

Non-Profit Finance Team Self-Assessment

Introduction

This tool is designed to help you assess the health of your organization's financial management. It is a good starting point for small and medium sized not-for-profit organizations. The self-assessment covers key areas of non-profit financial management. It is not an exhaustive list of all aspects of financial management. It is not an audit and it does not describe a standard set of procedures which are relevant in every situation.

For each statement of practice, discuss with colleagues on your team whether it is the practice exists and is consistently applied in your organization. Agree on a score based on what actually happens, not what is supposed to happen, or what is documented in your finance manual. Rate each statement on a scale of 1 to 5 - see below.

Explanation of scores		Score
Excellent	The practice is consistently followed without exception.	5
Good	The practice is typically followed but there are occasional gaps.	4
Average	The practice is followed most of the time but there is room for improvement in terms of thoroughness and adherence.	3
Needs improvement	The practice it is not consistently applied.	2
Poor	The practice is not applied.	1

Enter your score for each statement. See your total in the score summary sheet. Then interpret the score using the guidance given.

Section 1: Planning & Budgeting

Ref	Statement of best practice	Score
1.1	Budgets are prepared in good time for all the costs of running the organization	4
1.2	Both finance and program staff are involved in setting budgets	1
1.3	Project budgets are based on the costs of planned activities	1
1.4	Budget worksheets include explanatory notes and clear calculations	2
1.5	A separate budget is prepared for core costs (overhead)	5
1.6	Organizational budgets are approved by the Board of Directors	5
1.7	A named individual (budget holder) is responsible for implementing and managing each budget	5
1.8	Budget codes match (or correspond to) accounting codes	5
1.9	All planned operational costs are adequately funded	3
1.10	A cash flow forecast is prepared every month	5
Total score for planning & budgeting		36

Section 5: Grant Management

Ref	Statement of best practice	Score
2.1	There is a signed grant agreement in place for each grant	5
2.2	Senior managers check the grant conditions are reasonable before signing agreements	5
2.3	Grant conditions on procurement are known by finance staff, budget holders and procurement officer(s)	5
2.4	There is compliance with the terms and conditions in grant agreements	5
2.5	Donors receive financial reports in the right format and on time	5
2.6	Donor financial and narrative reports are consistent and clearly linked to each other	2
2.7	Donor funds are kept for the activities they are meant for and never 'borrowed' for other activities	5
2.8	Sub-awardees for all grants have systems and sufficient capacity to implement financial obligations	1
Total score for grant management		33

Section 2: Accounting System

Ref	Statement of best practice	Score
3.1	The organization uses accounting software (e.g., QuickBooks, Sage Intacct, or similar) to record and maintain all financial transactions in accordance with GAAP.	4
3.2	Each payment is supported by appropriate documentation (e.g., invoice, purchase order, contract) and approval per internal policies.	5

3.3	All contributions (cash, checks, online donations) and other receipts are recorded promptly upon receipt and supported by appropriate documentation.	5
3.4	Each financial transaction includes the date, description, amount, restriction and appropriate coding for transparency and audit readiness.	5
3.5	A unique cash or bank account is maintained in the accounting system for each physical account held by the organization.	5
3.6	The Chart of Accounts reflects the organization's operational structure and includes categories for revenue, expense, assets, liabilities, and net assets (with and without donor restrictions).	1
3.7	Transactions are tagged with relevant program, grant, funder, or donor codes to support strategic program and project/grant reporting.	1
3.8	Bank reconciliations are completed and reviewed monthly for every bank account to ensure accuracy and detect discrepancies.	5
3.9	The organization maintains up-to-date records of amounts payable (e.g., vendors, consultants) and receivable (e.g., pledges, reimbursements, staff advances).	2
3.10	The accounting system supports compliance with IRS Form 990 reporting, funder reporting requirements, and audit readiness.	2
Total score for accounting systems		35

Section 3: Financial Reporting		
Ref	Statement of best practice	Score
4.1	Monthly financial reports are prepared after a formal close process, including reconciliation of all balance sheet accounts and analytical review of income/expenses to budget and prior year.	2
4.2	The board reviews financial reports every quarter.	5
4.3	Senior leadership reviews financial reports monthly to monitor performance and guide strategic decisions.	4
4.4	Reports clearly present cash and bank balances, accounts receivable and payable, and restricted vs. unrestricted net assets.	4
4.5	Budget holders receive timely and accurate budget-to-actual reports each month.	3
4.6	Budget monitoring reports explain variances and are used to plan corrective actions.	2
4.7	Financial reports are used actively in operational and strategic decision-making (not just for compliance).	1
4.8	Key financial information is shared annually with community members or stakeholders in a clear, accessible way (e.g., annual report or community meeting).	5

4.9	The organization completes and signs audited financial statements within six months of fiscal year-end.	3
	The board reviews financial statements (balance sheet, income statement, cash flow) at least quarterly.	27

Section 4: Internal controls		
Ref	Statement of best practice	Score
5.1	Cash is kept safely in a locked cashbox or safe, in the custody of one individual	5
5.2	All cash received is banked intact, i.e. without any being spent (if no cash is received, score 5)	5
5.3	All checks are signed by at least two authorized signatories	1
5.4	Checks are signed only when all the details have been properly filled in (i.e. no signatories ever sign blank cheques)	4
5.5	Bank reconciliations are checked by someone who did not prepare them	1
5.6	There is a written policy detailing who can authorize expenditure of different types or value	4
5.7	All transactions are properly authorized	2
5.8	Cash payments are authorized by someone other than the cashier	5
5.9	Steps in the procurement process, (e.g. ordering, receiving and paying) are shared among different people	1
5.10	Expenses claims for staff advances are checked by the same person who authorised the advance	4
5.11	Staff salaries are checked each month by a senior manager	4
5.12	Statutory deductions (e.g. payroll taxes) are properly made and paid on time	4
5.13	All fixed assets (e.g. vehicles) owned are insured and controlled using a fixed assets register	5
5.14	There is an approved policies and procedures manual in place and known by staff	5
5.15	A financial audit is performed by a qualified firm on an annual basis	4
Total score for internal controls		54

Section 6: Staffing		
Ref	Statement of best practice	Score
6.1	The board includes someone with the skills needed to oversee all financial activities	2
6.2	Finance staff have the skills (and qualifications) needed to carry out all financial activities	1
6.3	Managers and program staff have the financial skills they need to manage budgets and implement controls	1
6.4	Finance staff and budget holders work together well in payments processing and budget monitoring	2
6.5	Different roles within the finance function are clearly defined, known and followed	1
6.6	Senior staff lead by example in following control procedures	1

6.7	Finance staff are recruited freely and fairly on the basis of merit only	4
6.8	All staff receive the training and support they need to carry out their financial management responsibilities	1
Total score for staffing		13

Area	Risk Level	Comments
Staff Capacity	● High Risk	Staff stretched thin, spending too much time on low-level data entry; little capacity for analysis or leadership support.
Staff Expertise	● Moderate to High Risk	Some baseline skills, but major gaps in analysis, forecasting, and understanding organizational impact.
Internal Controls	● High Risk	Severe gaps: poor segregation of duties, full access permissions, lack of independent review.
Technology & Systems	● Moderate Risk	Systems exist but are unintegrated, poorly managed, and lack proper access controls.
Financial Planning & Budgeting	● High Risk	Budgeting process is minimal, strategic planning is guesswork, and updates are rare.
Grant & Fund Management	● High Risk	Missing grant reporting, compliance issues, and no proactive grant management practices.
Audit Preparation & Compliance	● High Risk	Audit readiness is chaotic, missing documentation, and informal recordkeeping practices.
Overall Financial Operations Capacity	● High Risk	Structure misaligned with needs; team moves data but lacks ability to drive financial strategy or mitigate risk.

Score summary

Section	Score
1. Planning and budgeting	36
2. Accounting systems	35
3. Financial reporting	27
4. Internal controls	54
5. Grant management	33
6. Staffing	13
Total Score	198

Scoring

Your score is over 240

Well done! Your financial management is in good shape. The risks of not being able to complete your work because of financial problems are low. But do also consider the risk assessment in each section: effective financial management requires strength in all six areas. Use this opportunity to make improvements and further reduce your financial risk.

Your score is between 151 and 240

Not bad! There is clearly some good financial practice in place, but still plenty of room for improvement. There is a risk that financial problems will prevent you from doing your work. Low scoring sections require immediate attention from managers.

Your score is less than 150

There is work to be done! There is a high risk that you will face financial problems in the near future: funds may be misused, or donors may withdraw their financial support. Managers and the board should meet urgently to discuss how the situation can be improved.

Highlight your risk rating for each section

High Risk	Medium Risk	Low Risk
0 - 25	26 - 40	41 - 50
0 - 30	31 - 50	51 - 60
0 - 20	21 - 35	36 - 40
0 - 40	41 - 60	61 - 75
0 - 15	16 - 25	26 - 35
0 - 20	21 - 30	31 - 40
0 - 150	151 - 240	241 - 300