

# Managing financial and non-financial resources

[Economics](#), [Budget](#)



Universities are institutions where students pursue higher levels of education. This institution enables the students to study and to conduct research work in various academic fields and after completing and qualifying in their studies they are awarded academic degrees such as the bachelors degree, master degree and the doctorate degree.

The institution is headed by a board of trustees who ensure that the operations of the institution are carried out effectively. The chancellor is usually appointed to run the institution. The institution has many departments which are headed by various deans who ensure that the students' affairs and the learning affairs of the institution are run effectively and efficiently.

In case of public universities they are managed by the government through the Higher Education Boards which review their financial needs and their budget proposals and then they allocate appropriate fund according to the demand of the institutions departments expenses. The private universities are usually sponsored by private persons thus their operations are not affected by the government since they carry out their activities independently.

A budget is a plan of how an organization would like to achieve its goals in the future. It consists of estimates that the management with its personnel sets so that the operations of the institution can run effectively. A budget process is the procedure that is followed by an organization or a government on how to create and to approve a budget.

The administrator of an organization organizes a meeting in order to ensure that all members of the organization participate in the preparation of the budget so that the following year's activities are adequately addressed and then the financial managers ensure that appropriate funds are allocated against the activities of the organization. The chief executive officers reviews and approves the budgets so that they can make appropriate amendments if need be.

The allocation of resources of a university in the budget process is usually made in compliance with the university's strategic plans . The deans and the directors of the university develop the budget using the proposals for the university faculty. They consult department chairmen and unit heads so that they can provide a comprehensive budget which is helpful to the particular faculty concerned. The university vice chancellor is the last person who approves the budget so that it can be made effective and hence he or she directs on how the budget is to implemented by various personnel in the institution..

The expenditures of a university are forecasted, monitored and controlled using the following procedure. The finance officer creates a valid account that relates to the activities that the university would like to achieve then an account number is created to those accounts . The account is monitored by carrying one monthly reconciliations of revenues and expenditures and then comparing actual revenues and expenditures to the budget so as to determine the variance so that corrective measures can be carried out. For example for the contracts and clinical activities they are prepared using

invoices which are used to monitor that the terms and conditions of a company are properly followed.

In case there are deficit balances on the allocated accounts they are regulated using the accounts that are associated with them . A comprehensive budget for the institution is necessary because there are many activities that are carried out in the institution thus it is important to correct the deficits that an organisation has so as to enable the institution to carry out its activities effectively and to enable it to achieve its goals in the future. The management of the university carries out internal controls when preparing the budget. An auditor is usually appointed carries out an audit in books of account so as to ensure that the financial statements portray a true view and also ensure that the books of accounts are accurately and properly kept. The budget can be forecast using the current years performance and the resources that are available in the university.

The manager of the institution can encourage people to share responsibility by involving them in the decision making process. This can enable the employees of the institution to contribute their views, ideas about how to run the activities and this can help them to appreciate the operations of the company and they can enhance the implementation the ideas of an organisation.

The managers of the institution can manage non-financial resources by employing qualified personnel to handle and oversee their operation since in one way or another they contribute to the success of the business. The management of the institution can also manage the non-financial resources by preparing strategic budgeting approaches which can help them to align

the necessary resources so as to enhance proper strategic plans for the institution.

The approaches that are used in monitoring and controlling non-financial resources are : activity based costing it is an approach that is used in the measuring the costs of activities of an organisation this approach enables a manager not to over or under estimate his costs because since either of the two can lead the managers to not to prepare their budget properly since specific funds are allocated to particular projects of a company and this enables the activities of the institution to be carried out effectively.

The other approach that can be used in monitoring and controlling the non-financial resources are the use of the balanced scorecard it is an approach that is used in evaluating the performance of the employees of the institution. It enables the management to assess themselves whether they are performing their activities as expected of them , in case they don't perform as expected of them they can take measures of preventing the bad outcomes from happening in the future.

The advantages of using this approaches is that they enable the management of the organisation to perform their activities effectively and once they adhere to what they are expected to do this can enable the organisation to achieve its goals and hence they enable it to have greater returns for the institution . The disadvantages of using this approaches is that they may be very costly for the organisation to implement because of inadequacy of resources to implement the projects , some people in the institution may oppose the idea of implementing the project because either

they may be biased or they would not like to accept changes in their institutions..

People spend money for various reasons one is to satisfy their basic needs such as to purchase food, clothing and shelter . In case of the universities the management spends money in order to meet their current budgets of what they would like to accomplish in a given financial year, thus in their budget they allocate specific funds for specific projects that they would like to set up in the future .

The institution may plan in its budget to build more lecture rooms in order to accommodate the increasing of students that are enrolling in the institutions, since these can be a good investment since in the long run it can generate returns for the institution since the students can enroll in it due to the availability of resources that enhance learning to take place effectively.

In case of universities they prepare capital budget since their expenditure is mostly associated with the purchase of infrastructure that is most preferable for the organization. The management of the institution can be able to select a type of investment for their institution based on the risk that is involved in setting up the project and also with regard to how the plans of setting up the project have been designed so that enough resources are allocated so that the project can be effectively implemented. An investment can be evaluated by using the following capital budgeting techniques. One of them is the net present value technique, internal rate of return and the pay back technique.

The capital budgeting technique that is called net present value can assist the management of an institution to make a decision on whether to accept an investment or not. If an investment has a positive net present value then it means that an investor can invest in that project. The rate of return of the investment should be selected depending on the riskiness of the project. The riskiness of a project is determined by how the case is flowing in the institution, if the cash inflow is higher than the cash outflow then it is important to invest in the project since the returns of the project are high.

The internal rate of return is a capital budgeting technique that is used in measuring the efficiency of a project. It is a discount rate that gives the same result as the net present value. If the internal rate of return is higher than the hurdle rate then an investment can be implemented using the rate.

The financial tools can be used by the institution in carrying out its activities . The financial tools consist of financial ratios the enable an institution to compare its performance in its previous years performance so that they can take corrective measures if need be since the ratios are prepared using variables in the financial statements thus comparing their performance can be easy since the financial statements of a company are usually prepared annually.

It is important to manage the resources of an institution because they enable it to achieve goals and objectives in the future . If the resources are properly managed the an institution can be able to earn greater returns and hence it can continue to progress in the future.