

“Dr. Adeniyi – the 4Cs”

by [Mofoluwake Adeniyi](#) - Wednesday, October 30, 2013, 7:08 PM

According to Gapenski (2013), the 4Cs summarizes the financial activities of health services organizations.

The 4 Cs includes;

Costs, its measurement and minimization are activities essential to the financial success of all healthcare organizations.

Cash, it lubricates the wheels of a business and ensures the smooth running of the business.

Capital, “the funds used to acquire land, buildings and equipments”.

Control of physical and financial resources to ensure its wise employment and its protection for future use.

Examples of the 4Cs include;

Costs

- cost of medical prescription
- cost of investigations
- consultation fee

Cash

- Money spent on purchasing petrol to run the generator in order to ensure electricity is provided in the theatre.
- Money spent on the purchase of consumables (cotton wool, plaster, alcohol, laboratory reagents, anesthetic medications e.t.c)

Capital

- Money spent on the purchase on the land in which the health facility is located
- Money spent on building the health facility complex
- Money spent on the purchase of equipments in the health facility complex.

Control includes the activities of the accountant and the financial manager like

- Budgeting and resource planning (paying staff and pensioners, income collection, paying for services and goods e. t. c).
- Managing of financial operations
- Financial decisions
- Capital investment decisions (NHS n. d; Gapenski, C., 2013).
- Financial reporting

- Financial and operational analysis
- Contract management
- Financial risk management
- Supervision of both the comptroller and the treasurer's activities (NHS n. d; Gapenski, C., 2013).

If there were discrepancies or deficiencies in any of these areas, the overall health care organization might be impacted by an inability to access liquidity, manage and release cash, control costs and engage with stakeholders.

The health care organization will not make profit and will not be able to take advantage of opportunities because it might be dependent on external source of funding (THG, 2013).

Thanks,

Dr. Adeniyi

References

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