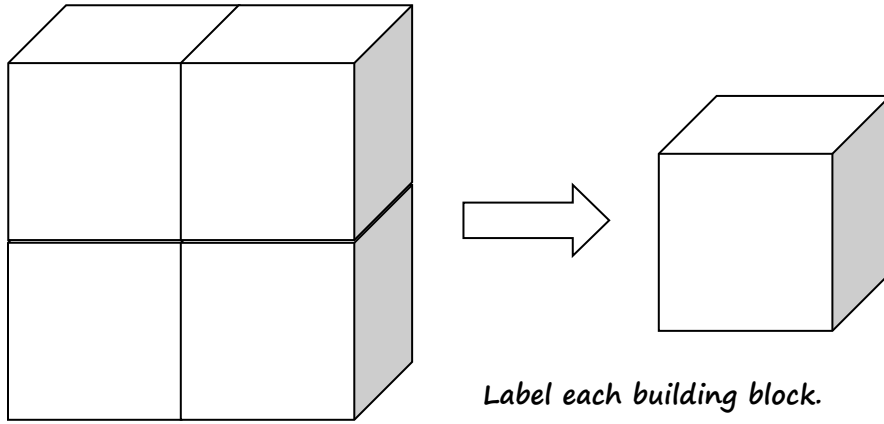


FINANCIAL MANAGEMENT: INTRODUCTION

KEY QUESTION: WHAT IS FINANCIAL MANAGEMENT?

□ **What is “financial management”?** In order to answer this question, students will:

- Describe the four building blocks of financial management.



- Add a short description of each building block:

1. _____

2. _____

3. _____

4. _____

- What kinds of household budgeting skills do you have? List at least three skills.

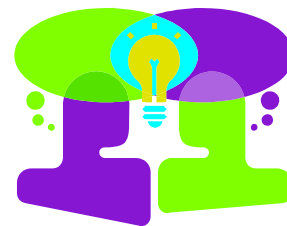
- Define “financial management.” Financial management is



KEY QUESTION: WHY IS THIS COURSE IMPORTANT TO ME?

□ **Why is this course important to me? In order to answer this question, students will:**

- *Determine why financial management is important for development organizations, and relate this to their personal desire to contribute to the success of their development organization.*



Use the blank space below for notes.

Why is financial management important to development organizations?

-
- *Why is this course important to me?*



KEY QUESTION: WHO IS RESPONSIBLE FOR FINANCIAL MANAGEMENT IN DEVELOPMENT ORGANIZATIONS?

Who is responsible for financial management in development organizations? In order to answer this question, students will:

- Define “development organization.” What are some common features of development organizations?

1. _____

2. _____

3. _____

4. _____

5. _____

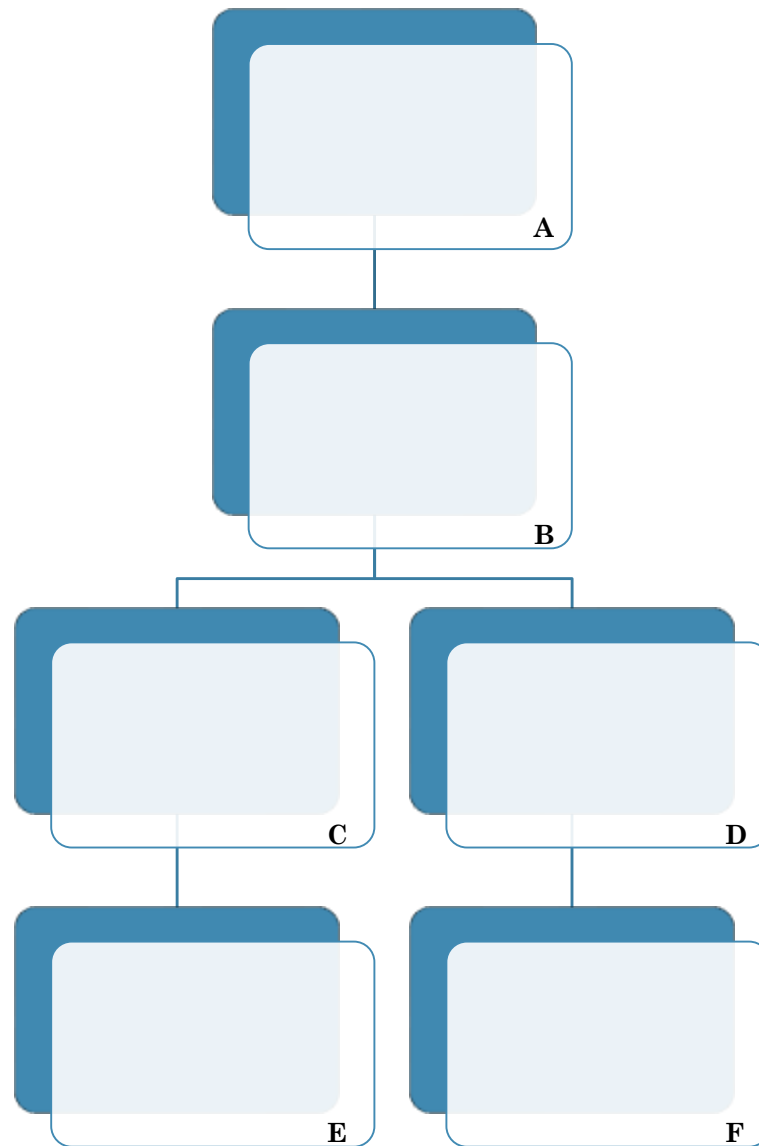
Using this information, develop a one-sentence general definition of “development organization.”

- Explain the differences in legal liability between un-incorporated and incorporated development organizations.

Un-incorporated development organizations	Incorporated development organizations



- Using the word bank, create a simple organization chart that shows development organization roles.



The Word Bank

<i>Finance Team</i>	<i>Operations Manager</i>
<i>Governing Body</i>	<i>Project Officers</i>
<i>Finance Manager</i>	<i>Chief Executive Officer</i>



- *Who is responsible for financial management in development organizations? In order to answer the key question, you need to know the answers to all of the following questions:*
1. *Who has a role to play in the financial management of a development organization?*

 2. *Who is accountable for financial management in development organizations?*

 3. *Who has legal liability (responsibility) for financial management in development organizations?*

 4. *In an un-incorporated development organization, who has legal liability for financial management?*

 5. *In an incorporated development organization, who has legal liability for financial management?*



KEY QUESTION: HOW CAN DEVELOPMENT ORGANIZATIONS MANAGE THEIR FINANCES EFFECTIVELY AND RESPONSIBLY?

- **How can development organizations manage their finances effectively and responsibly? In order to answer this question, students will:**
- Describe the four action steps of the practice of financial management. Give an example of each action step.

1. Managing

2. Managing

3. Managing

4. Managing

- Describe the “Plan, Do, Review” cycle. Draw a small diagram of the cycle in one square, and explain why the cycle takes place on a continuous basis in the other square.

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- Define the seven principles of financial management.

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____



- *Activity: Analyze your development organization. Answer as many questions as you can, then engage in the class discussion.*

Development organization name:

1. What are our core values?
2. Who are the stakeholders?
3. Is the development organization un-incorporated or incorporated? What does this mean concerning my legal liability for financial affairs?
4. Where do I fit in the structure of the development organization?
5. The 4 financial management action steps:
 - What are the objectives of the development organization?
 - What scarce resources do we need to manage?
 - What are the risks involved?
 - What are our strategic or long-term plans?



6. What stage of the *Plan – Do – Review* cycle are we engaged in right now?

7. Regarding the 7 principles of financial management:

- Consistency
- Accountability
- Transparency
- Viability
- Integrity
- Stewardship
- Accounting standards

Which financial management principle(s) are we currently upholding? Where do we need more guidance?

