

## CHECKLIST

# Financial checklist for small NPOs

*A simple tool to help you assess  
the current financial practices within  
your non-profit organisation*

Created by Sage Foundation in collaboration with  
Charity Digital and Solid Base Non-Profit Support

Organisational Financial Literacy (OFL) means having the tools, capacity and expertise to manage organisational finances. As organisations develop a deeper understanding of financial processes, they will gain a higher degree of OFL. This leads to greater accountability and will make your organisation more appealing to potential funders.

This checklist will help you review your organisation's financial processes and identify areas for improvement.

As you work through the list, make a note of any gaps in your current processes, and what actions you'll take to address them.

Use this checklist regularly to measure your progress over time.

### Quick Assessment

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If you check off all of the points in this section below, you probably do not need to spend any time on the rest of the checklist—your organisation is already demonstrating a high level of OFL. Delivering these means your financial organisation and processes are likely fit for purpose:

- Organisation has clear controls, policies and procedures
- Organisation finances are robust and sustainable
- Organisation makes available timely, accurate and understandable financial information and reports
- Organisation has an effective financial planning, forecasting and analysis process
- Organisation is able to make informed financial decisions and react to changes

## Essential steps to achieving high levels of Organisational Financial Literacy

This explores a number of aspects of the finance operation, with some expanded into further detail.

- Bookkeeping is timely, accurate and up to date and includes:
  - Expenses and purchases are recorded, coded and paid on time
  - Journals are produced, particularly ensuring that the appropriate income and expenditure is recognised in the accounting period concerned
  - Balance sheet accounts are regularly reconciled (as per defined procedures)
- Financial policies and practices are stated and regularly reviewed
  - Organisation has a reserves policy which is reviewed annually
- All financial processes (in house or through third parties) are monitored and controlled
- Tax and regulatory requirements are fulfilled in a timely and accurate manner
  - Accounts and annual returns are prepared in line with recommended accounting practice, independently reviewed or audited, and filed on time
- The organisation has strong cash management
  - Bank accounts and petty cash are regularly reconciled
  - Cash flow is analysed, reported on and forecasted
  - Has appropriate controls to ensure the safety and integrity of all bank accounts
- Has a robust and appropriate human resources plan for finance
  - Finance roles are planned (e.g. treasurer)
  - Organisation has access to sufficient finance skills
  - People performing financial activities are appropriately trained
  - Contingency plans in place for finance staff / trustee sickness or absence
  - People performing financial activities have the time to fulfil their roles
- Timely management accounts are produced
  - Income and expenditure report
  - Balance sheet
  - Funder reports
- Income reliance is understood together with its associated costs
- Appropriate financial management practices are followed
  - Relevant and flexible chart of accounts has been created
  - Budgets are produced, and forecasts are updated throughout the year
  - Performance versus budget and / or forecast is monitored
  - Variances are analysed and reported on

We would strongly recommend the use of accounting software to support your organisation to meet its requirements.

For more info on software discounts available to eligible non-profit organisations, visit: [sagefoundation.com/NPOSuccess](https://sagefoundation.com/NPOSuccess)