



Self-Assessment Checklist: FINANCIAL MANAGEMENT

INTRODUCTION

The *Code of Good Practice for NGOs Responding to HIV/AIDS* (the 'Code') was created by a broad consortium of NGOs to provide a shared vision of good practice to which NGOs can commit and be held accountable.

The Code outlines principles and practices, informed by evidence, that underscore successful NGO responses to HIV. It identifies a series of areas that are key to HIV programming and articulates fundamental principles that should be applied to HIV programmes in each of these areas.

These principles are aspirational, setting out good practices that NGOs can work towards over time.

SELF-ASSESSMENT

This self-assessment checklist will help your NGO measure how your programmes measure up to the Code's good practice principles.

It will help you to identify areas in your organisation and programmes that are already at a 'good practice' level, as well as areas that need to be developed and strengthened to meet the Code's global standards.

Please be honest in completing this checklist! It is expected that your scoring will vary between modules, depending on your area of expertise.

We challenge you to use this tool to identify areas that your organisation needs to improve upon and then develop a brief Action Plan that highlights HOW you will make improvements in this area over the next year.

An Action Plan template is provided at the end of the checklist, which identifies Key Questions that can help you get started in improving your programmes. Resources on financial management are available on the Code website (www.hivcode.org), as well as examples of good practice projects, news, reports and topics of current discussion.

After completing the Action Plan, please submit it to the Code Secretariat by email (info@hivcode.org) or in hard copy. We will then credit you as an 'Implementing NGO' and full signatory of the Code. After the period of one year, we will ask you to measure your progress against your Action Plan.

SELF-ASSESSMENT INSTRUCTIONS

The following self-assessment tool will help your organisation, programme, or project assess the degree to which you have successfully planned for and set-up monitoring and evaluation systems. The questions are designed to be thinking points / guidelines to help in further strengthening the financial management processes within your organisation and/or programmes and projects.

The following questionnaire is divided into five sections:

1. Financial Planning / Budget Systems
2. Execution
3. Recording
4. Reporting
5. Monitoring

Please score the check list by ticking in the appropriate column marked as follows:

- Y Yes
- I Insufficient, in preparation or being considered
- N No
- NR Not relevant to our work

*Don't forget to develop a work plan that highlights HOW you will make improvements in this area over the next year and submit it to the Code Secretariat, at which time your organisation will receive credit as being a full signatory of the Code. **An Action Plan template is located in Annex 1.***

CHECKLIST

For each question, please tick the letter that answers the question for your organisation currently:

- Y** **Yes**
I **Insufficient, in preparation or being considered**
N **No**
NR **Not relevant to our work**

A. Financial Planning/Budget Systems	Assessment			
	Y	I	N	NR
1. Does your organisation have a comprehensive annual budget which includes sources and uses of funds for all aspects of operations, as well as grant and contract agreements with funders?				
2. Are all grant or contract budget proposals reviewed by fiscal staff before submission to funders?				
3. Does the board committee have a detailed understanding of the annual budget and play a significant role in directing the use of unrestricted funds?				
4. Does the full board formally authorize the annual budget and revisions to the budget?				
5. Does the organisation have a capital budget for major maintenance and replacement of facilities and equipment?				
6. Does the fiscal staff regularly compare <u>budgeted</u> Income and Expenditure with <u>actual</u> Income and Expenditure and take action where necessary?				
<u>Action needed to support Section A:</u>				
B. Execution				
1. Does the organisation have written policies and procedures for fiscal operations including procedures for processing payroll, purchases, accounts payable, accounts receivable, etc?				
2. Are actual processing activities are consistent with written policies and procedures?				
3. Is the concept of separation of duties implemented to the greatest extent within the limitations of the size of the organisation staff?				
3.a. Does your organisation ensure that authorization functions for purchasing, signing checks, adjusting accounts and extending credit are not performed by individuals who also perform recording functions (such as disbursements and/or receipts, maintaining accounts receivable records), or cash handling functions (such as				

receiving and depositing funds or preparing checks)?				
3.b. Does your organisation ensure that review and verification functions (such as reconciliation of the bank statement to the record of cash receipts and disbursements) are not performed by individuals who also prepare checks, record checks, receive funds and prepare bank deposits, and/or record receipts?				
4. Are payroll policies and procedures clearly documented and consistently followed for:				
4.a. written authorization is required for all new hires and pay rate changes?				
4.b. monthly attendance sheets are used to record attendance of all employees?				
4.c. Policies regarding overtime, vacation time, sick leave, holiday pay, and other leaves with or without pay are written clearly?				
4.d. all fringe benefit plans and statutory obligations are documented and are in compliance with the Laws of the land?				
4.e. statutory forms of all employees are kept by employer?				
5. Do written purchasing policies clearly identify the purchasing authority of each staff position, and establish appropriate dollar limits for purchasing authority at each level?				
6. Are there clear procedures for review of and authorization to pay all vendor invoices?				
7. Are written policies and procedures for charging and collecting fees followed consistently and reviewed regularly?				
8. Are cash handling policies and procedures well-documented and are tested periodically to ensure:				
8.a. all checks are restrictively endorsed upon receipt and receipts are given for cash transactions and donors/clients informed when cash is received?				
8.b. a mail log is maintained by the person responsible for opening the mail?				
8.c. logs are maintained by the person responsible for handling cash and cash counts are initialled by those holding or receiving cash?				
8.d. all disbursements are made by check except for small purchases made through Petty Cash?				
8.e. all unused check stock is carefully secured?				
8.f. bank reconciliation is performed by someone who neither makes bank deposits nor prepares checks?				

<u>Action needed to support Section B:</u>				
C. Recording				
1. Is there a complete written chart of accounts that provides appropriate account titles and numbers for Assets, Liabilities, Net Assets, Revenues and Expenses?				
1.a Does the chart of accounts distinguish funding sources and/or distinct funds to be tracked?				
1.b Does it utilize the line item categories as shown in the comprehensive annual budget and those for individual contracts or grants?				
2. Are accounting policies and recording procedures clearly documented in the written fiscal policies and procedures?				
3. Is appropriate computer software and hardware utilized to perform recording functions?				
4. Are appropriate electronic and physical security procedures utilized to protect the integrity of computerized accounting records?				
5. Are all accounting records are backed up daily?				
6. Are back-up media stored in a secure area away from computer equipment and accounting data stored off-site at least monthly?				
7. Are detailed records of client fees and/or grants and contracts receivable maintained and reconciled to the general ledger balances?				
8. Are all contributions recorded in the accounting records?				
9. If more detailed records on contributions are maintained by staff responsible for fund development, are the fund development and accounting records of contributions are reconciled monthly?				
10. Are all general ledger balance sheet accounts reconciled at least quarterly? Are all cash, payroll liabilities, and accounts receivable control accounts reconciled monthly?				
<u>Action needed to support Section C:</u>				

D. Reporting				
1. Are monthly financial statements available no later than the end of the following month (i.e. April 30th statements are available no later than May 31st)?				
2. In organisations with multiple programmes, are statements of revenue and expenses of each distinct programme/funding source developed as follows:				
2.a prepared monthly?				
2.b including fiscal (year to date) activity				
2.c provide a comparison to the year to date or annual budget by line item?				
3. Is the excess (deficit) of support and revenue over expenses (net income) reconciled to the change in fund balance between the beginning and ending of the accounting period?				
<u>Action needed to support Section D:</u>				
E. Monitoring				
1. Do the executive director and the programme managers review the monthly financial statements carefully?				
2. Does the fiscal manager highlight unusual items and identify potential problems in notes to the financial statements, which are shared with the executive director and board committee or full board?				
3. Does the board committee or the full board review the financial statements carefully on a quarterly basis?				
4. Does the board or a board committee select an independent auditor to conduct an annual audit or review?				
5. Does the board or a board committee review the auditor's report, including any management letters, and report on internal controls and compliance with governmental law and regulation?				
6. Does the board or board committee receive accurate reports that show whether:				
6.a. The use of the organisation's resources is consistent with the organisation's mission and priorities?				
6.b. The organisation is solvent, i.e. has assets in excess of its liabilities?				

6.c. The organisation has adequate cash and other liquid assets to meet its current obligations and assure its continuing ability to pay its employees, taxing authorities, and vendors on time?				
6.d. The organisation is observing and documenting its observance of all restrictions imposed by funders and donors?				
7. The board/executive director/CEO are aware of the Government's requirements for maintaining tax exempt status and continually evaluate the organisation's activities, use of funds, record keeping, and reporting to the Government to assure compliance with all requirements?				
<u>Action needed to support Section E:</u>				



ACTION PLAN

Please email the completed action plan to susan.fox@ifrc.org.

Name of Organisation: _____

Contact Person: _____

Email Address: _____

1. Key Questions

The nine Key Questions below address baseline issues that need to be considered **first** when looking at your organisation's financial management system. If you answer 'no' to any of these questions, this would be a good starting point for improving your programmes!

Key Questions

1. Does your organisation have a comprehensive annual budget which includes sources and uses of funds for all aspects of operations, as well as grant and contract agreements with funders?
2. Does the board committee have a detailed understanding of the annual budget, play a significant role in directing the use of unrestricted funds and formally authorise the annual budget and revisions to the budget?
3. Does the organisation have written policies and procedures for fiscal operations including procedures for processing payroll, purchases, accounts payable, accounts receivable, etc?
4. Is the concept of separation of duties implemented at the organisation to the greatest extent possible within the limitations of the size of the organisation staff?
5. Does the organisation have a complete written chart of accounts that provides appropriate account titles and numbers for Assets, Liabilities, Net Assets, Revenues and Expenses?
6. Are all accounting records for the organisation backed up regularly and are back-up media stored in a secure area away from computer equipment and accounting data stored off-site at least monthly?
7. Are all general ledger balance sheet accounts for the organisation reconciled at least quarterly and all cash, payroll liabilities, and accounts receivable control accounts reconciled monthly?
8. In organisations with multiple programmes, are statements of revenue and expenses of each distinct programme/funding source developed to include monthly preparation, fiscal (year to date) activity and a comparison to year to date or annual budget by line item?
9. Does the fiscal manager highlight unusual items and identify potential problems in notes to the financial statements, which are shared with the executive director and board committee or full board?
10. Does the board or a board committee review the auditor's report, including any management letters, and report on internal controls and compliance with governmental law and regulation?

2. Strengths

In completing the Self-Assessment, we have identified the following strengths in our programmes:

Strength	Description (as needed)

2. Areas of Improvement

We have also identified some areas that need to be strengthened. We have prioritised what needs to be done first and have created an action plan for the next year.

Area of improvement	Action Plan

Signed: _____

Date: _____