



Mango's Internal Audit Review Checklist

Available at www.mango.org.uk/guide

A. General

Ref	Checklist Item	Y/N N/A	Notes
A1	<p>Does the organisation have an up-to-date Organisation Chart which shows the staffing and committee structure?</p> <p><i>If not, they should describe the staff and Board set-up to help you draft an organogram.</i></p>		
A2	<p>How many staff and/or Trustees are involved in financial administration for the organisation?</p> <p><i>It is useful to note the job titles and approx. how many hours they spend on finance admin work.</i></p>		
A3	<p>Have any of the staff received finance-related training and/or possess accountancy qualifications?</p> <p><i>Note details of qualifications/duration of training.</i></p>		
A4	<p>Does the organisation have a Finance Manual – i.e. written down procedures which cover financial rules, routines and processes?</p> <p>If yes, who has access to the manual?</p> <p><i>Try to get sight of the manual or other written procedures to establish how recently it was written/updated.</i></p>		
A5	<p>Does the organisation use a computer to store its accounting records? If yes, which program(s)?</p> <p>Does the organisation use a computer to produce financial reports? If yes, which program(s)?</p>		
A6	<p>What are the NGO's main sources of income?</p>		
A7	<p>What financial trends are apparent (e.g. funding growing or drying up)?</p>		

B. Budgeting and Planning

Ref	Checklist Item	Y/N N/A	Notes
B1	<p>Which of the following budgets does the organisation have:</p> <ul style="list-style-type: none"> - project budgets? (e.g. those relating to one activity or donor-funded project) - core costs (administration/overheads) budget - organisation-wide budgets (i.e. consolidating all activities)? - cash budgets or cash flow forecast? - Others? [specify] <p><i>Try to get copies or sight of the most recent budgets available, noting the period they refer to.</i></p>		
B2	<p>What process is used to produce the organisation's budgets?</p> <p><i>Find out who is involved, when they are produced, what method is used. Is there a link to the organisation's mission and objectives?</i></p>		
B3	<p>Is the organisation's annual budget formally approved by the Board and entered in the minutes?</p> <p>Are significant changes to the budget approved by the Board?</p> <p><i>This could be verified by sight of the Minutes book.</i></p>		

C. Accounting Records

Ref	Checklist Item	Y/N N/A	Notes
C1	Which of the following basic accounting records does the NGO keep: <ul style="list-style-type: none"> - Cashbook? - Analysed cashbook? - Petty cash book? - A file of invoices/receipts for all expenditures? - A file of receipts/vouchers for incoming funds? - A file of bank statements for each bank account held? - A fixed assets register? 		
C2	Which of the following additional accounting records does the NGO keep: <ul style="list-style-type: none"> - Payroll records? - General ledger/nominal ledger? - Journal book? - Accounts Payable/Purchase Ledger? - Accounts Receivable/Sales Ledger? - Others: 		
C3	How recently were the books updated? <ul style="list-style-type: none"> - within the last 7 days? - within the last 14 days? - within the last 30 days? - more than 30 days ago? - more than 60 days ago? 		
C4	Were the accounting records available for your inspection? If not, why?		
C5	Is the organisation aware of and complying with the accounting requirements of: <ul style="list-style-type: none"> - the NGO's governing document? - Statutory regulations? 		
C6	Are the annual financial statements formally approved by Board members at an annual meeting? <i>This could be verified by sight of the Minutes book</i>		
C7	If relevant, what arrangements are made for accounting for and managing foreign exchange?		

D. Internal Controls

Ref	Checklist Item	Y/N N/A	Notes
D1	<p>Which of the following policy and procedures are written down:</p> <ul style="list-style-type: none"> - Delegation of authority (i.e. who signs what on behalf of the organisation and within what limits – cheques, purchase orders, leases, contracts, etc.) - Cash handling and banking? - Procurement and payment (i.e. how to order/purchase goods and services) - Use and control of vehicles <p>Are these communicated to all staff and trustees?</p>		
D2	<p>Is there any segregation of tasks to provide automatic 'double check'?</p> <p><i>Need to establish whether the financial admin tasks are shared by staff or concentrated in the hands of one or two people.</i></p>		
D3	<p>Which of the following controls over incoming funds are followed:</p> <ul style="list-style-type: none"> - Numbered duplicate receipts issued for all incoming cash and cheques? - Cash received and counted in the presence of more than one person? - Cash coming in and petty cash floats kept separate at all times? - Incoming receipts banked promptly and regularly? (at least weekly)? - All incoming money banked and no amounts held over for petty cash "feeding"? <p><i>Variations should be explained</i></p>		
D4	<p>What controls are in place over receipt books issued by the NGO?</p> <p><i>For example, numbered duplicate books signed for and checked.</i></p>		
D5	<p>What precautions are taken to ensure that cash, cheque books and other valuables held on the premises are safeguarded?</p> <p>Are keys of safe or cash box signed for?</p> <p>Is insurance held to cover contents of safe or cash box?</p>		

D. Internal Controls (contd)

Ref	Checklist Item	Y/N N/A	Notes
D6	<p>Which of the following controls over purchases are followed:</p> <ul style="list-style-type: none"> - Supporting documentation held for all items of expenditure (i.e. invoices, vouchers, receipts)? - All expenditure properly authorised on a Payment Voucher? - Invoices checked against orders made? - Records kept of orders placed but not carried out? - The quality and quantity of goods supplied checked against orders made? - Payments only made against original invoices (i.e. not on monthly statements or photocopies)? - Regular stock-taking undertaken? 		
D7	<p>Which of the following controls over payments by cheque are followed:</p> <ul style="list-style-type: none"> - Conditions set down in the governing document about who can sign cheques complied with? - At least 2 signatories on the bank mandate? - Cheques and never signed in blank? - A nominated signatory may not sign a cheque made payable to themselves? - All cheque expenditure is recorded in the cashbook and noted with the relevant cheque number? - Cheque stubs completed at time of payment? - Cheques signed only with proper documentary evidence of the nature of the payment? 		
D8	<p>Which of the following controls over payments by petty cash are followed:</p> <ul style="list-style-type: none"> - Every effort made to minimise cash payments? - All payments by cash made from a cash float? - The cash float drawn from the bank and not from incoming money? - All petty cash payments have supporting documentation? - Supporting documentation authorised by someone other than the cashier or claimant? - Amounts of claim entered on a petty cash voucher? - All payments noted in a petty cash book? - All topping up withdrawals from bank noted in the petty cash book? - Regular checks made of petty cash records by someone other than the cashier? 		

D. Internal Controls (Continued)

Ref	Checklist Item	Y/N N/A	Notes
D9	Which of the following controls over the NGO's bank accounts are complied with: <ul style="list-style-type: none"> - All bank accounts held in the name of the NGO, not individuals? - Instructions to open or close accounts properly authorised and / or reported to Trustees? - Secure records held for all bank accounts? - Regular bank reconciliations carried out? - Bank statements regularly inspected by the Trustees? 		
D10	Which of the following checks on accounting records are made: <ul style="list-style-type: none"> - Cross checks made between bank statements and income and expenditure records to ensure no discrepancies between records? - Checks made by someone other than the original recording officer (e.g. Internal Auditor)? - Any restrictions placed on donated income identified and observed? 		
D11	If the organisation has paid employees: <ul style="list-style-type: none"> - Are personnel records kept and held separately from wages records? - Are salary levels properly authorised and recorded? - Are checks made to verify existence of employees? - Are cash payments for wages and salaries avoided whenever possible? - If cash payments made, are they paid out by someone other than the payroll clerk and signed for? - Are staff employed under a proper contract of employment? - Is compliance with statutory tax regulations ensured? 		
D12	If the organisation owns fixed assets (vehicles, office equipment, buildings, etc.): <ul style="list-style-type: none"> - Is an Assets Register/inventory held and updated regularly? - Are assets checked regularly to ensure that they are still in good repair and in the proper location? - Has insurance cover been considered? - Is the use of fixed assets reviewed annually to ensure they are put to best use and serving the NGO's interest? - Are vehicles fitted with appropriate security and kept in a safe place overnight? - Are buildings properly safeguarded? 		

E. Financial Reporting and Monitoring

Ref	Checklist Item	Y/N N/A	Notes
E1	<p>Does the organisation produce financial statements (including a Balance Sheet and Profit & Loss or Income & Expenditure account)? If yes:</p> <ul style="list-style-type: none"> - How often? - Period covered by the most recent statements? - Who receives copies of the financial statements? <p><i>Obtain copies of the latest set of statements if available..</i></p>		
E2	<p>Are the annual financial statements subjected to an independent audit by a qualified professional?</p> <p>If yes:</p> <ul style="list-style-type: none"> - When was the last external audit conducted and by whom? - Was the audit report qualified or unqualified? <p><i>Obtain a copy of the latest audited statements if available</i></p>		
E3	<p>Does the organisation produce periodic reports for MANAGERS which compare performance against budgets? If yes:</p> <ul style="list-style-type: none"> - How often? - Period covered by the most recent report? - Who prepares the reports? - Who receives copies of the reports? <p><i>Obtain copies of the latest budget comparison reports if available.</i></p>		
E4	<p>Does the organisation produce periodic reports for DONORS which compare performance against budgets? If yes:</p> <ul style="list-style-type: none"> - which donors? - how often? - who prepares the reports? 		