

**Small State Agency
Financial Management
Self Assessment Tool**

A. FINANCIAL PLANNING AND BUDGET SYSTEMS	Not Applicable	Inadequately Achieved	Partially Achieved	Fully Achieved
1. Agency has a comprehensive annual budget, which includes all sources and uses of funds for all aspects of operations.				
2. Board or commission members play an active role in the development of budgets for programs under their direction.				
3. Board or commission members have a detailed understanding of the annual budget and play a significant role in directing the use of agency funds.				
4. The full board or commission formally authorizes the annual budget and revisions to the budget.				
5. The board or commission has a clear understanding of the relative cost of the various programs of the agency and of the relative significance of the primary sources of funds				
6. The agency has integrated meaningful consideration of financial issues into any strategic planning processes it undertakes.				
7. The agency has a capital budget and multi-year plans for major maintenance and replacement of facilities and equipment.				
10. The fiscal planning process includes continuous assessment of risks and needs and appropriate risk management procedures.				
11. Risk assessment includes: general liability, board and officer liability, compliance with state rules, policies, and procedures; fraud and dishonest acts.				

B. EXECUTION	Not Applicable	Inadequately Achieved	Partially Achieved	Fully Achieved
1. The agency has written policies and procedures for fiscal operations including procedures for processing payroll, purchases, accounts payable, accounts receivable, etc.				
2. Written policies and procedures are reviewed and revised regularly.				
3. Actual processing activities are consistent with 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 agency staff.				
a) Authorization functions for purchasing, signing for payments, and adjusting accounts are not performed by individuals who also perform recording functions such as disbursements or receipts, maintaining accounts receivable records, or cash handling functions such as receiving and depositing funds or preparing checks.				
b) Review and verification functions such as reconciliation of the bank statement to the record of cash receipts and disbursements are not performed by individuals who also prepare payments, record payments, receive funds and prepare bank records, or record receipts.				
5. Payroll policies and procedures are clearly documented and consistently followed.				
a) Written authorization is required for all new hires and pay rate changes.				
b) Written timesheets are prepared by all employees, signed by the employee, and approved by the employee's direct supervisor.				
c) Form W-4 is obtained and retained for each employee.				
d) Policies regarding overtime, vacation, sick leave, holiday pay, and other leaves with or without pay are written clearly and reviewed regularly for compliance with state and federal law.				

B. EXECUTION Continued	Not Applicable	Inadequately Achieved	Partially Achieved	Fully Achieved
6. Written purchasing policies clearly identify the purchasing authority of each staff position, and establish appropriate dollar limits for purchasing authority at each level.				
7. There are clear procedures for review of and authorization to pay all vendor invoices.				
8. Written policies and procedures for charging and collecting fees are followed consistently and reviewed regularly.				
9. Cash handling policies and procedures are well documented and are tested periodically.				
a) All checks are restrictively endorsed upon receipt.				
b) Receipts are given for all cash transactions and donors/clients are informed that they should receive a receipt for all cash payments. Pre-numbered, multi-copy, customized receipts are used.				
c) A receipt log is maintained by the person responsible for opening mail.				
d) Cash reconciliation sheets are maintained by all individuals responsible for accepting cash. All cash counts are initialed by the individual preparing the initial count and the individual receiving the cash for further processing.				
e) Post-dated checks are not accepted.				
f) All disbursements are made by state warrant/check, use of authorized credit card, or for small purchases made through an authorized Petty Cash fund.				

C. RECORDING	Not Applicable	Inadequately Achieved	Partially Achieved	Fully Achieved
1. A complete written chart of accounts provides appropriate account titles and number for Assets, Liabilities, Net Assets, Revenues, and Expenses.				
2. The Chart of Accounts clearly establishes the programs or functions which will be distinguished and the funding sources or distinct funds which will be tracked and reported.				
3. Accounting policies and recording procedures are clearly documented in the written fiscal policies and procedures.				
4. Appropriate electronic and physical security procedures are utilized to protect the integrity of computerized accounting records.				
5. All accounting records are backed up daily. Back-up media are stored in a secure area away from computer equipment.				
6. Back-ups of accounting data stored offsite at least monthly.				
7. Detailed records of client fees or grants and contracts receivable are maintained and reconciled to the general ledger receivables balances.				
8. All contributions are recorded in the accounting records. If more detailed records are maintained by staff responsible for fund development, the fund development and accounting records of contributions are reconciled to the general ledger monthly.				
9. All general ledger balance sheet accounts are reconciled at least quarterly. All cash, payroll liabilities, and accounts receivable control accounts are reconciled monthly.				

D. REPORTING	Not Applicable	Inadequately Achieved	Partially Achieved	Fully Achieved
1. Monthly financial statements are reviewed no later than the end of the following month. (i.e. April 30 th statements are available no later than May 31 st).				
2. Monthly financial statements include a General Ledger Report as well as a Budget Status Report.				
3. In agencies with multiple programs, statements of the expenses of each distinct program are prepared monthly.				
4. In agencies with restricted funds, separate statements of revenue and expenses are prepared for each funding source.				
5. All revenue and expense statements (for the whole agency, 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.				
6. Discrepancies or errors are identified and corrected.				

E. MONITORING	Not Applicable	Inadequately Achieved	Partially Achieved	Fully Achieved
1. The agency head and program managers review the monthly financial statements carefully.				
2. The fiscal manager highlights unusual items and identifies potential problems with the executive director and board committee or full board.				
3. A board committee or the full board or commission reviews the monthly financial statements carefully.				
4. The board and commission or a board/commission committee reviews audit reports, including any management letters, and reports on internal controls and compliance with governmental law and regulation.				

E. MONITORING Continued	Not Applicable	Inadequately Achieved	Partially Achieved	Fully Achieved
5. The board and commission determines whether any corrective actions are needed in response to the auditor's report.				
6. The board and commission or executive director continually review the agency's financial statements to determine whether:				
a) The use of the agency's resources is consistent with the agency's mission and priorities.				
b) The agency is solvent, i.e. has assets in excess of its liabilities.				
c) The agency has adequate cash and other liquid assets to meet its current obligations and assure its continuing ability to pay its employees, taxing authorities, and vendors on time.				
d) The agency is observing and documenting its observance of all restrictions imposed by: donors, legislative authorities, Administrative Services, auditors, or any other oversight body.				
8. The board and commission and executive director are aware of the legal requirements for maintaining compliance with state laws and continually evaluate the agency's activities, use of funds, record keeping, and reporting assure compliance with all requirements.				