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Introduction

Monitoring and control of financial risks are some of the areas in risk management that this report concentrates on. Monitoring and control are performed by the management to ensure the success of the organisational objectives. Risk is defined as uncertain conditions that can negatively influence the accomplishment of organisational objectives and operations (International Federation of Accountants, 2016). Risk is inevitable and demands critical skills for it to be prevented. This paves way for unpacking risk management which is seen as a process of understanding and managing risks to prevent any disturbance on the achievement of a project or organisational objectives (Asadi, 2015). This report identifies and justifies how a project manager can mitigate the occurrence of financial risks through monitoring and control as well as effective planning. Overall, financial risks entail uncertain conditions that are related to credit risk, currency risk, interest rate risk and liquidity or funding risks.

Discussion on risk management strategies

In connection with the strategies that can be used in mitigating against financial risk, it is essential to note that risk entails the probability of losing either all or even part of the profit invested. Risk management is mostly conducted by the management for effectively and efficiently ensure the achievement of set project objectives. As outlined by Conferences (2017) risk management goes through certain stages that are plan risk management, identification of risk, qualitative and quantitative risk analysis, and monitoring and control.

The manager to ensure that the organisation does not incur financial risks such as liquidity and credit risks will ensure that all employees perform their roles so that set goals and objectives can be effectively met. As argued by Asadi (2015), effective risk management is vital for ensuring corporate governance. For example, the project manager should ensure that all the resources allocated towards procuring certain goods and services are transparent. Transparency and accountability of project objectives as to what financial resources are used for is very crucial. Thus, the project manager will ensure that internal actions, processes, and systems are free from financial malpractices such that no risks are incurred during project implementation.

Another strategy that the project manager can use to mitigate risk is the use of monitoring and control. Conferences (2017) argue that monitoring and control ensure that all project activities are conducted under the strict surveillance of the project manager. Similarly, Jadidi Gili & Orouji (2013) argue that project managers should systematically track project activities to make those projects go as planned. It is pertinent that issues with fraud, corruption, and lack of transparency can be mitigated by the project manager through a systematic method of monitoring and controlling. Further, close monitoring and control of project activities ensure that all employees comply with financial laws, policies, and procedures such that the set targets and objectives can be met. This is a very positive way of ensuring the minimisation of financial risks in organisations. The project manager can organise regular audits to ensure that project funds are not being misappropriated. Total prevention of financial risk will be ensured through the implementation of risk management skills that ensure effective mitigation. This will then prevent the occurrence of financial losses or failure to repay credits.

The project manager in mitigating against financial risk will also be involved in effective planning to ensure that project objectives are fully met. As opined by the International Federation of Accountants (2016), effective planning is one of the risk management strategies that managers can use to mitigate against financial risks. Some projects fail to deliver mainly because of poor planning in which decision making can be poor in terms of the force required to ensure maximum protection of the company`s image and success goals.

Conclusion

Conclusively, the report gave definitions to key terms that are risk and risk management. The salient points that are the risk management strategies that the project manager can use to mitigate risk have been comprehensively spelled out. It has been clearly articulated that monitoring and control, as well as effective planning, can largely ensure the total mitigation of financial risks for organisational projects. However, it has been spelled out that some obstacles can be met in the process of ensuring effective risk management for project finances.

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