

Financial Procedures

It is good practice for an organisation to produce a detailed set of financial procedures. Financial procedures are a set of instructions that any stakeholder, including new members of the committee or staff, can use to find out exactly: what tasks need to be done; who will do these tasks; and who will ensure the tasks are done properly.

It is important that the agreed financial procedures are written down so that there is clarity about what is required and that the management committee ensures that staff and committee members are aware from the outset of what is expected of them.

Answer the following questions to find out whether you need to establish or develop procedures.

Financial health check

Financial procedures

1. Does the group have a set of written financial procedures?

If not, is there a plan to produce them? Who will be involved? What sources of good practice will be referred to?

2. Are the procedures adequate (consider accountability, audit trail, segregation of duties and recording, reporting and decision making tasks)

3. Do they ensure:

- Only legitimate expenses are incurred
- Each expense is scrutinised for accuracy and matched to the relevant source of income
- Expenditure is properly approved and authorised for payment
- Payment is only made to the appropriate people
- A consistent and transparent audit trail is produced and available for each payment
- A full bank reconciliation is completed on an at least a monthly basis for each bank account

4. Does the day to day operation of the finance function follow these procedures?

If an auditor selected a transaction at random, would it be clear that all the written procedures had been followed in processing that transaction?

5. Are all committee members and relevant staff aware of what these procedures are?

- How do they know?
- How do you know that they know?

6. Are procedures reviewed on at least an annual basis? Are the committee properly involved?

7. When was the most recent review? Has there been effective follow-up?