FINANCIAL RECORDS

Challenges in Maintaining Accurate Financial Records

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Abstract

Maintaining financial records is an important part of any organisation. Many organisations will not do this, however. They allow you to keep track of your transactions, expenses, invoices and payments. Having accurate financial records makes it easier to manage your information and report on them. There can be issues when trying to maintain financial records. Such as missing information, incomplete documents and errors.

This case study looks at the issues faced when maintaining financial records. It discusses why these problems have occurred and potential issues they can cause. It explains the importance of maintaining bills, invoices and receipts. It also shows how using Microsoft Excel can be used to keep track of transactions, sort data and create simple financial reports.

This case study will give you an understanding of how proper documentation having, regularly updating and checking your financial records can help to reduce errors. It suggests ways to improve your processes.

Overall, this study shows how important it is to keep accurate financial records to help manage your finances better.

1 Introduction

Maintaining good financial records is an essential part of any organisation. It helps you to understand what is going on within your organisation by keeping details of all financial transactions including purchases, sales, expenses, invoices and payments.

All businesses will have many financial transactions within them every day. By keeping these records, it helps you to know where you are with your finances. This includes helping to create reports, keeping track of how much money is being spent, seeing how much has been paid and helping to make business decisions.

Keeping good financial records can be tricky for organisations. Problems can occur with financial records such as missing transactions, incomplete bills/receipts, incorrect figures, incorrect dates and delayed entries. Small mistakes can cause confusion with your financial records and reports.

For example, if an expense is not recorded in a timely manner, then your monthly expense report would not show the correct amount. If an invoice isn't kept well then you might struggle to see if it has been paid.

Throughout the Summer Internship Programme at Avizen Biopharma Pvt. Ltd. I learnt the importance of keeping financial records, invoices, expenses and payments. Using Microsoft Excel to organise your financial information and create basic summaries was a key part.

This case study looks at how organisations commonly struggle with keeping good financial records. The reasons that can cause missing entries, incomplete documents and mistakes with financial records will be discussed. The impacts that this can have on your finances will also be explained. Some easy ways to improve financial records will also be shown.

2 Objectives of the study

The purpose of this case study is to look at any issues that may arise from keeping accurate financial records. This will show how important it is to keep accurate financial records. The following objectives have been set:

1. Understand how to manage financial records. This will investigate why it is important to keep accurate financial records of all financial transactions that occur daily.
2. Understand common issues. This will investigate possible issues that could occur such as missing records, incomplete records and incorrect records.
3. Look into errors. This will investigate what could be causing errors to happen with keeping financial records.
4. Understand the impact of errors. This will investigate how inaccurate or incomplete records can have an impact on financial reports, expense management and payment tracking.
5. Understand how excel can help. This will investigate how excel can help with keeping, organising and verifying financial information.
6. Provide simple improvements. This will provide simple improvements to help keep financial records accurate and organised.

These objectives will help to understand the importance of managing financial records accurately and ensuring records are complete and accurate.

3 Common problems

Regarding financial records there can be issues due to needing to update regularly and making sure each entry is correct. Whilst running your business you might run into some of these problems.

Common issues include:

3.1 Missing entries

One of the most common issues is missing entries. This may be because you haven't added the information to your books/Excel or the information hasn't been given on time.

This can cause issues whilst recording your expenses. For example, if you haven't added an expense to your expense sheet you will have an incorrect total expense in your monthly report. This can also cause problems when trying to match up the information in your records with your bill's/receipts/bank statements. To avoid this problem, ensure that you are regularly updating your financial records. Double check that all entries are included.

3.2 No documentation

Whilst recording your financial information you will need to have documentation such as bills/invoices/receipts/payment records. If they aren't available or don't have all the information you will have issues.

For example, if your invoice doesn't have clear information such as date, invoice number and payment information this can cause problems. Having good documentation is important to support your records. Ensure that you store your documentation and keep them in good order.

3.3 Data entry mistakes

You could make mistakes whilst entering data into your Excel sheets/accounts. This could be due to incorrect amounts, incorrect date, incorrect invoice numbers and incorrect categories for your expenses.

For example, if your expense was £2500 but you entered £2000 this would mean your total expense amount is incorrect. You may have issues with your monthly summaries.

Ensure that you are very careful when entering data and double check with the original documentation.

3.4 Not updating

Your records will need to be regularly updated. If you are leaving a long time between entering your transactions, you may forget to add some entries. This may also cause issues when trying to find important documents.

If you are not updating your records, you may have issues tracking who owes money. Try to enter transactions as soon as possible.

3.5 Tracking invoices and payments

If your organisation has lots of invoices/payments this can cause issues tracking which invoices have been paid if your records aren't well laid out.

Having a well-managed invoice tracker can help you keep track of your invoices. This will help you track your invoice numbers, dates, amounts and if they have been paid. Ensuring that you regularly check your invoices can help you track your payments.

From these issues we can see that good documentation, regular updates and careful checks are needed when managing your financial records. Small mistakes can cause issues with your quality of financial information.

4 Causes and effects of problems with recording financial data

There are many reasons why problems can occur when recording financial data. This could be because you are not recording transactions on time, meaning vital information and documents are missing, or you may have got the wrong data. This will cause issues:

4.1 Causes of problems with recording financial data

- **Lack of Documents:**A main reason for incorrect data being posted is due to a lack of documents. If you haven't kept your bills, Invoices and receipts well you may struggle to post accurately.
- **Manual Entry:**As you are manually entering any financial data there is always a chance of mistakes when typing. This could cause incorrect data such as amounts, dates and invoice numbers. Always check your data.

- **Irregular Updates:**If you do not update your financial data regularly you could miss some financial transactions or delays to posting. This can make it hard to track your daily spendings.
- **Lack of Regular Checking:**Regular checking should be done on your financial data. If not, you may have missing errors on data you are posting.

4.2 Effects of issues

All these issues can cause problems for organisations.

- **Incorrect Financial Reports:**Missing data and incorrect amounts can cause incorrect figures.
- **Tracking Invoices and Payments:**If invoices and payments have not been recorded properly you may struggle to see what payments are outstanding.
- **Time Consuming:**More time will be spent double checking original documents due to incomplete or incorrect information. This can cause delays in financial processes.
- **Incorrect Tracking of Expenses:**Incorrectly entering expenses can cause incorrect overall amounts spent. It can also be difficult to compare what has been purchased each month.
- **Difficult Decision Making:**Financial data is used to help run a business and make decisions. If you do not have accurate or complete data, you will not get a clear view of what the organisation is doing financially.

To help prevent these issues, it is important to keep your documents up to date and on time. Regular checking should also be done on your financial data.

5 Role of Microsoft Excel for financial records

This can help to organise and keep track of your financial records. Using rows and columns to organise your financial details. All your details for transactions, expenses, invoicing and payments can be recorded. During my time on the Summer Internship Programme at Avizen Biopharma Pvt. Ltd. I was taught how to organise financial details and create simple summaries using Excel.

5.1 Financial transactions

This can be used to keep track of all your transactions. The date, description, amount and category of each transaction can all be recorded into separate columns.

Having everything in one spreadsheet means it can be easily seen and analysed.

5.2 Using simple formulae

Microsoft Excel has formulae that can be used. Examples include:

- **SUM:** This will automatically add together any numbers you select, for example total expenses.
- **AVERAGE:** This will calculate the average of any amounts you select.
- **COUNT:** This will count how many cells have numerical data.

This will save time.

5.3 Sort and filter

The sort and filter function can be used to organise your financial details. The data can be sorted depending on what you want to sort it by, for example date, amount or other details. When filtering

you can select which information you want to see, for example which transactions were made in a certain month or expense category.

This will help you to find the information you need.

5.4 Invoicing

This can be used to keep track of your invoices. The invoice number, date, amount and payment status can all be recorded.

Payment status can be selected whether it has been paid or is outstanding. This will help identify which invoices need to be checked.

5.5 Create simple charts

There are options to create simple charts in excel. For example, to show how much you have spent in each category.

This will make it easier to understand your financial information and see how your expenses have changed.

5.6 Importance and limitations

Using Excel will make it easier to manage your financial records. It can store your information and help with calculations whilst creating simple reports. However, this does depend on the accuracy of the data. If inaccurate data is entered into the spreadsheet, then your calculations will be inaccurate.

Ensure that your financial data is regularly checked once entered Excel and references to relevant documents where appropriate. Overall, Microsoft Excel can be a useful tool to keep track of your financial records however should be used alongside proper documentation and regular checks.

6 Findings and suggestions

From completing this study, it is important to have accurate financial records to allow the organisation to function correctly.

6.1 Findings from the case study

The findings from this case study were:

- Accurate financial records will allow tracking of financial transactions, costs and payments.
- Accurate documentation (bills, invoices, receipts) will allow verification of financial information. Not having documentation can cause issues.
- Data Entry Errors can occur if the information is incorrect, including amounts, dates and other information.
- Financial records should be kept up to date to avoid missing documentation. This will make it easier to create reports.
- Using Microsoft Excel will allow you to keep track of financial information, complete simple calculations and summarise the information.
- Financial information should be reviewed.

6.2 Suggestions

To help improve financial records the following suggestions should be used.

- **Accurate Documentation:**Ensure that all bills, invoices and receipts are being obtained and stored accurately. These should be put into an accurate order.
- **Up to Date Records:**Once you have the information, enter it into your financial records. This will enable you to have up to date records which will avoid missing information.
- **Check Information is Accurate:**Once you have entered your information double check that the amounts, dates, invoice numbers and other information are correct. This will avoid common Data Entry Errors.
- **Use Excel:**Use Excel to keep track of financial transactions, costs and invoices. Simple formulae and filters can be used.
- **Review Financial Records:**This will allow you to see if there is any incorrect or missing information. If possible, compare this to the original documents.
- **Keep Copies of Important Financial Documents:**Keeping copies of important financial documents will help avoid you losing any information due to accidentally deleting them or technical issues.

By using these suggestions organisations can have more accurate financial records.

7 Conclusion

Maintaining financial records is an important part of managing finances for your organisation. Keeping track of them will help when providing details on transactions, costs, invoices and payments. Through this case study we can see several problems that can occur when records are not kept accurately. These include data being missing, incomplete documents, incorrect data being entered and late updates.

This study shows how Microsoft Excel can be used to record transactions, calculate figures, organise and provide simple summaries. However, there should be accurate documentation and regular checks to ensure financial records are accurate. Through the Summer Internship Programme at Avizen Biopharma Pvt. Ltd. I have realised the importance of keeping financial records in order and using Excel to complete basic financial tasks.

Overall, accurate financial records can be maintained through having accurate documentation, ensuring they are updated in a timely fashion and carefully reviewed. This can help organisations keep their financial records in a more systematic way.

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