

### Design and Implementation of Financial Reporting System

#### Storyline...

The Client is a reputed non-profit organisation based in Bangalore, India. The Client wanted to move from cash based simple accounting into accrual accounting which enabled donor-wise and program-wise accounting and reporting. The Management intended to implement a system that will allow generation of customised reports as per their requirements.

MaGC was appointed to assist in this transition with focus on inputs and handholding in design and implementation of customised Financial Reports.

#### Once upon a time...

Client was following cash basis of accounting. This made tracking of funds utilised for each of Programs cumbersome. The program-wise financial position and donor balances were not readily available in the accounting system. Preparing the Donor utilisation certificates was time-consuming. In the absence of accrual accounting, monitoring payables was a tough task.

#### Moving on...

MaGC team held preliminary discussions with the key decision makers and the Finance team to understand the reporting requirements. Detailed study of donor agreements was undertaken to determine the common nomenclature required to suit the Donor reporting demands. Walkthroughs were undertaken with the Finance Team in order to examine existing processes, procedures, documentation, reporting, and accounting system's functionality.



With these inputs, the TO BE accounting policies (with accrual concepts), Chart of Accounts, and report templates were developed. Once this was agreed by Client, the Terms of Reference (TOR) for customisation of accounting software was prepared. Some of the major customisations desired included capture of additional data fields at

transaction level, customised reports based on such data fields, budget variance report, separate financial reports on domestic and foreign funds, and Donor Utilisation report.

The MaGC team actively engaged with the selected Vendor (for accounting software customisation) to assist in understanding Client's requirements and manage the project timelines. Once the customised report modules were released, MaGC tested and validated the outputs. This facilitated in ensuring the software customisations were in line with the agreed TOR.

For every release, MaGC communicated the bugs and errors to the vendor and got them rectified. After several rounds of validation, the solution was signed off by the Client.

MaGC prepared the Opening Balance Sheet and assisted the finance team to enter data for first month in the new system. Two workshops were conducted to sensitise key stakeholders on information inputs required by the new system and reports that are generated from it.

#### Finally, ...

The accounting policy guidelines and the new reporting system were implemented and appreciated by the Finance team and the Management. The Client was able to successfully apply the new accounting guidelines and generate desired reports from the customized module. The transition helped the organization better manage and utilize its resources.