

Steps of effective Financial Management?

Speaker: What is the first step that you take when you are setting up an organization from financial management view?

Audience: Prepare a budget.

Audience: Find out all requirements

Speaker:

1. Make a Budget first, then a proposal and raise funds. Once this is completed, what will you do next?
2. Set up policies or the framework. Example - how shall we spend this money? Spent in cash or through cheques. If there are cash transactions, then up to what limit can cash be paid. So what should be the policy for payments? What should be the policy for advances? There are many such issues which one needs to sort out.
3. The next is budgeting. It does not only mean making the budget. It includes preparation, implementation, monitoring and review – this entire chain is called budgeting.
4. Then we come to internal control. The basis of a policy is to set up control systems. Then comes accounting systems. How are you going to organize the book-keeping system? Next come the requirements for legal compliances – TAN numbers, TDS, filing of returns like FCRA and annual returns, etc
5. Reporting is another important area. The only thing that goes back in the linear model a non-profit organization follows is reporting. It has to be done or funds will stop flowing in.

And finally comes audit. These are some of the most important aspects of financial management.