

**NYDA**

**FINANCIAL  
MANAGEMENT**



# Introduction

The management of the NYDA is committed to good governance and effective and efficient financial management. This presentation seeks to provide a high level overview of the work done by management to improve on financial management since the appointment of the chief financial officer on 01 June 2011.

The reason for providing this account is for the period after 01 June 2012 to the committee is that the national youth development since inception in 2009 operated without a chief financial officer a situation which resulted in a weaker control environment within the financial management space which resulted in the adverse audit opinion by the auditor general albeit UNQUALIFIED!

When the NYDA was formed in 2009, the general manager of: finance of the former Umsobomvu youth fund was appointed to act as a chief financial officer over and above his role as the general manager of finance. He continued to perform duties of the two positions until he resigned in December 2010. His resignation meant that the organisation was without both the general manager and the chief financial officer until June 2011 when the first CFO of the NYDA was appointed. Since his appointment the organisation has embarked on a drive to rebuild and strengthened the financial management environment hence the report of this nature to update the portfolio committee on work already done.



# FINANCIAL MANAGEMENT

## Capacitating the Finance and Supply Chain division:

### Senior Management Appointments

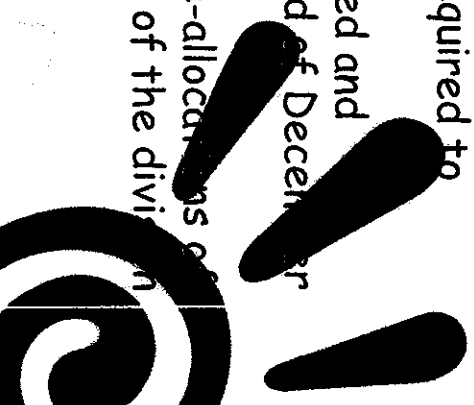
NYDA's Chief Financial Officer was appointed in June 2011. The General Manager: Finance was appointed in November 2011. A new Supply Chain Manager was appointed in January 2012 after the redeployment of the former Supply Chain Manager from his position.

Departmental Managers were appointed from the existing staff complement in December 2011.

### Restructuring of the Division

Restructuring of Finance and Supply Chain Management units was completed with due consideration of segregation of duties and the skills and qualifications required to improve NYDA's financial management and internal control environment. All vacancies in the division were subsequently filled with suitably qualified and experienced staff and a complete staff compliment was placed by the end of December 2011.

The restructuring process included redrafting of job descriptions and re-allocating job responsibilities among staff members in relation to the new strategy of the division which is aimed at ensuring effective and efficient financial management.



# FINANCIAL MANAGEMENT

## Capacitating the Finance and Supply Chain division:

### Training and development:

SCM together with senior management attended training interventions conducted by PALAMA on Contract Management for Supply Chain Practitioners and on Supply Chain Management and related National Treasury Regulations. Finance management team attended workshops held by National Treasury in respect of new Treasury templates as well as SAICA's GRAP update session.

All staff involved in procurement processes were taken through a workshop on proper SCM processes and procedures. Checklists and updated templates were provided. They were also sensitised on the importance of using correct budget allocations and expense account numbers.

After the finalisation of the new finance policies and procedures, all staff members within the organisation who are part of all the financial transaction value chain were trained and workshopped on the new policies and procedure.



# FINANCIAL MANAGEMENT

## Quick gains realised within the financial management

### Critical areas of improvement within the Supply Chain Management unit:

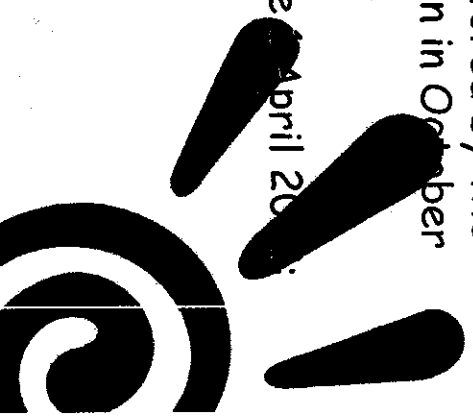
Tender management process was under strict guidance and control of the SCM unit. All tenders issued during the 2011/12 financial year complied with the prescripts of National Treasury. In the 2011/2012 no findings were raised by the Auditor General as compared to the 2010/2011 financial year where a number of findings were reported.

During September 2011, a process commenced of re-drafting a new Supply Chain Management Policy that is aligned and compliant with all related regulations. This process was then taken over by NYDA for review and finalisation. The policy has been approved.

Compliance in respect of expenditure under R 500 000 is rigorously monitored by the unit since the centralisation of key procurement functions to Supply Chain in October 2011. All open purchase orders monitored and followed up with end users.

The following registers are maintained by Supply Chain Management since April 2011:

- Irregular expenditure
- Deviations
- Fruitless and Wasteful expenditure
- Tenders

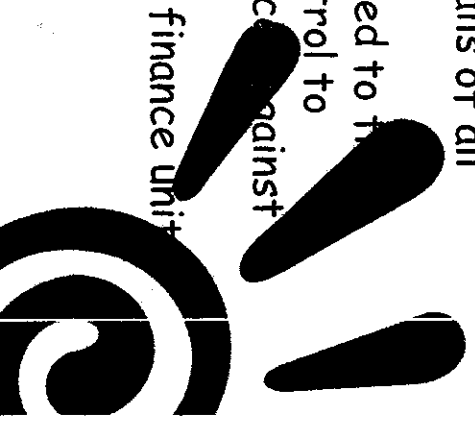


# FINANCIAL MANAGEMENT

## Critical areas of improvement within the Finance unit:

During the last quarter of the 2011/12 financial year the following was implemented in preparation for new financial year (i.e 2012/2013) :

- Finance policy and procedures were documented. This has been subsequently approved and implemented.
- All Executive Managers were involved in budget management workshops were budgets were interrogated and linked to NYDA key performance indicators.
- The chart of accounts used by NYDA was modified to incorporate a link to strategic objectives and key performance indicators.
- Budget management was improved by moving away from excel spread sheets to using available budgeting and reporting systems. All budgets were captured on a user friendly and easily accessible system.
- Budget owners and finance managers are now able to access details of all budgets at any time.
- The system used to raise purchase orders was upgraded and linked to the budgeting and accounting systems. This enforces budgetary control to commence at the point of placing an order. Orders cannot be placed against budgets that have been exhausted.
- Monthly budget variances are discussed with divisional heads by finance unit



# FINANCIAL MANAGEMENT

Critical areas of improvement within the Finance unit (continued):

With effect April 2012, the following is done:

Month-end files and reconciliations are prepared by finance managers and subjected to quality assurance and compliance checks before being submitted to senior management for final review and sign off.

Monthly reconciliations between the accounting system and the loans systems are done  
Monthly reconciliations between the accounting system and the voucher management system are done

Monthly reconciliations between the accounting system and the project management systems are done

On a quarterly basis, the budget spent versus performance achievement on the organisational KPIs is done and presented to the Operations Executive Committee for discussions and decision making purposes.

Improvements noted from 2010/11 audit findings:

- Monthly reconciliations of accounts payable, accounts receivable, and petty cash from all branches are being timeously submitted.
- Effective debt management procedures were implemented for sundry debtors.
- Fixed Assets verification exercise was undertaken prior to year end.
- Review of residual values and useful lives of all assets was performed prior to



# FINANCIAL MANAGEMENT

Critical areas of improvement within the Finance unit (continued):

Improvements noted from 2010/11 audit findings:

- Monthly reconciliations of accounts payable, accounts receivable, bank accounts and petty cash from all branches are being timeously submitted.
- Effective debt management procedures were implemented for sundry debtors
- Fixed Assets verification exercise was undertaken prior to year end.
- Review of residual values and useful lives of all assets was performed prior to year end
- Where there were indicators of impairment, testing was performed and impairment provided for.
- The draft Annual Financial Statements were prepared and submitted timeously as required by PFMA.
- All information requested by auditors were submitted within the permitted time frames
- Payments to suppliers were made timeously
- Material Fruitless and wasteful expenditure was prevented
- Unauthorised borrowings were prevented
- Significant uncertainties affecting fair presentation of financials were prevented
- External Audit findings corrective actions were presented to Audit Committee and the Board





**Thank You!**

