

## Checklist for Small Not for Profits

Internal Financial Controls: The Basics	Yes	No	Don't Know
<b>Management Integrity – the ‘tone at the top’</b>			
1. The organisation operates within an annual budget adopted by the Board			
2. Budget limits are known to Board members and staff, and volunteers if necessary.			
3. Income and expenditure are reviewed monthly, or quarterly, against the budget.			
4. Policies on spending, recording and safeguarding money have been adopted by the board and made known to relevant staff and volunteers.			
5. Procedures and practices are monitored by the Board on a regular basis; this includes asking questions about financial transactions or reports.			
<b>Competent Personnel</b>			
6. A finance committee exists			
7. Hired staff are selected on the basis of known skills in financial management			
8. Reference checks have been made and recorded.			
9. Volunteers who handle money, including canvassers and ticket sellers, are aware of procedures for safeguarding cash and cheques			
10. Ongoing training needs are addressed, such as when a new accounting procedure is put in place or when software is updated.			
<b>Segregation of Duties</b>			
11. Authorisation of expenditures has been separated from spending procedures; i.e. done by different people.			
12. The tasks of recording expenditures and reporting expenditures are done by separate people (or at least checked by separate people)			
13. Reconciliation of records, such as bank statements, is done by separate people (at least on a ‘spot’ basis)			
<b>Authorisation and Records Maintenance</b>			
14. A policy exists on cheque-signing authority			
15. Cheque signing authority is reviewed annually and updated at the bank.			
16. An accounting process has been adopted (whether manual or computerised) with the capacity to produce reports on a timely basis.			
17. Accounting procedures are written in a manual known to board and staff, and available for review, such as by a funder or auditors.			
<b>Safeguards</b>			
18. Financial records, including for petty cash, are reconciled on a regular basis.			
19. Physical security methods such as locked cabinets for cheques, and computer passwords for financial software, have been established and are used.			
20. Financial reports are reviewed by the board.			
21. The board understands when an external audit may be required.			
22. Board members are comfortable questioning any activity, procedures or reports that seems suspicious or incomplete.			

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)