

FINANCIAL MANAGEMENT ASSESSMENT TOOL

Financial management is critical for the success and sustainability of business as cash is the bloodline for any business. To ensure the financial management of your business is robust and effective, the Managing Director or CEO of the business should ensure certain critical functions are put in place and continuously monitored.

This Financial Management Assessment Tool would provide the Managing Director or CEO with the basic elements of financial management that should be practiced in their businesses.

Function	Objectives	Responsibility*	Timeline*
Annual budgeting	To provide the guidance on how the resources of the business would be allocated to achieve the strategic objectives set by the Board of Directors and the financial implications of the allocation	Prepared by the CFO and approved by the Board of Directors	One month before the commencement of the new financial year
Pricing strategy development	To develop pricing strategy in ensuring the competitiveness of products or services against other competitors	CEO, CFO and Sales Manager	In conjunction with the annual budgeting process
Monthly financial statement preparation	To ensure monthly financial results and position are understood	Finance Manager	First week of the month
Monthly analysis of financial performance	To understand key trends affecting the business and identify issues which require attention of the management	CFO	First week of the month
Financial performance forecast including cash flow requirements	To provide indicative outcome of financial performance based on known circumstances. This could be used in conjunction of performance analysis	CFO	Quarterly
Customer profitability analysis	To have the understanding the profitability of a customer or groups of customers	Finance Manager and Sales Manager	Quarterly
Product or services costing	To ascertain the cost of production of goods sold or services rendered	Finance Manager, Sales Manager and Production Manager	Quarterly or when there are drastic changes in cost
Pricing review	To ensure the pricing charged to customers provides the required profitability and maintaining competitiveness	CFO, Finance Manager and Sales Manager	Quarterly or when there are drastic changes in cost
Tax position assessment	To understand the potential tax exposure for the purpose of planning and compliance	Finance Manager	Quarterly or when certain material transactions are entered into

* Depending on the organisational structure and business needs