

Action Aid Australia: For Those Who have Less

POLICY ON FINANCIAL SYSTEMS ASSESSMENT FOR DELIVERY ORGANISATIONS

Introduction

The reporting requirements for all projects should comply with the details set out in the Project Agreement.

Monitoring Visits

Each monitoring visit should attend to all the matters in the following checklist:

1. Goods and services received should be verified before payments are processed.

Observation: All funding is verified by a confirmation sheet used for money transfers.

2. Apply a “paid” stamp to paid invoices in order to prevent resubmission of invoices.

Observation: A “Paid” stamp has been used for all invoices.

3. Copies of acquittals should be retained.

Observation: Copies of acquittals have been retained.

4. Actual expenditure should be matched with the agreed budget line item description.

Observation: All expenditure has been matched to the agreed budget line item.

5. Verify expenses with supporting source documentation.

Observation: All expenses are supported with documentation attached to the paper work.

6. Quotations should be obtained for purchases of A\$1,000 or, greater, where possible.

Observation: Three written quotations have been obtained for goods purchased to the value of A\$1,000 or greater.

7. Cash handling procedures:

- a. There should be a division of responsibility wherever possible.

Observation: *At least two people have always been in attendance when money has been taken from the safe.*

- b. There should be approval processes for the use of cash.

Observation: *The Project Director has approved the weekly budget and advised the CEO to release the cash.*

- c. All petty cash advances should be properly controlled and kept in a safe place.

Observation: *All petty cash is kept in a safe place with proper controls for its use.*

- d. Petty cash advances should not be used for loans.

Observation: *Petty cash has not been used for loans.*

- e. Petty cash expenditure should be supported by documentation.

Observation: *All petty cash expenditure is supported by documentation.*

8. All bank reconciliations should be:

- a. Prepared on a monthly basis.

Observation: *Bank reconciliations have been prepared on a monthly basis.*

- b. Accurate and complete.

Observation: *A bank book has been used for all transactions. The manager has signed the pass book after verifying the accounts and each transaction.*

- c. Unusual transactions should be resolved promptly.

Observation: *All unusual transactions have been resolved promptly.*

9. Verify existence of assets and enter into the assets register.

Observation: *All assets have been entered in the assets register.*

10. Exchange rates should be taken from a named, creditable source.

Observation: *Exchange rates have been taken from a named creditable source.*

11. Two signatures should be required in order to operate a cheque account.

Observation: *All cheques have been signed by two people approved to sign cheques.*

12. Audited financial reports for the current year should be cited and, if not already done so, a copy of the reports should be obtained and filed in the AAA office in Melbourne.

Observation: *Audited financial reports for the current year have been cited, and copies have been sent or received for filing in the AAA office in Melbourne.*

13. General comments:

Dated:

Signed: _____

AAA Representative

Signed: _____

Project Manager

Adopted by Board 21 April 2005