


FINANCIAL MANAGEMENT FOR INSTITUTIONS

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WHAT IS FINANCIAL MANAGEMENT?



Financial Management refers to the framework an organization and its finance leaders use to guide resource allocations, investment decisions and operational efficiency.

Managing profitability, budgeting forecasting and strategic decision-making are the processes that make up an organization's/institution's financial management.

WHY FINANCIAL MANAGEMENT MATTERS

Effective financial management ensures that an institution;

Uses resources efficiently.


Meets its obligations on time.

Sustains operations in both good and difficult times.

Earns the confidence of stakeholders, donors, investors, and regulators.

FINANCIAL CONTROLS THAT REDUCE CORRUPTION, OVERSPENDING AND *UNDERSPENDING*

Financial controls are the procedures, policies, and means by which an organization/institution monitors and controls the direction, allocation, and usage of its financial resources.



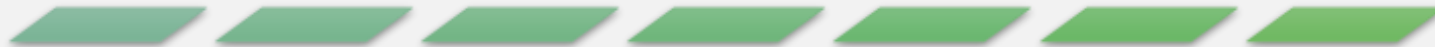
Separation of duties between approvers: In relation to more than low corruption risk transactions, persons from the same department or function should not be able to both initiate and approve a payment. This reduces the risk of conspiracy between the two managers.

FINANCIAL CONTROLS

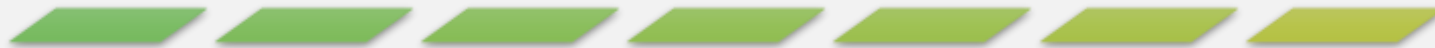
Authorization and Approval Limits: For example, Large payments need senior or committee approval



Transparent Procurement Procedures



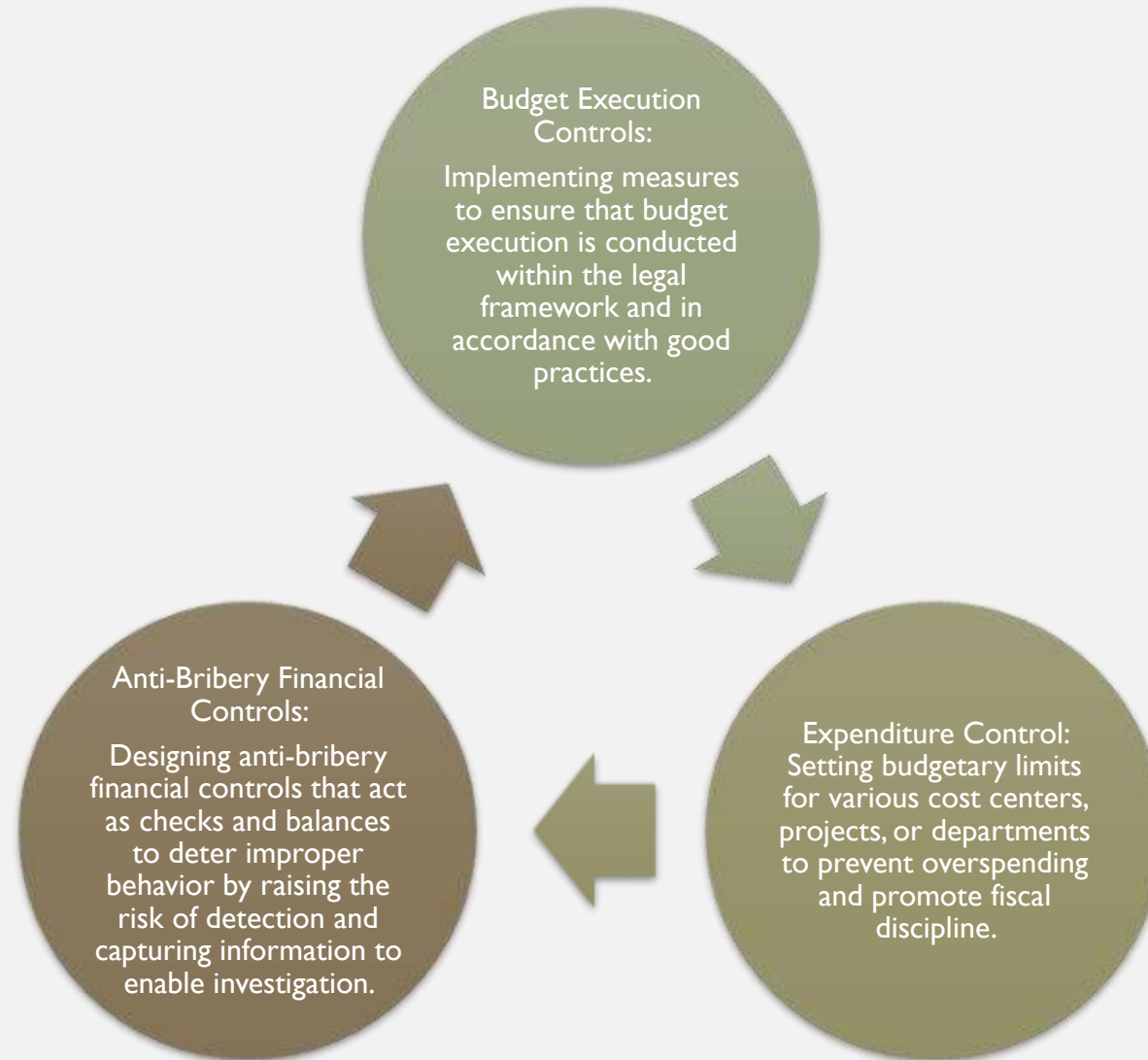
Regular Internal and External Audits: Internal audits detect issues early while external audits provide independent oversight and this discourages fraud through accountability.



Strong Documentation and Record Keeping: All transactions should be supported by invoices, contracts, receipt etc.



FINANCIAL CONTROL



BEST BUDGETING PRACTICES

Set Clear and Measurable Financial Goals: Without specific targets, it's challenging to determine whether your project/business is on track to succeed or not. When setting goals, make sure they are specific, measurable, achievable, relevant, and time-bound.

Monitor and Adjust Budget Regularly: Institutions/businesses/organizations should review their budgets monthly or quarterly, depending on the size and complexity of the institution/organization. Actual results with budgeted amounts should be compared to spot trends, inefficiencies, or areas that need improvement.

Include Contingency Planning in the Budget

Separate Fixed and Variable Costs: Accurately categorizing expenses helps an institution to forecast cash flow more effectively and make better financial decisions.

BEST BUDGETING PRACTICES

Leverage Technology for Budgeting and Forecasting: Many accounting software programs offer robust budgeting features enabling institutions to automate expense tracking, generate reports, and forecast future performance.

Engage Key Departments in the Budgeting Process.

FINANCIAL DOCUMENTS



Financial Documents are formal records that support financial transactions and reports. Some of these documents include;



Source Documents: These initiate transactions e.g Invoice, Receipt, Purchase Order, Payment Voucher, Bank Deposit Slip, Cheque/Transfer Advice.



Accounting Records: These are used to record and classify transactions. For example, Journal, ledger, trial balance.

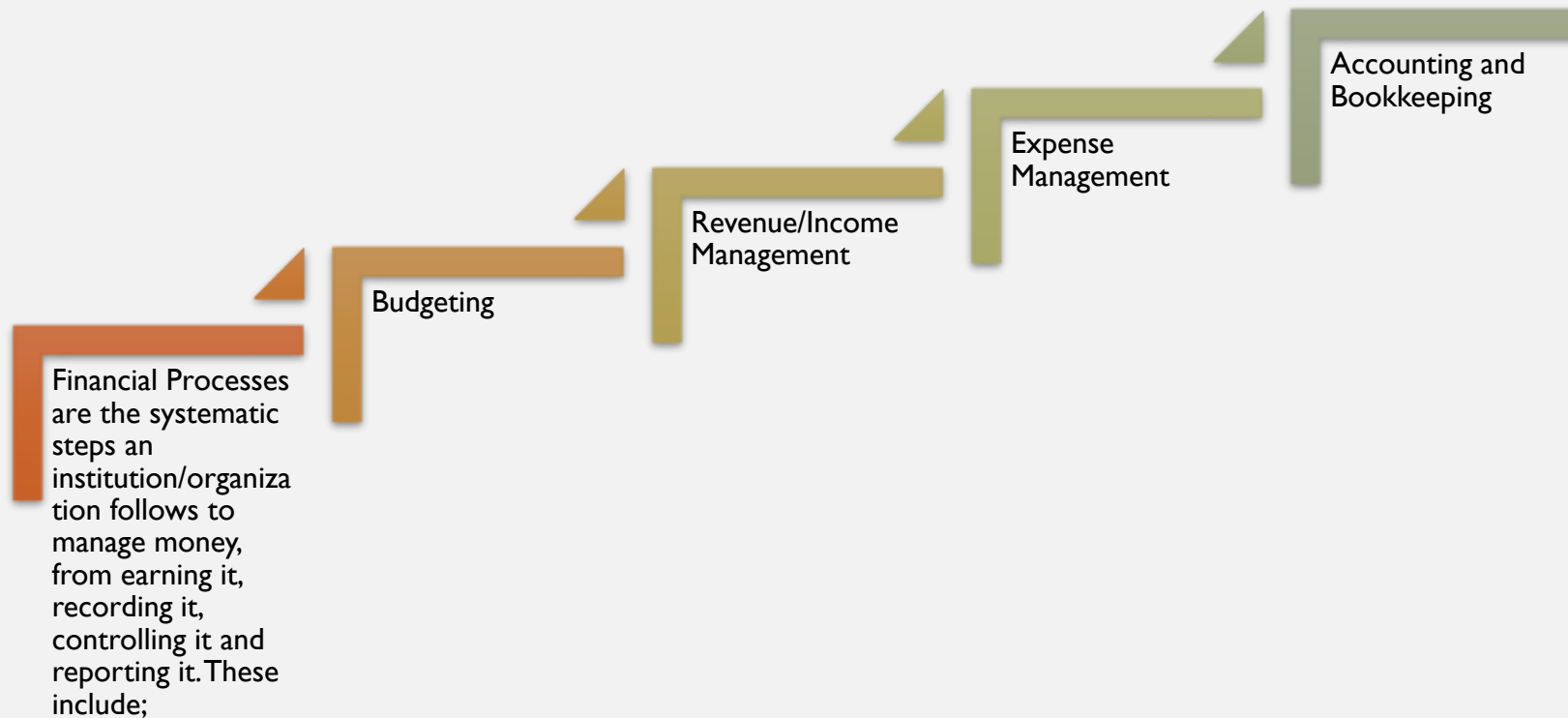


Financial Statements: These are formal reports prepared periodically e.g, Income Statement, Balance Sheet, Cash Flow Statement.

FINANCIAL DOCUMENTS



FINANCIAL PROCESSES



FINANCIAL PROCESSES

Cash Flow
Management



Auditing and
Internal Control



Financial
Reporting

**THANK YOU
ANY QUESTIONS?**

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