

Financial Operations Checklist
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A. Financial Reporting

Y/N

Comments

1. Monthly Financial Statements are prepared		
2. Operational Budget prepared and compared monthly to actual reports		
3. Cash Flow Budget prepared and compared monthly to actual		
4. Capital Budget prepared and compared monthly to actual		
5. Chart of Accounts indicating Department or Cost Centers		
6. Financial system with functionality and security commensurate with size and complexity of business operations.		
7. Written description of reporting and documenting procedures are written, available to appropriate staff, and consistently followed		
8. All balance sheet accounts reconciled and reviewed by management based upon risk and materiality of the underlying asset or liability.		

B. Cash Receipts

1. Mail opened in presence of two persons, date stamped, and receiving report generated (may not be realistic in very large and very small organizations).		
2. Checks are secured immediately and endorsed following review of acceptability and accuracy.		
3. Receipt system is in place to control cash in from events or sales or other activities.		
4. Money is handled by bonded employees, not volunteers.		
5. Daily deposits are made to bank, electronically, if possible.		
6. Receiving reports are reconciled to monthly bank statements by someone other than mail openers.		
7. Non-cash gifts are receipted and described with value assigned.		

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C. Disbursement of Funds

1. Disbursements made with checks, and based on documentation and/or written requests or requisitions with appropriate levels of approval based on the materiality of the transaction.		
2. Checks are pre-numbered and accounted for monthly.		
3. Voided checks are defaced and retained.		
4. No checks are signed in advance or made payable to cash.		
5. Check signer is not the bookkeeper, check preparer, or person responsible for authorizing disbursement.		
6. A check signing policy is in place and followed rigorously.		
7. Bank statements are reconciled by someone other than a check preparer or signer.		
8. One person handles petty cash, receipts required for payout.		
9. Positive pay features used at banking institution wherever possible as a control feature.		

D. Documentation

1. Supporting documentation, invoices, or statements required for each expenditure		
2. Travel/meal/car usage/ expense reports and documentation required, consistent with IRS rules and regulations and internally developed corporate travel policies.		
3. Vendor invoices matched to receiving reports		
4. Daily cash register reports, if appropriate to operations (ie, store, etc.)		
5. Project managers or non-accounting personnel sign expense requests		
6. Purchase orders are used		

7. Several layers of approval for major expenditures (Board of Directors, etc.)		
8. Invoices labeled with check number, date paid.		
9. Personnel Records document time sheets, hiring and firing, vacation/sick leave/overtime accruals, pay increases, payroll tax deposits, Employer tax requirements met.		
10. There exists a comprehensive record retention policy that meets the IRS and other legal minimum requirements.		

E Safeguarding assets – cash

1. Cash management system is in place in order to maximize interest earned		
2. FDIC deposit limits are not exceeded		
3. Existence of an investment policy that identifies risk tolerances, pools of cash and investments and the goals and needs of each. Articulates appropriate investment vehicles and time horizons.		
4. Personal cash or personal assets are not mingled with the association's.		
5. Petty cash fund replenishment requests are properly approved and documented.		
6. If appropriate, bank custody accounts used as a means of safeguarding liquid assets.		

F Safeguarding assets – receivables

1. Accounts receivable are monitored and reconciled		
2. Work orders and invoices are numbered		
3. Customer ledgers are balanced monthly		
4. Monthly statements are send for unpaid balances		
5. Uncollectible account write-offs approved by responsible third party (Association treasurer)		
6. Credit authorization according to strictly followed policy.		
7. Interest or other charges levied for late payment.		

g. Safeguarding Assets—Inventory

1. Detailed records maintained for inventory stocks		
2. Counting done periodically to proof balances		
3. Inventory choices and levels monitored regularly for financial and marketing considerations		

H. Safeguarding Assets—Property and Equipment

1. Detailed records maintained for property assets		
2. Serial numbers listed		
3. Guarantees and service contracts monitored and controlled		
4. Purchase invoices maintained in permanent files.		
5. Capital budget formulated and assets purchased accordingly		
6. Competitive bidding for major purchases		
7. Borrowing for purchase requires Board approval		
8. Insurance coverage is adequate and regularly monitored		
9. When appropriate, acquisitions are expensed.		
10. Reasonable depreciation policy for all relevant asset classes, in conformity with GAAP.		

I. Safeguarding Assets--Investments

1. Detailed investment ledger maintained.		
2. Brokerage/custodian statements are reconciled to the ledger		
3. Investments are managed by knowledgeable persons, and properly controlled to ensure that investments are reviewed and verified.		
4. Management fees are reasonable.		
5. An investment or finance committee monitors the investments (long term)		
6. Safe custody of certificates, etc.		

J. Liabilities

1. Accounts payable system is in use		
2. Accounts payable reconciled to general ledger on a regular basis.		
3. Affiliate donations, grants, or special funds are monitored and special use stipulations are observed.		
4. Formal record of loans and terms of repayment		
5. Payment on notes payable made in a timely fashion.		

K. Exempt Functions (Unrelated Business Income.....Program Monitoring

1.If unrelated income is over \$1,000, is the 990-T filed		
2, Is the activity regularly reviewed for compliance with IRS guidelines relating to UBI.		
3. Are there any partnership agreements for joint ventures with taxable organizations? Are these partnership agreements regularly reviewed.		
4. Are income/expense statements filed for various cost or program centers? Are these monitored by the appropriate management or volunteer entities?		