

# Financial Audit Checklist

By John F. Smith

- Accounting Requirements
  - Are proper books and records kept of all transactions?
  - Do the accounts comply with requirements for external scrutiny?
  - Are accounts formally approved at an annual meeting?
- Organizational Structure
  - Is a plan held showing organizational structure?
  - Are lines of authority and reporting laid down in writing and communicated to all staff?
  - Are all staff and volunteers given proper training?
  - Is professional advice taken where appropriate?
- Budgets
  - Are annual budgets prepared and approved to cover both income and expenditure?
  - Is performance measured against budgets at regular intervals?
- Banking and Custody Procedures
  - Are incoming receipts banked promptly and regularly?
  - Is the safe custody ensured for all valuables held on premises?
  - Are keys of safe or cash box signed for?
  - Is insurance held to cover contents of safe or cash box?
  - Is all incoming money banked and no amounts held over for petty cash feeding/replenishment?
  - Is a written statement of banking and custody procedures available to all staff and volunteers?
  - Is money belonging held separately from that of any individual staff member?
  - Are there controls over receipt books?
- Checks of Income Records
  - Are regular checks made to ensure records are accurate?
  - Are regular checks made to ensure no discrepancies between records?
  - Are checks made by someone other than the original recording officer?
  - Are any restrictions placed on donated income identified and observed?
  - Controls over expenditure

- Are all expenditures properly authorized?
- Is there supporting documentation required and maintained for all expenditures?
- Are check books kept in secure place with access only by nominated persons?
- Is the preparation of payments undertaken by someone other than the authorizing officer?
- Is a written statement of policy and practice on payment procedures available to all staff and volunteers?
- Controls over purchases
  - Are invoices checked against orders made?
  - Is the quality and quantity of goods supplied checked against orders made?
  - Is inventory of stock taken regularly?
  - Are authority levels for placing orders documented?
  - Are payments only made against original invoices?
- Staff and Salaries
  - Are Personnel records kept and held separately from wage records?
  - Are wage/salary levels properly authorized and recorded?
  - Are checks made to verify existence of employees?
  - Are cash payments avoided wherever possible?
  - Are staff employed in compliance with state/federal regulations?
  - Are background checks completed, particularly for staff assigned financial duties?
- Bank accounts
  - Are secure records held of all accounts?
  - Are regular bank reconciliations carried out?
  - Are instructions to open or close accounts properly authorized and/or reported?
  - Are checks made to ensure that there are no dormant accounts?
  - Are bank statements regularly inspected by officers not assigned book-keeping duties?
  - Are cross checks made between bank records and the income and expenditure records?