**INSTITUTE: FRANCISCAN MISSIONARY SISTERS FOR AFRICA.**

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**COURSE: LEADERSHIP AND MANAGEMENT.**

**ADMISSION NUMBER: AIPMS.**

**MODULE 2: C.A.T.**

1. ***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 finance manager? Explain at least ten, involving scholarly evidence.***

**The functions of a financial manager is to estimate the amount of capital required**. This is the foremost function because the business or firm requires capital for purchase of fixed assets, meeting capital requirements and advertisements and moderation and expansion of business or firm. The financial manager also makes estimates of funds required for both short term and long term.

**The other function is determining capital structure**. Once the requirement of capital funds has been determined, a decision regarding the kind and proportion of various sources of funds has to take place. For this, financial manager has to determine the proper mix of equity and debt and short term and long term debt ratio. This is done to achieve maximum cost of capital and maximize share-holder’s wealth.

**The other function is choice of sources of funds**. Before the actual procurement of funds, the financial manager has to decide the source from which the funds are to be raised. The management can raise from various sources like equity, share-holder s, debentures-holders, banks and other financial institutions and public deposits.

**There is also the procurement of funds**. The financial manager takes steps to procure the funds required for the business. It might require negotiation with the creditors and financial institutions, issue of prospectus not only upon cost of raising funds but also other factors like general market conditions, choice of investors and government policy.

**We also have disposal of profits or surplus.** The financial manager has to decide how much to retain for ploughing back and how much to distribute as dividend to share-holders out of the profits of the company, the trend of the market price of its shares the requirements of funds for self-financing the future programmes and so on.

**The other function is utilization of funds**. The funds procured by the financial manager are to be prudently invested in various assets so as to maximize the return on investment. While taking investment management should be guided by three important principles safety, profitability and liquidity.

**There is also management of cash**. Management of cash and other current assets is an important task of financial manager. It involves forecasting the cash in-flows and outflows to ensure that there is neither shortage nor surplus of cash with the firm. Sufficient funds must be available for purchase of materials, payment of wages and meeting day to day expenses.

**The other function is financial control**. Evaluation of financial performance is also an important function of financial manager. The overall measure of evaluation is return on investment (ROI). The other techniques of financial control and evaluation include budgetary control, cost control, internal audit break even analysis and ratio analysis. The financial manager must lay emphasis on financial planning as well.

1. ***Explain the general budgeting policies?***

There is Budgeting process. The budgeting process includes long range planning as well as planning for the current needs of the College. To accomplish the College’s Mission Statement Institutional Goals have been developed that receive funding and support through the budgeting process. The annual budget of the College is adopted for the fiscal year beginning October 1st and ending September 30th.

Long range planning for capital outlay for facilities is accomplished through the Facilities Master Plan, a five year master plan that is submitted to the Alabama Commission on Higher Education annually. This plan is developed by the President and Dean of Business Affairs, with review and input provided by the Executive Council and College Council.

The business office provides to the Executive Council a budget statement of projected revenues and fixed annual expenses of the College and budget worksheets to be distributed to all planning units. These worksheets include projected salaries and benefits of College personnel based on the salary of the College is developed with input from all planning units of the College , with leadership provided by deans, directors and department heads, and supervisors. Department priorities, annual goals and critical needs are identified through discussions and meetings of the planning units.

Budget worksheets, with priorities identified, are submitted by each planning unit to the Executive Council. The Executive Council ranks priorities in relation to Institutional Goals and distributes approved priorities and allocations. Planning units submit budget revisions when necessary. The business office combines all of the planning unit budgets with the budget statement of projected revenues and fixed annual expenses to develop the institutional budget for the upcoming fiscal year. The budget must provide for current operational expenses and to the extend funds are available a minimum of two month’s operating contingency. The President reviews and approves the budget and it is submitted by the business office to the Alabana Department of Postsecondary Education according to their reporting guidelines. Annual budgets for all institutions in the Alabana College System are combined into one system budget that submitted to the Alabana State Board of Education for approval. The College receives notification of approval of their budget usually in August of each year.

Budget control. All planning units provide their approved budgets which are reviewed with the deans, directors and department heads, and supervisors. The business office enters all the budget information into the computer system, and monthly financial reports which include budgeted line items, expenditure made, and encumbrances are provided to the Executive Council for distribution to the directors and department heads and supervisors.

The purchasing process requires an approved budget for the items requested. Signature verification of this requirement is provided by the dean or department head and the Dean of Business within the body of the purchase order document. The President reviews and provides signature approval of the purchase. An internal budget amendment for the movement of budgeted funds within a functional area from one line item to another may be requested with approval of the Chancellor of Postsecondary Education. For this purpose the College will submit a budget amendment to the Department of Postsecondary Education for the Chancellor’s review and approval.

1. ***Enumerate the steps that are involved in developing a budget?***

**Set realistic goals for your money will help you make smart spending choices**. This helps one to ask himself or herself what do I want my financies to look like in one year? To decide what is important and start there.

**Identify your income and expenses**. You probably know how much you each month budget for and know where it all goes. Find out by tracking what you are spending. Spend as you normally would, but for a few weeks, jot down every cent you spend. It is easy and you might be amazed by what you find out.

**Separate needs and wants**. Ask yourself. Do I want this or do I need it? Will spending this money get me closer to my financial goals or further away? Can I live without it? Set clear priorities for yourself and the decisions become easier to make.

**Design your budget**. Make sure you are not spending more than you make. Balance your budget to accommodate everything you need to pay for. One easy way to do this is with our free-easy –to-use budget calculator, spread sheet and worksheet.

**Look ahead**. Match your spending to when you receive your income. Decide ahead of time what you will pay. Have I allocated money for my necessities ( housing, food and transput money aside for my debt payments, unexpected expenses savings and for my fun stuff? This is to protect one from going into debt further because you will not rely on credit to pay for your living expenses.

**Seasonal expenses**. You know that things will just come up, school expenses, new shoes, put money aside to pay for those expenses so you can afford them without going into debt.

**Put your plan into action**. Getting on track with a budget can take a month or two. You have lived all this time without a spending plan, so give yourself time to adjust. Do not be afraid to ask for help if things are not falling into place.

1. ***What are the key factors that affect the budgeting process?***

**There is availability of funds**. Before a budget can be created leaders must be aware of their company’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 reliable revenues 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.

**We have 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 their direct effect of capital or operating expenditure, but also its indirect effects. For example, a capital project may have an impact on a company’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.

**There is also legislation and Government regulations**. This can disrupt a company’s 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 company’s operations. For example, a company that relies on websites must consider the European Union regulations pertaining to privacy.

**There is also Industry Analysis**. This 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 out-look 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 change to a company’s operating procedures affecting several budget items.

**We also have project return on Investment.** Rarely does failing project or program justify additional spending. Instead, funds should be committed to opportunities for which a positive and negative 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 positive and negative aspects of the opportunities must be identified and evaluated. Only then should the budget dollars be committed to the project.

1. ***With the aid of a diagram, explain the budgeting circle.***

**Step 1: Preparing the budget:**

The first step of the budget process is to actually generate the budget. This process starts with careful thought at the ground level as to what is needed and what new initiatives can be started. At the same time, your leadership and vision offers some guidance as to what should be included or excluded in the final budget. When preparing your small business budget, consider your expected revenues, expenses for employer wages, operations, materials and cost for any improvements you plan to make to your company.

**Step 2: Approving the budget:**

While the political budgeting process is a bit messy, one of its underlying principles is very meaningful for your business. Budgets are not approved on a yes or no basis. Instead, the political process can distort budgetary priorities, businesses do not have to fall prey to that problem. Instead, the approval process can be an opportunity for you to take another view of how your company is spending funds.

**Step 3: Executing the budget:**

One a budget is passed it is done. Business owners like you and me can impound funds to prevent money from being wastefully spent. On the other hand , others in your business can request for programming to give them additional funds if a need arises. Most of the time ,though ,the money gets spent in accordance with the budget .A good budget is not a limitation on what your company can spend. It is a financial embodiment of your company’s strategy and tactics for the year.

**Step 4: Evaluating the budget:**

While the audit and evaluation process was once focused on ensuring that money was being spent in accordance with the law and in a non-corrupt fashion, this phase of the budget has grown in slope. Now, auditing and evaluating also focuses on how effectively the money is being spent. It is not enough to see who used their money and who did not. What really matters in government and in business is where the money generated a return.

1. **Explain the record keeping policies.**

**Purpose of procedures**. These provide guidance and direction on the management of

**Scope and application**. These procedures apply to all business information and records , in all forms. These procedures are further supported by guidance and other local documents .

**Information governance.**

Information management activities are delivered by annual information management. Action plans, overseen by the information management committee. Minutes from these committees meetings are available on the staff intranet.

**Information and records management**. Corporate information and records must be captured by all staff and should provide reliable and accurate evidence of business decisions and actions.

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

**Make sure that most vulnerable devices are locked**. Remember it is not just the servers you have to worry about. A hacker can plug a laptop into a hub and use sniffer software to capture data sure that most vulnerable devices are locked. Remember, it is not just servers you have to across travelling the network. Make sure that many of your network devices as possible are in a different area, locked closet elsewhere in the building.

**The use of rack mount servers**. These servers not only take up less server room real estate but are easier to secure. Although, smaller and arguably lighter than some tower systems, they can easily be locked into locked racks that once loaded with several servers can then be bolted to the floor, making the entire package almost impossible to steal.

**Do not forget work stations**. Hackers can use any in secured computer that is connected to the network to access or delete information that is important to your business. Workstations at unoccupied desks or in empty offices such as those used by employees who are on vacation or have left the company and not yet been replaced, or at locations easily accessible to outdoors, such as the front receptionist’s desk, are particularly vulnerable. Disconnect and remove computers that are not being used and lock doors of empty offices, including those that are temporarily empty while an employee is at lunch or out sick. Equip computers that must remain in open areas, sometimes out of view of employees, with smart card or biometric readers so that it is more difficult for unauthorized persons to log on.

**Keep away intruders from opening the case**. Both servers and workstations should be protected from thieves who can open the case and grab the hard drive. It is much easier to make off with a hard disk in your pocket than to carry a full tower off the premises. Many computers come with case locks to prevent opening the case without a key. You can get locking it from a variety of sources for very low cost such as the one at innovative security product.

**Protect the portables**. Laptops and handbag computers pose special physical security risks. A thief can easily steal the entire computer, including any data stored on its desk as well as network logon passwords that may be saved. If employees use laptops at their desks, they should take with them when they leave or secure them to a permanent fixture with a cable lock, such as the one at PC Guardian. Handhelds can be locked in a drawer or safe or just stipped into a pocket and carried when you leave the area. Monitor sensing alarms such as the one at security kit-com are also available to alert you if your portable is moved. For portables that contain sensitive information full disk encryption, biometric readers and software that phones homes. If the stolen laptop connects to the internet can supplement physical precautions.

**Pack-up the back-ups.** Backing up important data is an essential element in disaster recovery, but, do not forget that the information on those back-up tapes, disks or discs can be stolen and used by someone out-side the company. Many IT administrators keep the back-ups next to the server room. They should be kept off site, and are secured in that off site location. Do not overlook the fact that some workers may back up their work on floppy disks. If this practice is allowed or encouraged, be sure to have policies requiring that the back-ups be locked at all times.

**Disable the devices.** If you do not want employees copying company information to removable media, you can disable or remove floppy drives, USB ports and other means of connecting external drives, simply disconnecting the cables may not deter technically savvy workers. Some organizations go so far as to fill ports with glue or other substances to permanently prevent their use, although there are software mechanisms that disallow it. Disk locks such as the one at security kit-com , can be inserted into floppy drives on those computers that still have them to lock out other diskettes.

**Pocket your printers.** One might not think about printers posing a security risk, but many of today’s printers store documents contents in their own on-board memories. If a hacker steals the printer and accesses that memory he or she may be able to make copies of recently printed documents, printers like servers and workstations that store important information, should be located in secure locations and bolted down so nobody can walk off with them.

Also think about the physical security of documents that workers print out ,especially extra copies that do not print perfectly and may be just abandoned at the printer or thrown intact into the trash where they can be retrieved. It is best to implement a policy immediately shredding any unwanted printed documents, even those that do not contain confidential information. This establishes a habit and frees the end use of the responsibility for determining whether a document should be shredded.

1. **How do you ensure control of official receipts.**

**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. In smaller company’s, it may not be possible to split the accounting duties between more than one employee. In this case, a supervisor should carefully review the cash receipt logs and reconciliations every month to ensure there are no discrepancies.

**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 safe or lockbox until it is deposited in the bank. Only the cash handling clerk and one backup employee should have a key to the lockbox or the combination to the safe. If either of these employees leaves the company or is reassigned to another position, change the lock or safe combination.

**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 the 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.