

B.COM SEM - IV
MJC - 5 (BUSINESS FINANCE)
TOPIC - ORGANISATION OF FINANCE FUNCTION

Organisation of Finance Function

The organisation of finance function refers to the systematic arrangement of activities and authority related to raising, utilizing, and controlling financial resources in an enterprise. A sound organisation of the finance function is essential for efficient financial management and smooth functioning of the business.

Meaning

Organisation of the finance function involves deciding who will perform financial activities, how authority and responsibility are distributed, and how coordination is maintained among different levels of management. It ensures proper planning, execution, and control of financial decisions.

Objectives of Organising Finance Function

The main objectives are:

- * To ensure effective utilization of funds
- * To maintain proper financial control
- * To facilitate quick and accurate financial decisions
- * To achieve coordination between finance and other departments
- * To support profitability and long-term stability of the business

Types of Organisation of Finance Function

1. Centralised Finance Organisation

In a centralised system, all financial decisions are taken by the head office or top management.

- * Ensures uniform policies
- * Provides better control over funds
- * Suitable for small or medium-sized enterprises

2. Decentralised Finance Organisation

In a decentralised system, financial authority is delegated to divisional or branch managers.

- * Enables quick decision-making
- * Improves managerial efficiency
- * Suitable for large enterprises with multiple units

Role of Finance Manager

The Finance Manager is the head of the finance department and plays a key role in organizing the finance function. His responsibilities include:

- * Financial planning and forecasting
- * Procurement of funds
- * Investment and dividend decisions
- * Cost control and budgeting
- * Maintaining financial records and reports

Importance of Proper Organisation of Finance Function

A well-organised finance function:

- * Ensures optimum use of financial resources
- * Reduces financial risk and wastage
- * Helps in achieving business objectives
- * Improves coordination and control
- * Strengthens financial discipline in the organisation

In conclusion organisation of the finance function is a vital part of business finance. It provides a clear framework for financial decision-making and control. A properly structured finance organisation contributes significantly to the efficiency, profitability, and growth of an enterprise.