

### Financial Controls Checklist for Medium Sized Not for Profits

Internal Financial Controls: The Basics	Yes	No	Not Sure	Comments
<b>Receipting</b>				
1. Are pre-numbered receipts issued for all payments received and a record kept of who has been issued with receipt books?				
2. Does someone prepare a daily list of all cash and cheques immediately upon receipt?				
3. Are duplicate deposit slips (stamped by the bank) retained in the files?				
4. Is the person who has custody of actual cash and cheques different from the person recording them and acknowledging them in case of contributions?				
5. Are all cash and cheques deposited intact and on a timely basis?				
6. Are restricted contributions clearly identified and recorded as restricted in the general ledger?				
7. Is all cash received, counted and verified by two individuals?				
8. When events involve admission fees, does the agency issue pre-numbered tickets, with a record of tickets printed, issued, used and unused, which is then compared to funds deposited?				
9. Does the organisation send acknowledgements to contributors and are copies of or record of such acknowledgements kept on file?				
<b>Payments</b>				
10. Are all payments, except those from petty cash, made via pre-numbered cheques?				
11. Are void cheques preserved and filed after appropriate mutilation?				
12. Is there a written prohibition against issuing cheques payable to "cash"?				
13. Is there a written prohibition against signing cheques in advance?				
14. Is a cash payment voucher prepared for each invoice or request for reimbursement that details the description of expense account to be charged and contains authorisation signature and accompanying receipts and/or vendor invoices?				
15. Are all expenses approved in advance by authorised persons?				
16. Do the cheque signatories review supporting documentation of expenses and approvals at the time of signing cheques?				
17. Are signed cheques mailed promptly?				
18. Are paid invoices marked paid or attached to a copy of the cheque prior to filing?				

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19. Is cheque-signing authority vested in persons at appropriately high levels in the organisation who do not have any accounting responsibility?				
20. A policy exists on cheque-signing authority, either in by-laws or as part of a policy and procedures manual approved by the Management Committee?				
21. Is cheque signing authority reviewed annually and updated at the bank?				
22. Do cheques require two signatures?				
23. Are bank statements and cancelled cheques received and reviewed by a person independent of the accounting functions?				
24. Is the reconciliation of records, such as bank statements, done by separate people (at least on a 'spot' basis)?				
25. Are unpaid invoices maintained in an unpaid invoice file?				
26. Is a list of unpaid invoices regularly prepared, reviewed and compared to those invoices in the unpaid invoice file?				
27. If purchase orders are used, are all purchases supported by a pre-numbered purchase order?				
28. Are advance payments to vendors and/or employees recorded as receivables and controlled in a manner which assures that they will be offset against invoices or expense vouchers?				
29. Are employees required to submit expense reports for all travel related expenses on a timely basis?				
30. Has authorisation of expenditures been separated from spending procedures; i.e. done by different people?				
31. Are the tasks of recording expenditure and reporting expenditure done by separate people (or at least checked by separate people)?				

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<b>Petty Cash</b>				
32. Is an imprest petty cash fund maintained for payment of small, incidental expenses?				
33. Does the organisation follow a policy limiting the amount that can be reimbursed by the petty cash fund?				
34. Is supporting documentation required for all petty cash disbursements?				
35. Is a petty cash voucher filled out with supporting documentation, name of person being reimbursed and proper authorisation?				
36. Is access to petty cash limited to one person who is the fund custodian?				
37. Are unannounced counts of petty cash made by someone within the organisation other than the fund custodian?				
<b>Payroll</b>				
38. Are timesheets required documenting employee hours, overtime and what activity the employee worked on?				
39. Are timesheets signed by employees and reviewed and signed by their immediate supervisors?				
40. Are employment records maintained for each employee that detail wage rates, benefits, tax rates, and other pertinent information?				
41. Are withheld employment taxes and employer taxes paid on a timely basis to the ATO?				
42. Do written policies and procedures exist for accounting for holidays, sick leave and other benefits?				
<b>Fixed Assets</b>				
43. Does the organisation have a capitalisation and depreciation policy?				
44. Are additions to fixed assets recorded in a fixed asset register?				
45. Does the fixed asset register list description of each item, serial number, location, date of acquisition, cost or fair value if donated, useful life, depreciation method, accumulated depreciation and funding source if funds were provided by a funding source with restrictions on disposal of assets?				
46. Is the fixed asset ledger reconciled with the general ledger periodically?				
47. Are purchases, transfer and disposal of fixed assets promptly recorded in the ledger?				
48. Does the organisation conduct a physical inventory annually and update the fixed assets and the general ledger?				

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<b>Financial Statements</b>				
49. Is a statement of financial position (Balance Sheet) prepared monthly and reviewed by the management and the finance committee?				
50. Are monthly / quarterly reports comparing income and expenses with approved budget by activity and for the organisation as a whole prepared and reviewed by the management and the finance committee?				
51. Is an updated cash flow projection prepared and reviewed by the management and the finance committee?				
52. Are financial records, including for petty cash, reconciled on a regular basis?				
53. Are financial reports reviewed by the board?				
<b>General &amp; Funding Agreement Controls</b>				
54. Are accounting and program staff knowledgeable about all fund source rules, regulations and requirements?				
55. Is fund accounting used to track restricted grants and the spending related to them?				
56. Does the Management Committee approve the annual budget for grant funded activities?				
57. Are budget limits known to Board members and staff, and volunteers if necessary?				
58. Does an accounting procedure and policies manual exist that is reviewed and revised annually?				
59. Are policies on spending, recording and safeguarding money adopted by the board and made known to relevant staff and volunteers?				
60. Are procedures and practices monitored by the Board on a regular basis; this includes asking questions about financial transactions or reports?				
61. Do accounting staff take annual vacation and are their basic duties performed by someone else in their absence?				
62. Are all appropriate federal and state regulatory returns filed in a timely basis?				
63. Are accounting procedures written in a manual known to board and staff, and available for review, such as by a funder or auditors?				
64. Have physical security methods such as locked cabinets for cheques, and computer passwords for financial software, been established and are used?				
65. Does the board understand when an external audit may be required?				
66. Are board members comfortable questioning any activity, procedure or report that seems suspicious or incomplete?				

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<b>Competent Personnel</b>				
67. Does a finance committee exist?				
68. Is hired staff selected on the basis of known skills in financial management?				
69. Are reference checks made and recorded?				
70. Are volunteers who handle money, including canvassers and ticket sellers, aware of procedures for safeguarding cash and cheques?				
71. Are ongoing training needs addressed, such as when a new accounting procedure is put in place or when software is updated?				

For further guidance or explanation, the following may be useful:

<http://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/notforprofit/financial-management-nfp-organisations.pdf?la=en>

<http://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/notforprofit/internal-controls-for-nfp-organisations-brochure.pdf?la=en>

[http://www.acnc.gov.au/ACNC/Manage/ACNC/Edu/Mge\\_charity.aspx?Noleft=1&hkey=67c56b48-0d7c-4dce-b7a1-930efe4c3d39](http://www.acnc.gov.au/ACNC/Manage/ACNC/Edu/Mge_charity.aspx?Noleft=1&hkey=67c56b48-0d7c-4dce-b7a1-930efe4c3d39)