

## FINANCIAL INTERNAL CONTROLS CHECKLIST

Organizations need internal controls to ensure that policies are followed, transactions are properly authorized, assets are safeguarded, government requirements are complied with, and financial information supplied to management and to the board is current and accurate. Here are eight indicators that internal controls are adequate:

- Written up-to-date procedures covering:
  - Accounting;
  - Computer security;
  - Conflict-of-interest issues;
  - Personnel;
  - Purchasing;
  - Record retention; and
  - Travel.
  
- Written board-approved delegation of authority document stating which transactions each staff position is authorized to approve and which transactions require board approval.
  
- An annual board-approved operating budget.
  
- Responsibility for government filings and grant reporting vested in a staff member with knowledge of the requirements.
  
- Bank statements opened and reviewed by the executive director or other staff member who is not the accountant.
  
- Mail opened and checks logged daily by a staff member who is not the accountant.
  
- An annual review or audit (for organizations with budgets over \$1,000,000) by an independent auditor. The auditor reports directly to the board in executive session.
  
- Financial information supplied to the board at least quarterly. Board structure provides for a finance committee or treasurer who is responsible for overseeing the organization's financial management and informing the full board of any issues that arise.