Risk Assessment Sample Tool

A.) Registration, Legal Status and Governance

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	Organization is officially registered and original documents are available for review *(score 5 if registered, 1 if pending and 0 if None)*				
2	A current office lease is available for review *(score 5 if available)*				
3	There are no legal actions pending against the organization *(score 5 if none, 0 if there are)*				
4	Board is in place and reviews Programs progress (Minutes				
	Total score for registration and legal status				

B.) Planning and budgeting

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	Annual organizational budgets are prepared on time				
2	Both finance and program staff are involved in preparing budget				
3	Project activities are based on the costs of the planned activities				
4	Budgets include budget notes and clear calculations				
5	Separate budgets are prepared for each donor and project				
6	Organizational budgets are approved by the Board of Directors				
7	A named individual (budget manager) is responsible for implementing and managing each budget				
8	Budget codes match (or correspond to) accounting codes				
9	All planned operational costs are adequately funded				
10	Budgets are reviewed against actual expenses by budget managers at least monthly/quarterly				
11	A cash flow forecast is prepared every month				
	Total score for planning and budgeting				

C.) Accounting systems and financial management

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	Written procedures exist for all accounting and finance procedures				
2	There is clear segregation of duties				
3	Every payment made has a supporting document providing evidence of the transaction				
4	All cash or checks received are recorded on pre-numbered receipts *(if no checks are received score 5)*				
5	All payments and receipts are recorded in cashbooks (date, description, amount)				
6	There is a separate cash book for each bank and cash account				
7	Every entry in the cashbook is cross referenced to a supporting document				
8	All cashbooks are updated at least once per month				
9	Accounting records separate receipts and payments for each award				
10	All cashbooks are written neatly in permanent ink or entered on computer				
11	A standard chart of accounts is used to code (or classify) each transaction in the cashbooks				
12	Transactions are classified by project or donor using a standard list of "cost centers"				
13	Supporting documents are kept on file for all transactions				
14	Financial files are clear, complete and secure				
15	Is there an approved negotiated indirect cost rate agreement or if not, supporting documents for the indirect rates charged to awards *(score 5 if no charges)*				
16	A bank account is available and additional bank accounts can be established if required				
17	A bank reconciliation is done each month, for every bank account				
18	A reconciliation is done of petty cash at least every month				
	Total score for accounting systems, financial management				

D.) Financial reporting

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	Financial reports are prepared at quarterly but ideally, monthly				
2	Senior management reviews and authorizes the financial reports at least once every three months				
3	The board reviews financial reports every quarter or at least annually				
4	Reports include details of cash and bank balances, amounts due (e.g. from staff) and owed (e.g. to suppliers)				
5	Budget managers receive budget monitoring reports every month				
6	Budget monitoring reports include explanations and comments about differences				
7	Financial reports are used to help make decisions				
8	Financial information is shared with beneficiaries at least once per year, in an accessible way				
	Total score for financial reporting				

E.) Internal controls

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	Cash is kept safely in a locked cashbox or safe, in the custody of one individual				
2	All cash received is banked intact, i.e. without any being spent *(if no cash is received, score 5)*				
3	All checks or wire transfers are authorized/signed by at least two authorized signatories				
4	There are systems in place to ensure the security of passwords and access to the internet banking system				
5	There are systems in place to ensure the security of passwords and access to the financial system/records				
6	There are automatic shutdown/system locks for the finance and associated computers				
7	Bank reconciliations are checked by someone who did not prepare them				
8	There is a written policy detailing who can authorize expenditure of different types or value				
9	All transactions are properly authorized				
10	Cash payments are authorized by someone other than the cashier				
11	Different steps in the procurement process, (e.g. ordering, receiving, and paying) are shared among different people				
12	Expenses claims for staff advances are checked against the amount advance and reconciled				
13	Staff salaries (including advances and loan deductions) are checked each month by a senior manager				

		Always 5	Most times 4	Sometimes 1	No 0
14	Statutory deductions (e.g. payroll taxes) are properly made and paid on time				
15	All fixed assets (e.g. vehicles, computers) owned are safe guarded and controlled with a fixed assets register				
16	There are approved policies and procedures manuals in place for procurement, accounting, HR, travel, sub recipient monitoring (if applicable), and known by staff				
17	There are scheduled revisions/updates to the procedures manuals and trainings				
18	A properly registered audit firm is selected by the Board				
19	Fraud Policy exists as well as an active avenue for fraud reporting. Instances of fraud at the organisation in the last 12 months have adequately been dealt with.				
	Total score for internal controls				

F.) Audits

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	Does the sub recipient have regular audits of the entire organization (at least annually)?				
2	Is the audit conducted by an independent organization that issues an audit report?				
3	Are corrective action plans developed and implemented in response to audit recommendations?				
4	Does the sub recipient maintain evidence of complying with or implementing all audit recommendations?				
5	If an audit is not conducted are there annual balance sheets and revenue and expense statements?				
6	Annual audits are up-to-date (signed within 6 months of the year end)				
	Total score for audits				

G.) Grants Management

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	There is a signed agreement/contract in place for each award				
2	Senior managers check the award terms and conditions are reasonable before signing awards				
3	Award conditions on procurement are known by finance staff, budget managers and procurement staff				
4	Award conditions on sub awarding are known by finance staff, budget managers and project staff				
5	There is compliance with the terms and conditions in				

		Always 5	Most times 4	Sometimes 1	No 0
	awards				
6	There is a tracking mechanism and responsibility assigned for donor reports and award compliance				
7	Donors receive financial and narrative reports in the right format/forms and are on time				
8	Donor financial and narrative reports are consistent and clearly linked to each other				
9	Donor funds are kept for the activities they are meant for and never "borrowed" for other activities				
	Total score for grants management				

	Statement of best practice	Always 5	Most times 4	Sometimes 1	No 0
1	The board includes someone with the skills needed to oversee all financial activities				
2	The staff have the skills (and qualifications) needed to carry out all financial activities				
3	Managers and program staff have the financial skills they need to manage budgets and implement controls				
4	Finance and program staff share responsibilities in payments processing and budget monitoring				
5	Different roles within finance function are clearly defined, known and followed				
6	Senior staff lead by example in following control procedures				
7	Staff are recruited freely and fairly on the basis of merit only and receive orientation and training				
8	All departments have a designated "manager"				
	Total score for staffing				

Interpreting the score

Record the score for each section. Add up the scores and see the advice below.

	Section	Score	High Risk	Medium Risk	Low Risk
A.	Registration, legal status and Governance		0-7	8-13	14-20
B.	Planning and budgeting		0-25	26-43	44-55
C.	Accounting systems and financial management		0-30	31-71	72-90
D.	Financial reporting		0-20	21-30	31-40
E.	Internal controls		0-30	31-71	72-95
F.	Audits		0-10	11-22	23-30
G.	Grants Management		0-20	21-35	36-45
H.	Staffing		0-10	11-29	30-40
Total score			**0-151**	**152-336**	**337-415**