

## BUSINESS SENSE

# EMPOWER STAFF IN MONEY MATTERS

### Financial understanding is key to ensuring healthy accounting

#### Special Correspondent

THE recently announced R2 billion worth of wasteful expenditure by government entities is a prime example of the need for wider financial training in an organisation, says head of accounting at UCT, Professor Mark Graham.

Auditor general Thembekile Kimi Makwetu announced earlier this month that government entities had racked up more than R2 billion in wasteful expenditure in the past financial year, incurring another R26.4bn in irregular spending.

Graham said that such results often occur because non-financial personnel, for the most part, do not understand financial statements and financial jargon sufficiently to spot the irregularities.

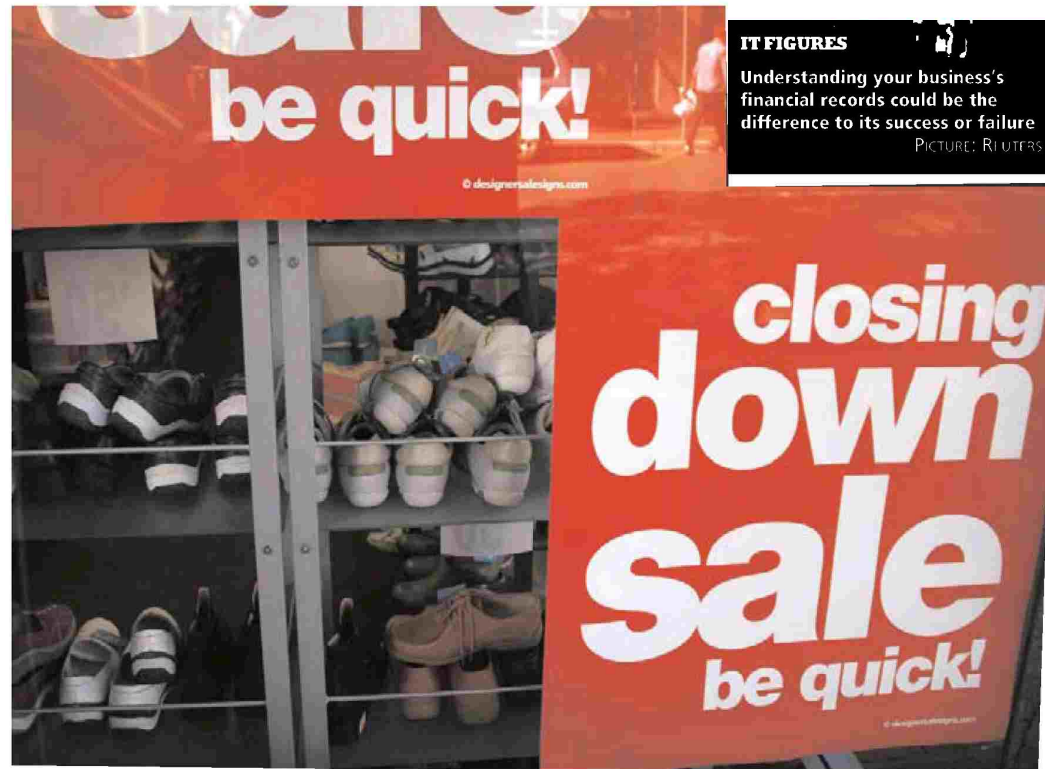
Graham, who also convenes the

Finance for Non-Financial Managers programme at the UCT Graduate School of Business (GSB), said that if more staff – other than the finance director and accountant – in all companies, businesses or institutions, whether it's a government organisation, a major corporation, or a small business, had even basic financial knowledge, such situations could be reduced.

“Finance is the language of any business – and you're not going to understand your business unless you understand what the numbers are telling you.

“No matter what sector you're in, you need to be able to examine the financial health of the organisation, identify problems and inefficiencies and contribute towards improving financial performance,” he said.

Graham said that many entrepre-



#### IT FIGURES

Understanding your business's financial records could be the difference to its success or failure

PICTURE: REUTERS

neurs, small business owners, and members of larger organisations are holding themselves and their organisations back because they fail to understand this.

“For all organisations – especially government – the complexity of the current market especially means that non-financial managers need to be aware of every financial nuance in order to ensure their organisation stays financially healthy,” he said.

Even basic financial literacy can help identify improve performance or identify possible red flags in a company's financial situation.

“If you want to know why your income statement shows a profit, but all you have to show for it is an over-

drawn bank account, you need to empower yourself by understanding some basic financial principles,” said Graham.

Graham said that this is an integral part of the UCT GSB Finance for Non-Financial Managers programme running at the GSB this February.

“Those attending will be taught how to read an organisation's financial statements and explore their parameters. They will be given the tools to analyse cost behaviour and financial performance; will participate in creating a financial plan; and they will gain the knowledge and confidence needed to contribute to creating value within their organisation.”

The course is specifically designed

for non-financial people from any sector, those responsible for meeting budgets and containing costs, and for anyone wanting to understand the key drivers of performance in organisations.

“Delegates leave with a fairly sophisticated understanding of how the ebb and flow of finances within an organisation can make or break it.

“Instead of a mass of incomprehensible numbers on a spreadsheet, they can read the story that these numbers are telling,” said Graham.

● *The Finance for Non-Financial Managers Executive Education programme at the GSB runs from March 24 to 27. Call 021 406 1238 or email: celeste.wilson@gsb.uct.ac.za.*