How Healthy is Financial Management in Your Organization?

Grand Scale Consultancy's Finance Health Check

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Introduction

About Grand Scale Consultancy

We live in a time when the world is in great need of saving and many leaders and organizations have risen to this call. In 2015 the United Nations General Assembly established to “achieve a better and more sustainable future for all” in 2030 and we have made a decision to join in this journey. As Grand Scale Consultancy we are playing our part by supporting conscious leaders, decision makers, and influencers in their quest to build financially sustainable, high impact and socially responsible organizations.

What can the Grand Scale Consultancy Finance Health Check do?

Grand Scale Consultancy’s Finance Health Check helps you assess the health of your organization’s financial management. It is designed as a self-assessment tool so you can identify the areas where you need to improve.

The Health Check is a set of statements that covers all key areas of an organization’s financial management. For each statement, you will need to consider how well your organization is in line with the best practice statement. By the end of the Health Check, you will be able to tell if the financial management in your organization is healthy or sick - and whether you need to call a doctor!

You may opt to complete this Health Check again after a year or two and assess and monitor your progress.

What can the Grand Scale Consultancy Finance Health Check NOT do?

Every organization is different and financial management systems must reflect this. A ‘one size fits all’ approach cannot work. However, the key aspects of best practice are usually the same for most organizations. The Health Check focuses on those key aspects. They are the foundation of best practices.

Grand Scale Consultancy’s Finance Health Check only provides a general indication of the health of your organization’s financial management. It is not an exhaustive list of all aspects of financial management.

Additionally, the financial health check is not an audit and it does not describe a standard set of procedures which are relevant in every situation. It is not appropriate to set a score as a ‘pass rate’ for a partner assessment. It is not appropriate to compare the scores of two organizations and make conclusions about differences between them.

Who is the Grand Scale Consultancy Finance Health Check designed for?

Grand Scale Consultancy’s Finance Health Check is designed for individuals or groups of individuals from small to big sized organizations as well as field offices. This may include Non-Governmental Organizations, National and Community-based Organizations, schools, medical centers, churches etc.

How to use the Grand Scale Consultancy Finance Health Check

You do not need special financial skills to complete it. The Health Check includes explanations in each section. The most useful way to complete this is in a meeting or working group, with input from the Treasurer, Chief Executive Officer, Senior Managers, and a selection of budget holders, finance staff, and field staff (ideally 5-7 people max).

Taking each statement of best practice in turn, discuss whether it is true, or is in place, or happens in your organization. Agree on a score based on what actually happens, not what is supposed to happen, or what is documented in your finance manual. The available scores are only 5, 4, 1, and 0.

Explanation	Score
Our practice is completely in accordance with the statement	5
Close to 5, but not quite there	4
Close to 0, but not that poor	1
This is not in place, is not true, or does not happen	0

Clearly, a degree of judgement is required to decide between ‘4’ or ‘1’, and it is not an exact science. If you cannot give yourselves a clear cut 5 or 0, you need to decide which one you are closer to.

Often the real value in this exercise is not the score itself, but rather it is the conversations and the details of issues that arise. Make good notes and keep a list of action items as they come up.

Circle the score for each statement. Add up the total for each section and transfer it to page 10 to get a total. Then, interpret the score using the guidance given.

Basic Information

1. What is your full name: ____
2. Your email address: ______________________________ Cell: __________
3. How many employees does your organization have: ______________________
4. Who is responsible for lodging Company Registrar annual Returns:____________
5. What is the organization's current turnover: _____________________________
6. Is the organization VAT registered: __________________________________

Section 1. Planning and Budgeting

Budgeting is about working out how much your planned activities are likely to cost. Both program and finance staff should be involved in setting budgets, to create a foundation for good cooperation and coordination during spending and budget monitoring.

Budgets have a crucial role to play in strong financial management. Budgets should be approved by the Board of Trustees, to check they reflect the planned strategic direction of the organization. Project managers can use a budget to guide implementation and check on progress. Overhead costs that are shared by many projects also need to be carefully controlled by an assigned budget holder. The codes used for your budget lines need to correspond to the codes used in your accounting system. Otherwise, it will be difficult to track actual spending against expected spending in your budget monitoring reports.

A cash flow forecast is as important as a budget. It constantly looks 3-6 months into the future, starting with the actual cash available now. It helps you to prioritize the timing and scale of planned activities and to spot cash flow problems in time.

Assess the health of your organization's planning and budgeting:

Ref.	Statement of Best Practice	Score			
1.1	Budgets are prepared in good time for all the costs of running the organization	5	4	1	0
1.2	Both finance and department heads are involved in setting budgets	5	4	1	0
1.3	All revenue departments/product budgets are based on planned activities	5	4	1	0
1.4	A separate budget is prepared for core costs (overheads)	5	4	1	0

1.5	Organizational budgets are approved by the Board	5	4	1	0
1.6	A named individual (budget holder) is responsible for implementing and managing each budget	5	4	1	0
1.7	All products/services are able to break even	5	4	1	0
1.8	A cash flow forecast is prepared every month	5	4	1	0
Total Score for Planning and Budgeting					

Section 2. Basic Accounting Systems

Every financial transaction should be backed up by a 'supporting document', such as receipt or invoice (e.g., for travel reimbursements). This is the evidence that a specific transaction has taken place. Every transaction involving paying out or receiving money should be written down in a cashbook. It can be kept in a physical or petty cashbook, on an Excel spreadsheet or as part of a computerized accounting package. Every entry in the cashbooks should be referenced back to the relevant supporting document.

Assess the health of your organization's basic accounting systems:

Ref.	Statement of Best Practice	Score			
2.1	Every payment made has a supporting document providing evidence	5	4	1	0
2.2	All payments and receipts are recorded in cashbooks (date, description, amount)	5	4	1	0
2.3	Every entry in the cashbooks is cross-referenced to a supporting document	5	4	1	0
2.4	All cashbooks are updated at least once per month	5	4	1	0
2.5	A standard Chart of Accounts is used to code (or classify) each transaction in the cashbooks	5	4	1	0
2.6	A bank reconciliation is done each month, for every bank account	5	4	1	0
2.7	A cash count reconciliation is witnessed and recorded each month	5	4	1	0
2.8	The organization keeps track of amounts owed to others (e.g. suppliers) and owed by others (e.g., staff)	5	4	1	0

Total Score for Basic Accounting Systems	

It is important to check the accuracy of the accounting books at the end of each month by carrying out two essential "reconciliations." The bank statement balance is compared to the bank cashbook closing balance. A physical cash count is done to check the closing balance in the petty cash book. Accounting works by assigning codes to each transaction entered in the cashbooks. The unique list of accounting codes that an organization uses is called its "Chart of Accounts". Another set of codes can be used to assign transactions to a specific project or donor. These are called 'cost center' codes.

Section 3. Financial Reporting

The Board of Trustees need financial reports to oversee the finances of the organization. Managers need up-to-date figures to monitor projects and make decisions. Donor agencies need reports to check the use of their money, and often as a condition for further funding. Increasingly, organizations are sharing financial information with beneficiaries to increase accountability and build confidence. An annual external audit verifies the accuracy of the financial statements.

The monthly financial reports should include an Income & Expenditure report showing money coming into the organization and how it was spent. If the report compares the amount spent against the budget, it is called a Budget Monitoring Report. The budget is supposed to be a tool, not a straitjacket. Project managers should use financial reports to help make decisions so that the money is used efficiently and effectively to achieve desired outcomes. It is also important to report on balances held at the end of each month or quarter. Balances include the amount of money held (cash and bank), as well as amounts owed to the organization (such as unaccounted working advances) and owed by the organization (e.g., to suppliers/tax authorities).

Reports should be produced showing the relevant level of detail according to their use (e.g., for a single project or donor) or consolidated. Reports should also have the right format for their use, e.g., donor formats as per grant agreements, standard formats for annual audited accounts, accessible formats for beneficiaries, user-friendly formats for managers.

Assess the health of your organization's financial reporting:

Ref.	Statement of Best Practice	Score			
3.1	Your organization has a board or directors	5	4	1	0
3.2	The board reviews financial reports every quarter	5	4	1	0

3.3	Senior managers discuss financial reports at least once every three months	5	4	1	0
3.4	Reports include details of cash and bank balances, amounts due (e.g., from staff) and owed (e.g., to suppliers)	5	4	1	0
3.5	Budget holders receive budget monitoring reports every month	5	4	1	0
3.6	Budget monitoring reports include explanations and comments about differences	5	4	1	0
3.7	Financial reports are used to help make decisions	5	4	1	0
3.8	Financial information is shared with stakeholders at least once per year, in an accessible way	5	4	1	0
3.9	Annual audit or Independent Review is done and signed within six months of the year-end	5	4	1	0
Total Score for Financial Reporting					

Section 4. Internal Controls

Organizations use a lot of different internal controls to make sure that:

- Assets are safeguarded
- Accounting records are accurate and up to date
- Fraud and errors are prevented and detected
- Staff are protected

Note: the other sections of Grand Scale Consultancy's Finance Health Check also include important controls. For instance, cash and bank reconciliations are important for checking the accuracy of accounting records and identifying fraud.

Assess the health of your organization's internal controls:

Ref.	Statement of Best Practice	Score			
4.1	Cash is kept safely in a locked cashbox or safe, in the custody of one individual	5	4	1	0
4.2	All cash received is banked intact, i.e., without any being spent (if no cash is received, score is 5)	5	4	1	0

4.3	Bank reconciliations are checked by someone who did not prepare them	5	4	1	0
4.4	There is a written policy detailing who can authorize expenditure of different types or value	5	4	1	0
4.5	All transactions are properly authorized	5	4	1	0
4.6	Cash payments are authorized by someone other than the cashier	5	4	1	0
4.7	Different steps in the procurement process, (e.g., ordering, receiving and paying) are shared among different people	5	4	1	0
4.8	Expenses claims for staff advances are checked by the same person who authorized the advance	5	4	1	0
4.9	Staff salaries (including advances and loan deductions) are checked each month by a senior manager	5	4	1	0
4.10	Statutory deductions (e.g., payroll taxes) are properly made and paid on time	5	4	1	0
4.11	All fixed assets (e.g., vehicles, computers, equipment) owned by the organization are insured and controlled using a fixed assets register	5	4	1	0
4.12	There is an approved policies and procedures manual in place which is relevant to the organization, and known by staff	5	4	1	0
4.13	A properly registered audit firm is selected by the Board	5	4	1	0
Total Score for Internal Controls					

Section 5. Staffing

Good financial management is dependent on staff with the right skills, support, and attitude to carry out their responsibilities. All staff have a role to play in financial management. The accounting staff are part of a wider team including the Executive Director, Program Managers and the Board. Integrating good financial management into programs involves budget holders and finance staff working hand in hand through all the stages of the financial cycle (plan-do- review). It may be difficult to assess the technical competence of accounting staff. Good indicators are the timeliness of reports, the neatness of files and records in the accounts office, and auditor's comments or recommendations.

Assess the health of your organization's staffing:

Ref.	Statement of Best Practice	Score			
5.1	The board includes someone with the skills needed to oversee all financial activities	5	4	1	0
5.2	The finance staff have the skills (and qualifications) needed to carry out all financial activities	5	4	1	0
5.3	Managers have the financial skills they need to manage budgets and implement controls	5	4	1	0
5.4	Finance staff and budget holders work together well in payment processing and budget monitoring	5	4	1	0
5.5	Different roles within the finance function are clearly defined, known, and followed	5	4	1	0
5.6	Senior staff lead by example in following control procedures	5	4	1	0
5.7	Finance staff are recruited freely and fairly on the basis of merit only	5	4	1	0
5.8	All staff receive the training and support they need to carry out their financial management responsibilities	5	4	1	0
Total Score for Staffing					

Section 6. Compliance

Compliance means that an organization adheres to the applicable rules and laws. This includes both country-specific laws and requirements from the regulatory authorities as well as internal organization directives.

Assess the health of your organization's compliance:

Ref.	Statement of Best Practice	Score			
6.1	There is a dashboard that allows the entity to track its compliance with the Receiver of Revenue, Company Registrar, and any other regulatory body	5	4	1	0
6.2	PAYE is filed and submitted on a monthly basis	5	4	1	0
6.3	VAT returns are submitted consistently as per the VAT periods	5	4	1	0
Total Score for Compliance					

Section 7. Grant Management

Most organizations get at least some of their funding as grants from donor partners. It is important to have a grant agreement in place that outlines the amounts and timing of funds to be transferred. Donors tend to fund specific projects with specific budgets which form part of the agreement.

The grant agreement may also contain a number of grant conditions, including procurement rules and reporting requirements. Program and Finance staff need to work together to ensure consistency between the narrative and financial reports about the same project.

Often organizations work with several different donors at the same time. It is very important to keep track of which donor is funding which project (or part of a project). It is not best practice to 'borrow' money received from a donor for a specific project for another purpose.

Assess the health of your organization's grant management:

Ref.	Statement of Best Practice	Score			
7.1	There is a signed grant agreement in place for each grant	5	4	1	0
7.2	Senior Managers check that the grant conditions are reasonable before signing agreements	5	4	1	0
7.3	Grant conditions on procurement are known by finance staff, budget holders and procurement officer(s)	5	4	1	0
7.4	There is compliance with the terms and conditions in grant agreements	5	4	1	0
7.5	Donors receive financial reports in the right format and on time	5	4	1	0
7.6	Donor financial and narrative reports are consistent and clearly linked to each other	5	4	1	0
7.7	Donor funds are kept for the activities they are meant for and never 'borrowed' for other activities	5	4	1	0
Total Score for Grant Management					

Interpreting Your Score

Record your score for each section in this table. Then compare it to the columns on the right & ring or shade the appropriate risk assessment for each section. Finally, add up your total score & see the advice below.

Section	Your Score	High Risk	Med. Risk	Low Risk
1. Planning and budgeting		0 - 20	21 - 32	33 - 40
2. Basic accounting systems		0 - 20	21 - 32	33 - 40
3. Financial reporting		0 - 23	24 - 36	37 - 45
4. Internal controls		0 - 33	34 - 52	53 - 65
5. Staffing		0 - 20	21 - 32	33 - 40
6. Compliance		0 - 8	9 - 12	13 - 15
7. Grant Management		0 - 18	19 - 28	29 - 35
Total Score		0 - 140	141 - 224	225 - 280

Your score is higher than 225

Well done! Your financial management is in good shape. The risks of not being able to complete your work due to financial problems are low. However, we encourage you to consider the risk assessment in each section: effective financial management requires strength in all six areas. Use this opportunity to make improvements and further reduce your financial risk.

Your score is between 141 and 224

Not bad! There is clearly some good financial practice in place, but still plenty of room for improvement. There is a risk that financial problems will prevent you from doing your work. Low-scoring sections require immediate attention.

Your score is less than 140

There is work to be done! Your financial management is not in good health. There is a high risk that your organization will face financial problems in the near future: funds may be misused or donors may withdraw their financial support. Managers and trustees should meet urgently to discuss how the situation can be improved. You should consider calling assistance as soon as possible. Read the next steps to see how Grand Scale Consultancy can support your organization.

No matter what you scored in the health check, there are ways in which Grand Scale Consultancy can help including consultancy and training.

Next Steps

High Risk: Score is less than 140

We recommend starting with one of the consultancy or training options below, designed to help organizations put learning into practice and start making a difference immediately.

Medium Risk: Score is between 141 and 224

Enroll your staff on any of the following financial management trainings to equip them with the knowledge, tools, and confidence to ensure efficient and effective financial management best practices are implemented in your organization.

Low Risk: Score is higher than 225

Just because your organization's financial health is low risk now, doesn't mean it will be low risk in the future. We encourage you to consider the following training to help strengthen and protect your organization from financial risk in the future.

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GRAND SCALE Consultancy

OUR SERVICE OFFERINGS

OUR SERVICES

CFO SERVICES

At Grand Scale Consultancy, we specialize in providing comprehensive Virtual Chief Financial Officer (CFO) Services, offering businesses a strategic financial partner without the need for a full-time, in-house CFO. Our virtual CFO services encompass financial strategy, accounting, tax services, and more, designed to optimize your financial operations and drive sustainable growth.

Our Virtual CFO Services:

1. Financial Strategy and Planning:
Our virtual CFOs work closely with your leadership team to develop and execute a tailored financial strategy. We help you set clear financial objectives, allocate resources effectively, and create a roadmap for long-term financial success.

2. Budgeting and Forecasting:
We assist in budget creation and ongoing financial forecasting, ensuring that your business operates within its financial means and is prepared for future opportunities and challenges.

3. Cash Flow Management:
Our experts actively manage cash flow, identifying cash bottlenecks and implementing strategies to optimize cash reserves. This ensures financial stability and liquidity.

4. Financial Analysis and Reporting:
We provide in-depth financial analysis, offering valuable insights into your company's financial health. Our regular reports and KPI tracking help you make informed decisions.

5. Risk Mitigation:
Our virtual CFOs assess financial risks and implement risk mitigation strategies, safeguarding your business against potential financial setbacks.

6. Accounting Services:
In addition to strategic guidance, we offer comprehensive accounting services, including bookkeeping, financial statement preparation, and reconciliation, ensuring your financial records are accurate and compliant.

7. Tax Services:
Our virtual CFOs provide tax planning and compliance services. We help you optimize your tax position, minimize tax liabilities, and ensure timely and accurate tax filings.

COACHING SERVICES

Our primary mission is to provide exceptional coaching services that empower individuals and businesses to reach their highest potential. Whether you're an entrepreneur striving for success, a young professional aiming to advance your career, or a business seeking expert guidance, we are here to support and guide you on your journey.

Our Coaching Services:

1. Business Incubation Programs:
We collaborate with your Business Incubation Programs, focusing on development, growth monitoring, grant management, and the creation of sustainable enterprises for incubation beneficiaries. We partner with businesses to ensure their continued success and growth.

2. For Entrepreneurs:
If you're a start-up founder or an established business owner facing scaling challenges,

Grand Scale Consultancy offers comprehensive coaching services. We specialize in helping you realize your full potential within your business, addressing personal limitations, and navigating the business world with confidence and zeal.

3. For Professionals:
Professionals looking to excel in the corporate world can benefit from our career and corporate coaching services. We provide tailored coaching that equips you with the skills and strategies necessary to advance your career and navigate the corporate landscape successfully.

TRAINING & KEYNOTES

At Grand Scale Consultancy, we specialize in equipping Corporate Clients, Senior Board Executives, and Financial Personnel with the knowledge and inspiration they need to excel in today's dynamic business landscape. Our Training and Keynote Speaking services cover a spectrum of critical faculties essential for success.

Our Specialized Training Areas:

1. Financial Management Excellence:
Our Financial Management training programs are meticulously crafted to empower financial personnel with the skills and strategies needed to navigate complex financial landscapes. From budgeting and risk management to investment analysis, we help you master the art of financial stewardship.

2. Sales Mastery:
In the world of business, sales prowess is paramount. Our Sales training provides Corporate Clients with cutting-edge sales techniques, strategies, and customer engagement practices to drive revenue growth and market expansion.

3. Corporate Governance and Effective Board Meetings:

For Senior Board Executives, understanding corporate governance and optimizing board meetings is crucial. Our training programs delve into governance best practices, compliance, and the art of facilitating productive board discussions.

4. Entrepreneurial Leadership:

Entrepreneurship is the cornerstone of innovation and growth. Our Entrepreneurship training empowers individuals with the entrepreneurial spirit to cultivate innovative thinking, take calculated risks, and lead with vision in any corporate setting.

5. Statutory Compliance:

Staying compliant with ever-evolving regulations is essential for business success. Our Statutory Compliance training equips your team with the knowledge and tools to ensure adherence to legal and regulatory requirements, reducing risks and liabilities.

6. **Our Keynote Speaking:**

Our keynote speakers are industry luminaries who bring real-world experience and fresh insights to your audience.

FUNDRAISING SERVICES

We specialize in empowering businesses to achieve their growth aspirations through our comprehensive funding and capital raising services. Whether you're a start-up looking for seed funding or an established enterprise seeking to expand, our expert team is here to guide you on your financial journey.

Our Services:

1. Customized Funding Strategies
2. Access to Diverse Funding Sources
3. Pitch and Presentation Preparation
4. Financial Analysis and Due Diligence
5. Negotiation and Deal Structuring

WHY CHOOSE US?

Elevate Your Success

Grand Scale Consultancy is your partner in achieving excellence, offering a comprehensive suite of services designed to empower individuals and businesses. When you choose us, you're selecting a dedicated team of experts committed to your success.

GRAND SCALE Consultancy

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