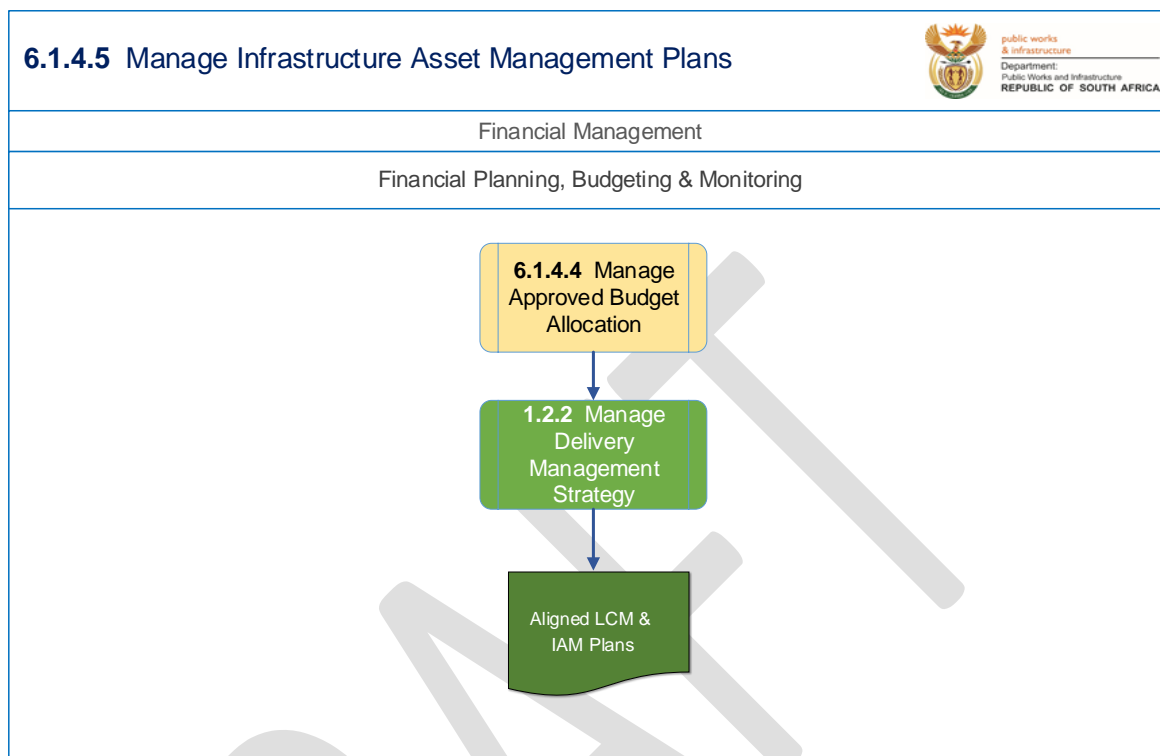
6.1.4.5 Manage Infrastructure Asset Management Plans

Financial Management

Financial Planning, Budgeting & Monitoring

6.1.4.4 Manage Approved Budget Allocation

1.2.2 Manage Delivery Management Strategy

Aligned LCM & IAM Plans

Table 5: Manage Infrastructure Asset Management Plans Activity Process Detail Table

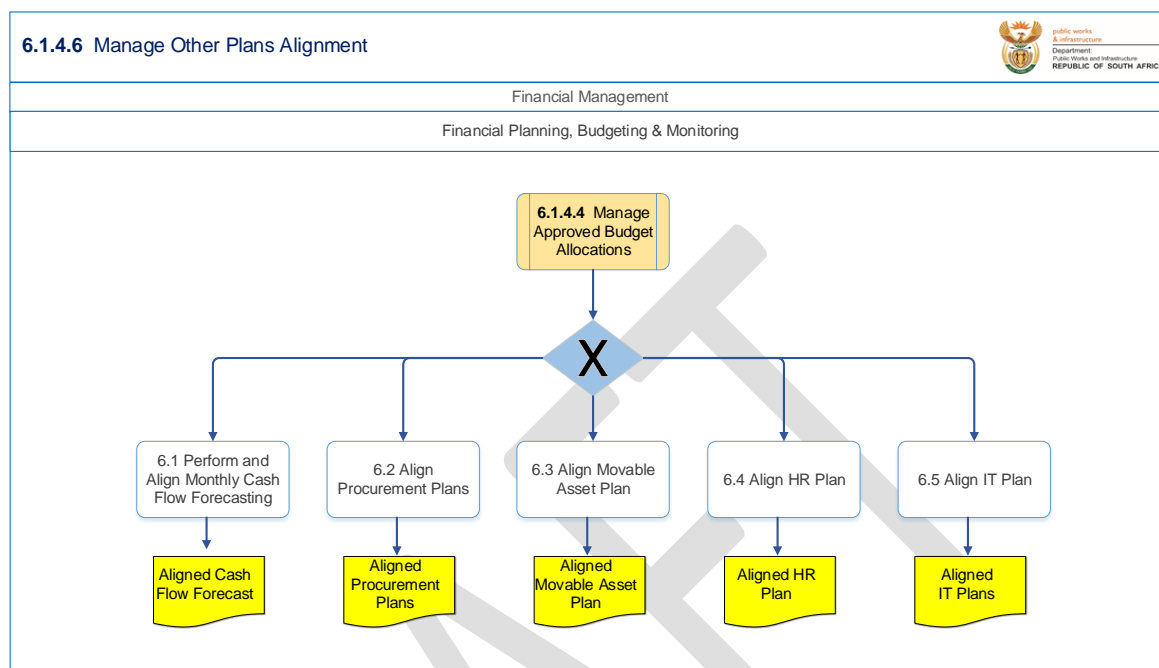|	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
5.	MANAGE INFRASTRUCTURE ASSET MANAGEMENT PLANS			
1.2.2 MANAGE DELIVERY MANAGEMENT STRATEGY		Align and Update Consolidated LCM Plan and IAM Plan in line with **Manage Delivery Management Strategy** Processes.	TBA	TBA

5.2.4.6   Manage Other Plans Alignment Process
Diagram 6: Manage Other Plans Alignment Process Flow

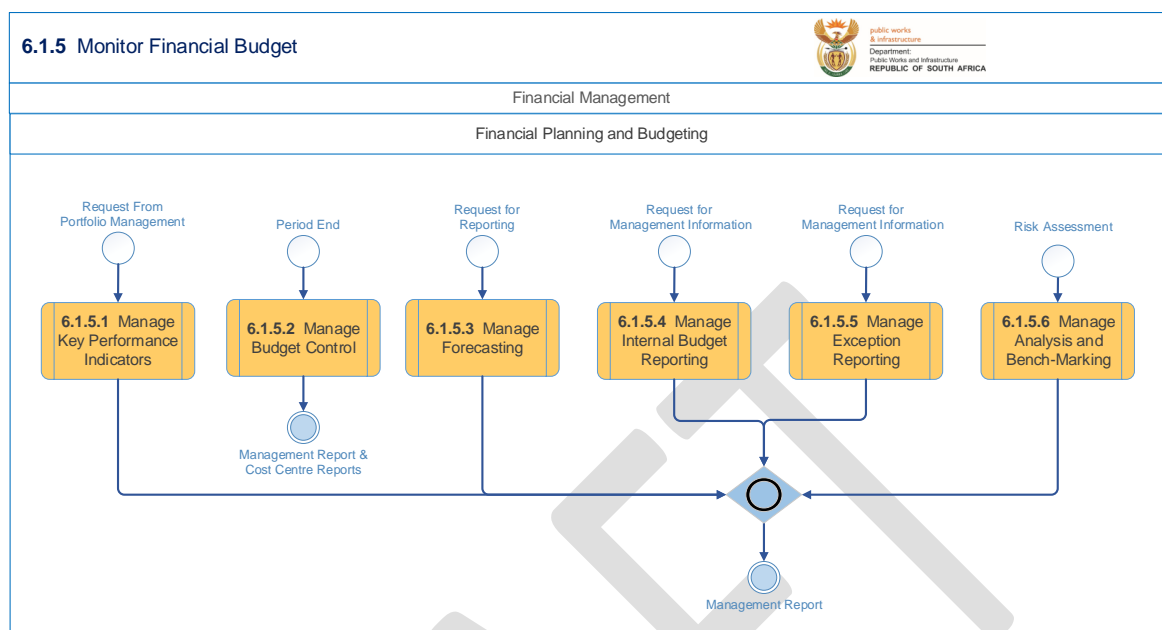**Table 6: Manage Other Plans Alignment Activity Process Detail Table**

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
6.	**MANAGE OTHER PLANS ALIGNMENT**			
6.1.	Perform and Align Monthly Cash-Flow Forecasting	• Obtain Approved Budget and Allocations. • Align Monthly Cash Flow Forecasting for Responsibility / Unit. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Financial Planning and Budgeting (Head Office / Regions)
6.2.	Align Procurement Plan	• Obtain Approved Budget and Allocations. • Align Procurement Plan for Responsibility / Unit. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Financial Planning and Budgeting
6.3.	Align Movable Asset Plan	• Obtain Approved Budget and Allocations. • Align Movable Asset Plan for Responsibility / Unit. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Financial Planning and Budgeting
6.4.	Align HR Plan	• Obtain Approved Budget and Allocations. • Align Human Resources Plan for Responsibility / Unit. • Obtain Internal Approval in line with Approved Delegations and Approvals Framework.	Manual	Financial Planning and Budgeting
6.5.	Align IT Plan	• Obtain Approved Budget and Allocations. • Align IT Plan for Responsibility / Unit.	Manual	Financial Planning and Budgeting

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
		• Obtain Internal Approval in line with Approved Delegations and Approvals Framework.		

5.2.5 MONITOR FINANCIAL BUDGET

PROCESS NAME	Monitor Financial Budget
PROCESS OBJECTIVE	To ensure budget is utilised effectively in line with Approved Budget, minimise wasteful and inefficient use of limited resources, whilst reducing risk of incurring irregular expenditure.
INITIATING PARTY / PROCESS	Planning and Budgeting
INITIATING EVENT / TRIGGER	➢ Budget Control Framework ➢ Period end close
OUTPUT / RECORDS PRODUCED	➢ Internal Cost Centre Reports ➢ Management Reports ➢ Compliance Reports to NT
GOVERNANCE	➢ NT Regulations /Instruction Notes and Circulars ➢ Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA]

Diagram 0: Monitor Financial Budget Processes

6.1.5 Monitor Financial Budget

Financial Management

Financial Planning and Budgeting

Request From Portfolio Management

6.1.5.1 Manage Key Performance Indicators

Period End

6.1.5.2 Manage Budget Control

Management Report & Cost Centre Reports

Request for Reporting

6.1.5.3 Manage Forecasting

Request for Management Information

6.1.5.4 Manage Internal Budget Reporting

Request for Management Information

6.1.5.5 Manage Exception Reporting

Risk Assessment

6.1.5.6 Manage Analysis and Bench-Marking
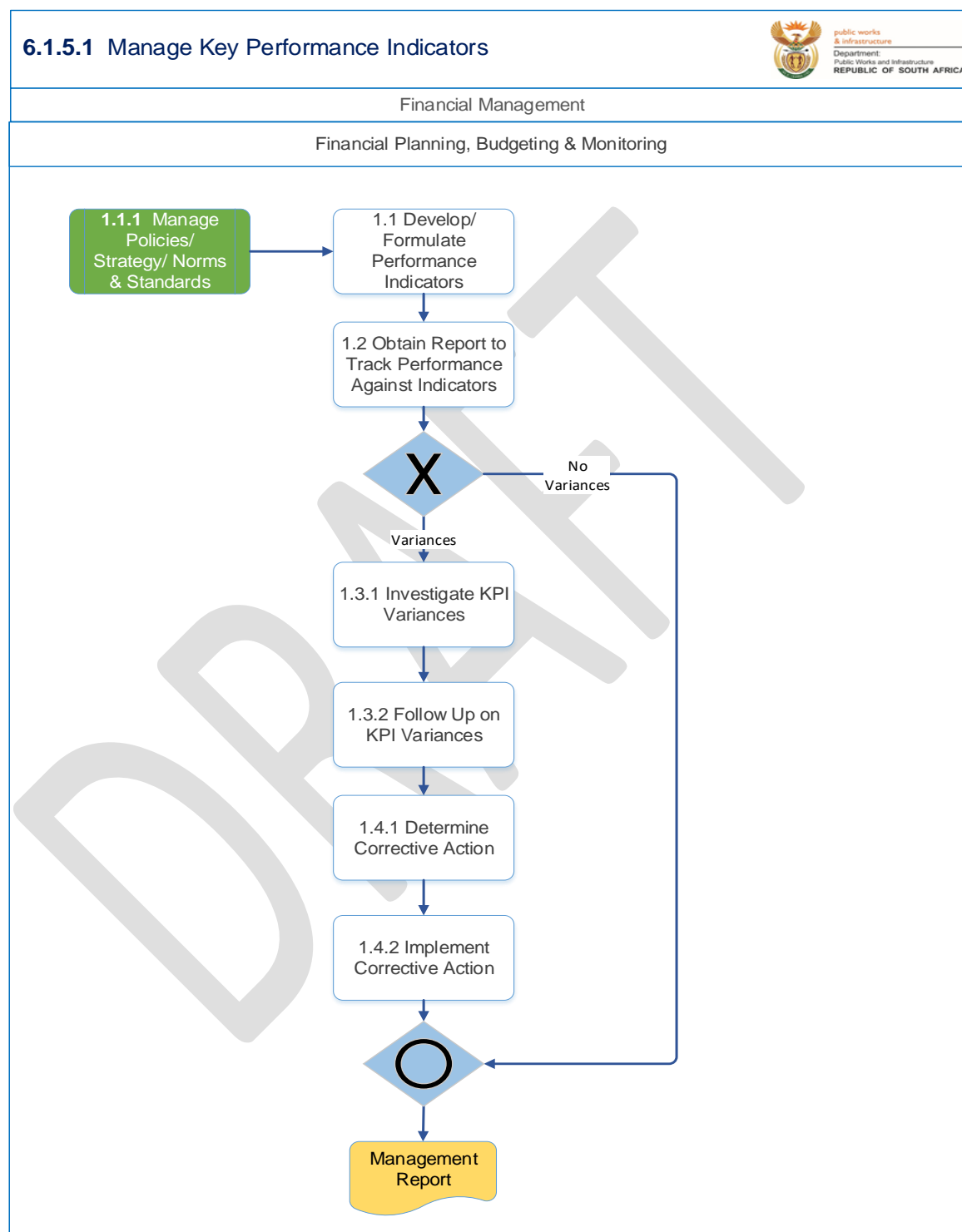
Management Report

5.2.5.1 Manage Key Performance Indicators Process
Diagram 1: Manage Key Performance Indicators Process Flow

6.1.5.1 Manage Key Performance Indicators

Financial Management

Financial Planning, Budgeting & Monitoring

- **1.1.1** Manage Policies/ Strategy/ Norms & Standards
- 1.1 Develop/ Formulate Performance Indicators
- 1.2 Obtain Report to Track Performance Against Indicators
- X — No Variances / Variances
- 1.3.1 Investigate KPI Variances
- 1.3.2 Follow Up on KPI Variances
- 1.4.1 Determine Corrective Action
- 1.4.2 Implement Corrective Action
- Management Report

Table1: Manage Key Performance Indicators Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	**MANAGE KEY PERFORMANCE INDICATORS**			
1.1.	Develop / Formulate Performance Indicators	• Develop and Formulate Financial Planning and Budgeting related KPI(s). _Note:_ _Ensure that these align to or support the achievement of the overall KPIs for the organisation._	Manual	Financial Planning and Budgeting (Head Office)
1.2.	Obtain Report to Track Performance Against Indicators	• Obtain report to track performance against indicators. • Review and analyse the report information, including calculating of performance percentages (e.g. target vs actual) and projections for the remainder of the year.	Manual	Financial Planning and Budgeting (Head Office / Regions)
1.3.	Investigate and Follow Up Variances	• Identify any issues that may impact KPI(s) achievement or where performance is not in line with expectations. • Follow up and conduct a more detailed analysis of any issues identified through interactions with the Regions / Responsibility / Project Managers indicating any variances with the reasons thereof.	Manual	Financial Planning and Budgeting (Head Office / Regions)
1.4.	Determine and Implement Corrective Actions	• Establish and Implement corrective actions. • Monitor corrective actions to assess impact and implementation success. • Provide input into Internal Management Reports.	Manual	Financial Planning and Budgeting (Head Office / Regions)

5.2.5.2 *Manage Budget Control Process*
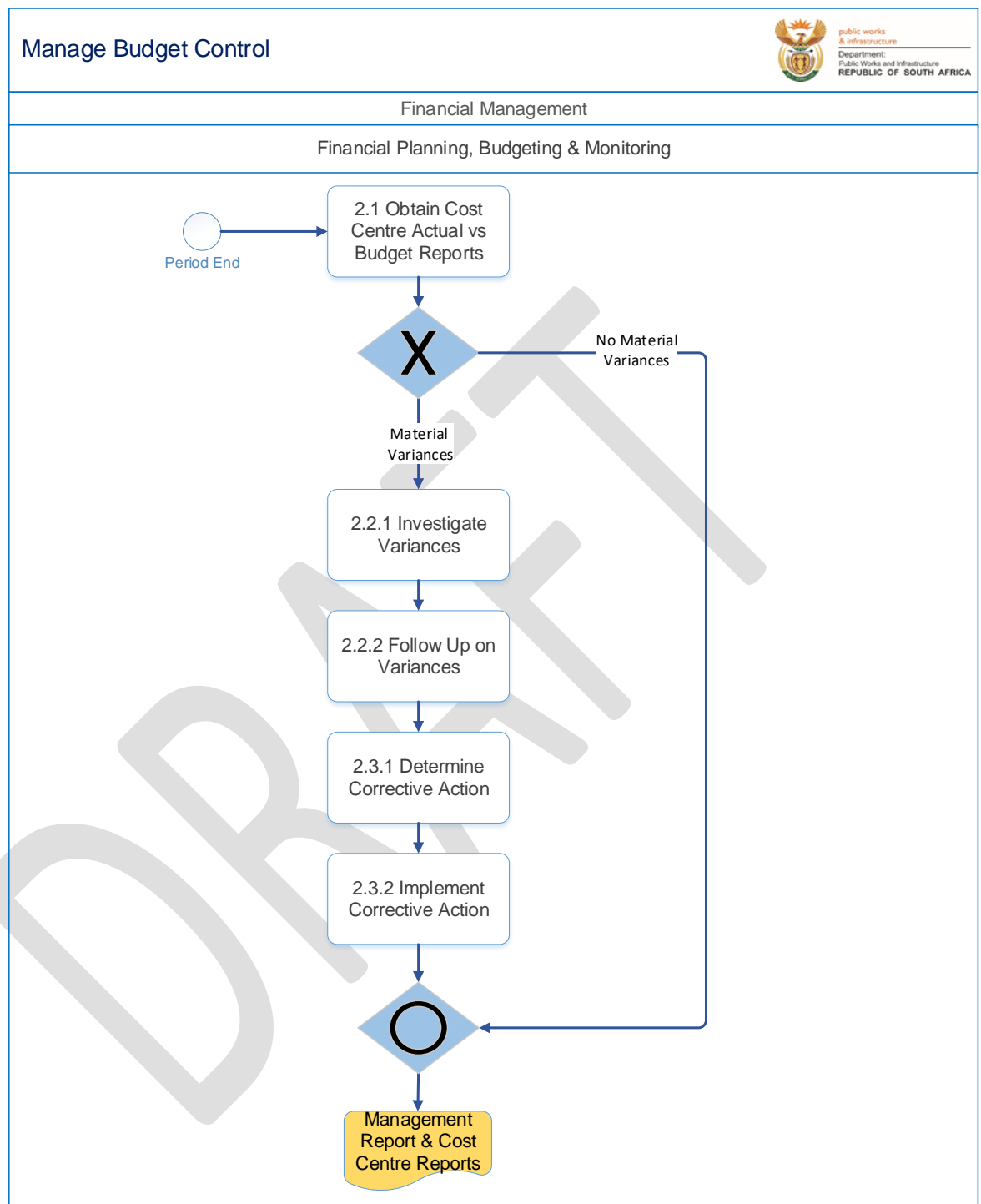### Diagram 2: Manage Budget Control Process Flow

Table 2: Manage Budget Control Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
2.	**MANAGE BUDGET CONTROL**			
2.1.	Obtain Cost Centre Actual vs Budget Reports	• Obtain information on Budget and YTD Budget, YTD Actual, Commitments etc. for each Cost Centre. • Review and analyse the report information, including calculating of spending percentages (e.g. budget vs actual) and projections for the remainder of the year. *Note:* *The report should be generated for all regions / responsibility, as well as Projects, at the same time.*	Manual	Financial Planning and Budgeting (Head Office / Regions)
2.2.	Investigate and Follow Up Variances	• Identify any issues that may impact Budget spending / savings achievement or where performance is not in line with expectations. • Follow up and conduct a more detailed analysis of any issues through interactions with the Regions / Responsibility / Project Managers indicating any variances / incorrect allocations with the reasons thereof. *Note:* *All incorrect allocations should be corrected using the processes outlined in Financial Accounting and Reporting.*	Manual	Financial Planning and Budgeting (Head Office / Regions)
2.3.	Determine and Implement Corrective Actions	• Establish and Implement corrective actions. • Monitor corrective actions to assess impact and implementation success. • Provide input into Internal Budget Reporting process.	Manual	Financial Planning and Budgeting (Head Office / Regions)

5.2.5.3   *Manage Forecasting Process*
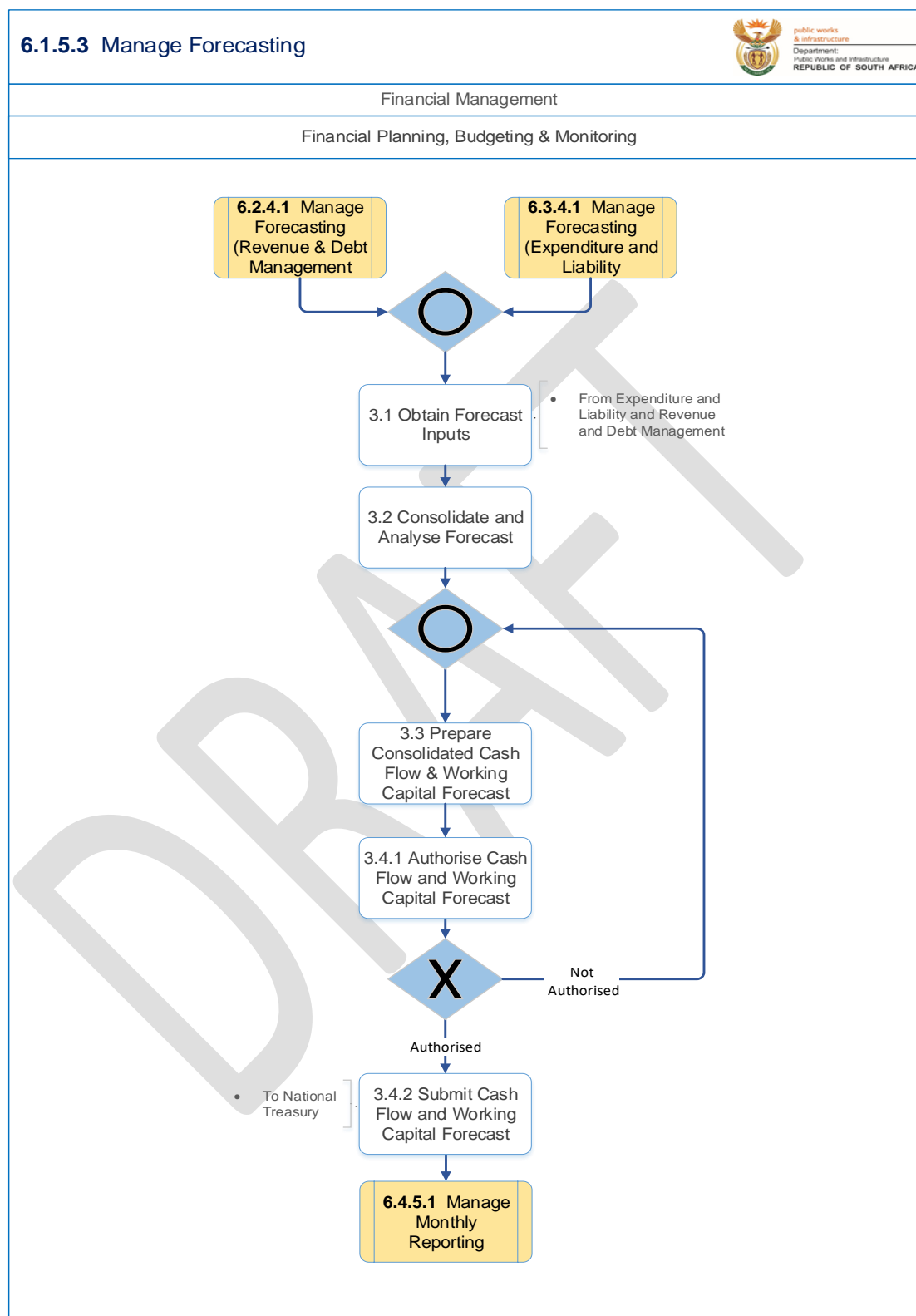
Diagram 3: Manage Forecasting Process Flow

6.1.5.3 Manage Forecasting

Financial Management

Financial Planning, Budgeting & Monitoring

6.2.4.1 Manage Forecasting (Revenue & Debt Management

6.3.4.1 Manage Forecasting (Expenditure and Liability

3.1 Obtain Forecast Inputs

- From Expenditure and Liability and Revenue and Debt Management

3.2 Consolidate and Analyse Forecast

3.3 Prepare Consolidated Cash Flow & Working Capital Forecast

3.4.1 Authorise Cash Flow and Working Capital Forecast

X — Not Authorised

Authorised

- To National Treasury

3.4.2 Submit Cash Flow and Working Capital Forecast

6.4.5.1 Manage Monthly Reporting

Table 3: Manage Forecasting Process Activity Detail Table

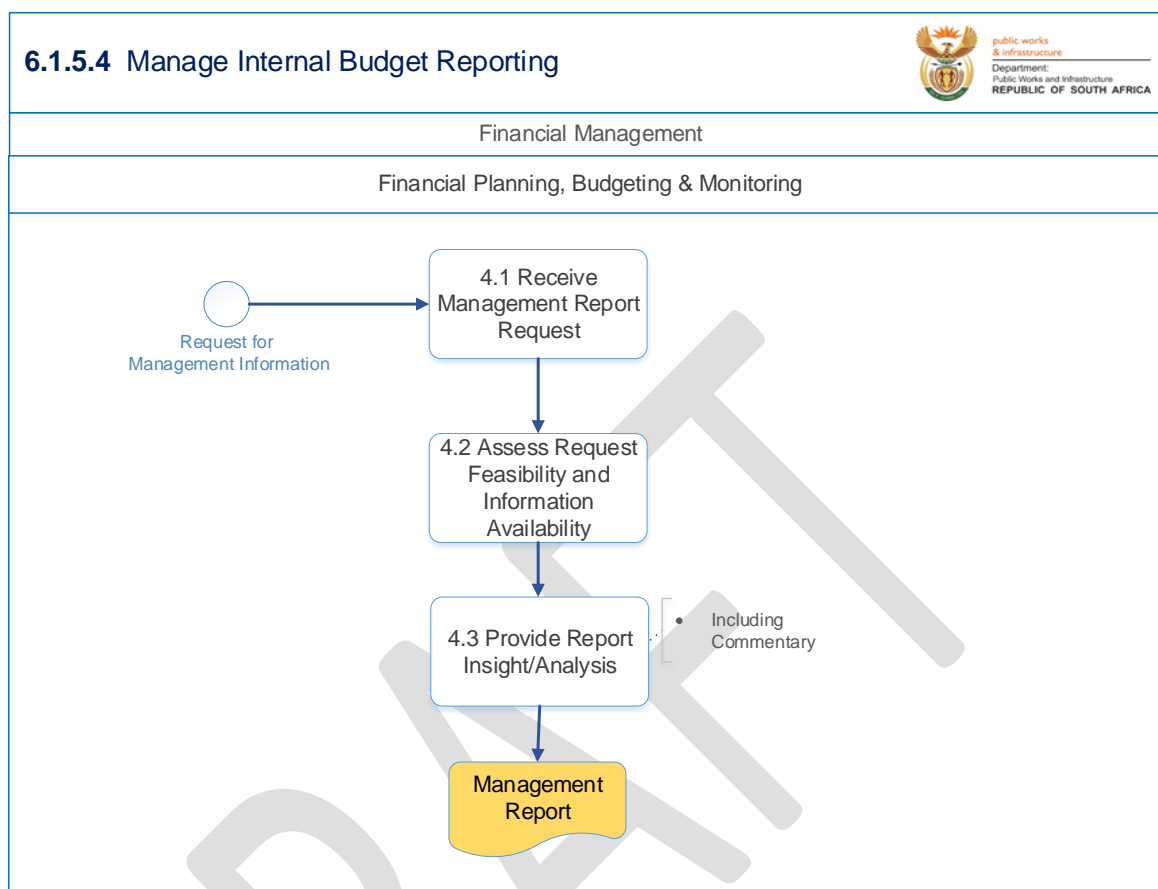| NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
3.	**MANAGE FORECASTING**			
3.1.	Obtain Forecast Inputs from Expenditure and Revenue	• Request Cash Flow Forecast inputs for Expenditure and Liabilities Management as well as Revenue and Debt Management.	TBA	Financial Planning and Budgeting (Head Office)
3.2.	Consolidate and Analyse Forecasts	• Receive Approved Cash Flow Forecast inputs and review for reasonability. • Consolidated Forecasts received and analyse outputs.	TBA	Financial Planning and Budgeting (Head Office)
3.3.	Prepare Consolidated Cash Flow and Working Capital Forecast	• Request additional information and/or Adjustments from Originator. • Prepare Consolidated Cash Flow and Working Capital documents using the inputs from all units and Regions.	TBA	Financial Planning and Budgeting (Head Office)
3.4.	Authorise and Submit to National Treasury	• Obtain Internal Approval in line with the Approved Delegations and Approvals Framework. • Submit Approved Forecast to National Treasury in line with compliance requirements.	TBA	Financial Planning and Budgeting (Head Office)

5.2.5.4   Manage Internal Budget Reporting Process
Diagram 4: Manage Internal Budget Reporting Process Flow

6.1.5.4 Manage Internal Budget Reporting

Financial Management

Financial Planning, Budgeting & Monitoring

Request for Management Information

4.1 Receive Management Report Request

4.2 Assess Request Feasibility and Information Availability

4.3 Provide Report Insight/Analysis

- Including Commentary

Management Report

Table 4: Manage Internal Budget Reporting Process Activity Detail Table

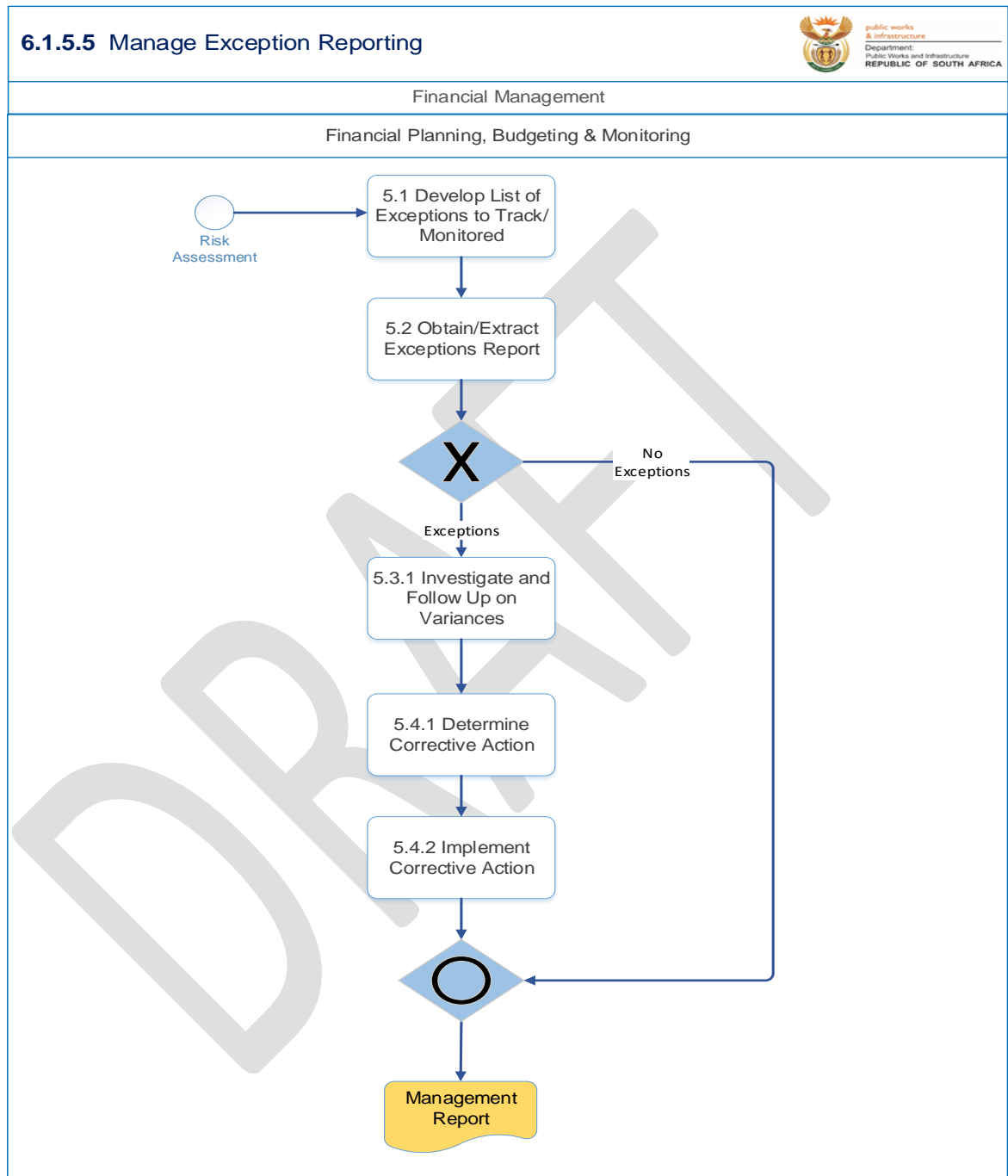| NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
4.	**MANAGE INTERNAL BUDGET REPORTING**			
4.1.	Receive request for Management Report	• Receive Internal Report Request from an internal stakeholder/recipient to generate a report based on business or ad hoc needs. • Ensure that such Request has been approved by Requesting Unit in line with Approved Delegations and Approvals Framework.	TBA	Financial Planning and Budgeting (Head Office)
4.2.	Assess Feasibility of Request and availability of information	• Assess Data Availability and Relevance of Internal Report requested and use of the Report Information. • Approve Internal Reporting Request in line with Approved Delegations and Approval Framework.	TBA	Financial Planning and Budgeting (Head Office)
4.3.	Provide Report and Insight / Analysis (including Commentary) to Business	• Collate Report Data and information in line with Request or Needs. • Consolidate Internal Report including commentary and insights on key issues. • Submit Reports, with insights, to Management and/or Requestor.	TBA	Financial Planning and Budgeting (Head Office / Regions)

5.2.5.5   Manage Exception Reporting Process
Diagram 5: Manage Exception Reporting Process Flow

6.1.5.5 Manage Exception Reporting

Financial Management

Financial Planning, Budgeting & Monitoring

Risk Assessment

5.1 Develop List of Exceptions to Track/ Monitored

5.2 Obtain/Extract Exceptions Report

X

No Exceptions

Exceptions

5.3.1 Investigate and Follow Up on Variances

5.4.1 Determine Corrective Action

5.4.2 Implement Corrective Action

Management Report

Table 5: Manage Exception Reporting Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
5.	**MANAGE EXCEPTION REPORTING**			
5.1.	Develop List of Exceptions to be Tracked / Monitored	• Develop and Formulate List of Exceptions to be Tracked / Monitored using IT system. • Provide the list to IT for Systems Implementation. **_Note:_** _Ensure that these are limited to Financial Planning related Exceptions._	TBA	Financial Planning and Budgeting (Head Office)
5.2.	Obtain/Extract a Report of Exceptions	• Obtain/extract daily report on any exceptions identified. • Review and analyse the report information including source / origination of exceptions and identify any trends (where applicable).	TBA	Financial Planning and Budgeting (Head Office / Regions)
5.3.	Investigate and Follow up on All Exceptions	• Follow up and conduct a more detailed investigation of all exceptions indicating any variances with the reasons thereof.	TBA	Financial Planning and Budgeting (Head Office / Regions)
5.4.	Determine and Implement Corrective Actions	• Establish and Implement corrective actions. • Monitor corrective actions to assess impact and implementation success. • Provide input into Internal Management Reports.	TBA	Financial Planning and Budgeting (Head Office / Regions)

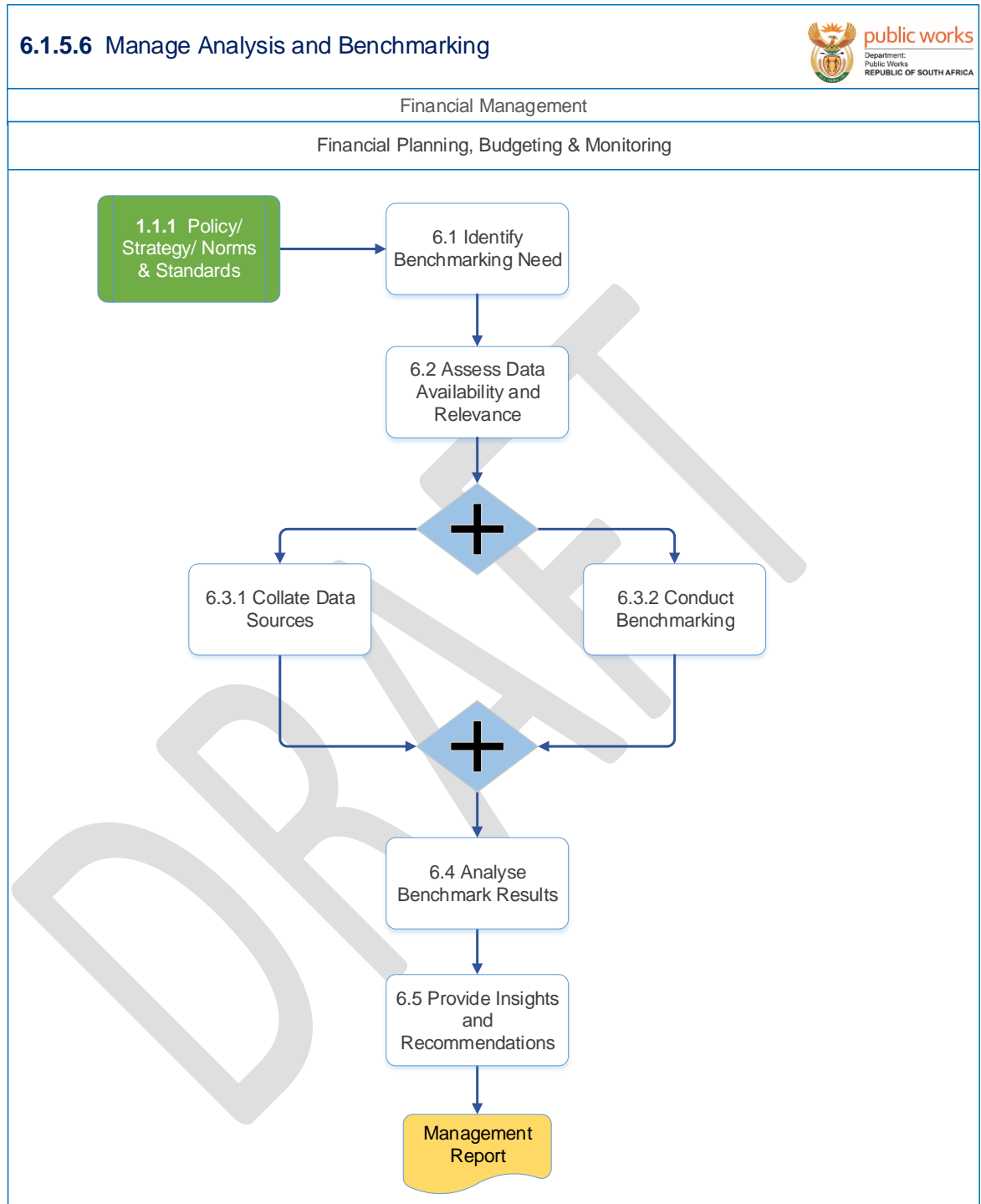5.2.5.6   Manage Analysis and Benchmarking Process

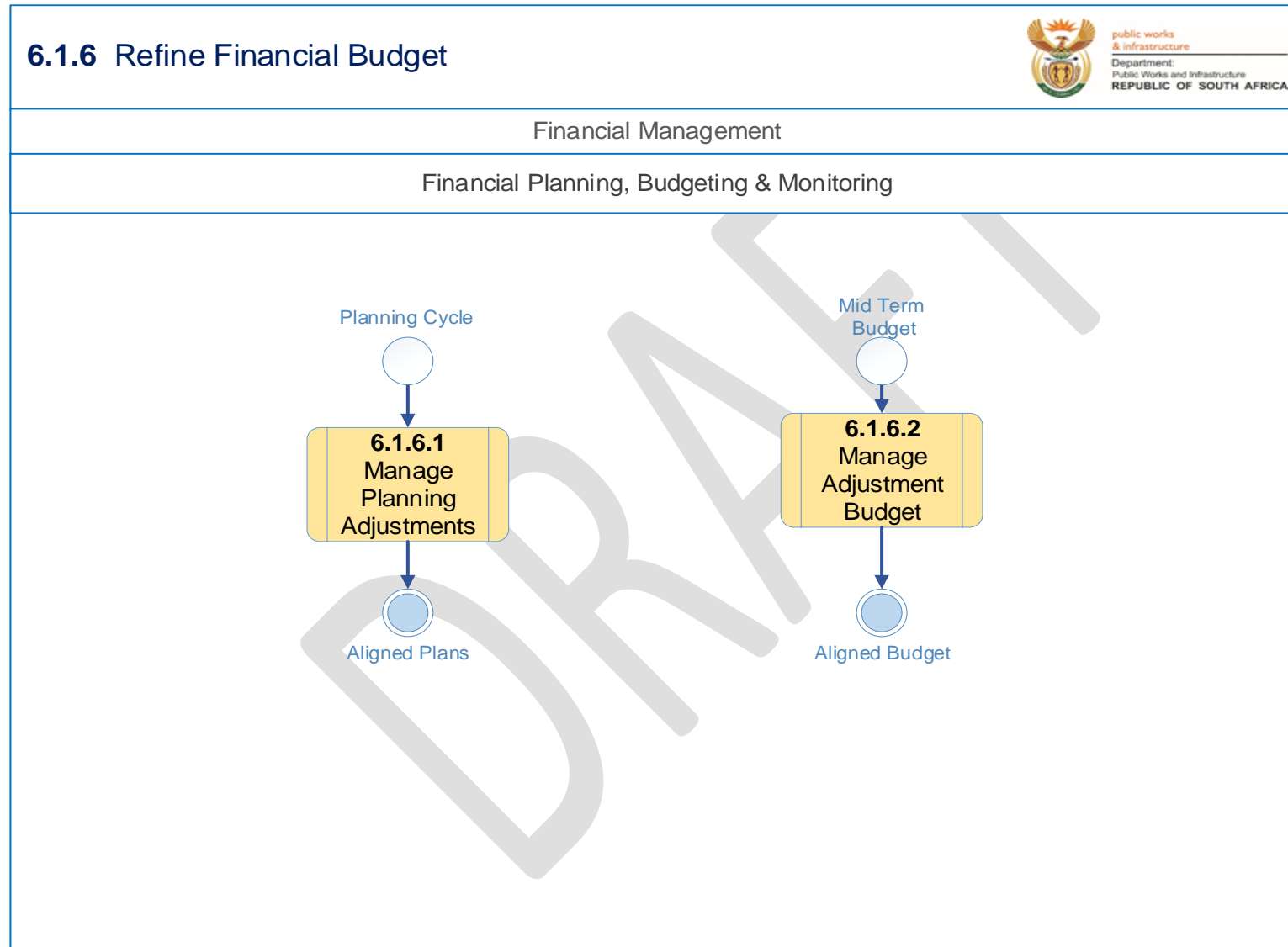**Diagram 6: Manage Analysis and Benchmarking Process Flow**

Table 6: Manage Analysis and Benchmarking Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
6.	MANAGE ANALYSIS AND BENCHMARKING			
6.1.	Identify Benchmarking Need	• Develop and Formulate Benchmarking Needs for the Budget Unit. • This can also include Receive requests from other Responsibilities / Units for Benchmark data that they can use in developing and/or self-monitoring their respective budgets. **Note:** *Ensure that these are limited to Financial Planning related Benchmarks.*	TBA	Financial Planning and Budgeting (Head Office)
6.2.	Assess Data Availability and Relevance	• Assess Data Availability and Relevance of Benchmarking Needs and use of the benchmark output information. • Approve Benchmark request in line with Approved Delegations and Approval Framework.	TBA	Financial Planning and Budgeting (Head Office)
6.3.	Collate Data Sources and Benchmark	• Collate Internal and external (where necessary) Benchmarking Data and information in line with Request or Needs. • Perform benchmarking calculation and/or comparison in line with Needs and/or Request.	TBA	Financial Planning and Budgeting (Head Office)
6.4.	Analyse Benchmark Results	• Analyse results or outputs of benchmarking exercise. • Follow up and conduct a more detailed analysis of any issues through interactions with the Regions / Responsibility / Project Managers indicating any Benchmark results/outputs and obtain understanding of the underlying cause of any variances.	TBA	Financial Planning and Budgeting (Head Office)
6.5.	Provide Insights and Recommendations	• Consolidate Benchmark report with the results / outputs, including commentary and insights on key issues. • Submit Reports, with insights, to Management and/or Requestor.	TBA	Financial (Head Office)

5.2.6 REFINE FINANCIAL BUDGET

PROCESS NAME	Refine Financial Budget
PROCESS OBJECTIVE	To ensure effective Planning and resource allocation towards the Adjustments Budgeting Process and ensuing activities, thereby ensuring a smooth Adjustment Budget Process.
INITIATING PARTY / PROCESS	Planning and Budgeting
INITIATING EVENT / TRIGGER	Adjustments Budget Cycle
OUTPUT / RECORDS PRODUCED	Approved Adjustment Budget
GOVERNANCE	➢ NT Regulations /Instruction Notes and Circulars ➢ Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA]

Diagram 0: Refine Financial Budget Processes

6.1.6 Refine Financial Budget

public works
& infrastructure
Department:
Public Works and Infrastructure
REPUBLIC OF SOUTH AFRICA

Financial Management

Financial Planning, Budgeting & Monitoring

Planning Cycle

Mid Term Budget

6.1.6.1
Manage Planning Adjustments

6.1.6.2
Manage Adjustment Budget

Aligned Plans

Aligned Budget

5.2.6.1   Manage Planning Adjustments Process

Diagram 1: Manage Planning Adjustments Process Flow

6.1.6.1 Manage Planning Adjustments

Financial Management

Financial Planning, Budgeting & Monitoring

Planning Cycle

1.1.1 Manage Policy/Strategy/ Norms and Standards
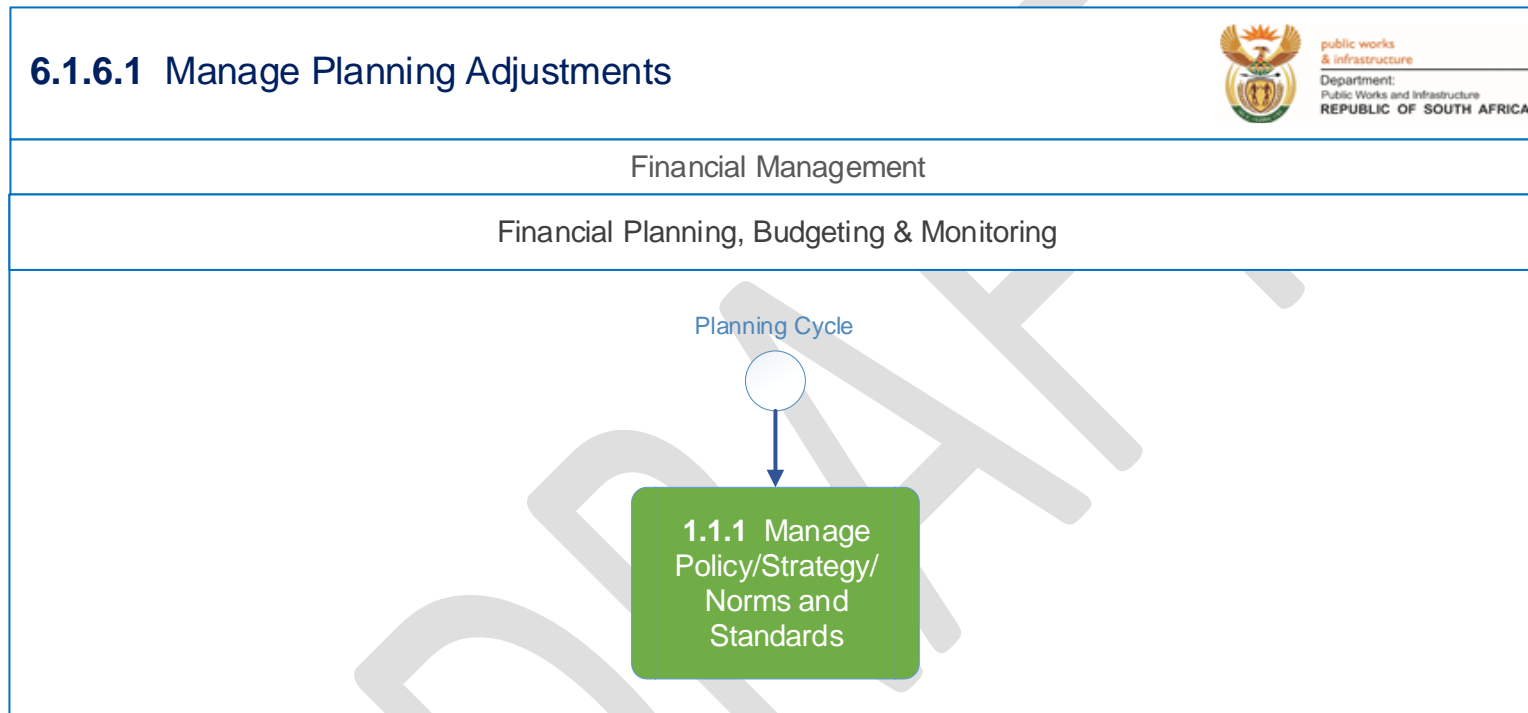
Table 1: Manage Planning Adjustments Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	**MANAGE PLANNING ADJUSTMENTS**			
1.1.1 MANAGE POLICY/ STRATEGY/NORMS & STANDARDS		Perform Planning Adjustments (if any) in accordance with **Manage Policy/Strategy/Norms & Standards** Processes.	N/A	N/A

5.2.6.2   Manage Adjustment Budget Process

Diagram 2: Manage Adjustment Budget Process Flow
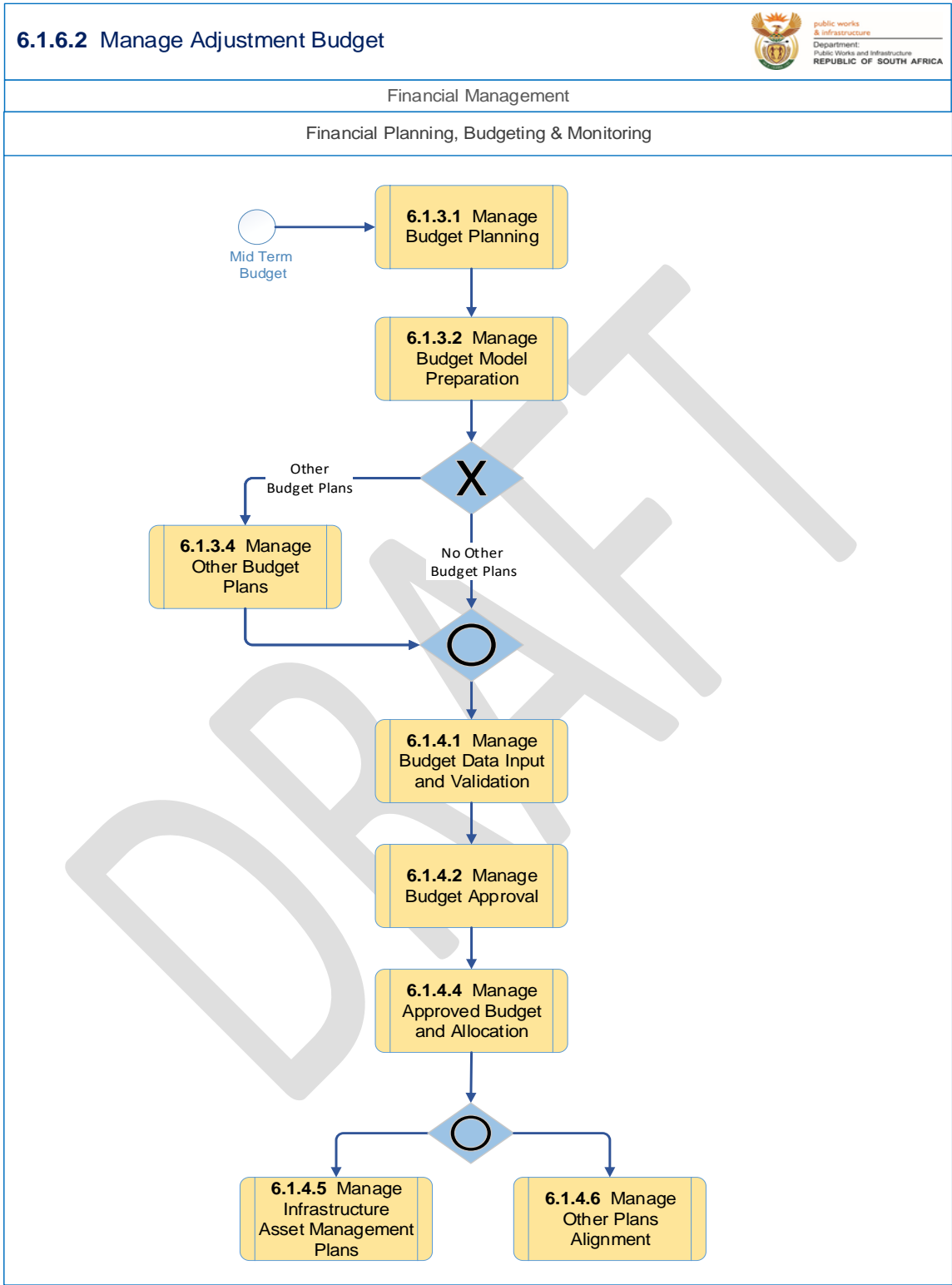
6.1.6.2 Manage Adjustment Budget

Financial Management

Financial Planning, Budgeting & Monitoring

Mid Term Budget

6.1.3.1 Manage Budget Planning

6.1.3.2 Manage Budget Model Preparation

Other Budget Plans

6.1.3.4 Manage Other Budget Plans

No Other Budget Plans

6.1.4.1 Manage Budget Data Input and Validation

6.1.4.2 Manage Budget Approval

6.1.4.4 Manage Approved Budget and Allocation

6.1.4.5 Manage Infrastructure Asset Management Plans

6.1.4.6 Manage Other Plans Alignment

Table 2: Manage Adjustment Budget Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	**MANAGE ADJUSTMENT BUDGET**			
	6.1.3.1 MANAGE BUDGET PLANNING	Perform Budget Planning for Adjustments Budget in line with the **Manage Budget Planning** Processes already outlined above.	TBA	Financial Planning and Budgeting
	6.1.3.2 MANAGE BUDGET MODEL PREPARATION	Perform Budget Model Preparation for Adjustments Budget in line with the **Manage Budget Model Preparation** Processes already outlined above.	TBA	Financial Planning and Budgeting
	6.1.3.4 MANAGE OTHER BUDGET PLANS (WHERE APPLICABLE)	Prepare and Align Other Budget Plans for Adjustments Budget in line with the **Manage Other Budget Plans** Processes already outlined above.	TBA	Financial Planning and Budgeting
	6.1.4.1 MANAGE BUDGET DATA INPUT AND VALIDATION	Perform Budget Data Input and Validation for Adjustments Budget in line with the **Manage Budget Data Input and Validation** Processes already outlined above.	TBA	Financial Planning and Budgeting
	6.1.4.2 MANAGE BUDGET APPROVAL	Obtain Budget Approval and Validation for Adjustments Budget in line with the **Manage Budget Approval** Processes already outlined above.	TBA	Financial Planning and Budgeting
	6.1.4.4 MANAGE APPROVED BUDGET AND ALLOCATIONS	Perform Approved Budget and Allocations for Adjustments Budget in line with the **Manage Approved Budget and Allocations** Processes already outlined above.	TBA	Financial Planning and Budgeting
	6.1.4.5 MANAGE INFRASTRUCTURE ASSET MANAGEMENT PLANS	Prepare and Align Infrastructure Asset Management Plans for Adjustments Budget in line with the **Manage Infrastructure Asset Management Plans** Processes already outlined above.	TBA	Financial Planning and Budgeting
	6.1.4.6 MANAGE OTHER PLANS ALIGNMENT	Align Other Budget Plans for Approved Budget Allocation in line with the **Manage Other Plans Alignment** Processes already outlined above.	TBA	Financial Planning and Budgeting

5.2.7 MANAGE INFORMATION

PROCESS NAME	Manage Information
PROCESS OBJECTIVE	Effectively Manage Planning and Budgeting Information/Documentation
INITIATING PARTY / PROCESS	Planning and Budgeting
INITIATING EVENT / TRIGGER	➢ Receipt of Documentation Ready for Filling ➢ Backup Request Form/ Automated Backup
OUTPUT / RECORDS PRODUCED	Filed/ Backed up documents/ information
GOVERNANCE	➢ Public Auditors Act (PAA) ➢ NT Regulations /Instruction Notes and Circulars ➢ Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA]

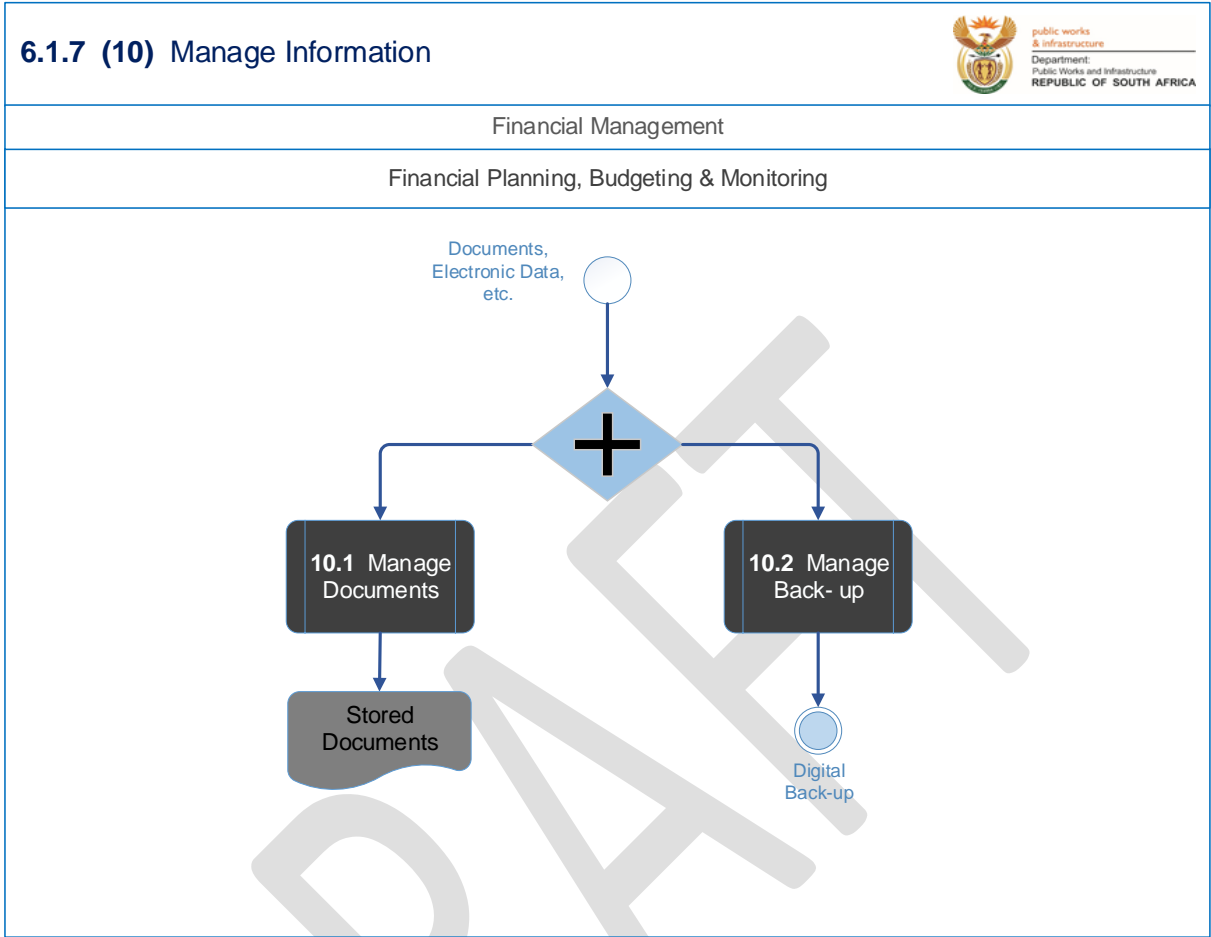**Diagram 1: Manage Financial Planning and Budget Information Process Flow**

6.1.7 (10) Manage Information

Financial Management
Financial Planning, Budgeting & Monitoring

Documents, Electronic Data, etc.

10.1 Manage Documents

10.2 Manage Back-up

Stored Documents

Digital Back-up

Table 1: Manage Financial Planning and Budget Information Process Activity Detail Table

NO	ACTIVITY	ACTIVITY DESCRIPTION	IT SYSTEM	ROLE
1.	MANAGE FINANCIAL PLANNING AND BUDGETING INFORMATION			
10.1	MANAGE DOCUMENTS	Manage Documents in line with **Manage Document** Processes.	N/A	N/A
10.2	MANAGE BACK-UP	Manage Back-up in line with **Manage Back-Up** Processes.	N/A	N/A

6. AUTHORITY

This SOP is supported by and should be read in conjunction with the latest Official Delegations of Authority document as issued by Management. Where there are differences between the delegated authorities and/or the powers stated in this SOP and the delegated authorities and/or powers within the latest Official Delegations of Authority, the Official Delegations of Authority will supersede any authority and/or powers implied within this document.

Where there are authority and/or power discrepancies or should the authority and/or power be unclear, a formal request should be submitted to the relevant Management Committee to obtain formal clarification of the relevant authority and/or power.

7. CONTINGENCY

If an implementation deviation occurs with a SOP, this can be either the result of unacceptable implementation by the responsible employees or it might be the SOP itself that is at fault. Perhaps the user found a much superior way of doing the job, from the one described in the SOP. If the cause lies with the SOP, this indicates that the SOP needs to be updated since continuous deviation in implementation is not acceptable.

There may be exceptional cases where it is necessary or appropriate to work outside a SOP, e.g. in the event of a computer breakdown. In such situations, the professional judgement of the manager in charge must remain paramount.

When the procedure in a SOP cannot be followed, a formal request for deviation should be obtained in writing from the relevant supervisor and manager.

The manager is responsible for formally recording all incidences of non-conformance with SOPs. In some cases, it may be possible to anticipate situations where changed circumstances will apply. These should be reflected within the SOP's in the next revision.

8. SOP ENGAGEMENTS AND PARTICIPATION

8.1 ENGAGEMENT TYPES

Initial Engagements: The objective of the Initial Engagements was to obtain a high-level understanding of the Divisions' processes as well as the challenges with current processes.

High Level Process Clarification Engagements: The objective of the High-Level Process Clarification Engagements was to obtain an understanding of the Divisions' high-level end to end as-is process and verify those processes against the process hierarchy developed as part of the Initial Engagement Phase. The input is used to finalize the As-Is Value Chain, Process Hierarchy and End-to-end Process View.

Activity Clarification Engagements: The objective of these sessions is to verify the step-by-step activities for each identified process. This input will be used for Process Analysis and To-Be Standard Operating Procedure design purposes.

The following teams and people were consulted in the drafting of the latest SOP version:

ENGAGEMENT DATE	ENGAGEMENT DETAILS
See BPR Engagement Tracker for Details	

8.2 STAKEHOLDER DISTRIBUTION LIST

This SOP has been distributed to the following individuals and teams for review and/or implementation purposes:

SOP DISTRIBUTION LIST
TBA

9. ANNEXURES AND ATTACHMENTS

The following annexures and attachments support the content of this SOP:

ATTACHMENT / ANNEXURE	FULL DESCRIPTION
Definitions and Acronyms	List of definitions and Acronyms used in the SOP is as provided in section 1
Financial Management Blue Print	Provided as a separate document.
Placemat Description Document	Provided as a separate document.
Core Value Chains	Provided as a separate document.