



MOUNTAIN HEART NEPAL

Kathmandu District, Nepal

FINANCIAL MANAGEMENT SELF ASSESSMENT TOOL

I. Financial Planning/Budget System

	Don't Know	Inadequately Achieved	Partially Achieved	Fully Achieved
1. All grant or contract budget proposals are reviewed by board before submission to funders.				
2. Program officers play an active role in the development of budgets for programs under their direction.				
3. A board committee has a detailed understanding of the annual budget and plays a significant role in directing the use of unrestricted funds.				
4. The full board formally authorizes the annual budget and revisions to the budget.				
5. The organization has integrated meaningful consideration of financial issues into any strategic planning processes it undertakes.				
6. The organization has a capital budget and multi-year plans for major maintenance and replacement of facilities and equipment.				
7. The fiscal planning process includes continuous assessment of risks and appropriate risk management procedures.				
8. Risk assessment includes: general liability, professional liability, fire, theft, casualty, board and officer liability, vehicle operation, fraud and dishonest acts.				

II. Execution

	Don't Know	Inadequately Achieved	Partially Achieved	Fully Achieved
1. The board authorizes staff salary, purchases, accounts payable, accounts receivable, etc.				
2. Written policies and procedures are reviewed and revised regularly.				
3. Actual processing activities are consistent with board decisions, written policies and procedures.				
4. The concept of separation of duties is implemented to the greatest extent feasible within the limitations of the size of the organization staff.				
a. Authorization functions for signing checks are performed by any two board member: treasurer and chair/secretary.				
b. Review and verification functions such as reconciliation of the bank statement to the record of cash receipts and disbursements are performed by sub-committee.				

	Don't Know	Inadequately Achieved	Partially Achieved	Fully Achieved
5. Payroll policies and procedures are clearly documented and consistently followed.				
a. Written authorization from full board is required for all new hires and pay rate changes.				
b. Written timesheets are prepared by all employees, signed by the employee, and approved in writing by the employee's direct supervisor.				
c. MoU are obtained and retained for each employee.				
d. Policies regarding overtime, vacation time, sick leave, and other leaves with or without pay are written clearly, and reviewed regularly for compliance with Nepal government law.				
e. Proper tax treatment for all payments has been determined, documented and timely paid.				
f. Written purchasing policies and board meeting clearly define the process.				
g. Cash handling procedures are well-documented.				
h. All invoices are recorded and stored securely.				

III. Recording

	Don't Know	Inadequately Achieved	Partially Achieved	Fully Achieved
1. A complete written chart of accounts provides appropriate account titles and numbers for Assets, Liabilities, Net Assets, Revenues, and Expenses.				
2. The Chart of Accounts clearly establishes the programs which will be distinguished and the funding sources and/or distinct funds which will be tracked.				
3. The Chart of Accounts utilizes the same line item categories and the same program or function distinctions which are utilized in the comprehensive annual budget and the budgets for individual contracts or grants.				
4. Accounting policies and recording procedures are clearly documented in the written fiscal policies and procedures.				
6. Appropriate computer software or manual system is utilized to perform recording functions.				

IV. Reporting

	Don't Know	Inadequately Achieved	Partially Achieved	Fully Achieved
1. Monthly financial statements are available no later than the end of the following month (i.e. April 30th statements are available no later than May 31st).				
2. Monthly financial statements include a Balance Sheet as well as a Statement of Activities.				
3. If multiple programs, statements of the expenses of each distinct program are prepared monthly.				
4. All revenue and expense statements (for the whole organization, for specific programs, and for specific funding sources) include the current month's activity, the fiscal year to date activity, and a comparison to the year to date or annual budget by line item.				

V. Monitoring

	Don't Know	Inadequately Achieved	Partially Achieved	Fully Achieved
1. The sub-committee and the program managers review the monthly financial statements carefully.				
2. The program officer highlights unusual items and identifies potential problems in notes to the financial statements shared with the board committee or full board.				
3. The board or a board committee selects an independent chartered accountant to conduct an annual audit or review.				
4. A full board reviews the monthly financial statements carefully.				
5. The board or a board committee reviews auditor's report, including any letters, and reports on internal controls and compliance with Nepal governmental law and regulation.				
6. The board and program officer are aware of the requirements for maintaining organization status and continually evaluate organization's activities, use of funds, record keeping, and Social Welfare Council reporting to assure compliance with all requirements.				
7. The board continually review the organization's financial statements to determine whether:				

	Don't Know	Inadequately Achieved	Partially Achieved	Fully Achieved
a. The use of the organization's resources is consistent with the organization's mission and priorities.				
b. The organization's project report.				
c. The organization has adequate cash to meet its current obligations and assure its continuing ability to pay its employees, taxing authorities, and vendors on time.				
d. The organization is observing and documenting its observance of all restrictions imposed by funders and donors.				