FINANCIAL MANAGEMENT RISK ASSESSMENT TOOL

General Questions:

Name of Organization	
Number of Employees	
Number of staff in Finance Department	
Annual Operating Budget	
Do you have a Board Finance Committee?	
Do you have a Board Audit Committee?	

This assessment is meant for small to medium sized non-profits entities. By answering this series of questions, you can assess the strengths and weakness of the organizations financial operations, identify areas that need strengthening and identify gaps.

FINANCIAL MANAGMENT

	Yes	No	In Between	Explanation
The organization has a formal budget process				
The budget is approved by the Board				
All funds received by the organization are included in the budget				
The Board has a clear understanding of the budget				
The organization has written policies and procedures for all fiscal operations. Including:				
Accounts Receivable				
Accounts Payable				
Payroll				
Procurement				
There are clear documented job descriptions				
There are clear segregation of duties				
Access to financial systems is limited				
Authorization functions for purchasing, check signing, journal entries are not performed by individuals that				

are performing recording functions such as disbursement, accounts receivable records, deposits and cash handling				
Review and verification functions such as bank statement reconciliation, recording of cash receipts are NOT performed by individuals who also prepare checks, record checks, receive funds and prepare bank deposits				
Payroll policies and procedures are clearly documented				
Written authorization is required by the Executive Director for all new hires and pay rate changes				
Timesheets are reviewed by managers				
Policies regarding overtime, vacation time, sick leave and other leaves are clearly documented and reviewed for compliance with applicable laws				
All Fringe benefit plans are documented and in compliance with labor law requirements				
Written purchasing policies are in place that clearly identify authority of each staff member with appropriate dollar amounts				
There is a clear policy and procedure for all vendor payments				
Only the Executive Director can sign off on contracts				
Cash handling procedures are in place				
All cash kept on the premises is secured with limited access				
Receipts are kept for all cash transactions				

All checks are restrictively endorsed				
A receipts log for incoming cash and checks is maintained and reviewed by more than one staff member				
All check stock is maintained in a secure location with limited access				
Monthly financial reports are prepared and reviewed by the Board				
The Executive Director reviews monthly financial statements carefully				
The fiscal manager highlights unusual items and identifies potential problems regularly with the Executive Director				
An outside firm reviews the annual financial reports				
There is a documented investment policy				
The Board reviews that annual financial reports and has a clear understand the organization's finances				
There is an Audit Committee of the Board that reviews the financial statements				
The Executive Director and the Board have a clear understanding of the NFP laws and regulations and IRS requirements for the maintenance of tax-exempt status				
All resources of the organization are used for fulfillment of its mission				
All financial systems have access policies				
No additional access can be granted without written approval of the Executive Director				

All financial information is backed up daily and kept in a secure location				
Credit card and other donor information is subject to a written privacy policy				
Cybersecurity best practices are followed to protect private data				
Changes to the financial system are monitored and tracked				
Appropriate firewalls are in place and patches are updated regularly				
Password changes and new log ins are carefully monitored				
There is a formal grant compliance function				
All grant and donor funds received are appropriately accounted for and restricted as applicable				
All necessary insurance policies are in place and reviewed by the Board				

RISK ASSESSMENT TOOL

This is another series of questions that are used to assess risk and the effectiveness of risk mitigation efforts. These questions should be asked of the organization generally as well as each individual department, i.e. Finance, Human Resources, IT, Procurement, etc. It should be noted that responses will be kept confidential so that employees are comfortable answering honestly.

	Response
What is the objective and business strategy for the Department?	
How many employees in the Department?	
Are there clear job descriptions and organization and reporting structures?	
Does the Department have a Standard Operations Manual?	

Are all employees aware of the manual and the applicable policies and procedures?	
Are employees cross-trained for key activities?	
Are there clear segregation of duties?	
What are the security issues relevant to the Department?	
Does the Department handle cash transactions?	
Does the department speak to donors?	
What are the regulations, laws and reporting or other compliance issues that affect the Department?	
Are you aware of any instances where management override of policies and procedures can affect the organization?	
Are you aware of an IT issues – weaknesses, glitches, password sharing – that could put the organization at risk?	
What do you perceive as the largest risk to the organization?	
Does the Department have annual goals and reporting metrics?	
What does your Department need to more effectively of efficiently reach your goals?	
Is there a specific process that you believe should be strengthened or audited?	

The answers to each of these questions will be assigned a risk factor – High, Medium or Low. Then, mitigation steps can be developed as needed.