



## Self-Assessment Checklist: Financial Management

The Code of Good Practice for NGOs Responding to HIV/AIDS (the 'Code') states that in order to have effective financial management organisations should ensure:

- fund-raising strategies and funding sources are consistent with and supportive of their mission;
- systemic preparation of budgets are linked to strategic, operational and programme plans;
- budgeting supports the human resources and organisational capacity necessary to achieve their mission;
- there are internal control systems that enable production of regular, consistent and reliable financial information;
- there are internal accounting systems that provide regular financial reports;
- that financial reports can be utilized to track resources, monitor programme spending against budget allocation and assess the cost-effectiveness of programmes;
- there is an efficient grant programming system and provision of finance and administrative technical support;
- there is regular financial reporting to management, the governing board, donors and communities/constituencies, and annual financial auditing of accounts, and;
- there is transparent annual reporting.



### The Code identifies one key principle on financial management:

- We manage financial resources in an efficient, transparent and accountable manner.

This self-assessment checklist will help you assess the degree to which your organisation is successfully implementing this principle. The questions are designed to be thinking points/guidelines to help you identify areas that are already at a 'good practice' level, and areas that need to be developed and strengthened.

### author

This checklist was developed by the Caribbean Regional Network of People Living with HIV/AIDS (CRN+).



## Self-Assessment Checklist: Financial Management

### Self-Assessment Instructions

This checklist should be completed by a group of three to five staff members who are involved with the financial management processes at your organisation.

Please indicate your answer marking the appropriate box.

- Y** Yes, we undertake this work/activity
- I** Insufficient, in preparation, or being considered
- N** No, we've not yet tackled this work/activity
- NR** Not relevant to our work

Please note that as financial management is a fundamental issue to all organisations, whatever the sector of work, we expect that you will not have any 'NR' responses.

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

**There is no formalized scoring process for this assessment. Instead, we suggest that you look at the questions that you answered 'no' or 'insufficient' to, and then select areas that are most relevant for your organisation to improve upon in the short-term.**

### Action Plan

We challenge you to use this tool to identify areas that your organisation needs to strengthen in order to reach a 'good practice' level, and then develop a brief Action Plan that highlights examples of HOW you will improve your systems of financial management over the next six months. You can use the Action Plan template provided at the end of this module or create your own.

**There are ten Key Questions highlighted in the checklist in red.** These questions address fundamental issues that you need to consider first when assessing your organisation's financial management systems. As you develop your Action Plan, keep these questions in mind and if you have answered 'no' to any of them, this would be a good starting point for improving your programmes.

#### How to save the Action Plan:

Complete the self-assessment module and Action Plan electronically, save the file and submit it to the Code Secretariat by email. The Secretariat will credit all NGOs that submit Action Plans as 'Implementing' NGOs and full signatories of the Code. After the period of six months, we will ask you to measure your progress against your Action Plan.

### the Code

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 that are informed by evidence and 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 examples of good practice that NGOs can work towards over time.

**For more information on the Code, go to [www.hivcode.org](http://www.hivcode.org)**



# Checklist

Please indicate your answer by marking the appropriate box.

- Y** Yes, we undertake this work/activity
- I** Insufficient, in preparation, or being considered
- N** No, we've not yet tackled this work/activity
- NR** Not relevant to our work

## A

### Financial Planning and Budget Systems

This section will help you identify how effectively your organisation's financial planning and budgeting supports your work.

**Y**  **I**  **N**  **NR**

1. Does your organisation have a comprehensive annual budget, which includes a) sources and use of funds for all aspects of operations, and b) grant and contract agreements with funders?

**Y**  **I**  **N**  **NR**

2. Are all grant or contract budget proposals reviewed by fiscal staff before submission to funders?

**Y**  **I**  **N**  **NR**

3. Does the Board have a detailed understanding of the annual budget and play a significant role in directing the use of unrestricted funds?

**Y**  **I**  **N**  **NR**

4. Does the Board formally authorize the annual budget and revisions to the budget?

**Y**  **I**  **N**  **NR**

5. Does your organisation have a capital budget for major maintenance and replacement of facilities and equipment?

**Y**  **I**  **N**  **NR**

6. Does the fiscal staff regularly compare budgeted Income and Expenditure with actual Income and Expenditure, and take action where necessary?

**Actions needed to support Section A:**



# Checklist

## B

### Execution

This section will help you identify how effectively your organisation's internal control systems are capturing the financial information.

<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<p>1. <b>Does the organisation have written policies and guidelines for fiscal operations that indicate procedures for processing payroll, purchases, accounts payable, accounts receivable, etc?</b></p>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<p>2. Are your organisation's actual processing activities consistent with its written policies and procedures?</p>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<p>3. <b>Is the concept of 'separation of duties' implemented, as much as possible within the limitations of the size of the organisation?</b></p> <ul style="list-style-type: none"> <li>• 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)?</li> <li>• 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?</li> </ul>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<p>4. Are payroll policies and procedures clearly documented and consistently followed?</p> <p>This includes:</p>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<ul style="list-style-type: none"> <li>• the provision of written authorization for all new hires and pay rate changes?</li> </ul>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<ul style="list-style-type: none"> <li>• the use of monthly attendance sheets to record attendance of all employees?</li> </ul>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<ul style="list-style-type: none"> <li>• clearly written policies regarding overtime, vacation time, sick leave, holiday pay, and other leave with or without pay?</li> </ul>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<ul style="list-style-type: none"> <li>• all fringe benefit plans and statutory obligations are documented and are in compliance with the laws of the land?</li> </ul>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<ul style="list-style-type: none"> <li>• statutory forms of all employees are kept by the employer?</li> </ul>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	<p>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?</p>



## Checklist

Y  I  N  NR

6. Are there clear procedures for review of and authorization to pay all vendor invoices?

Y  I  N  NR

7. Are written policies and procedures for charging and collecting fees followed consistently and reviewed regularly?

Y  I  N  NR

8. Are cash handling policies and procedures well-documented and tested periodically to ensure that:

- all checks are endorsed upon receipt; receipts are given for cash transactions; and donors/clients informed when cash is received?

Y  I  N  NR

- a mail log is maintained by the person responsible for opening the mail?

Y  I  N  NR

- a cash log is maintained by the person responsible for handling cash, and cash counts are initialled by those holding or receiving cash?

Y  I  N  NR

- all disbursements are made by cheque except for small purchases made through petty cash?

Y  I  N  NR

- all unused stock of cheques is carefully secured?

Y  I  N  NR

- bank reconciliation is performed by someone who neither makes bank deposits nor prepares cheques?

**Action needed to support Section B:**



# Checklist

## C

### Recording

This section will help you ensure that financial information is being recorded effectively.

<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	1. <b>Is there a complete written chart of accounts that provides appropriate account titles and numbers for Assets, Liabilities, Net Assets, Revenues and Expenses?</b>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	2. Does the chart of accounts distinguish funding sources and/or track distinct funds?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	3. Does it utilize the line item categories as shown in the comprehensive annual budget and those for individual contracts or grants?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	4. Are accounting policies and recording procedures clearly documented in written fiscal policies and procedures?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	5. Is appropriate computer software and hardware utilized to perform recording functions?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	6. Are appropriate electronic and physical security procedures utilized to protect the integrity of computerized accounting records?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	7. <b>Are all accounting records backed up daily?</b>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	8. Is back-up media stored in a secure area away from computer equipment?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	9. Is all accounting data stored off-site at least monthly?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	10. Are detailed records of client fees and/or grants and contracts receivable maintained and reconciled to the general ledger balances?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	11. Are all contributions recorded in the accounting records?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	12. If more detailed records on contributions are maintained, are the accounting records reconciled monthly?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	13. <b>Are all general ledger balance sheet accounts reconciled at least quarterly and all cash payroll, and accounts receivable control accounts reconciled monthly?</b>

**Action needed to support Section C:**



# Checklist

## D

### Reporting

Organisations should provide regular financial reporting to management, the Board, donors and communities/constituencies. This section will help you assess how effective and transparent your organisation's reporting systems are.

<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	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)?	
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	2. <b>In organisations with multiple programmes, are statements of revenue and expenses of each distinct programme/funding source developed as follows:</b>	
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR		• on a monthly basis?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR		• including fiscal (year to date) activity?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	• providing a comparison of the year to date or annual budget by line item?	
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	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?	

**Action needed to support Section D:**



# Checklist

## E

### Monitoring

Financial records and reports must be reviewed by the Board on a regular basis. This section will help you identify whether your organisation has an effective monitoring process.

<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	1. Do the Executive Director and the programme managers review the monthly financial statements?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	2. <b>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?</b>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	3. Does the Board review the financial statements on a quarterly basis?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	4. Does the Board select an independent auditor to conduct an annual audit or review?
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	5. <b>Does the Board review the annual audit, and report on internal controls and compliance with governmental law and regulation?</b>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	6. Does the Board receive accurate reports that show whether: <ul style="list-style-type: none"> <li><input type="radio"/> Y   <input type="radio"/> I   <input type="radio"/> N   <input type="radio"/> NR • the use of the organisation’s resources is consistent with the organisation’s mission and priorities?</li> <li><input type="radio"/> Y   <input type="radio"/> I   <input type="radio"/> N   <input type="radio"/> NR • the organisation is solvent, for example has assets in excess of its liabilities?</li> <li><input type="radio"/> Y   <input type="radio"/> I   <input type="radio"/> N   <input type="radio"/> NR • 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?</li> <li><input type="radio"/> Y   <input type="radio"/> I   <input type="radio"/> N   <input type="radio"/> NR • the organisation is observing and documenting its observance of all restrictions imposed by funders and donors?</li> </ul>
<input type="radio"/> Y <input type="radio"/> I <input type="radio"/> N <input type="radio"/> NR	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?

**Action needed to support Section E:**





## Action Plan: Financial Management

In completing this self-assessment checklist, you are likely to have identified some areas that are in need of improvement and some that are already at a 'good practice' level.

Please complete the Action Plan table on the next page and highlight examples of how

you will improve your organisation's work on Financial Management over the next six months, thinking first about the Key Questions below. If you answer 'no' to any of these eight questions, it would be important for you to start here in improving your work!

### 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 formally authorize the annual budget and revisions to the budget?
3. Does the organisation have written policies and guidelines for fiscal operations including procedures for processing payroll, purchases, accounts payable, accounts receivable, etc?
4. Is the concept of separation of duties implemented as much as possible within the limitations of the size of the organisation?
5. Is there 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 backed up daily?
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?
10. Does the Board review the annual audit and report on internal controls and compliance with governmental law and regulation?

Please remember to save your completed action plan and email it to **info@hivcode.org** or send it to **PO Box 372, 1211 Geneva 19, Switzerland.**

Name of Organisation	Contact Person	Email Address
Signed		Date



## Action Plan: Financial Management

**Expected Outcomes**  
(What do we want to achieve?)

**Key Activities**  
(What do we need to do?)

**Action Points**  
(What kind of support do we need to do it?)

**Resources**  
(What kind of support do we need to do it?)

**Timeframe**  
(When will we do it?)
