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Skills for Finance, Risk Management & Corporate Governance in the Public Sector

Course Overview:

This course offers insights into the world of corporate finance, risk, and governance. Capital markets are central to the globalization phenomenon and essential for a well-functioning society. Because of this centrality and essential nature to societies, focus and attention must be paid to their proper functioning and oversight. To that end, this course offers an overview of the interaction between management and all other stakeholders. Diverse and complex stakeholder demands are best met by an efficient allocation of resources over an extended period.

Course Objectives:

At the end of this course, the participants will be able to:

- Specify the exact nature and scope of corporate financial reporting
- Identify and criticize specific concepts, rules, and procedures are in place for corporate financial reporting
- Understand how & why working capital is critical in today’s world
- Understand how & why capital structure can make or break a firm
- Learn how capital budgeting can go so wrong if not performed properly
- Identify and overcome limitations that are inherent in corporate financial reporting and/or corporate governance
- Manage risk analysis & decision making
- Increase skill set in all phases of finance and governance
- Greater ability to participate in and lead the finance/governance process
- Recognize the increased professionalism to deal with the current and future topics
- Increase recognition by the organization for their learning and professional commitment
- Challenge themselves in an immersive learning environment
- integrate business plans and strategic intent
- Reduced inter-functional territorial battles

Course Coverage:

Topic 1: What is Finance & Working Capital – Liquidity or Bankruptcy?

- Finance is a numbers game
- Yet finance is more than the numbers
- The three major components of finance
- Working capital (WC) defined
- Relationship to current ratio
- Components of WC
- Inventory
- Accounts receivable
- Cash
- Accounts payable
- Notes payable
- The critical rations to compute
- What should they be & why
- The questions to ask
- The answers you want

Topic 2: Capital Structure

- What it is & why it is important
- Equity capital - what it is
- Equity capital – calculating its costs/required rate of return
- Debt capital – what is it really
- Debt capital – calculating its costs/required rate of return
- Weighted Cost of Capital (WACC) – why it is so important
- Calculating your WACC
- When & how to use WACC
- Leverage: two-edged sword - defined
- Operating leverage - calculated
- Financial leverage - calculated
- Combined leverage – Wow! Look at the impact

Topic 3: CAPEX - Analysis of Investment Decisions with What-if Risks:

- Cash Flows and the Time Value of Money
- Discuss the capital project evaluation process
- Ideas for the future with a multiple periods horizon
- Estimating cash flows within the business system
- Net present value (NPV) & Internal Rate of Return (IRR) as preferred methods
- Profitability Index (PI) & Modified Internal Rate of Return (MIRR) as reasonable alternatives
- Defining the approval criteria and review process
- Post-implementation audits of capital projects
- Refinements of Investment Analysis
- Dealing with Risk and Changing Circumstances – how do we explain?
- Cost of Capital and Return Standards
- Benchmarking Discount & Hurdle rates

Topic 4: Risk Management as an integral part of Corporate Governance:

- Understanding uncertainty and risk/opportunity
- Identifying strategic financial risks
- Identifying operational risks

- Identifying functional financial risks
- Assessing financial risks from each perspective
- Finding our personal risk profile (appetite for risk)
- Clarifying desired outcomes, expected outcomes, and actual outcomes
- Performance measures – the need for FRM/ERM
- Quantitative and qualitative risks
- Developing FRM/ERM strategy – do we need a CRO?
- Other risk issues to be concerned with Joint ventures, alliances, product liability, environmental risk, outsourcing risk, growth risk, R&D risk, natural disasters, catastrophic risks, supply chain risk, reputation risks, and psychology of risk among others

Topic 5: Corporate Governance:

- What is Corporate Governance?
- Corporate Governance environment
- Relevance of Corporate Governance
- Perspectives on Corporate Governance
- Shareholders vs. Stakeholders
- Voluntary VS Enforcement
- 1-Tier VS 2-Tier boards
- Chairman/CEO duality
- The independent director
- Corporate Governance models
- Structure & practices
- Emerging Trends in Corporate Governance
- Principal-Agent theory and applications
- Independence VS Appearance

Targeted Groups:

- Risk and Compliance Managers
- Middle managers who require a more in-depth understanding of the concept of governance & Risk Management for the state & Public Sector
- Senior Officials in national, provincial and local government
- Staff who support the Board or with responsibility for governance
- Heads of Departments, Directors, Senior Managers, Managers, Company Secretaries, accountants and Finance Professionals responsible for Governance & Risk Management
- Executives and Senior Officials of state-owned companies, and as well as listed, non-listed organizations

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