**Assignment 2: Leadership & Developments**

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# Introduction

Managing for results involves planning, setting objectives, organizing, and generally making things happen. The aim of this research is to find out what is our viewpoint on the approaches to management and managing strategically. The essential elements of this presentation is focused on real case of the core functions and duties in finance management. The limitations of our research are based on: What are the core functions and duties of a finance manager? What general budgeting policies stands for? What are the steps that are involved in developing a budget? What are the key factors that affect the budgeting process? With aid of a diagram, how develop the budgeting cycle? What record keeping policies stands for? How ensure physical security of the cash, as the personnel in charge of how monies are spent in an organization? How ensure control of official receipts? Two types of the analytical techniques are used: (1) Definition- setting down the precise of a word or phrase and showing why the distinctions implied the definition are necessary by expanding on particular elements that may be sources of confusion or misunderstanding. In addition, (2) Explanation – clarifying by the use of explanation, model and example.

# For efficient and effective financial management in any organization, there is need for personnel in charge of accounts. What are the core functions and duties of a finance manager? Explain at least ten, involving scholarly evidence

According to Joseph Massie[[1]](#footnote-1), “*Financial management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations*.” It is a general assumption that a finance manager works only in the accounts department or he has to deal with the cash flow. In reality, he has a large number of things to cater to. In addition, every organization, public or private, needs people from the finance background.

As a crucial member of the finance team, a typical Finance Manager job description should include, but not be limited to:

* Collecting, interpreting and reviewing financial information
* Predicting future financial trends
* Reporting to management and stakeholders, and providing advice how the company and future business decisions might be impacted
* Producing financial reports related to budgets, account payables, account receivables, expenses etc.
* Developing long-term business plans based on these reports
* Reviewing, monitoring and managing budgets
* Developing strategies that work to minimise financial risk
* Analysing market trends and competitors

As well as formal qualifications, a Finance Manager Job description should detail the following qualities - (i) an analytical mind. (ii) negotiation skills and the ability to develop strong working relationships; (iii) commercial and business awareness; (iv) good communication skills – both written and verbal; (v) a keen eye for detail and desire to probe further into data, and (vi) ability to stick to time constraints.

# Explain the general budgeting policies

The budget is the primary instrument of fiscal control and, accordingly, contains all projected revenues and expenditures of the operations and programs of an organization, also characterized as unrestricted current funds.

The budget process is the way an organization goes about building its budget. A good budgeting process engages those who are responsible for adhering to the budget and implementing the organization's objectives in creating the budget. Both finance committee, and senior staff participation is built into the process and a timeline is established leaving adequate time for research, review, feedback and revisions. Before the budget is ready for presentation to the full board. The annual budgeting process should be documented, with tasks, responsibility assignments and deadlines clearly stated. A good budgeting process also incorporates strategic planning initiatives and stipulates that income is budgeted before expenses. Fixed costs are identified, and related to reliable revenue. Budgeting decisions are driven by both mission priorities and fiscal accountability.

Steps for developing a good budgeting process are described as follow:

1. **Write it down**: .Many organizations "have" a budget process, but it is not written down. Putting your process into writing creates a measurement tool against which you can monitor your progress and creates a checklist to ensure thoroughness in the process. When written down, the process becomes a durable management tool possessed by the organization rather than an intangible thing in the head one or two individuals. Institutionalize the process by writing it down.
2. **Decide who should be involved and when**: The executive director and program director(s) naturally play a significant role in the budget process, but departmental staff members who have responsibility for adhering to budgets should also play a role in creating those budgets. It builds buy-in , and the process is informed by those with direct experience - in general, it is probably more efficient for staff to create the early drafts of budgets and use the time of finance committee members to review and vet the proposed drafts.
3. **Establish an annualized timeline**: start earlier. Many funders require budgets for the following year far earlier than small and midsize organizations customarily get serious about budgeting. Aim for having the budget approval by your board at least two months before the new fiscal year begins. Earlier is even better, if feasible.
4. **List specific tasks with specific responsibility assignments**: Within the timeline, list tasks specifically Even though many people may contribute to a task, pick one person to take leadership responsibility for making sure it happens. If the responsible person knows he or she will be held personally accountable to have completed the assigned task by the deadline, it is more likely to get done.
5. **Budget line items should align with accounting (financial statement) line items**, and the structure of the full operating budget should match the chart of accounts (the structure of the accounting system), to ensure effective comparisons between budget and actuals. A mismatch between budget items and accounting items creates extra work for administrative staff or key volunteers who must translate between the two and risks inconsistencies that undermine the usefulness of financial reports. Especially for expenses, when accounting/financial statement line items exist without corresponding budget line items, it can result in budget overages or erroneously reported line item balances.
6. **Develop worksheets, templates, and tools** that promote inclusion of all relevant budget components and facilitate "what if" scenarios.
7. **Adopt policies for adhering to budgets**, handling variances, approval authority. It may seem obvious, but a general statement of your organization's approach and expectations sets the tone not only for the process of creating the budget, but also for implementing it. A general budgeting policy might state that:

* *The organization will strive to create surplus budgets that feature realistic revenue projections and conservative expense projections;*
* *Income and expenses will include the budget impact of strategic initiatives;*
* *The balanced budget will include depreciation expense and an amount (or specific % surplus) to increase cash reserve as determined by the organization's multi-year capital budget;*
* *All budget line items will be allocated to the organization's programs, administrative and fundraising activities using a reliable and defendable calculation method.*
* *All budget line items (except non-cash depreciation) will be estimated on a cash flow basis by month and so entered into the accounting software to assist with producing year-end projections and in monitoring cash flow.*

# Enumerate the steps that are involved in developing a budget

Every great financial plan starts with a sound budget. A budget is a first step toward making a financial goal a reality. Every organization needs a budget. Developing and managing a budget is how successful businesses allocate, track and plan fiscal spending. A formal budgeting process is the foundation for good business management, growth and development.

Budgeting needs to be driven by the vision (what we are trying to accomplish) and the strategic plan (the steps to get there). Organizations that stay focused on their strategy and plan know exactly where they want to spend their resources and have a plan to help keep them from spending money in areas that do not line up with the vision (what we are trying to do) and mission (why we are doing it).

1. **Strategic Plan**

Every organization, no matter the size should know why it exists and what it hopes to accomplish. This is articulated through a written Vision and Mission Statement. A Strategic Plan is the HOW the organization plans to achieve its mission. The first step in the budgeting process is having a written strategic plan. This ensures that organizational resources are used to support the strategy and development of the organization. It means budgeting toward the vision.

1. **Business Goals**

Annual business goals are the steps an organization takes to implement its strategic plan and it is these goals that need to be funded by the budget. Goals need to be developed and there needs to be accountability for achieving goals. This is typically the responsibility of the management team, board or business owner. The budget provides the financial resources to achieve goals. For example, if your organization has outgrown its facility and there is an objective to increase space, there needs to be dollars budgeted to expand or move the business operations.

1. **Revenue Projections**

Revenue projections should be based on historical financial performance, as well as projected growth income. The projected growth may be tied to organizational goals and planned initiatives that will initiate business growth. For example, if there is a goal to increase sales by 10%, those sales projections should be part of the revenue projections for the year.

1. **Fixed Cost Projections**

Projecting fixed costs is simply a matter of looking at the monthly predictable costs that do not change. Employee compensation costs, facility expenses, utility costs, mortgage or rent payments, insurance costs, etc. Fixed costs do not change and are a minimum expense that need to be funded in the budget. For example, if there are open staff positions, the cost to fill those positions should be part of fixed cost projections.

1. **Variable Cost Projections**

Having a formal and structured budgeting process is the foundation for good business management, growth and development. Variable costs are costs that fluctuate from month to month, supply costs, overtime costs, etc. These expenses can and should be budgeted and controlled. For example, if higher Christmas sales drive overtime costs temporarily, those costs should be budgeted.

1. **Annual Goal Expenses**

Goal related projects should also be given budgets. Each initiative should have projected costs associated with the goals. This is where the cost of implementing goals are incorporated into the annual budget. Projections of costs should be identified, laid out and incorporated into the departmental budget that is responsible for completing the goal. For example, if the sales department has a goal of increasing sales by 10%, costs associated with the increased sales (additional marketing materials, travel, and entertainment) should be incorporated into that budget.

1. **Target Profit Margin**

Every organization, whether they are for-profit or not-for-profit, should have a targeted profit margin. Profit margins allow for returns for the business owner or investors. Not-for-profit organizations use their profit margins to reinvest into the facilities and development of the organization. Profits are important for all organizations and healthy profit margins are a strong indicator of the strength of an organization.

1. **Board Approval**

The governing board, president, owner or head of the organization should approve the budget and keep current with budget performance. Again, similar to your personal finances, the owner should be reviewing monthly financial statements for the following reasons.

* To monitor budget performance.
* To be familiar with all expenditures.
* To safeguard the organization against misappropriation of funds or employee fraud.

1. **Budget Review**

A budget review committee should meet on a monthly basis to monitor performance against goals. This committee should review budget variances and assess issues associated with budget overages. It is important to do this on a monthly basis so there can be a correction to overspending or modification to the budget if needed. Waiting until the end of the year to make corrections could have a negative affect on the final budget outcome.

1. **Dealing With Budget Variances**

Budget variances, should be reviewed with the responsible department manager and questions should be raised as to what caused the variance. Good budgeting processes can help develop and advance an organization, while sloppy budgeting and monitoring of budgets can blindside an organization and affect its long-term financial health and viability.

Finally, without customers, there are no revenues to budget. For this reason, strategic plans and budgets should be targeted at one thing and one thing only – the customer.

This is why it is imperative to identify who your customers are, find out what they want and budget dollars to put systems and processes in place to meet their needs and exceed their expectations.

# What are the key factors that affect the budgeting process?

Organizations undertake the budgeting process to commit to a financial action plan. Budgets help theme organize their finances, identify feasible ventures in which to invest and avoid committing funds to lackluster ventures. They are often, designed to increase revenues, too. Before budgeting decisions are made, several issues must be considered, such as available funds and the company’s objectives.

**Available Funds**

Before a budget can be created, business leaders must be aware of their organization’s current financial situation. For example, leaders should know the size of reliable revenue streams, as well as those that may be more variable. Only the reliable revenue should be considered in the budgeting process. Leaders must then determine net revenues by deducting expenses, such as wages and materials, from the reliable revenue.

**Business Goals**

Leaders must align their budgets with corporate objectives, opportunities and strategies. In addition, when leaders make budgeting decisions, they must consider not only the direct effect of a capital or operating expenditure, but also its indirect effects. For example, a capital project may have an impact on a organization’s technical infrastructure and possibly a company's personnel requirements, such as technical support. As a result, budgeting decisions might also include how much to spend for technical infrastructure in various locations or funds that should be dedicated to develop personnel who support the infrastructure.

**National and International Events**

Risk is a major determinant of the feasibility of business investments. Budget decisions that pertain to national and international investments, therefore, will be influenced by risk-management efforts a organization may implement to respond to particular scenarios. For example, a company may implement controls to operate in a country experiencing political instability, civil unrest, as well as climate change and other factors. Also important are the potential market opportunities that are associated with emerging economies and a company’s past experience in particular locales.

**Legislation and Government Regulations**

Legislation and government regulations can disrupt a company’s marketing, production or financial plans in a major way. As a result, leaders should make budgeting decisions after considering existing or pending laws and government controls that may affect existing or proposed companies' operations. For example, a company that relies on websites to market its products in certain countries must consider the European Union regulations pertaining to privacy.

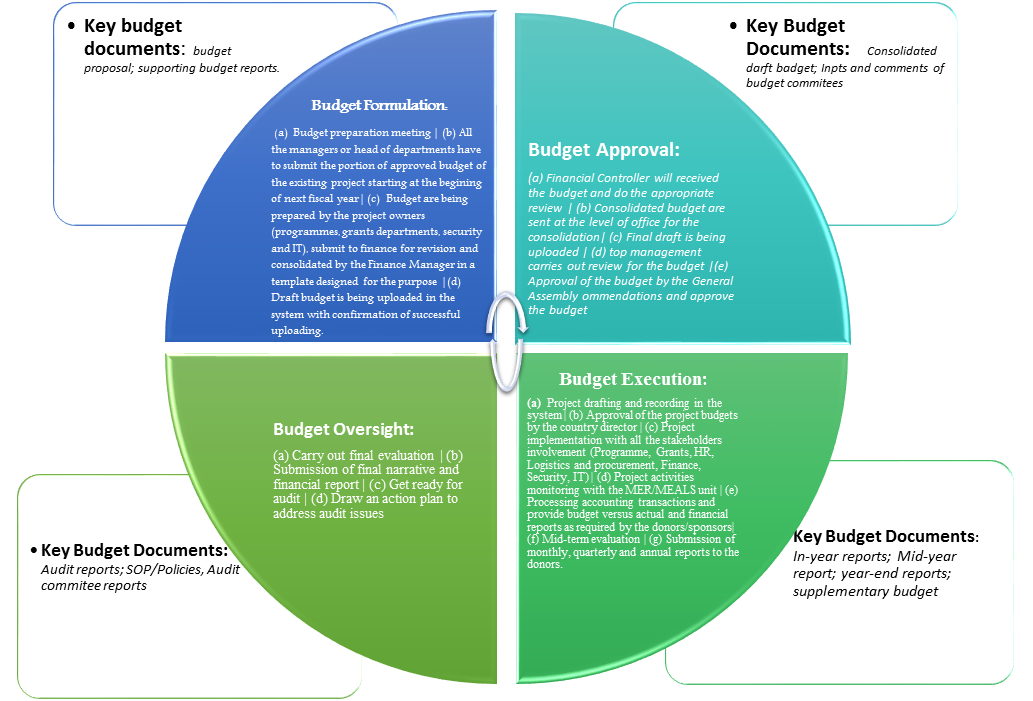
**Industry Analysis**

Industry analysis can provide the context for many budgeting decisions because, in addition to the global economy, industry trends may affect company operations. For example, an industry's outlook is influenced by the ability to improve the technical skills and abilities of company personnel. In turn, government regulations, supply and demand and international transactions also affect industry trends. For example, new government guidelines on permissible emissions may necessitate new equipment or changes to a company's operating procedures, affecting several budget items.

**Project Return on Investment**

Rarely does a failing project or program justify additional spending. Instead, funds should be committed to opportunities for which a positive return on investment is expected. For this reason, prior period and historic results have a significant influence on current budgeting decisions. To evaluate the probability a project will lead to a positive revenue stream, specific project objectives must be stated and the positive and negative aspects of the opportunities must be identified and evaluated. Only then should budget dollars be committed to the project.

# With aid of a diagram, explain the budgeting cycle



Graphic 1: Budgeting cycle Diagram

# Explain the record keeping policies

Record Keeping making and maintaining of complete, accurate and reliable evidence of business transactions in the form of recorded information. A record keeping system is the interaction of the technology, people, principles, methods, processes and information systems that capture, maintain and provide access to evidence of activities over time. While Records are information objects that document business activities and transactions.

The principles of the policy are mandatory for the purposes of making and keeping complete and accurate records and for providing access to records as required. These principles are:

1. Ensure effective management of the records created and received by the organization;
2. Support the decision making of Safe Balance by documenting business functions activities and transactions;
3. Provide an essential tool for the conduct of business;
4. Enable the organization to comply with legislative, regulatory, evidential and accountability requirements;
5. Protect the interests of the organization and the rights of persons directly affected by its activities;
6. Provide protection and support in litigation;
7. Maintain the organization’s corporate memory; and
8. Ensure that required information can be efficiently located.

The main component of policy elements contain:

**Policy statement**: Explain your agency’s commitment to record keeping. [Agency name] is committed to meeting its record keeping obligations to make and keep full and accurate records. [Agency name] will implement appropriate strategies, processes, applications and tools to ensure records of business activities are made and kept.

**Purpose/Objectives:** Explain what the policy aims to achieve. This policy aims to ensure:

* Accountability and increased efficiency including reducing time spent finding records and enhancing information sharing within the agency (where possible)
* Compliance with [administrative or business requirements]
* Consistent application of the principles within [relevant information standards] that all employees are aware of their record keeping responsibilities.

**Legislation**: Explain your agency’s requirements under relevant standards. [Agency name] is required to make and keep full and accurate records of its activities. Full and accurate records are those records that provide reliable, complete and authentic evidence of business activities and decisions.

**Policy context:** Explain how the record keeping policy relates to broader information governance within your agency or other related policies. This policy supports organizational information governance aims and goals, by aligning with [related policies, strategies, initiatives].

**Principles**: Detail the underlying principles of the policy that will be applied to your agency. Full and accurate records must be created and maintained for as long as required for legislative, business and accountability purposes. Records must be captured in an appropriate application. Records must only be disposed of with authorization from the CEO or delegate. [Any other principles specific to the agency]

**Scope**: Explain the application of the policy – what is covered (records of all formats) and who is covered (the entire agency). For the purpose of this policy, a record is [agency’s definition of a record]. This policy covers public records created; commissioned, received by the agency or which the agency has a legislative responsibility. This policy applies to all employees. [Specify what ‘employee’ means – i.e. contractors, volunteers…]

**Roles/Responsibilities**: Explain the record keeping responsibilities assigned to various positions or groups within your agency.

* **CEO/Director is responsible for:**
* Ensuring the agency makes and keeps full and accurate records of its business activities
* [Record keeping Unit] is responsible for managing record keeping activities to ensure compliance with standards and best practice requirements.
* Developing and implementing a record keeping program for the agency, including the development of a record-keeping framework and disposal program.
* Developing and implementing record keeping training and awareness programs undertaking disaster preparedness to ensure identification and management of vital records
* **Managers are responsible for:**
* Ensuring employees under their supervision are aware of their record keeping responsibilities and undertake training to ensure records are created, and managed appropriately ensuring that their business area captures records in an appropriate application ensuring that their business area complies with this policy.
* **All employees are responsible for:**
* Creating records of their business activities capturing records in an appropriate application ensuring records are kept for the required retention period in accordance with an authorized retention and disposal schedule securing records from unauthorized access complying with this policy.

**Delegations**: Explain who has appropriate delegation dealing with restricted access periods for records in the custody or disposal of records (if applicable). [Position, Location] is the delegated officer to approve disposal of public records under the public records.

**Publication and review**: Detail the date of publication and review date.

**Approval**: Approval by the CEO/Director.

**Optional component**

**Record keeping applications:** Describe record keeping applications used within your agency.

**Glossary**: Clarify record keeping terms in the policy.

**Resources**: Provide links to more information – procedures and tools (e.g. a dedicated Email Record keeping Policy).

# As the personnel in charge of how monies are spent in an organization, explain how you would ensure physical security of the cash

All organizations, that have staff handling cash can be at risk of robbery, and should therefore take measures to protect personnel from its potentially harmful effects) of the Health and Safety at Work. With this duty in mind, every effort should be made to eliminate or reduce the robbery risk to personnel by provision of a safe workplace and systems of work associated with cash handling, i.e. cash receipt, issue, counting, transfer, banking, and related storage.

**Step 1 - Risk Assessment**

As a first step, a safety risk assessment should be undertaken that considers when, where and how cash is handled. When, where and how cash is stored. The amounts of cash handled/stored. Who handles or has access to cash. The nature of the cash handling personnel. The likelihood/nature of a robbery. The impact of a robbery on personnel. In addition, the adequacy of existing precautions.

Once the assessment has been completed, measures to enhance personnel safety can better be considered, as indicated below.

**Step 2 - Risk Avoidance:** In some cases, use of cash can be avoided.

**Step 3 - Risk Reduction:** The amount of cash potentially available can sometimes be reduced.

**Step 4 - Risk Transfer:** Sometimes some or all of the risk associated with cash can be passed to third parties.

Arguably, the most important safety measure is that cash handling and other personnel are trained to adhere to clear safety procedures and then, held to account for, their ongoing use. Understand the reason for/workings of any safety procedures and devices provided and any possible limitations. Have defined and, where appropriate, limited access to cash handling/storage areas. Have clearly defined limits of authority. Avoid lone working, especially when premises are being opened or locked up. Do challenge strangers noted in or around the premises.

Robbery risk to cash handling personnel can be reduced if they cannot be easily reached, or directly threatened by robbers. If public access to a building cannot be restricted, ensure cash handling is undertaken within a locked room or suitably built and secured cash office. Use access control measures to hinder unauthorized access to at risk areas.

In sum, assess the risks and consider the adequacy of current security measures. Seek professional help and advice, including that of any interested insurer. Use suitably accredited and competent providers. Ensure personnel receive adequate initial and ongoing refresher training. Display suitable warning signs. In addition, Review safety measures on a regular basis and as circumstances change.

# How do you ensure control of official receipts?

Internal control procedures for the receipt of cash help business prevent loss due to employee fraud and accounting errors. These controls are intended to limit access to cash to specified employees and verify that all receipts, refunds or transfers are documented correctly and in a timely manner. Any withdrawals of company cash must be accompanied by the proper authorization from a supervisor or manager. The company should never use cash receipts from customers for petty cash or check cashing.

**Job Duties**

Separating the key tasks involved in cash processing makes it more difficult for a dishonest employee to conceal fraudulent transactions. The person who receives and deposits the cash should not also perform the reconciliations. This also serves as a double-check to find and correct clerical mistakes and bank deposit errors.

**Access**

All employees who handle cash should complete a training course on the appropriate procedures before having access to the log and safe. These procedures should be documented in writing and handed to the employee at the start of training.

**Documentation**

When a payment comes into the office, the cash processing clerk should immediately record the transaction into the cash receipt log and assign it an identification number. If the payer is present in the office, the clerk should issue a signed receipt listing the date and amount received. The transaction numbers must be unique and sequential so an auditor can quickly see if a cash receipt is missing from the log. If an employee transfers possession of a cash receipt to another employee, both parties must sign a receipt stating the date and dollar amount of the transfer.

**Reconciliation**

Each day, the employee responsible for preparing the reconciliations should compare the day's total from the cash receipts log with the daily bank deposits and the cash held in the lockbox or safe. At the end of the month, he will print the general ledger reports for the company's cash account and compare them to the monthly totals on the cash receipt log. Any discrepancies not due to deposits in transit should be investigated and the reasons noted on the reconciliation report. Each reconciliation must be signed and dated by the person who prepared it.

# Conclusion

One of the most important tasks carried out by managers (whatever field) as leaders is to manage expectations. Each individual and the team as a whole must know what they have to do and achieve. The task is to ensure that performance requirements developed in the planning stage are expressed as objectives or goals. An objective describes something that has to be accomplished – a point to be aimed at. Strategic management deals with both ends and means. As an end it describes a vision of what something will look like in a few years’ time. As a means, it shows how it is expected that the vision will be realized. Strategic management is therefore visionary management, concerned with creating and conceptualizing ideas of where the organization should be going. Managers with high levels of strategic capability will be capable of making a powerful business case for any proposals on the development of business strategies in their area.

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1. Joseph Massie (Economist, died 1784) was an 18th century political economist who wrote about 15 pamphlets dealing with economic and financial questions. [↑](#footnote-ref-1)