

GUIDELINES REGARDING THE STRUCTURING OF THE CHIEF FINANCIAL OFFICER (CFO) FUNCTION

1. The purpose of the circular is to set uniform standards regarding the job description and the support structure of CFO's in provincial departments.
2. It became evident at CFO forum meetings that CFO's are experiencing difficulties in determining their role within departments. For this reason the Provincial Treasury in consultation with the Department of Provincial Administration: Western Cape's Organisational Development component developed guidelines in this regard.
3. The guidelines consist of the role of the CFO, a generic CFO post description and an illustration of a generic CFO organisational structure. The contents of the attached guidelines are consistent with Department of Public Service Administration's prescripts.
4. Although the generic organisational structure serves as a guideline for departments, recognition must be given for the three main components namely, Management Accounting, Financial Accounting and Supply Chain Management together with the Internal Control component, which forms the basis of the organisational structure. The different components can be broken down in sub-components, depending on the size and needs of a department.
5. The level of the post will depend on the specific dimensions of the post, and might vary between the different departments.
6. With the aim of improving the standards of financial management in provincial departments, the "CFO responsibilities and structures" was taken up in the 2003-2006 Western Cape Fiscal Policy and approved by Cabinet on 6 November 2002. Departments are therefore obligated to implement the policy in terms of the attached guidelines if they are serious about higher standards of financial management.
7. The Provincial Treasury is looking forward towards departments having a much more effective CFO together with an appropriately staffed CFO support structure.


HEAD OFFICIAL: PROVINCIAL TREASURY
DATE: 19/12/2002

**WESTERN CAPE PROVINCIAL ADMINISTRATION:
PROVINCIAL GUIDELINES REGARDING THE STRUCTURING OF THE
CHIEF FINANCIAL OFFICER (CFO) FUNCTION**

INTRODUCTION

A need was identified to develop guidelines whereby the CFO-function could be accommodated within the structures of the various provincial departments. It is important to note that the CFO is not someone who operates separately on his/her own, but is indeed the officer in charge of the financial management component of a Department. The CFO utilises the departmental financial components for support in the execution of his/her functions, which ensures a complete range of financial services/advice to the Accounting Officer (AO) and the Department.

The scope and nature of the CFO's activities dictates the execution thereof by a financial specialist. In the same context the human resources management function should also be executed by a specialist, and should not fall under the CFO, or *vice versa*. In an ideal situation the CFO and the human resources manager (HRM) of a department should function separately and report directly to the AO. In larger Departments a co-ordinating post for the CFO and HRM may be utilised as a measure to support the AO to fulfil his functions in this regard. In such a situation the CFO must always be directly accountable to the AO.

With regard to the specialised administrative functions such as reprographic, typing and messenger services, it is left to the discretion of the Department whether this functions should be vested either under the CFO or HRM components.

CRITICAL AREAS OF PERFORMANCE OF THE CFO

- **Managerial**
- **Capacity building**
- **Planning and budget management**
 - Budgeting
 - Expenditure
 - Revenue

- **Asset management**
 - Planning
 - Procurement
 - Provisioning
 - Property and inventory management
 - Financial assets
- **Liability management**
 - Debtors
 - Creditors
 - Risk management
 - Internal control
 - Internal audit
- **Accounting and accountability**
 - Delegations and instructions
 - Accounting
 - Reporting
 - Disciplinary actions
 - Integrity of financial information and systems

POSITION OF CFO IN THE STRUCTURE

- Direct access and accountability to the Accounting Officer
- Included in the top management of the Department
- Must be established at a level sufficient to allow authority over financial affairs
- Credibility with senior managers in the Department
- Independent and impartial advice into departmental decision-making
- Must have responsibility to establish measures for proper financial management and authority to implement

CORE COMPETENCIES AND SKILLS REQUIRED FOR CFO'S

As stated above, the CFO should be a financial specialist, and is it furthermore imperative that he/she should be technically trained and proficient in at least the following subject areas:

- Strategic planning
- Business planning and design
- Performance measurement
- Financial accounting
- Cost accounting
- Management accounting
- Internal control
- Internal and external audit
- Information systems
- Economy

- Negotiation skills
- Communication skills
- Analytical skills

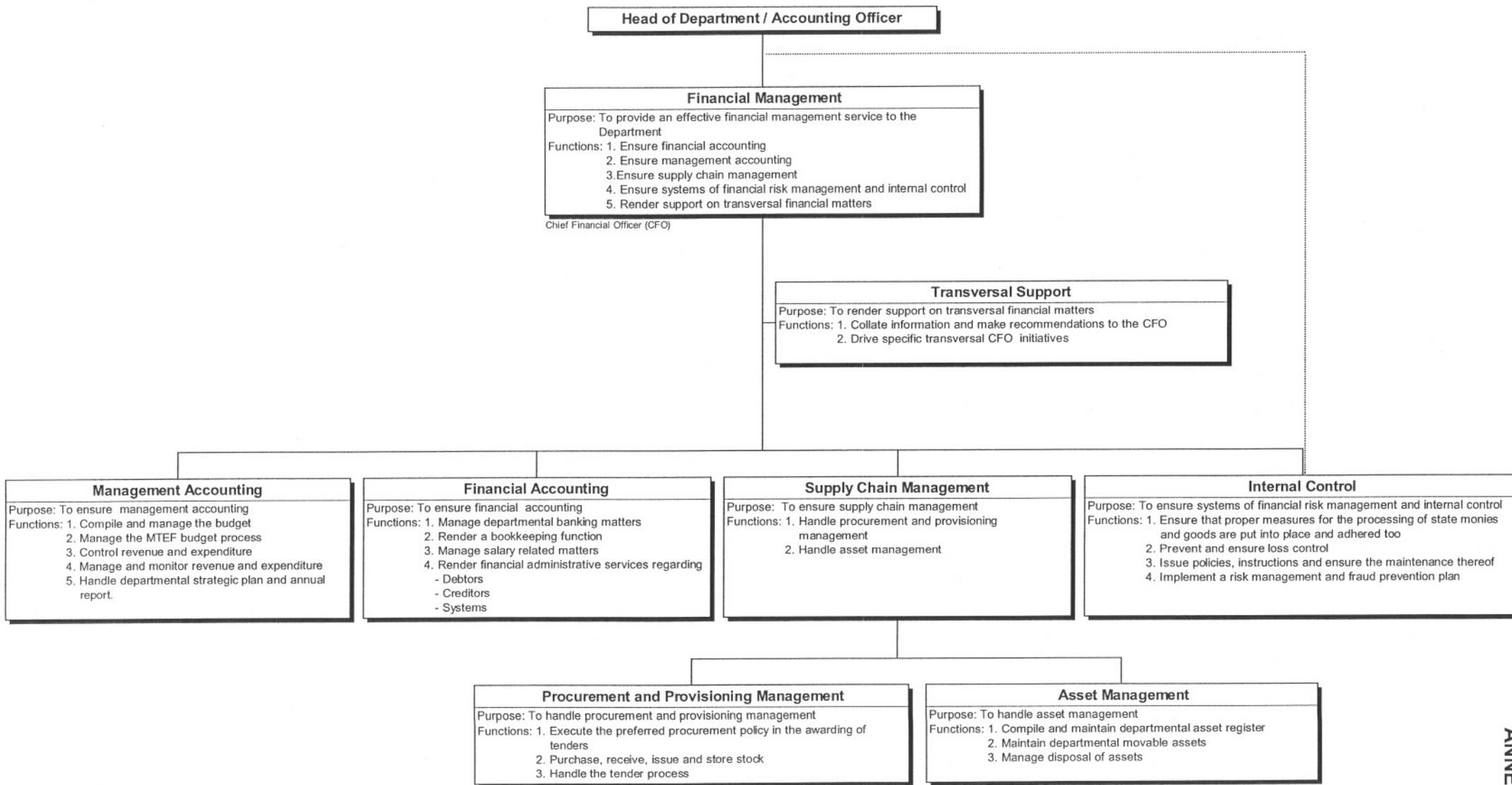
ORGANISATIONAL STRUCTURE AND JOB DESCRIPTION

An organisational structure for the CFO-function is attached hereto. Recognition is given to the three main functions, namely management accounting (budgeting), financial accounting (departmental accountant function) and supply chain management, and are the three functions, together with the internal control function, organised in components. The level of the post will depend on the specific dimensions of the post, and might vary between the different Departments (a generic job description for the CFO has been developed in this regard and is attached to this document). The different components can be broken down in sub components, depending on the size and needs of a Department.

As shown on the chart, a need has been identified for an CFO Support Officer. This post will ideally be on post level 7, and will be utilised in a Transversal Support component by the CFO to:

- Administer the processes for the tabling of reports
- Compile and manage draft financial prescripts, regulations, instructions, legislation, circulars etc.
- Drive specific CFO initiatives not necessarily limited to one area of financial management
- Ensure that public entities are managed in terms of the PFMA prescripts
- Collate information from the budget, strategic plan, supply chain management prescripts and other statutory prescripts to enable the CFO to make informed decisions and give sound advice to the Accounting Officer pertaining to submissions with financial implications

WCPA: GENERIC ORGANISATIONAL MODEL FOR CFO FUNCTION



WESTERN CAPE: PROVINCIAL ADMINISTRATION

JOB DESCRIPTION

DEPARTMENT	COMPONENT	LOCATION	JOB EVALUATION REF NO
PRESENT POST DESIGNATION	POST LEVEL	POST NUMBER	POST ENTRY DATE
CORE DESIGNATION	EQUATE POST LEVEL	POST INCUMBENT REPORTS TO	
Management and General Support Personnel			
COMPILER'S DESIGNATION	NAME OF COMPILER	SIGNATURE	DATE

NAME OF CHAIRMAN OF LOCAL EMPLOYEES ASSOCIATION	NAME OF SECTION HEAD	NAME OF HEAD OF DEPARTMENT

I, the above-mentioned and undersigned, declare hereby that the accompanying job description was read and understood by the incumbent/s and is in its entirety correct and applicable to his/their job/s.

Signed

Date:

I the above-mentioned and undersigned declare that the accompanying job description was checked by me and found to be a complete and correct representation of the specific post.

Signed

Date:

I, the above-mentioned and undersigned concur with the Section Head and confirm hereby the correctness of the accompanying job description on behalf of the Director.

Signed

Date

Job evaluated by Organisation
Development

Signed

Date

Approved by Employer

Signed

Date

JOB/INTEGRATED JOB DESCRIPTION

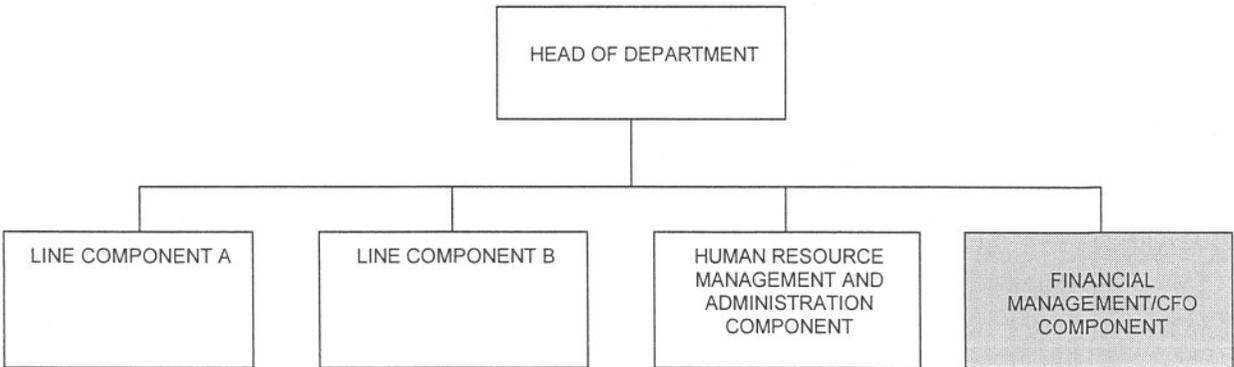
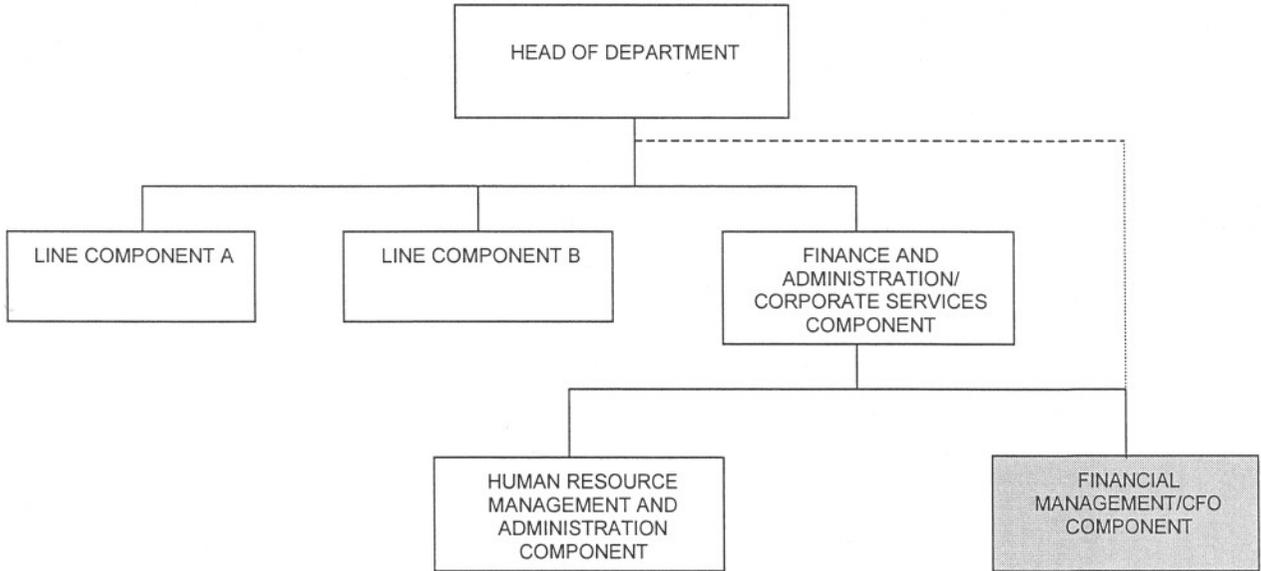
PARTICULARS OF INCUMBENT/S

I/We, the undersigned declare hereby that the accompanying job description was read and understood by me/us and is in its entirety correct and applicable to my/our job/s.

Name of Incumbent	Post number	Highest Education	Date	No of years in present or similar job	Signature	Date

ORGANOGRAM

EXAMPLES ON ORGANISATIONAL PLACING OF CFO



PURPOSE OF POST

To achieve service excellence in the provision and maintenance of sound financial management by utilising best practice principles, and thus improving financial management services to the public in order to establish accountability and promote efficient, effective, economical and appropriate utilisation of the financial resources of the Department.

NATURE AND VARIETY OF WORK

SUMMARY OF KEY RESPONSIBILITIES	% TIME
1. Managerial	15%
2. Capacity building	10%
3. Planning and Budget management	25%
4. Asset management	15%
5. Liability management	15%
6. Accounting and accountability	20%

DIMENSIONS OF POST (RESPONSIBILITIES)
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HUMAN RESOURCES:

DIRECT

TYPE	NUMBER	POST LEVEL
Management		
Administrative		
Other:		

INDIRECT

TYPE	NUMBER	POST LEVEL
Management		
Administrative		
Other:		

FINANCIAL RESOURCES

BUDGET BREAKDOWN	VALUE (R)
Income	
Expenditure	

EQUIPMENT

TYPE	VALUE (R)

STORES AND LIVESTOCK

TYPE	VALUE (R)

LAND AND BUILDINGS

TYPE	VALUE (R)

OUTPUTS PROFILE

KEY PERFORMANCE AREAS/ MAIN OBJECTIVES	OUTPUTS REQUIRED	PERFORMANCE STANDARD	PERFORMANCE INDICATORS
Managerial	<ul style="list-style-type: none"> ▪ Signed performance agreement with Accounting Officer which contains measurable objectives aligned with the strategic plan of the department ▪ Finance component structure aligned to support CFO and implementation of the PFMA ▪ Objectives, policies and strategies identified to support strategic and operational plans of department ▪ Strategic plan developed and implemented in the department ▪ Processes established to ensure effective oversight over public entities and trading entities ▪ Financial information and advice provided in response to changing needs ▪ Overall oversight over financial management activities of the department ▪ Improved decision making through analysis, interpretations and appraisals of financial and non-financial reports 	<p>Accountable directly to the AO</p> <p>Measurable targets per objective</p> <p>Prescripts complied with</p> <p>Measurable targets per objective</p> <p>Measurable objectives</p> <p>Adequate oversight</p> <p>Keeping up with contemporary trends in the public sector</p> <p>Adequate oversight</p> <p>Vision and mission of the department maintained</p>	<p>Effective contribution</p> <p>Frequency of evaluation and reviewing (quarterly)</p> <p>Objectives achieved</p> <p>Shortcomings remedied</p> <p>Achievement of targets</p> <p>Frequency of evaluation and reviewing (annually)</p> <p>Quarterly reports on performance Submission of strategic plan and budget</p> <p>Compliance with new requirements</p> <p>Effective controls and evaluation system</p> <p>Strategic objectives achieved</p>