



NONPROFIT FINANCIAL MANAGEMENT SELF-ASSESSMENT TOOL

This assessment tool is geared towards executive staff and fiscal managers who oversee financial management strategy.

I. FINANCIAL PLANNING/BUDGET SYSTEMS

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
1. Organization has a comprehensive annual budget which includes all sources and uses of funds for all aspects of operations.				
2. All grant or contract budget agreements with funders are incorporated into the comprehensive annual budget.				
3. All grant or contract budget proposals are reviewed by fiscal staff before submission to funders.				
4. Program managers play an active role in the development of budgets for programs under their direction.				
5. A board committee has a detailed understanding of the annual budget and plays a significant role in directing the use of unrestricted funds.				
6. The full board formally authorizes the annual budget and revisions to the budget.				
7. The organization has integrated meaningful consideration of financial issues into any strategic planning processes it undertakes.				

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
8. The organization has a capital budget and multi-year plans for major maintenance and replacement of facilities and equipment.				
9. The fiscal planning process includes continuous assessment of risks and identification of insurance coverage needs and appropriate risk management procedures.				
10. Risk assessment includes: general liability, professional liability, product liability, fire, theft, casualty, workers compensation/occupational safety, board and officer liability, vehicle operation, fraud and dishonest acts.				

II. EXECUTION

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
1. The organization has written policies and procedures for fiscal operations including procedures for processing payroll, purchases, accounts payable, accounts receivable, etc.				
2. Written policies and procedures are reviewed and revised regularly.				
3. Actual processing activities are consistent with written policies and procedures.				
4. The concept of separation of duties is implemented to the greatest extent feasible within the limitations of the size of the organization staff.				

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
a. 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.				
b. 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.				
5. Payroll policies and procedures are clearly documented and consistently followed.				
a. Written authorization is required for all new hires and pay rate changes.				
b. Written timesheets are prepared by all employees, signed by the employee, and approved in writing by the employee's direct supervisor.				
c. Forms W-4 and I-9 are obtained and retained for each employee.				
d. Policies regarding overtime, vacation time, sick leave, holiday pay, and other leaves with or without pay are written clearly, and reviewed regularly for compliance with state and federal law.				

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
e. All fringe benefit plans are documented and in compliance with IRS and Department of Labor requirements. The proper tax treatment for all benefits and compensation arrangements has been determined and documented.				
f. Responsibility for maintaining fringe benefit records in accord with governmental requirements has been clearly assigned and records are reviewed regularly.				
6. Written purchasing policies clearly identify the purchasing authority of each staff position, and establish appropriate dollar limits for purchasing authority at each level.				
7. There are clear procedures for review of and authorization to pay all vendor invoices.				
8. Written policies and procedures for charging and collecting fees are followed consistently and reviewed regularly.				
9. Cash handling policies and procedures are well-documented and are tested periodically.				
a. All checks are restrictively endorsed upon receipt.				
b. Receipts are given for all cash transactions and donors/clients are informed that they should receive a receipt for all cash payments. Pre-numbered, multi-copy, customized receipts are used.				
c. A receipts log is maintained by the person responsible for opening the mail.				

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
d. Cash reconciliation sheets are maintained by all individuals responsible for accepting cash. All cash counts are initialed by the individual preparing the initial count and the individual receiving the cash for further processing.				
e. Post dated checks are not generally accepted, and if accepted, are secured carefully.				
f. All disbursements are made by check except for small purchases made through a Petty Cash fund.				
g. All unused check stock is carefully secured.				
h. Bank reconciliation is performed by someone who neither makes bank deposits nor prepares checks.				

III. RECORDING

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
1. A complete written chart of accounts provides appropriate account titles and numbers for Assets, Liabilities, Net Assets, Revenues, and Expenses.				
2. The Chart of Accounts clearly establishes the programs or functions which will be distinguished and the funding sources and/or distinct funds which will be tracked.				

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
3. The Chart of Accounts utilizes the same line item categories and the same program or function distinctions which are utilized in the comprehensive annual budget and the budgets for individual contracts or grants.				
4. Accounting policies and recording procedures are clearly documented in the written fiscal policies and procedures.				
5. Appropriate computer software and hardware is utilized to perform recording functions.				
6. Appropriate electronic and physical security procedures are utilized to protect the integrity of computerized accounting records.				
7. All accounting records are backed up daily. Back-up media are stored in a secure area away from computer equipment.				
8. Back-ups of accounting data are stored off-site at least monthly.				
9. Detailed records of client fees and/or grants and contracts receivable are maintained and reconciled to the general ledger receivables balances.				
10. All contributions are recorded in the accounting records. If more detailed records are maintained by staff responsible for fund development, the fund development and accounting records of contributions are reconciled monthly.				
11. All general ledger balance sheet accounts are reconciled at least quarterly. All cash, payroll liabilities, and accounts receivable control accounts are reconciled monthly.				

IV. REPORTING

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
1. Monthly financial statements are available no later than the end of the following month (i.e. April 30th statements are available no later than May 31st).				
2. Monthly financial statements include a Balance Sheet as well as a Statement of Activities and Changes in Net Assets.				
3. In organizations with multiple programs, statements of the expenses of each distinct program are prepared monthly.				
4. In organizations which receive restricted funds, separate statements of revenue and expenses are prepared for each funding source.				
5. All revenue and expense statements (for the whole organization, for specific programs, and for specific funding sources) include the current month's activity, the fiscal year to date activity, and a comparison to the year to date or annual budget by line item.				
6. The excess (deficit) of support and revenue over expenses (net income) is reconciled to the change in fund balance between the beginning and ending of the accounting period.				

V. MONITORING

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
1. The executive director and the program managers review the monthly financial statements carefully.				
2. The fiscal manager highlights unusual items and identifies potential problems in notes to the financial statements shared with the executive director and board committee or full board.				
3. A board committee or the full board reviews the monthly financial statements carefully.				
4. The board or a board committee selects an independent CPA to conduct an annual audit or review. The board determines whether the organization should have an audit or a review, and whether or not the audit must be conducted within the guidelines of OMB A-133, as required for organizations receiving over \$300,000 in federal funds or recommended for organizations receiving more than \$100,000 each from more than one federal source.				
5. The board or a board committee reviews auditor's report, including any management letters, and reports on internal controls and compliance with governmental law and regulation.				
6. The board and executive director continually review the organization's financial statements to determine whether:				
a. The use of the organization's resources is consistent with the organization's mission and priorities.				
b. The organization is solvent, i.e. has assets in excess of its liabilities.				

	Don't Know	Not Achieved	Partially Achieved	Fully Achieved
c. The organization 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.				
d. The organization is observing and documenting its observance of all restrictions imposed by funders and donors.				
7. The board and executive director are aware of the IRS requirements for maintaining tax exempt status and continually evaluate organization's activities, use of funds, record keeping, and IRS reporting to assure compliance with all requirements.				