

非政府機構財務管治及管理

簡明指南

A CONCISE GUIDE ON

NGO FINANCIAL GOVERNANCE AND MANAGEMENT



香港社會服務聯會

香港社會服務聯會（簡稱「社聯」）是一個代表非政府社會服務機構的聯會組織，有逾五百間機構會員，它們透過屬下三千多個服務單位，為本港市民提供優質社會服務。

社聯致力在本港建立一個具高度問責性、有效率、具成效、能照顧社會需要的社會福利界，維護社會的長遠持續發展和市民的福祉。

如欲進一步了解社聯，請瀏覽：

<https://www.hkcass.org.hk>



About The Hong Kong Council of Social Service

The Hong Kong Council of Social Service (“HKCSS”) is a federation of non-government social service agencies of Hong Kong representing more than 500 Agency Members that provide quality social services through their 3,000 operating units in Hong Kong.

HKCSS’s vision is to build a welfare sector that is highly accountable, efficient, effective and responsive to social needs, safeguarding the long-term sustainable development of society and the well-being of citizens.

For more information about HKCSS, please visit :

<https://www.hkcass.org.hk>



本資料僅作一般參考之用，並非作為會計、財務、投資、稅務或其他專業意見的根據，請向您的顧問諮詢具體意見。

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, financial, investment, tax or other professional advice. Please refer to your advisors for specific advice.

目錄

序	01
第一部份：一般說明	02
管理機構的財務資源	02
機構的財務活動	02
管理財務活動的重要性	03
財務政策和程序	03
機構的財務管理	03
財務管理的範疇	03
現金管理	04
財務規劃	05
會計和匯報	06
內部監控	07
風險管理	08
外部審計	09
財務政策要點	09
釐清角色和職責	09
授權及權限	10
利益衝突政策	11
財務記錄的備存	11
制訂財務政策	11
第二部份：財務政策文件範例	13
適用於小型機構	13
適用於大型機構	18
第三部份：資源及參考資料	26
附錄一：職權範圍範例 - 財務委員會	27
附錄二：職權範圍範例 - 審計委員會	30
附錄三：財務程序手冊的目錄頁範例	33
附錄四：制定財務政策及程序時須考慮的問題	36
鳴謝	42



序

本簡明指南是社聯繼《非政府機構投資簡明指南》¹及《非政府機構儲備簡明指南》²後，出版「簡明指南系列」的第三冊。本指南旨在提供支援及指引，加強非政府機構（簡稱「機構」）在財務管治及管理方面的知識，內容包括以下三個部份：

第一部份：一般說明

第一部份扼要地討論與財務管理有關的基本原則，為讀者需要注意的重要範疇提供一個概覽。這部份以淺白的語言編寫，盡量避免使用專業術語。

第二部份：財務政策文件範例

第二部份提供兩個財務政策文件範例，方便需要協助編制政策文件的機構參考和採用。範例一的對象是小型機構，而範例二的對象是運作更加繁複及規模較大的機構。有關範例涵蓋典型財務政策文件的關鍵元素，機構可因應各自的宗旨及情況修訂或增減其內容。讀者須注意這些元素並非標準規定，機構在制訂其政策文件時須自行酌情判斷。

第三部份：資源及參考資料

第三部份是機構或感興趣的其他參考資料。

這本《非政府機構財務管治及管理簡明指南》的作用是幫助機構提升財務管理的知識，以及了解需進一步改善的範疇。讀者須注意，本指南的適用程度或會視乎機構的規模和成熟程度而有差異，因此在使用本指南時須妥善考慮機構本身的情況，包括但不限於營運環境、服務模式、財務活動的複雜性、財政狀況及管治架構等。

如有疑問，應諮詢專業意見。

¹ 《非政府機構投資簡明指南》，第二修訂版，2022，香港社會服務聯會。
<https://governance.hkcss.org.hk/zh-hant/node/469>

² 《非政府機構儲備簡明指南》，第二修訂版，2022，香港社會服務聯會。
<https://governance.hkcss.org.hk/zh-hant/node/468>

第一部份

一般說明



管理機構的財務資源

機構的財務活動

活躍的經濟實體，不管是牟利還是非牟利，均會涉及財務活動。一般而言，財務活動是指為了達致機構的經濟目標所作的交易或行動，其性質、程度和頻率因應各機構的架構和服務範圍而有所不同。

財務活動涉及資金籌措和運用，會對機構的財務資源構成影響。

涉及資金籌措的例子包括提供服務以獲取收入、銷售機構產品、接納捐贈和撥款、為籌款而舉辦活動等。

涉及資金運用的例子包括採購服務和商品、僱用員工、租賃處所、執行計劃方案的開支、用於運作和行政的採購 / 消費等。

財務活動亦包括妥善記錄上述交易和活動，以及分析和詮釋相關財務記錄。

管理財務活動的重要性

由於財政資源有限，機構需要管理其財務活動，藉以確保：

- 獲得實踐使命所需的收入；
- 支出與營運計劃相符，避免超支；
- 正常運作不會因資金短缺而中斷；及
- 妥善核算、管理和保護財務資源。

日常負責帶領和管理機構的人員須決定如何有效地調配財務資源，因此要準確地收集、分析和呈報財務資料和數據，來作出適當的決策。

財務管理是指管理財務的過程，而財務政策是管理和監督財務的常用工具。

財務政策和程序

財務政策勾劃出財務和相關事項的原則和觀點，當中概述機構就服務營運而制訂的相關規則。有關規則應與機構的使命和計劃相符，能反映機構文化和有彈性，並讓機構全體員工容易明白和理解。

政策通常與一套程序共同發佈，指導如何落實最佳常規。財務程序就如何遵守政策提供清晰簡潔的指示，並詳述各項工作的執行次序。該等程序應：

- 貼切、容易理解和簡潔清晰；
- 按部就班地展示所須的步驟；及
- 包括需填寫的相關文件和表格之參考資料或連結。

機構可選擇採用文本方式、流程圖或核對清單列出有關程序，以達致最佳的表達效果。

財務政策涵蓋廣泛的原則，對妥善管治機構的財務至為重要；而財務守則和程序關乎具體運作，因應機構情況會有所不同。

維持清晰兼全面的財務政策和程序是有效財務管理的重要一環。財務政策和程序訂定機構常規的方向和做法，讓董事會成員和所有員工遵守，並且貫徹執行。



機構的財務管理

財務管理的範疇

財務管理是指規劃、組織、控制和監察財務資源來達致機構的目標和宗旨，其範疇包括決定如何運用財務資源以獲得最高回報，這意味機構需以最佳方式管理可動用的資源，確保可持續發展。財務管理的要素包括：

- 現金管理
- 財務規劃
- 會計和匯報
- 內部監控
- 風險管理
- 外部審計

現金管理

現金管理是指機構對其現金和現金等價物的收取、處理、管控和投資。重點是評估可動用流動資金的金額、決定現金流需要及投資閒置現金。

從機構的角度來說，現金管理的目的是有效地收取、支付和投資現金，同時保持流動性，以應對不可預見的情況。有效的現金管理能避免盜竊或處理交易出錯而造成的資金損失。

現金管理包括銀行帳戶管理、應收款項管理、應付款項管理、投資管理、儲備管理和現金收支等。

(a) 銀行帳戶管理

機構應掌握其現金狀況（包括銀行帳戶資金），並確保有足夠流動現金償付到期的財務負債和付款責任。不需即時運用的現金可存放於定期存款，從而賺取利息。如存放於定期存款，機構應確保在存款期內無需動用有關款項。

所有銀行交易應妥善記錄並與銀行月結單核對。為提高管理效率，在滿足運作需要及監管或合約規定的同時，最好盡量減少銀行帳戶數目，並只在必要時才進行銀行間轉帳。所有銀行帳戶應由獲授權人士操作。現金收入則應盡快記錄及存入銀行。

對於網上轉帳、轉數快（“FPS”）、PayMe、八達通卡等無需實際涉及現金的電子結算方式，應實施適當的保安步驟（如使用密碼）。此外，機構須確保只有獲授權人士才能存取現金，並妥善保存保安裝置和密碼。

(b) 應收款項管理

應收款項管理旨在對未償還餘額進行定期跟進、完整準確地記錄應收款項和定期審閱結算狀態，藉此縮短現金收取週期，並於必要時作迅速跟進。

(c) 應付款項管理

應付款項管理旨在確保準確地記錄所有應付款項金額及付款日期、與供應商磋商有利條款及較長付款期，及於到期日有足夠現金支付。

(d) 投資管理

現金管理其中一環是撥出合理部份的閒置資金作適當投資。要了解更多有關詳情，請參閱《非政府機構投資簡明指南》。

(e) 儲備管理

有關管理儲備的原則和注意事項，請參閱《非政府機構儲備簡明指南》。

(f) 收入和支出

就現金或支票的收支而言，應按照機構的會計程序妥善處理、批准和記錄，以正確判斷機構的現金狀況和現金流需要。

財務規劃

在有關財務管理的書籍中，我們經常會見到「財務規劃」、「財務預測」和「年度預算」等用語，到底這些是什麼概念？

(a) 財務規劃

機構的財務規劃是指制訂財務活動目標、政策、程序、方案和預算的過程，是財務管理重點之一，並涵蓋以下目的：

- 確保資金足以完成履行機構使命的具體任務；
- 確保資金流出與流入達到合理平衡，以保持財務穩健；
- 規劃增長和擴展方案，從而提高可持續性；及
- 減少變數。

財務規劃是列載機構擬於一段時間內完成某些目標的規劃文件，包含計劃活動的規模、執行的方案和預期的成果，並估計所需的財政資源（包括經常性和資本性開支），以及對可用資金的評估。對於新成立的機構來說，財務規劃有助評估擬訂的工作在財務上是否可行；對於運作中的機構而言，財務規劃的必要性則在於確保機構在財政上能持續運作。

在草擬財務計劃時，機構應制訂計劃的年期，可以是短期（如12個月）或更長的年期（如2-5年）。

制訂財務計劃後，機構應監察其執行情況，以便及早發現任何顯著偏差，並採取適當措施使其重回正軌。

(b) 財務預測

財務計劃勾劃出為獲取收入及相關支出的部署；相對而言，財務預測是對有望獲得的收入及有關支出的估算。財務計劃是賺取收入的路線圖，而財務預測則是對未來營運結果的推算。

廣義而言，財務預測涉及使用過往的財務數據，同時考慮會對運作產生影響的外部 and 內部因素，選擇最合適的方案，以達到預期結果。

財務預測是管理運作的重要環節，與制訂預算類似，是對短期和長期運作收支的估算，旨在有效地管理機構的營運資金和現金流。

(c) 年度預算

年度預算是對一個財政年度編制的預算，並記錄營運計劃和時間表，當中納入預算期間機構全體單位的計劃活動，最終編制出一份預算收支表和預算期末的資產負債表。

預算過程包括根據若干假設及情況的分析，對未來特定時期的收支作估算。若

預計支出等於預計收入，年度預算視為平衡。若支出超過收入，代表處於赤字狀態；若收入超過支出，則處於盈餘狀態。

年度預算是財務術語所述的正式營運計劃，在以下各方面幫助管理層：

- 制訂年度計劃並設定年度營運目標；
- 協調機構各部門／單位之間的活動；
- 透過評估成效找出問題所在；及
- 在實際情況與預期出現差異時，對相關計劃作適當修訂。

年度預算通常是為下一個財政年度制訂。然而，機構應定期檢討預算的實際表現。如有任何顯著差異，應就其原因、對營運的影響及可改善之處作妥善分析。這個識別和檢視預算數字與實際結果差別的過程稱為差異分析，是有效的財務管理工具。

會計和匯報

只有使用最新及準確的財務資料和數據，機構才能作出正確的財務管理決定。機構應建立有效的系統，以記錄、歸納和匯報所有營運交易，並編制定期財務報表（包括資產負債表、收益表和現金流量表）來顯示機構在特定期間的營運表現。

在編制財務報表時，機構應：

- 建立一套會計原則，以貫徹方式處理和呈列財務資料，讓財務報表的使用者能夠比較機構多年來的財務表現，或對比其他機構的財務業績；
- 編制財務報表時，可假設機構是持續營運，並在可預見的將來維持營運，亦假設機構無意亦無必要清盤或削減運作規模，否則，須以不同的基準來編制財務報表；
- 以權責發生制而非現金收付制將已發生的交易金額及活動收支入帳，按發生日期記錄在有關會計年度的財務報表內；
- 設定清晰的時間表來處理交易、入帳、結算和編制財務報表；及
- 確保有足夠具備適當會計經驗的員工來履行會計和匯報職能，在可能情況下使用合適和可負擔的科技工具，以提高財務報告的準確度、可靠性及編制報告的效率。

內部監控

廣義來說，內部監控指企業實體的董事會、管理層和其他人員，為達至營運、匯報和合規目標而提供合理保證所執行的程序。

在機構層面，內部監控目標涉及財務報告的可靠性、落實營運或策略目標進展的及時反饋，以及法規的遵循。在交易層面，內部監控是指為了實現特定目標而採取的行動（如確保向第三方付款而獲得服務）。內部監控程序可減少過程差異，帶來更容易預測的結果。

會計監控旨在協助確保機構財務報表的有效性及準確性，可分為三大類：

- (a) **檢測性監控**：旨在找出不符合既定政策和程序的現行做法，如員工無心或蓄意的不當／違法行為；或系統／會計出錯。檢測性監控的例子包括存貨檢查和內部審計；
- (b) **預防性監控**：旨在避免出現任何不準確事項或不當的做法。這是全體員工必須遵守的政策和程序。舉例來說，當一名員工進行採購，應由另一人進行審批；一旦開支入帳，付款應由另一團隊處理，此做法稱為職務分工。在電腦化的環境下，每日在雲端備份數據亦是避免數據遺失的預防措施；及
- (c) **糾正性監控**：旨在採取糾正措施解決檢測性控制發現的問題，於事故發生時減輕損失。舉例來說，當管理人員備份數據後，便可在出現問題時恢復系統的功能。一旦發生重大事故，只有實施並遵循有效的業務延續和災難管理計劃，才能使運作回復正常。

機構可實施的常見控制活動包括：

- (a) **職務分工**：分拆授權、保管和保存記錄的角色，防止由一人全權處理而發生欺詐行為或造成錯誤；
- (b) **交易授權**：由適當人員審視個別交易；
- (c) **保存記錄**：保存文件作為交易證明；
- (d) **監督或監察營運**：觀察或檢討正進行的營運活動；
- (e) **資產保管**：使用攝錄機、鎖具、實物屏障等措施以保障資產（如商品存貨）；
- (f) **上層檢討**：分析實際結果與目標或計劃的對比、營運檢討定期報告及其他重要表現指標；
- (g) **資訊科技一般監控**：與以下內容有關：
 - 安全性 – 確保只有獲授權人員才能登入系統並取得數據，如使用密碼和查閱登入日誌；及

- 變更管理 – 確保編寫原始程式碼、系統測試、數據遷移及用戶驗收均有妥善監控；
- (h) 資訊科技應用程式監控：對資訊科技應用程式處理資訊的監控，如透過編輯檢查驗證輸入數據、檢視交易編號次序，比較文件及控制帳戶總數；及
- (i) 內部審計：在經營規模和財務狀況允許的情況下，機構可成立內部審計部門，就風險管理、監控和管治程序是否有效提供獨立客觀的保證。內部審計職能的運作應獨立於管理層，並直接向董事會或審計委員會（簡稱「審委會」）（如有）匯報。

風險管理

在履行使命的過程中，機構或會面臨不同類型的風險，大致可分為以下類別：

- 策略風險：機構或會作出錯誤的策略決定，對其履行使命的能力造成不利影響；
- 營運風險：機構在日常運作時面臨不明朗的因素和風險；
- 聲譽風險：機構本身、員工和其他關聯方的行為對其聲譽或地位構成威脅；及
- 合規風險：未能遵守法律和履行財務責任的風險，從而招致罰款或其他形式的處罰，如監禁、遵行或限制特定行為。

上述風險發生時，可能會造成財務或非財務影響。在某些情況下，其影響可能相當惡劣，因此應妥善管理風險。本節的討論主要是針對財務風險，但所用的原理大致相同。風險管理是對風險進行識別、評估和排序，然後協調及有效運用資源，以盡量減低、監察和控制不幸事件的發生或影響，並盡量把握機遇。

一旦識別風險，就必須評估其潛在影響的嚴重性和發生的概率。風險評估是機構可能蒙受損失的評定，重點是確定個別項目、投資或活動是否值得進行和減輕風險的必要部署。

風險評估對妥善管理機構財務十分重要。在整個過程中，機構可識別新項目的潛在風險、衡量潛在利益，並洞悉在執行過程中，因內外因素變化而可能出現的其他風險。

每間機構均應建立有效的風險管理流程，以評估當前的風險水平，並採取措施減低重大的潛在風險。有效的風險管理策略旨在保障機構，在承受潛在風險影響和不損害達成使命的能力之間取得平衡。管理風險的常用方法是風險規避、風險承受和分擔、風險紓緩 and 轉移。機構必須密切監察為應對所識別風險而採取策略的實施情況。

以下所列財務運作如未能得到妥善管控，可令機構承受風險：

- 制訂妥善的財務計劃，以確保運作的可持續性；

- 實施有效的預算控制系統，監察持續的財務表現；
- 確保財務資源足以應付短期和長遠營運需要；
- 妥善保存會計記錄和及時編制準確財務報表，作為重大決策的依據；
- 建立妥善的內部監控，以偵測、預防和糾正會計錯誤和違規行為；
- 使投資與風險承受能力相符；
- 遵守監管要求，如《公司條例》及《稅務條例》；
- 履行撥款協議下的責任或對捐贈者的承諾；及
- 調配具備專業知識的人員，負責資訊科技和會計等特定職能。

外部審計

根據《公司條例》註冊成立的機構必須委聘獨立審計師事務所審計年度財務報表。外部審計的目的包括確定機構會計記錄完整準確，確保按照適用於機構的會計框架來編制記錄，並確保財務報表呈現真實公平的業績和財務狀況。備存妥善的帳冊是董事會的責任，而外部審計師的職責是對此發表意見。

妥善規劃審計時間表，確保審計財務報表及時完成並經董事會批准，以作監管申報和內部用途，例如在周年會員大會上報告。



財務政策要點

機構制訂明確的財務政策是良好常規，因為捐贈者傾向支持財務管理能力較佳的機構。妥善編寫和披露的財務政策可顯示機構的財務管理能力，有助提高持份者對機構工作及問責的信心。

財務政策旨在描述和記錄董事會希望如何執行財務管理活動和監督工作。為此，每項財務政策均需要處理以下問題：

釐清角色和職責

財務管理涉及不同級別的管理層及職員，涵蓋不同流程和具體行動。政策應清楚列出各項工作的負責人，避免誤解、遺漏或重疊。

一般來說，董事會對機構的一切事務（包括其財務管理）承擔管理和監督的責任。具體而言，董事會應於每次會議上審閱財務報告，並為成員提供足夠的培訓，令他們能夠履行財務職責。

機構或會視乎規模而成立董事會屬下的委員會，如財務委員會（簡稱「財委會」）、投資委員會或審委會，以分擔董事會的某些特定角色，對特定財務管理事宜提供建議和監督。該等委員會應由具備相關專業知識和經驗的成員組成，才能有效地履行職責。委員會應有各自的職權範圍，並向董事會負責。財委會和審委會的職權範圍的範本載於附錄一和二，以供參考。

機構主管負責管理機構、向董事會匯報，並負責實現機構的使命。在財務團隊的協助下，機構主管的責任是管理機構的財務，包括財務規劃、財務風險管理、記錄保存和財務報告。以下是機構主管的一些具體職責：

- 將受捐贈者限制及董事會指定的資金與一般營運資金分開管理，並明確釐定其用途；
- 根據董事會制訂的時間表，匯報機構營運的財務業績；
- 及時償還所有債務並提交所需報告；
- 在得到董事會明確批准後作出合約承諾，如向銀行貸款、租賃或購置房地產；
- 按董事會設定的金額門檻以招標方式購置服務和資產；及
- 採取一切適當措施，確保機構資產得到充分保障，如投保以防止盜竊和傷亡損失及涵蓋董事會成員、職員或機構本身的責任損失；避免使機構、董事會或職員面臨責任索償；保護知識產權、資訊和文件免遭未經授權存取、篡改、遺失或重大破損。

對於小型機構，董事會成員或需要兼任日常管理的職能。此舉並不代表無須妥善劃分董事會及員工的角色和職責。具有雙重角色的人士，必須清楚履行不同職能時的身份和責任。

授權及權限

凡涉及調配機構財務資源的行動，均須由適當獲授權人員執行。財務政策應清楚說明誰人擁有此職權及其權限，並訂明授權及設置權限的程序。

授權及設置權限的例子包括：

- 董事會授權機構主管僱用和監督員工和外部顧問、支付帳單、收取款項及維持銀行帳戶；
- 機構主管獲授權簽署金額不超過一定數額（如20,000港元）的支票，而超過指定數額的支票須由司庫或董事會主席簽署；

- 機構主管獲董事會授權簽訂在預算項目內的合約，其他合約如財務價值超過董事認可的金額（如150,000港元），董事會必須審批；
- 機構主管獲授權管理符合經核准預算範圍內的開支，並向財委會或董事會匯報差異和原因；及
- 使用儲備金前必須獲董事會批准。

利益衝突政策

在某些情況下，機構進行的交易或許會使其職員、管理人員或董事得益。若出現此類情況，機構須有適當的政策處理。利益衝突政策旨在確保機構有適當的流程，要求受影響人士將有關情況向董事會匯報。處理利益衝突的適當程序應包括以下要素：

- 訂立指示，要求所有董事和職員盡快向指定獲授權人士申報無可避免的利益衝突，包括有關情況的詳情；
- 評估利益衝突的程度，並決定採取適當的紓緩措施來解決衝突（如容許受影響人士避免參與有關事宜及／或就有關事項作出決策）；及
- 記錄已申報的利益衝突、由授權人員作出的評估和所採取的紓緩措施。

財務記錄的備存

財務記錄的存置是財務管理另一重點。財務政策應清楚說明涉及流程的內容、負責人員和各項流程和步驟的時間表，以便編制並提交準確的財務報表和報告，供董事會或有需要的管理團隊成員參閱。

根據《公司條例》及《稅務條例》的具體規定，機構有責任妥善備存帳簿並保留至少7年的記錄。



制訂財務政策

在制訂財務政策和程序時，機構決策者與日常執行決策的人需要進行充分討論。在大多數機構，此舉涉及董事會成員（通常將責任授予財委會（如有））、管理層和前線財務人員。此過程可能會視乎機構的規模、架構和文化而有差別。

在大多數情況下，高層次政策問題應由董事會成員和管理層先作討論，董事會將根據他們的建議而作最終批核。

日常程序步驟通常由管理人員和前線財務人員決定，因為他們所處的位置最能夠判斷如何有效地落實既定政策。董事會及 / 或財委會可檢視有關程序，以確保充分對應所有政策目標。

機構主管承擔執行政策的最終責任，確保政策經董事會批准後得到落實。定期為員工安排政策和程序培訓是良好常規，有關培訓通常可與檢討過程同時進行，應至少每兩年進行一次。

第二部份

財務政策文件範例

適用於小型機構

註 - 本財務政策文件範例適合小型機構使用，這類機構的特色是 (a) 董事會架構簡單；(b) 某些董事承擔若干重要的管理職責；(c) 提供較為單一的服務；(d) 收入來源有限；及(e) 職員數目較少和沒有仔細分工。請注意，每間機構的情況不可能完全相同，所以採用此財務政策文件範例時，必須審慎考慮，並根據本身的情況作適當調整。

[機構]

財務政策文件

於 **[日期]** 由董事會通過

1. 目的

- 1.1 本財務政策文件旨在為 **[機構]** 的董事會及職員就訂定財務目標和目的、財務決策及匯報機構財務狀況時須採用的準則及程序提供指引。

2. 董事會的責任

- 2.1 董事會對監督 **[機構]** 的財務和匯報職能承擔最終的誠信義務責任。為履行這些職責，董事會制訂及批核財務政策文件，並監督其執行情況。

3. 司庫的責任

- 3.1 董事會授權司庫監督及協調各項財務事宜。
- 3.2 司庫應具備基本財務及會計知識，以履行有關職責。

註 - 司庫無須具備會計資格。然而，董事會應確保擔任此職務者能夠獨立及有效地執行任務。

4. 財務管理的理念與目標

4.1 **[機構]** 的財務管理理念及目標是要確保：

- 機構長遠可持續發展；
- 實現財務目標，以支援其運作及發展；
- 財務事宜獲得妥善處理，並符合機構的最佳利益；及
- 符合監管及捐贈者的要求。

5. 財務責任與運作

5.1 董事會交託 **[#機構主管 或 職員]** 進行日常財務運作。

5.2 **[機構]** 的一般及日常財務管理和匯報工作由 **[#機構主管 或 職員]** 處理。機構主管與董事會合作制訂並實施適切的財務政策和程序，按董事會批核的長遠計劃作出收支目標的建議，並制訂和維持年度預算。

5.3 機構主管在合適會計人員的協助下，負責為董事會及相關持份者編制財務報告。

5.4 董事會負責制訂財務政策，將政策的管理權下放予機構主管和合適的員工，並定期檢討營運及財務活動。

6. 財務報表

6.1 **[機構]** 的財務報表須依照公認會計原則及會計和報告準則，按權責發生制編制。

7. 內部財務報告

7.1 **[#機構主管 或 職員]** 在合適會計人員協助下，按董事會指定的格式編制及提交定期 **[#月度 或 季度]** 財務報表，列出 **[機構]** 全部資金和現金狀況的資料。財務報表須由司庫定期 **[#如至少每季一次]** 審閱，並須在每次董事會會議上審議。

7.2 **[機構]** 活動及項目的定期報告（包括收支表等）須由負責職員編制，並提交機構主管審視是否準確及恰當。報告須適當地列出期內（如每月）及累計收入、支出和淨收入，亦應列出這類帳戶的原預算金額及經修訂後金額。

8. 會計與記錄

- 8.1 編制會計科目表旨在記錄機構的所有財務交易，表內包含總帳和分類帳的帳目編號。
- 8.2 會計科目表由帳目名稱及帳目名稱獲配的帳目編號組成，而總帳目則用於統計各項交易和每項交易對資產、負債、淨資產、收入、費用與損益的影響。

9. 審計

- 9.1 **[機構]** 每年須由獨立審計師事務所對其財務報表進行審計。審計工作須涵蓋截至 **[#12月31日 或 其他適用年終日]** 止的財政年度。
- 9.2 機構主管及會計人員監督年度財務審計工作的執行情況。審計師的聘任須由董事會批核。
- 9.3 妥善規劃審計的時間表，確保經審計的財務報表能夠及時完成並獲董事會通過，以按監管要求提交文件及作內部用途，例如在周年會員大會上呈示。
- 9.4 如審計報告並未發出無保留意見，或審計師報告指出內部監控存在重大缺陷或須報告的情況，則須邀請審計師事務所代表向董事會作出陳述。

10. 內部監控與風險管理

- 10.1 **[機構]** 須建立充足的內部財務監控及程序，以保障機構的資產，並確保財務交易有妥善的授權、處理、執行及記錄。
- 10.2 充足的內部監控措施包括在 **[機構]** 的程序中設定權力階級、職務分工、存取限制、文檔管控、記錄保存、處理及對帳監控，以及財務數據的安全。
- 10.3 應制訂適切的風險管理措施，以確保及時識別、妥善評估及充分控制 **[機構]** 任何重要行動中可能存在的財務風險。

11. 年度營運預算

- 11.1 機構主管及司庫負責在財政年度結束前，向董事會提交來年營運預算以供批核，包括年度內所有計劃活動的收支估算。
- 11.2 若預計出現赤字預算，則應制訂彌補資金不足的方案。
- 11.3 司庫與機構主管共同檢討每月收支，並在必要時向 **[機構]** 董事會提出建議，以修訂年度營運預算。

12. 銀行帳戶運作

- 12.1 **[機構]** 應將業務運作所需的銀行帳戶數目減至最少。
- 12.2 如非必要，不宜簽發現金支票。需簽發現金支票的情況應由董事會及機構主管共同決定，並妥為記載及不時作出檢討。
- 12.3 所有支票或網上轉帳均需要雙重授權簽署或批核（可透過電郵或其他電子方式證明）。董事會應指派董事會主席、司庫、**[#其他董事會成員 或 機構主管 或 適合的職員]** 作為代表 **[機構]** 的獲授權支票簽署人。支票簽署人不得簽發空白支票。
- 12.4 指定會計人員應每月對銀行月結單對帳。如有差異，應由機構主管及司庫覆核。

13. 所得收入

- 13.1 所有獲得的收入須由指定人員處理，並有足夠的查核和制衡措施。有關收入應按照公認會計原則進行記錄、誌入年度預算內的適當收入項目，及使用 **[機構]** 會計科目表指定的合適帳目編號記帳。
- 13.2 所有獲得的收入應妥善保管，並在收訖當日 **[#或之後盡快，時間須訂明]** 誌入現金帳。所有收到的支票或現金應盡快存入銀行帳戶。以銀行轉帳方式獲得的收入，應至少每週誌入現金帳一次。
- 13.3 無論以任何方式獲得的收入，均應以附有編號的書面收據確認。收據編號應列入現金帳的帳項內。
- 13.4 獲得的撥款和捐款應根據相關協議的條款妥為核算。應制訂妥善的監察程序以確保符合規定。
- 13.5 未收取的應收帳款應按帳齡分析，並由合適的會計人員審閱，採取適切的跟進行動追收欠帳，或視情況從會計帳目中撇除無法收回的餘額。

14. 採購及開支

- 14.1 **[機構]** 須按權責發生制記錄開支。
- 14.2 採用良好的作業行為準則來購買商品和服務。
- 14.3 對於金額超過 **[#如10,000港元]** 的合約及 / 或採購，**[機構]** 應至少邀請三家供應商提供報價，並將合約授予出價最低者。如 **[機構]** 認為報價雖較高但能帶來更佳的商品或服務價值，可將合約授予最低價以外的供應商。
- 14.4 作重大資本性添置及購買高價值服務或貨品時，若超過董事會設定的金額 **[#如500,000港元]**，須以招標方式進行。機構應制訂詳細招標程序、通報參加投標的供應商，並嚴格執行。

14.5 除非收到供應商發出的發票或填妥及經授權的支款單，否則不得付款。

14.6 未償還的應付帳款應按帳齡分析，並由合適的會計人員審閱。付款的先後次序和時間應按可用現金和其他資金需要而釐定。

15. 資金投資

15.1 董事會可根據制訂的投資政策，就 **[機構]** 的剩餘資金作出投資。有關政策為適當的投資類別及每項投資目標提供一般指引。

16. 營運及其他儲備

16.1 董事會可設立合適的營運儲備及其他儲備，並就此制訂儲備政策，提供設立及維持儲備的一般指引。

17. 利益衝突

17.1 在 **[機構]** 運作的過程中，全體董事及職員應盡量避免可能導致利益衝突或被認為存在利益衝突的情況。

17.2 若無法避免利益衝突，有關人員必須使用標準申報表格即時向機構主管申報，並視乎利益衝突的性質和程度向董事會匯報。所有已申報的利益衝突應妥善處理，並採取措施紓緩。

17.3 在涉及重要決策（如批出合約）的情況下，不應允許牽涉實際或潛在利益衝突的人士處理及 / 或參與有關決策。

17.4 所有已申報的利益衝突及已採取的紓緩措施應妥為記錄在案。

18. 檢討與修訂

18.1 有關政策應定期 **[#每年 或 每兩年一次]** 加以檢討。未經董事會明確批核，不得作任何修改。

18.2 關於上述任何討論及決定，均應妥善地記錄在董事會會議記錄中，並相應更新此政策文件。

第二部份

財務政策文件範例

適用於大型機構

註 - 本財務政策文件範例適合大型機構使用。這類機構擁有以下其中一項或以上的特色：(a)董事會、委員會及管理層架構較為複雜；(b)提供多類型服務；(c)規模較大；(d)多元的資金來源；及(e)員工團隊按職能分工。請注意，每間機構的情況不可能完全相同，所以採用此政策文件範例時，必須審慎考慮，並須根據本身的情況作適切調整。

[機構]

財務政策文件

於 **[日期]** 由董事會通過

1. 目的

- 1.1 本財務政策文件旨在為 **[機構]** 的董事會及職員就訂定財務目標和目的、財務決策及匯報機構財務狀況時須採用的標準及程序，以及如何有效地管理機構資金提供指引。

2. 董事會的責任

- 2.1 董事會對監督 **[機構]** 的財務和匯報職能承擔最終的誠信義務責任。董事會必須確保制訂適切的財務營運政策及落實執行有關政策。為履行這些職責，董事會制訂及批核財務政策文件，並成立財務委員會（簡稱「財委會」）以監督其執行情況。

3. 財務委員會的責任

3.1 財委員負責監督及協調下列事宜：

- 提交年度預算予董事會批核
- 定期提交財務報表
- 管理投資
- 財務政策
- 甄選外部審計師
- 年度財務報告
- 內部監控

3.2 司庫須擔任財委會主席，並應具備履行此職責所需的財務及會計知識。

3.3 財委會的秘書處由財務經理及其他指定職員組成。【機構】的長遠財務目標將根據機構主管及指定職員的建議由財委會審批。

4. 財務管理的理念與目標

4.1 【機構】的財務管理理念及目標是要確保：

- 機構長遠可持續發展；
- 實現財務目標，以支持其運作及發展；
- 採用最佳財務管理常規；
- 以審慎、具誠信及符合機構最佳利益的方式處理財務事宜；及
- 符合監管及捐贈者的要求。

5. 財務責任與運作

5.1 董事會監督【機構】的一般財務管理，並依賴機構主管及財務經理進行日常營運及財務決策。董事會將這項監督職責委派予司庫及財委會，並由機構主管及財務經理分擔責任。

5.2 【機構】的一般及日常財務管理和匯報工作由機構主管及財務經理處理。機構主管擔任主要的財務代理人，負責實施一切財務政策及程序。財務經理按董事會批核的長遠計劃作出收支目標的建議，並與管理團隊和其他委員會合作制訂和管控年度預算。

5.3 財務經理負責為機構主管、董事會和相關持份者編制財務報告，並履行下列財務職能：

- 預算管理
- 風險管理
- 財務報表處理
- 財務資料的外部報告

- 會計運作
- 人力資源
- 應付帳款
- 固定資產
- 合約與會計
- 稅務及申報
- 現金償付
- 應收帳款
- 銀行對帳
- 分類帳目的對帳
- 遵守政府申報規定
- 年度審計
- 租賃
- 保險
- 支薪

5.4 董事會有責任制訂財務政策、委派職員管理有關政策，並定期檢討營運及財務活動。

6. 財務報表

6.1 **[機構]** 的財務報表須依照公認會計原則及會計和報告準則，按權責發生制編制。

7. 內部財務報告

7.1 財務經理須每月按財委會指定的格式編制及提交財務報表，列出月度和季度 **[機構]** 全部資金及現金狀況的資料。財務報表應提交予機構主管，再由機構主管每月提交予司庫審閱，並須在每次董事會會議上審議。

7.2 財務經理亦須編制項目收支月報，交予項目負責人及有關職員，確認所列收支金額是否準確及恰當。該類報表須按項目適當地列出期內（如每月）及累計收入、支出和淨收入，亦應列出這類帳目的原預算金額及經修訂後金額。

8. 會計與記錄

8.1 編制會計科目表旨在記錄機構的所有財務交易，表內包含總帳和分類帳的帳目編號。

8.2 會計科目表包含有關的帳目名稱及帳目編號。總帳目則記錄各資產、負債、收入、費用和損益類項目的交易及其總和。

8.3 **[機構]** 的會計科目表內的項目由財務經理負責管控。帳目的任何增減應由財委會或機構主管批核，財委會或機構主管負責確保會計科目表與 **[機構]** 的組織架構一致，並滿足各營運單位的需要。

9. 審計

- 9.1 **[機構]** 每年須由獨立審計師事務所對其財務報表進行審計。審計工作須涵蓋截至**[#12月31日 或 其他適用年終日]** 止的財政年度。
- 9.2 機構主管及財務經理直接負責監督年度財務審計的執行情況。機構主管及財務經理須建議合適的審計公司，由財委會批核委聘。此外，財委會須在必要時協助審計的編制工作，並向董事會匯報最終結果。

註 - 如有設立審計委員會，上述段落則以下文取代：

9.2 機構主管及財務經理須直接負責監督年度財務審計的執行情況。財委會須在必要時協助審計的進行。審計委員會（簡稱「審委會」）負責檢討外部審計師的工作，並向董事會提出委聘外部審計師的建議。

- 9.3 妥善規劃審計的時間表，確保經審計的財務報表能夠及時完成並獲董事會通過，以按監管要求提交文件及作內部用途，例如在周年會員大會上呈示。
- 9.4 審計師事務所應每年派代表與財委會**[#或審委會，如適用]** 會面，如審計報告含有保留意見，或指出內部監控存在重大缺陷或有應報告狀況，則須在董事會會議上作出陳述。

10. 內部監控

- 10.1 **[機構]** 須建立充足的內部財務監控及程序，包括以下內容：

- 職務分工：按照職權和職責的層級架構分配各項工作，以免有人（有意或無意）犯下會計上的錯誤。此舉可保障機構避免任何潛在欺詐或挪用資金的情況。
- 限制存取：只有獲授權人員才能接觸貴重及可移動的資產。
- 文檔管控：為確保所有資料均載於會計系統內，文件記錄必須由員工簽署及註明日期，然後以適當方式存檔。
- 保存記錄：為提供準確及可審計的財務交易記錄，機構的帳簿、記錄和帳戶應妥善保管，保存期限須滿足監管及法規要求。保存記錄的規定應每年予以檢討。
- 入帳處理：入帳處理旨在找出於入帳至總帳目時所出現的錯誤。常見的處理管制措施如下：(a)核對入帳文件；(b)確保入帳準確無誤；及(c)核對總帳目編號。
- 對帳管制：對帳管制旨在於交易入帳及更新總帳目後查找任何錯誤。此過程涉及將指定的總帳目管制帳戶與分類帳目進行對帳。對帳工作由財務經理完成，並由機構主管批核。

- 年度獨立審計：[機構] 的財務報表每年由董事會根據財委會 [#或審委會，視乎情況而定] 建議合適的獨立審計師事務所進行審計。
- 財務數據的安全性：只有機構主管、財務經理及相關職員方可使用 [機構] 的會計軟件。每名使用者均有獨立的登入編號及密碼，並根據其職務限制其登入權限及可使用的功能。如非使用，所有書面財務數據須存放在辦公室的貯物櫃或文件櫃內。
- 風險管理：風險管理旨在識別、分析和管理與編制準確財務報表有關的風險，包括減輕因內外因素而影響機構正確記錄、處理、總結及匯報財務數據能力的風險。

11. 規劃及預算

11.1 年度營運預算

- 機構主管及財務經理負責編制和提交年度營運預算，以供財委會在財政年度結束前審議。年度預算應包括來年將推行之全部計劃的相關收支估算。
- 機構主管及財務經理將與營運團隊共同草擬預算，然後提交予相關的委員會審閱。每名職員應向他們負責的委員會徵求預算需要，機構主管和財務經理須在制訂年度預算時考慮有關建議。
- 財委會須審視財政年度預算的收支，並提交董事會批核。

11.2 活動預算

- [機構] 須就所有特別活動制訂預算。
- 活動預算須由負責活動的職員草擬，並在活動進行前提交財務經理 [#或其他負責人員]。如需預支款項，應在活動預算獲批後才撥付。

11.3 收入目標及匯報

- 機構主管及董事會共同負責每年實現 [機構] 的預算收入目標。機構主管負責機構的規劃和發展及項目管理，財務經理則負責制訂及建議收入目標，並提交相關的委員會審議，然後再提呈董事會討論，最終制訂及批核年度預算。
- 財委會檢討每月的收支，並在必要時向 [機構] 的董事會和機構主管提出建議。財委會及機構主管須根據定期的檢討對機構維持長遠財務穩健能力進行持續規劃，並在必要時作出調整。

12. 銀行帳戶運作

- 12.1 [機構] 應將業務運作所需的銀行帳戶數目減至最少。

- 12.2 如非必要，不宜簽發現金支票。需簽發現金支票的情況應由董事會及機構主管共同決定，並妥為記載及不時作出檢討。
- 12.3 所有支票或網上轉帳均需要雙重授權簽署或批核（可透過電郵或其他電子方式證明）。董事會應指派董事會主席、司庫、**[#其他董事會成員 或 機構主管 或 適合的職員]** 作為代表 **[機構]** 的獲授權支票簽署人。支票簽署人不得簽發空白支票。
- 12.4 指定會計人員應每月對銀行月結單對帳。如有差異，應知會機構主管及司庫 / 財委會。

13. 所得收入

- 13.1 收入可來自多種來源，包括提供服務、產品銷售、撥款、捐贈及禮物等。所有獲得的收入須由指定人員處理，並有足夠的查核和制衡措施。有關收入應按照公認會計原則進行記錄，並須誌入年度預算內適當的收入項目，並使用 **[機構]** 會計科目表指定的合適帳目編號記帳。
- 13.2 所有獲得的收入應妥善保管，並在收訖當日 **[#或之後盡快，時間須訂明]** 誌入現金帳。所有收到的支票或現金應盡快存入銀行帳戶。以銀行轉帳方式獲得的收入，應至少每週誌入現金帳一次。
- 13.3 無論以任何方式獲得的收入，均應以附有編號的書面收據確認。收據編號應包括在現金帳的帳項內。
- 13.4 獲得的撥款和捐款應根據相關協議的條款妥為核算。應制訂妥善的監察程序以確保符合規定。
- 13.5 未收取的應收帳款應按帳齡進行分析，並由合適的會計人員審閱。應採取適切的跟進行動追收欠帳，或視乎情況從會計帳目中剔除無法收回的餘額。

14. 採購及開支

- 14.1 **[機構]** 按權責發生制記錄開支。
- 14.2 **[機構]** 遵守下列採購原則：
- 採購將完全公正，嚴格基於供應商的優點、承辦商的建議和相應的考慮因素（如交付、數量、品質等）；
 - 所有採購須符合機構及捐助人的最佳利益；
 - 向可靠的供應來源進行採購；
 - 使支出獲得最大價值；及

- 於任何時候都不應作出可能被質疑為不道德的行為，如在與供應商的關係中避免涉及任何關聯方、利益衝突，乃至潛在利益衝突。

- 14.3 對於金額超過 **[#如10,000港元]** 的合約及 / 或採購，**[機構]** 應至少邀請三家供應商提供報價，並將合約授予出價最低者。如 **[機構]** 認為報價雖較高但能帶來更佳的商品或服務價值，可將合約授予最低價以外的供應商。
- 14.4 作重大資本性添置及購買高價值服務或貨品時，若超過董事會設定的金額 **[#例如500,000港元]**，須以招標方式進行。機構應制訂詳細招標程序、通報參加投標的供應商，並嚴格執行。
- 14.5 除非收到供應商發出的發票或填妥及經授權的支款單，否則不得付款。
- 14.6 未償還的應付帳款應按帳齡分析，並由合適的會計人員審閱。付款的先後次序和時間應按可用現金和其他資金需要而釐定。

15. 資金投資

- 15.1 董事會制訂 **[機構]** 的投資政策。投資政策應就適切的投資類別及每項投資目標提供指引。**[#投資或財務委員會，如適用]** 獲指派執行董事會的投資政策。

16. 營運及其他儲備

- 16.1 董事會制訂 **[機構]** 的儲備政策。儲備政策須提供設立及維持儲備的準則，以確保 **[機構]** 的使命、項目、員工及營運的穩定性，並為機構的優先項目提供內部資源。

17. 利益衝突

- 17.1 在 **[機構]** 運作的過程中，全體董事及職員應盡量避免可能導致利益衝突或被認為存在利益衝突的情況。
- 17.2 若無法避免利益衝突，有關人員必須使用標準申報表即時向其直屬上司申報，並視乎利益衝突的性質和程度向董事會作出匯報。所有已申報的利益衝突應妥為處理，並採取措施紓緩。
- 17.3 在涉及重要決策（如批出合約）的情況下，不應允許擁有實際利益衝突或被視作擁有利益衝突的人員處理及 / 或參與有關決策。
- 17.4 所有已申報的利益衝突及已採取的紓緩措施應妥為記錄在案。

18. 檢討與修訂

- 18.1 此政策文件須根據財委會的建議每年檢討。未經董事會明確批核，不得作任何修改。
- 18.2 關於上述任何討論及決定，應在董事會會議記錄中妥為記錄在案，並相應更新此政策文件。



第三部份

資源及參考資料

以下是一些與這簡明指南課題有關的參考資料，可作適當的參照。機構在制訂其投資政策時，應熟悉下列資料的內容：

- (a) 香港會計師公會。《管治與問責》會計專業惠社群社會責任計劃：參考指引系列。
- (b) 香港會計師公會。《內部監控與審計》會計專業惠社群社會責任計劃：參考指引系列。
- (c) 香港會計師公會。《儲備政策》會計專業惠社群社會責任計劃：參考指引系列。
- (d) 廉政公署。非政府機構的管治及內部監控防貪錦囊。2010。
- (e) 廉政公署及香港社會服務聯會。社會福利界非政府機構董事會成員及職員行為守則範本（全文版）。2015。
- (f) 廉政公署及香港社會服務聯會。非政府機構處理利益衝突要訣。2019。
- (g) 稅務局。屬公共性質的慈善機構及信託團體的稅務指南。2021。
- (h) 社會福利署。《整筆撥款和整筆撥款儲備的使用》整筆撥款通告，第9/2003號。
- (i) 社會福利署。整筆撥款手冊。2016。
- (j) 香港社會服務聯會。非政府機構投資簡明指南，第二修訂版。2022。
- (k) 香港社會服務聯會。非政府機構儲備簡明指南，第二修訂版。2022。
- (l) 香港社會服務聯會及安永會計師事務所。小型非政府機構內部監控指南。2020。

附錄 一

職權範圍範例 - 財務委員會

本附錄旨在為機構提供指引，就負責監督財務活動的財務委員會制訂政策文件。委員會的職權範圍將闡明其工作範疇和角色，避免重疊。更重要的是，此過程有助委員會履行誠信義務責任，以實踐機構的使命。

以下範例可作為機構制訂正式文件的藍圖，須按其具體情況修改。此附錄僅供參考。

[機構]

財務委員會

職權範圍

於 **[日期]** 由董事會通過

1. 目的

1.1 財務委員會（簡稱「財委會」）是董事會委任的委員會，以協助 **[機構]** 司庫就董事會指派的所有財務相關事宜向董事會提供建議，以確保 **[機構]** 維持長遠財務穩健。

2. 角色和職責

2.1 財委會的職責包括：

(a) 審視財務相關事宜及提供意見，包括但不限於：

- 主要財務、投資、會計和庫務政策的制訂和變更；
- **[機構]** 的所有主要融資交易；
- **[機構]** 的發展規劃及預算；

- 重大合約及變更；
 - 財務報表和報告中記錄的財務運作；
 - **[機構]** 資產的融資、投資、擔保、賠償及抵押；及
 - 對 **[機構]** 具有、或有重大財務影響的實際或潛在的異常情況或事件；
- (b) 審閱 **[機構]** 制訂的年度支出預算並提供意見；
- (c) 審閱財務報表，將實際執行情況與預算進行比較，並向管理層和董事會提出建議；
- (d) 檢討及同意增減銀行帳戶，以供董事會批核；
- (e) 檢討財委會的職權範圍及績效，並向董事會建議作出任何必要的修訂；及
- (f) 董事會指定的任何其他財務相關角色或職責。

3. 職權

- 3.1 財委會可在認為就其宗旨而言屬必要和適宜時，聘用、指示、委任或留用任何專業顧問，費用由 **[機構]** 支付。
- 3.2 財委會將獲得足夠的所需資源供其有效運作，其中包括：
- (a) 委聘專業顧問並支付其酬金，以協助財委會執行任務；及
 - (b) 承擔並支付財委會根據職權範圍執行任務所需或合適的任何費用。

註 - 如機構設有審計委員會，則可納入以下段落：

- 3.3 財委會有權要求審計委員會對其職責範圍內的任何事宜進行調查。財委會有權要求僱員提供所需的任何資料，而所有僱員須配合財委會的要求。

4. 匯報職責

- 4.1 財委會須向董事會提交委員會活動、調查結果及相關建議的報告。

5. 成員

- 5.1 財委會的成員須由董事會委任。
- 5.2 財委會包括主席在內的成員人數須不少於 **[#3人 或 由董事會通過的人數。建議成員總數為單數，以方便作出決定]**。
- 5.3 財委會成員的任期為 **[#2年 或 經董事會批准的年期]**，若經董事會批准可以連任。

5.4 財委會的大多數成員須為董事會成員。

5.5 財委會主席須為機構司庫。

6. 會議

6.1 財委會應每年至少召開 **[#3次 或 經董事會通過召開會議的次數]** 會議。

6.2 會議時間表須事先商定，以便在緊隨的董事會會議上作出報告。

6.3 出席會議的成員須佔總人數的一半以上，方為達到法定人數。

6.4 機構主管 **[#及財務經理]** 須出席會議，並 **[#由財務經理]** 擔任會議秘書。

6.5 秘書須草擬財委會的會議記錄和行動清單予委員傳閱，再由主席定稿，然後在下次會議上通過。

7. 管治

7.1 若存在利益衝突，受影響的財委會成員須作申報，而秘書須記錄利益衝突的詳情。有利益衝突的財委會成員不得參與商議相關事宜，並須迴避涉及利益的討論。

7.2 所有成員須於委任時簽署保密協議。

8. 績效檢討

8.1 為確保充份履行職責，財委會應定期從董事會中獲取對其績效的意見，並在需要時作出改善。

8.2 董事會應每年對財委會及其成員的表現進行一次客觀的評估。財委會主席應向董事會提供所需的資訊以方便評估工作。

9. 職權範圍檢討

9.1 財委會須定期檢討其職權範圍，並討論可能需要作出的變更。財委會須於必要時向董事會提出修改職權範圍的建議，以供審議及批核。

9.2 董事會亦可酌情對有關職權範圍進行修訂。

附錄二

職權範圍範例 - 審計委員會

設立審計委員會並非強制性規定，但一些機構會按照良好常規而設立審計委員會。這類機構的經營規模通常較大，並擁有大量營運和財務資產。

本附錄旨在為機構提供指引，以制訂審計委員會的職權範圍。委員會的職權範圍將闡明其工作範疇和角色，避免重疊。更重要的是，此過程有助委員會履行誠信義務責任，以實踐機構的使命。如董事會決定不設立審計委員會，則本附錄中討論的範圍和職責通常由財務委員會負責。

以下範例可作為機構制訂正式文件的藍圖，須按其具體情況修改。此附錄僅供參考。

[機構]

審計委員會

職權範圍

於 [日期] 由董事會通過

1. 目的

- 1.1 審計委員會（簡稱「審委會」）是董事會委任的委員會，以協助履行其監督責任，確保內部監控和財務匯報制度有效。審委會負責監督內部審計職能，並釐定其角色及職責。

2. 角色和職責

2.1 審委會的職責包括：

- (a) 審議並批核內部審計章程及計劃；
- (b) 確保有足夠內部審計職能所需的資源；

- (c) 接收內部審計師對內部審計規劃執行情況和其他事宜的匯報；
- (d) 決定內部審計師的任免；
- (e) 向管理層和內部審計師就重要事宜作適切的查詢；
- (f) 在需要時進行及監督特別調查；
- (g) 檢討重大會計及匯報問題，了解對財務報表的影響；
- (h) 檢討外部審計師的工作，就需要採取的適切管理措施提供意見，並在需要時向董事會提出建議；
- (i) 審閱年度財務報表及【機構】的會計政策；
- (j) 檢討及監督【機構】內部監控系統、內部審計職能及審計計劃的成效；
- (k) 檢討委員會的職權範圍及其本身的成效，並向董事會建議作出任何必要的變更；及
- (l) 董事會指定的任何其他角色或責任。

3. 職權

3.1 審委會有權對其職責範圍內的任何事宜進行或授權進行檢討。審委會亦有權：

- (a) 向董事會建議外部審計師的聘任和酬金；
- (b) 審視外部審計師提供任何非審計服務的性質及收費，以確保其獨立性不受影響；
- (c) 在董事會授權的情況下，尋求機構以外的法律或其他獨立專業意見，並在必要時批核應付予此類顧問的費用和任何其他聘用條款；及
- (d) 向【機構】的董事、僱員及成員索取任何所需資料。

4. 匯報職責

4.1 審委會須向董事會提交有關委員會活動、調查結果及相關建議的報告。

5. 成員

5.1 審委會的成員須由董事會委任。

5.2 委員會包括主席在內的成員人數應為【#3人 或 由董事會通過的人數。建議成員總數為單數，以方便作出決定】。

5.3 審委會成員的任期為【#2年 或 經董事會批准的年期】，若經董事會批准可以連任。

6. 會議

- 6.1 審委會應每年至少召開 **[#3次 或 經董事會通過召開會議的次數]** 會議。
- 6.2 會議時間表須事先商定，以便在緊隨的董事會會議上作出報告。
- 6.3 出席會議的成員須佔總人數的一半以上，方為達到法定人數。
- 6.4 機構主管及內部審計師均須列席會議，而內部審計師須擔任會議秘書。
- 6.5 秘書須草擬審委會的會議記錄和行動清單予委員傳閱，再由主席定稿，然後在下次會議上通過。

7. 管治

- 7.1 若有利益衝突，受影響的審委會成員須作申報，而秘書須記錄利益衝突的詳情。有利益衝突的審委會成員不得參與商議相關事宜，並須迴避涉及利益的討論。
- 7.2 所有成員須於委任時簽署保密協議。

8. 績效檢討

- 8.1 為確保充份履行職責，審委會應定期從董事會中獲取對其績效的意見，並在需要時作出改善。
- 8.2 董事會應每年對審委會及其成員的表現進行一次客觀的評估。審委會主席應向董事會提供所需的資訊以方便評估工作。

9. 職權範圍檢討

- 9.1 審委會須定期檢討此等職責範圍，並討論可能需要作出的任何變更。審委會須於必要時向董事會提出修改職權範圍的建議，供其審議及批核。
- 9.2 董事會亦可酌情對有關職權範圍進行修訂。



附錄 三

財務程序手冊的目錄頁範例

目錄頁

1. 引言

- 目的及用途

2. 財務會計及報告

- 收支估算
- 盈餘資金
- 支出監控
- 會計帳簿及會計記錄
 - 妥善保管帳簿、帳戶及會計記錄
 - 不正確的入帳
 - 妥善保管重要文件和會計表格及記錄
 - 銷毀會計表格和記錄
- 財務報告
 - 編制財務報表
 - 提交財務報表
- 審計財務報表

3. 現金及銀行業務

- 小額現金
- 支付

- 償付
- 託管人的責任
- 內部監控與安全
- 銀行帳戶授權
- 銀行帳戶運作
 - 帳戶間轉帳
 - 簽署支票
 - 申請、核對、分發和保管支票簿
 - 銀行付款
 - 支票簽署安排
- 銀行對帳
- 銀行帳戶透支
- 現金處理的安全性

4. 收款及收據

- 收款方式
 - 支票 / 現金
 - 電子 (如八達通)
 - 其他

5. 付款操作

- 付款
 - 商品
 - 服務
 - 費用
- 以電子方式付款
- 預先付款
- 遺失發票

6. 其他操作

- 採購商品
 - 以報價方式
 - 以招標方式
- 採購服務
 - 服務要求
 - 批出合約
- 支薪記錄

7. 捐贈與撥款

- 金錢捐贈
- 實物捐贈
- 政府及其他撥款
 - 申請程序
 - 監察撥款使用

8. 資產管理

- 固定資產記錄冊
- 實物盤點
- 處置

附錄 四

制定財務政策及程序時須考慮的問題

財務政策通常附有一套供使用者遵循的配套程序，清晰簡潔說明如何遵守有關政策，並詳述完成任務所需活動的次序。載列有關程序的文件通常稱為「財務程序手冊」，各機構的「財務程序手冊」內容會視乎其規模、提供服務的性質，以及財務和會計職能的複雜程度而不同。

下表概述「財務程序手冊」的常見主題，以及機構在編寫政策及程序時需要處理的重要問題和考慮因素。本文件僅供參考，請注意所提供的資料並非詳盡無遺，須審慎使用。

政策	程序	考慮的問題
會計架構及財務報表	<ul style="list-style-type: none">按權責發生制編制財務報表帳簿架構會計制度及應用每月、季度及年度財務報表 – 內容、編制及時間表保留會計記錄	<ul style="list-style-type: none">誰人監督有關職能？負責人員是否具備必要的知識水平及經驗？董事會是否有財務專家，確保會計職能有效運作？需要編制什麼財務報告？多久編制一次？誰人負責編制報告？編制限期是什麼？誰人審閱報告？何時 / 多久審閱一次？

政策	程序	考慮的問題
審計	<ul style="list-style-type: none"> • 年度審計規定 • 委聘審計師的程序 • 協調審計工作 • 審閱審計結果 	<ul style="list-style-type: none"> • 董事會是否設有審計委員會？由多少名成員組成？承擔什麼職責？ • 誰人委聘及監督外部審計？ • 誰人負責與審計師事務所聯絡？ • 審計報告如何提交予董事會？
銀行帳戶交易	<ul style="list-style-type: none"> • 開立銀行帳戶 • 簽寫支票程序 • 記錄空白的支票簿及妥善保管未使用的支票簿 • 處理作廢或無效的支票 • 簽發支票的證明文件 • 審閱銀行帳單及作廢的支票 • 編制、審閱及批核銀行對帳 	<ul style="list-style-type: none"> • 內部監控是否足以處理銀行帳戶交易？ • 誰是銀行簽署人？他們有何簽署職權？ • 是否定期與銀行記錄對帳？多久進行一次？誰人負責？ • 是否有獨立審閱銀行對帳記錄？誰人負責？
預算	<ul style="list-style-type: none"> • 預算管理 • 預算編制 • 預算批核 • 預算管控及監察 • 預算修訂 • 預算差異及年終結算程序 	<ul style="list-style-type: none"> • 誰人負責制訂機構的預算？ • 誰人批核？何時批核？ • 什麼情況下修改預算？程序如何？ • 預算細節及報告格式是否有其他特定規定？
利益衝突	<ul style="list-style-type: none"> • 披露過程及規定 • 識別及解決衝突 	<ul style="list-style-type: none"> • 構成機構利益衝突的因素是什麼？ • 有何後果及補救措施？

政策	程序	考慮的問題
固定資產及庫存管理	<ul style="list-style-type: none"> • 固定資產的會計處理 • 固定資產記錄冊 • 固定資產添置及處置 • 固定資產的盤點 • 庫存記錄及盤點 • 核實資產記錄是否存在及完整 • 折舊計算 	<ul style="list-style-type: none"> • 如何記錄固定資產？誰人負責監督？ • 使用什麼折舊方法？誰人負責處理累積折舊表？ • 折舊何時誌入總帳目？誰人負責？ • 資產不再使用時的處置程序如何？ • 保障措施是否足以避免資產遭受損失或破壞？
撥款及捐贈的處理及會計	<ul style="list-style-type: none"> • 申請撥款及募捐的程序 • 確保遵守撥款及捐贈協議的條款及條件 • 查核撥款或指定捐贈資金的支出 • 記錄和匯報撥款及捐贈資金的使用 	<ul style="list-style-type: none"> • 誰人負責監督撥款及捐贈的處理、會計及使用？ • 何時編制及提交報告？誰人負責？ • 有何內部監控措施確保符合撥款及捐贈協議的責任？
收入款項的處理及收取	<ul style="list-style-type: none"> • 處理及記錄不同類別的收入 • 就提供的服務發出帳單 • 審閱未收取的應收帳款 • 簽發正式收據 • 以自動轉帳 / 其他電子方式收款 • 現金款項的處理 • 收取一般捐贈及籌募所得的款項 	<ul style="list-style-type: none"> • 多久發出發票一次？ • 誰人擬備發票及由誰人批核？ • 誰人拆開郵件、將收入分類及誌入會計系統？ • 存款前有沒有影印支票副本？多久一次？誰人負責？ • 存款前，現金及支票放在什麼地方？

政策	程序	考慮的問題
收入款項的處理及收取		<ul style="list-style-type: none"> 誰人擬備和審閱銀行存款單？ 如何保存記錄？ 誰人審視未清付的應收帳款？多久審閱一次？ 何時進行催收？催收滯帳的程序是什麼？ 收入處理及記錄的各個步驟是否有足夠的內部監控？
內部監控	<ul style="list-style-type: none"> 制定政策及程序 檢討及更新 	<ul style="list-style-type: none"> 董事會、機構主管、財務經理和其他財務人員的職權級別如何？ 誰人決定財務系統的組成部份，如支出、預算等？ 誰人制訂及批核財務政策？ 誰人有權更改財務政策？多久檢討及批核更改一次？
投資	<ul style="list-style-type: none"> 設立管治架構 授權予投資委員會(如有) 釐定風險胃納及投資指引 執行投資及職權 績效監察 績效匯報及檢討 檢討及修訂投資指引 	<ul style="list-style-type: none"> 是否已制訂投資政策？ 誰人監督投資職能？ 是否妥為釐定風險胃納？ 適合機構的投資類型？ 是否有足夠的投資專家就投資事宜向董事會提供意見？

政策	程序	考慮的問題
付款	<ul style="list-style-type: none"> 付款方式 付款要求及程序 付款批核及職權 支票付款流程 電子支付 分發支票 小額現金系統 	<ul style="list-style-type: none"> 董事會、機構主管、財務經理和其他財務人員的職權級別？ 什麼事宜由什麼人負責批核？ 何時及如何記錄批核事項？ 需要採取什麼其他內部監控措施，以確保付款的準確性及適切性？
職員薪酬	<ul style="list-style-type: none"> 薪酬管理系統及記錄 編制支薪表 以自動轉帳方式向現有僱員支薪 向新入職及離職僱員支薪 保留人事記錄 公積金計劃 – 扣除僱員供款及處理僱員年度報表 	<ul style="list-style-type: none"> 誰人負責編制支薪表？ 誰人審視支薪表以確保準確及正當？何時進行？如何進行？監控措施？ 何時處理支薪？
採購	<ul style="list-style-type: none"> 不同採購活動的流程： <ul style="list-style-type: none"> 採購申請 報價 / 招標 評估及批核報價 / 招標 確保透明度、公開及公平競爭的程序 處理利益衝突程序 獨立抽查收到商品的品質及數量 	<ul style="list-style-type: none"> 誰可授權進行採購？ 如何批核採購？如何記錄批核事項？ 如何管理實際及潛在利益衝突？

政策	程序	考慮的問題
儲備	<ul style="list-style-type: none"> • 設立儲備 • 運用及批核儲備金 • 作出適當授權 • 妥當記錄運用及補充儲備金 • 檢討和修訂 	<ul style="list-style-type: none"> • 是否有儲備政策？ • 需要設立什麼類型及水平的儲備？ • 維持什麼水平的營運儲備是恰當？ • 什麼情況需要設立特別儲備（如整筆撥款儲備）？

鳴謝

本指南由社聯「非政府機構董事會網絡計劃」成立之專家小組，藉他們的寶貴指導和意見編撰而成。以下專家小組成員在編寫這本供非政府機構參考的指南上作出了巨大貢獻，特此鳴謝。

非政府機構代表	陳雪湄女士	香港扶康會董事局副主席
	張振宇先生	香港地球之友董事及綠色金融事務召集人
	方蘊萱女士	香港基督教女青年會財務及行政委員會副主席
	何智慧女士	明德兒童啟育中心主席
	麥礎允女士	香港地球之友榮譽秘書
香港會計師公會代表	陳崇禮先生	羅兵咸永道香港審計合夥人
	潘俊華先生	潘永祥會計師事務所合夥人
	孫德偉先生	安永諮詢服務合夥人
	謝建朋先生	香港會計師公會社會服務工作小組主席
社聯代表	尹錦滔先生	社聯非政府機構董事會網絡計劃督導委員會委員
「社會服務機構財政儲備」調查研究員	馮文珊女士	德勤風險諮詢華南區領導合夥人



CONTENTS

<i>Preface</i>	45
<i>Section I : General Explanatory Notes</i>	47
Managing NGOs' Financial Resources	47
Financial Activities of an NGO	47
Why Managing Financial Activities is Important	47
Financial Policy and Procedures	48
Financial Management of an NGO	49
Scope of Financial Management	49
Cash Management	49
Financial Planning	51
Accounting and Reporting	53
Internal Control	53
Risk Management	55
External Audit	57
Essentials of a Financial Policy	57
Clarifying Roles and Responsibilities	58
Assigning Authority and Limit	59
Policy on Conflict of Interest	59
Financial Record Keeping and Maintenance	60
Developing a Financial Policy	60
<i>Section II : Sample Financial Policy Statement</i>	62
For Small-sized NGOs	62
For Bigger-sized NGOs	68
<i>Section III : Resources and Reference Materials</i>	78
<i>Appendix I : Sample Terms of Reference - Finance Committee</i>	80
<i>Appendix II : Sample Terms of Reference - Audit Committee</i>	84
<i>Appendix III : Sample Content Page of a Financial Procedures Manual</i>	88
<i>Appendix IV : Questions to Consider When Developing Financial Policy and Procedures</i>	91
<i>Acknowledgement</i>	97



PREFACE

This is the third publication of the Concise Guide series produced by HKCSS, after “A Concise Guide on NGO Investment”¹ and “A Concise Guide on NGO Reserves”.² This guide is intended to provide support and guidance to strengthen NGOs’ knowledge on financial governance and management, which comprises three sections:

Section I : General Explanatory Notes

Section I provides a brief discussion of the basic principles relating to financial management to give readers an overview of the important areas they should be aware of. This section is written in plain language and has avoided the use of professional jargons, to the extent possible.

Section II : Sample Financial Policy Statement

Section II provides two samples of financial policy statement for reference and adoption by NGOs that may need assistance to produce a policy statement. One sample is for small-sized NGOs and the other is for NGOs with more sophisticated operations and of a comparatively bigger size. While it has included all the key elements of a typical financial policy statement, it can be tailored, shortened or expanded to suit the purpose and circumstances of the NGOs. It should be noted that they are not standard requirements and NGOs must exercise their own discretion when determining their own policy statement.

Section III : Resources and Reference Materials

Section III is a list of additional reference materials which NGOs may find useful and of interest.

¹ “A Concise Guide on NGO Investment”, Second Revision, 2022, The Hong Kong Council of Social Service.
<https://governance.hkcass.org.hk/node/469>

² “A Concise Guide on NGO Reserves”, Second Revision, 2022, The Hong Kong Council of Social Service.
<https://governance.hkcass.org.hk/node/468>

This concise guide on NGO financial governance and management is intended to help enhance NGOs' knowledge on managing their financial affairs and identify areas where further advice or assistance may be needed. It is acknowledged that the relevance of this guide to NGOs may vary according to their size and maturity. When using this guide, due consideration must be given to the NGOs' own situation, including but not limited to their operating environment, mode of services, complexities of financial activities undertaken, financial condition and governance structure, etc.

In case of doubt, consultation should be made with professional advisors.

SECTION I

General Explanatory Notes



Managing NGOs' Financial Resources

Financial Activities of an NGO

All active economic entities, be they profit making or non-profit making, will be engaged in financial activities. Generally speaking, financial activities are transactions or initiatives undertaken to further the fulfilment of economic goals of an NGO. The nature, extent and frequency of these activities vary by entities and depend on the structure of the NGO's establishment as well as the scope of its services.

Financial activities involve the procurement and utilisation of funds which will have consequential impact on the financial resources of the NGO.

Examples of activities involving the procurement of funds include service provision in return for an income, selling of goods made by the NGO, acceptance of donations and grants, and events or activities held for fundraising purpose, etc.

Examples of activities involving utilisation of funds include procurement of services and goods, hiring of staff, renting premises, expenses incurred in carrying out planned programmes, and purchases for operational and administrative consumption, etc.

Financial activities also include keeping proper records of the above transactions and activities, analysing, and interpreting relevant financial records.

Why Managing Financial Activities is Important

As financial resource is limited, an NGO needs to manage its financial activities to ensure:

- Required level of income is available to support its mission;

- Spending is in line with operation plan and not excessive;
- Normal operations will not be disrupted due to shortage of funds; and
- Financial resources are properly accounted for, managed, and protected.

Those charged with the responsibilities of leading and managing the NGO, on an ongoing basis, have to make decision on how the financial resources should best be deployed. Accurate financial information and data should be collected, analysed and presented to facilitate their decision making.

The process of managing financial activities is known as financial management. A financial policy is a commonly used tool in financial management and oversight.

Financial Policy and Procedures

A financial policy is a statement that outlines the principles and views on financial and related matters. It provides an overview of the relevant rules that an NGO has laid down in running its service operations. They should be aligned with the NGO's mission and plans, reflect the culture of the NGO, be flexible, and be easily interpreted and understood by everyone in the organisation.

A policy will usually be issued with a set of procedures, serving as a guide to best practice. The financial procedures provide clear and concise instructions on how to abide by the policy and detail the sequence of activities that are required to complete tasks. The procedures should:

- Be relevant, simple to understand and succinct;
- Be written in a step-by-step style that shows users how to follow through from beginning to end; and
- Include references or links to any related documents and forms that need to be completed when following the procedures.

In the best format for the purpose, a procedure could be presented as written steps, a flow chart or a checklist.

The financial policy covers the broad principles which are more generic but essential for proper governance of the NGOs' financial matters, whereas the financial guidelines and procedures are operational specific and may vary by entities.

Maintaining clear and well considered financial policies and procedures is a critical component of strong financial management. Financial policies and procedures are used to set direction and requirements on relevant practice in relation to an NGO's financial affairs. They are expected to

be followed and applied consistently by every member of the Board of Directors (the “Board”) and all employees of the NGO.



Financial Management of an NGO

Scope of Financial Management

Financial management refers to the process of planning, organising, controlling and monitoring financial resources to achieve an NGO’s organisation goals and objectives. Its scope includes decision on maximising return from the financial resources deployed. This means managing its available financial resources to ensure long-term sustainability. Key elements of financial management include:

- Cash Management
- Financial Planning
- Accounting and Reporting
- Internal Control
- Risk Management
- External Audit

Cash Management

Cash management refers to the collection, handling, as well as control and investment of an NGO’s cash and cash equivalents. It essentially involves assessing and ensuring availability of liquid funds, determining cash flow requirements and investing spare cash.

From an NGO’s perspective, cash management is the efficient collection, disbursement, and investment of its cash while maintaining liquidity to handle unforeseen circumstances. Effective management of cash prevents loss of money due to theft or error in processing transactions.

Cash management embraces bank account management, receivable management, payable management, investment management, reserve management, receipts and payments, etc.

(a) Bank Account Management

An NGO should keep track of its cash position including money in bank accounts and ensure there is sufficient liquidity to meet its financial liabilities and obligations

when fall due. Any cash not put into use immediately can be placed in time deposits to earn interest. While doing this, the NGO should ensure that the money would not be required for use during the tenor of deposit.

All bank transactions should be properly recorded and reconciled with bank statements. For administrative efficiency, it is advisable to keep the number of bank accounts to a minimum while meeting the operational needs and regulatory or contractual requirements. Inter-bank transfer should only be made when necessary. All bank accounts should be operated by authorised persons. Cash receipts should be recorded when received and banked in promptly.

Electronic means such as online transfer, Faster Payment System (“FPS”), PayMe, Octopus card are commonly used for settlement without actual involvement of cash. Certain security steps are required such as use of password to ensure only the true owner can process the transaction. It is important to ensure that only authorised persons can have access to the cash and that the security device and password should be kept safely.

(b) Receivable Management

The purpose of receivable management is to shorten cash collection periods with regular follow-up for outstanding balances, complete and accurate recording of receivable, and regular review of settlement status to facilitate prompt action taken, where necessary.

(c) Payable Management

The purpose of payable management is to ensure complete and accurate recording of payables and payment due dates, negotiation of favourable terms with suppliers allowing longer payment periods, and ensure resources are available for settlement on due dates.

(d) Investment Management

An aspect of cash management is to invest the idle funds in the right opportunity and the correct proportion. Please refer to “A Concise Guide on NGO Investment” for more details.

(e) Reserve Management

For the principles of and consideration in managing reserves, please refer to “A Concise Guide on NGO Reserves”.

(f) Receipts and Payments

With regard to receipts and payments in cash or by cheque, there should be appropriate procedures to ensure their proper processing, approval and recording in the NGO’s accounting system. This is necessary in order to determine the correct cash position of the NGO and manage its cash flow requirements.

Financial Planning

We often come across the terms “financial planning”, “financial projections” and “annual budget” in literatures on financial management. How do they come into play?

(a) Financial Planning

Financial planning is the process of framing objectives, policies, procedures, programmes and budgets regarding an NGO’s financial activities. It is an important element of financial management and serves the following purposes:

- Ensuring adequate funds are available to deliver specific undertaking in the pursuit of the NGO’s mission;
- Ensuring a reasonable balance between outflow and inflow of funds so that stability is maintained;
- Planning of programmes for growth and expansion thus enhancing sustainability; and
- Reducing uncertainties.

Financial planning involves laying down in a document what the organisation is planning to do in order to deliver its undertaking in a certain time frame, the scale of the planned operations, programmes to be conducted and anticipated output, with an estimation of the financial resources required (for recurring and capital expenditures) and an assessment as to availability of funding. For a newly set up NGO, financial planning will help evaluate whether the proposed endeavour is financially viable. Financial planning is necessary for existing NGOs to organise their ongoing operations from a financial point of view.

When drafting a financial plan, an NGO should establish the planning horizon, which is the time period of the plan. It can be for a short term (e.g. 12 months) or longer term (e.g. 2 - 5 years).

After the financial plan is made, the NGO should monitor its execution. Any significant deviation should be identified at the earliest opportunity and appropriate actions taken to bring it back on track.

(b) Financial Projection

While a financial plan lays out the necessary steps to generate future income and cover future expenses, a financial projection is an estimation of likely future income or revenue and expenses. A financial plan is a road map that can be followed over time and a financial projection is an estimate of future outcomes predicted today.

In the broad sense, a financial projection involves using historical financial data, taking into account both external and internal factors that may have an impact on the entity's operations and selecting the most appropriate scenario for the entity to achieve the anticipated outcome under the plan.

Financial projections are an important part of managing an entity's operations, applying also to NGOs. Similar to creating a budget, financial projections are a way to forecast future revenues and expenses for the operations covering both the short-term and long-term with the goal to effectively manage an NGO's working capital and cash flow.

(c) Annual Budget

Annual budget is prepared for a financial year and documents the operating plans and schedules. It incorporates the planned activities of all units of the entity in the budget period. The end product of the annual budgeting process takes the shape of a projected income and expenditure statement, and the balance sheet at the end of the budget period.

The budgeting process involves an estimation of income and expenses over a specified future period of time, based on certain assumptions and analysis of scenarios. Annual budget is considered to be balanced if projected expenditures are equal to projected income. It is in deficit position if expenditures exceed income, and it is in surplus if income exceeds expenditures.

Annual budget is the formal operating plan expressed in financial terms. It helps the management in the following aspects:

- Planning for the year and setting the annual operation goals;
- Coordinating the activities between departments / units of the NGO;
- Identifying problem areas with performance evaluation; and
- Taking corrective actions in the areas where difficulties are expected.

Annual budget is usually made for the coming financial year. However, actual performance against the budget should be reviewed on a regular basis. Any significant variances should be properly analysed as to their cause, their impact on the operation and where improvements can be made. This process of identification and examination of the variances between the budgeted figures and the actual results is referred to as variance analysis and is an effective financial management tool.

Accounting and Reporting

Correct decision in managing an NGO's finance can only be made with updated and accurate financial information and data. NGOs should establish an effective system of recording, summarising and reporting the transactions arising from operations. Periodic financial statements, including the balance sheet, income statement and cash flow statement are prepared to show the NGOs' operating performance over a specified period.

When preparing the financial statements, an NGO should:

- Establish a set of accounting principles for processing and presenting information in a consistent manner. This would enable users of the financial statements to compare the financial performance of the NGO over years or with other NGOs;
- Prepare the financial statements on the assumption that an NGO is a going concern and will continue in operation for the foreseeable future. It is assumed that the NGO has neither the intention nor the need to liquidate or curtail materially the scale of its operation. In the event that such an intention or need exists, the financial statements will have to be prepared on a different basis;
- Use the accrual basis of accounting to recognise the effects of transactions and other events as and when they occur, and not at the point that cash or its equivalent is received or paid. The transaction is entered in the accounting records and reports in the financial statements for the periods to which they relate;
- Set clear time-line for processing transactions and their recording in the accounting records, closing of books and preparation of periodic financial statements; and
- Ensure adequate staff resources with appropriate accounting experience are employed to carry out the accounting and reporting function. Technology should be used to the extent possible and affordable, to enhance the accuracy and reliability of the financial reports and efficiency of their preparation.

Internal Control

Internal control is broadly defined as a process, effected by an entity's Board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

At organisation level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At transaction level, internal control refers to the

actions taken to achieve a specific objective (e.g. ensuring payments to third parties are for valid services rendered). Internal control procedures reduce process variation, leading to more predictable outcomes.

Accounting controls are intended to help ensure the validity and accuracy of its financial statements. There are three main types of accounting controls:

- (a) **Detective Controls:** intend to find out any current practices that do not align with the policies and procedures in place, such as employees accidentally or purposefully practicing incorrect or illegal actions; or errors in systems or accounting practices. Examples of detective controls would include inventory checks and internal audits;
- (b) **Preventive Controls:** intend to avoid any inaccuracies or incorrect practices from happening. These are the policies and procedures that all employees must follow. For example, when a staff initiates a purchase, it goes to another person for review and approval. Once the expense is accounted for, the payment is made by another team. This idea is known as the segregation of duties. In a computerised environment, backing up data daily on the cloud is a preventive control to avoid data loss; and
- (c) **Corrective Controls:** are designed to take corrective actions for fixing any issues found through detective controls. It helps mitigate damage once a risk has materialised. For example, when managers back up data they can restore a functioning system in the event of a crash. If a disaster strikes, business recovery can take place when an effective continuity and disaster management plan is in place and followed.

Common control activities that can be implemented in an NGO include:

- (a) **Segregation of Duties:** Separating authorisation, custody, and record keeping roles to prevent fraud or error committed by one person;
- (b) **Authorisation of Transactions:** Review of particular transactions by an appropriate person;
- (c) **Retention of Records:** Maintaining documentation to substantiate transactions;
- (d) **Supervision or Monitoring of Operations:** Observation or review of ongoing operational activities;
- (e) **Physical Safeguards:** Usage of cameras, locks, physical barriers, etc. to protect property, such as merchandise inventory;

- (f) **Top-level Reviews:** Analysis of actual results versus organisational goals or plans, periodic and regular operational reviews and other key performance indicators;
- (g) **IT General Controls:** Relating to:
- Security – to ensure access to systems and data is restricted to authorised personnel, through means such as usage of passwords and review of access logs; and
 - Change management – to ensure proper control over source code establishment, system testing, data migration and user acceptance;
- (h) **IT Application Controls:** Controls over information processing enforced by IT applications, such as edit checks to validate data entry, accounting for transactions in numerical sequences, and comparing file totals with control accounts; and
- (i) **Internal Audit:** In situations where the scale of operation warrants and the financial position is able to afford, an NGO can set up an internal audit unit to provide an independent and objective assurance on the effectiveness of its risk management, control and governance processes. The internal audit function operates independently from the management and reports directly to the Board or the Audit Committee (“AC”) if there is one.

Risk Management

In the pursuit of its mission, an NGO may face different types of risks, which can broadly be categorised as follows:

- Strategic risk: the risk that an NGO may make a wrong strategic decision thus adversely affecting its ability in accomplishing its mission;
- Operational risk: the uncertainties and hazards an NGO faces when it attempts to carry out its day-to-day business activities;
- Reputation risk: the threat to the good name or standing of an NGO due to actions of its own, employees and other affiliated parties; and
- Compliance risk: the risk of failure in complying with legal and financial obligations leading to pecuniary penalties or other forms of punishment such as imprisonment, performance or restriction of performance of specific actions.

The above risks, when materialised, may have financial or non-financial consequences. In worse situations, the consequence can be detrimental and therefore the risks should be

properly managed. The discussions in this section are mainly focused on financial risks, but the principles to be applied are largely the same.

Risk management is the identification, evaluation, and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability or impact of unfortunate events or to maximise the realisation of opportunities.

Once risks have been identified, they must be assessed as to their potential severity of impact and to the probability of occurrence. Risk assessment is a general term to determine the likelihood of loss an NGO may suffer. Assessing risk is essential for determining how worthwhile a specific project, investment or action is and the best approach to mitigate risk.

Risk assessment is important for proper financial management of an NGO. Through the process, the NGO will be able to identify the potential risks in making a new endeavour and measure them against the potential benefits. It will also enable the NGO to look at risks that may come up in the course of implementation due to change in internal and external factors.

Every NGO should establish effective risk management process to assess its current risk levels and take measures to mitigate those risks with significant consequence. An effective risk management strategy seeks to find a balance between protecting the NGO from potential risks without undermining its ability to accomplish its mission. The commonly used methods in managing a risk are risk avoidance, risk acceptance and sharing, risk mitigation and risk transfer. The NGO must closely monitor the progress of implementing the strategy adopted in response to the risk identified, if any.

The following are examples of risk that an NGO may be exposed to from the financial perspective, which arise due to failure in taking certain actions in the course of its operation, such as:

- Making proper financial planning to ensure sustainability of the operation;
- Implementing effective budgetary control system to monitor ongoing financial performance;
- Securing sufficient financial resources to cover its short-term and long-term operational needs;
- Keeping proper accounting records and preparing timely and accurate financial statements based on which the NGO makes its important organisational decisions;
- Setting up proper internal controls to detect, prevent and correct accounting errors and irregularities;

- Matching investment with its risk tolerance level;
- Complying with regulatory requirements, e.g. the “Companies Ordinance” and “Inland Revenue Ordinance”;
- Meeting the obligation under grant agreements or the commitment to donors; and
- Deploying staff with the required expertise to lead specific functions such as IT and accounting.

External Audit

NGOs that are incorporated under the “Companies Ordinance” are required to have their annual financial statements audited by an independent firm of auditors. The purpose of the external audit includes the determination of the completeness and accuracy of the accounting records of the NGOs, to ensure that the records are prepared as per the accounting framework which applies to them and to ensure that the financial statements present the true and fair results and the financial position. Keeping proper books and accounts is the responsibility of the Board. The external auditor’s role is to express an opinion thereon.

The timing of the audit should be properly planned to ensure the audited financial statements will be completed and approved by the Board in time for regulatory filing and for internal purpose, e.g. presentation at AGM.



Essentials of a Financial Policy

It is a good practice for an NGO to have a clearly defined financial policy. Donors prefer to support an NGO that has strong ability in managing its financial affairs. A well-written and well-communicated financial policy will enable stakeholders to form a view on the NGO’s financial management capacity and raise their confidence in what the NGO is doing and its accountability.

The purpose of the financial policy is to describe and document how the Board wants financial management activities and monitoring to be carried out. To accomplish this, every financial policy needs to address the following areas:

Clarifying Roles and Responsibilities

Financial management will involve different levels of management and staff for different processes and specific actions. The person(s) responsible for carrying out an action as stipulated in the policy should be clearly stated to avoid misunderstanding and ensure no omission or overlap.

Generally speaking, the Board has a stewardship and oversight responsibility over all the affairs of the NGO including its financial management. Specifically, the Board should review financial reports at each board meeting, and provide adequate training to members to enable them to fulfil their financial role.

Depending on the size of the NGO, Board Committees such as Finance Committee (“FC”), Investment Committee or AC, may be set up to take on certain specific roles of the Board, providing advice and oversight over specific financial management matters. These committees should comprise members with relevant expertise and experience to discharge their respective responsibilities. They shall have their own terms of reference and are accountable to the Board. A sample terms of reference of FC and AC can be found in Appendix I and II.

The agency head is in charge of managing an NGO, reporting to the Board, and has the responsibility to achieving outcomes relating to the organisation’s mission. Supported by the finance team, the agency head is responsible for managing the NGO’s finances, including financial planning, management of financial risks, record keeping, and financial reporting. The following are some specific responsibilities of the agency head:

- Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds;
- Report the financial results of the NGO’s operations according to the schedule established by the Board;
- Pay all obligations and file required reports in a timely manner;
- Make contractual commitment for bank loans or for real estate leases or purchases with specific approval of the Board;
- Obtain competitive bids for purchase of services and assets with a value over the amount as specified by the Board; and
- Take all appropriate measures to ensure the organisation’s assets are adequately protected and maintained, for example, by taking insurance policy to insure against theft and casualty losses and against liability losses to Board members, staff,

or the organisation itself; to avoid actions that would expose the organisation, its board, or its staff to claims of liability; and to protect intellectual property, information, and files from unauthorised access, tampering, loss, or significant damage.

For small NGOs, Board members may be required to participate in daily management functions. This does not obviate the need to have proper delineation of the role and responsibilities of the Board and the staff. Individuals with dual roles must be clear about the capacity in which they are performing certain functions and the respective responsibility.

Assigning Authority and Limit

Any action involving deployment of the NGO's financial resources must be carried out by persons with proper authorisation. A financial policy should state clearly who has that authority and up to what limit. The policy should also prescribe the procedures for assigning authority and setting limits.

Some examples of assigning authority and setting limit include:

- The Board authorises the agency head to hire and supervise staff and external consultants, pay bills, receive funds, and maintain bank accounts;
- The agency head is authorised to sign cheques up to a certain amount, for example HK\$20,000, and cheques for amounts greater than the specified amount shall also require the signature of the Treasurer or Board Chair;
- The agency head is authorised to enter into contracts for activities that have been approved by the Board as a part of budgets. The Board must authorise any contracts not within these parameters and all contracts with a financial value over a certain amount, for example HK\$150,000, or other amount the board deems appropriate;
- The agency head is authorised to manage expenses within the parameters of the overall approved budget, reporting to the FC or the Board on variances and the reason for these variances; and
- The Board must approve any use of the reserve funds.

Policy on Conflict of Interest

There may be situations where an NGO enters into a transaction which appears to have appropriately benefitted its staff, officers or directors. An NGO must have a proper policy in

dealing with such situation when it arises. A conflict of interest (“Col”) policy is intended to help ensure that the organisation has a process in place under which the affected individual(s) will advise the Board of Directors about the relevant facts concerning the situations. A set of proper procedures for handling Col should be established including the following key elements:

- A direction to require all directors and staff to declare an unavoidable Col to a designated authority, including the relevant facts concerning the situations, as soon as possible;
- Assessment of the degree of conflict and decision of the appropriate mitigating measure to manage the conflict, e.g. excuse the affected individual(s) from handling and / or making decision on such matters; and
- Documentation of the Col declared, the assessment by the designated authority, and the mitigating measures taken.

Financial Record Keeping and Maintenance

Financial record keeping and maintenance are important components of financial management. It should be clearly stated in the financial policy what processes are involved, the persons responsible and the timing for various processes and steps to be carried out to enable accurate financial statements and reports are prepared and presented for review by the Board and individual management team members who need the reports for management purpose.

Keeping proper books of accounts and retaining record for no less than 7 years are specific requirements under the “Companies Ordinance” and “Inland Revenue Ordinance” which NGOs are obliged to comply with.



Developing a Financial Policy

When developing a financial policy and procedures, it is important that there are sufficient discussions between both the decision makers in the NGO and those who will be implementing them on a day-to-day basis. In most organisations, this will be a combination of Board members (often delegated to the FC, if one exists), management staff, and front-line financial staff. How this process occurs can vary significantly depending on the size, structure, and culture of the organisation.

In most cases, the high level policy questions should be discussed between Board members and management staff. The full Board will give ultimate approval of the policy based on recommendation of this informed work group.

The day-to-day procedural steps are often determined between management staff and front-line financial staff. Together they are in the best position to determine the most efficient and effective ways to implement a given policy direction. The Board and / or the FC may perform a separate review on the procedures to ensure that they adequately address the broad policy goal.

Ultimately the agency head has responsibility for administering the policies and ensuring compliance with the procedures once they have been approved by the Board. It is good practice to train staff regularly on the policies and procedures. This can often be done in conjunction with a review process, which should occur every two years at a minimum.



SECTION II

Sample Financial Policy Statement

For Small-sized NGOs

Note - This sample financial policy statement is suitable for small-sized NGOs, defined as one (a) with a simple Board structure; (b) with some members assuming certain key management role; (c) engaging in one single line of service; (d) with limited income sources; and (e) serviced by a small number of staff without sophisticated division of duties. It should be noted that no two NGOs are exactly identical. When adopting this sample policy statement, caution must be taken and appropriate tailoring be made to suit one's own situation.

[NGO]

Statement of Financial Policy

Approved by the Board of Directors on [Date]

1. Purpose

- 1.1 The purpose of this financial policy statement is to establish guidelines for the Board of Directors (the "Board") and the staff of [NGO] on the financial management of the organisation; standards and procedures to be applied when developing financial goals and objectives, making financial decisions and reporting the financial status of the organisation.

2. Responsibilities of the Board

- 2.1 The Board has the ultimate fiduciary responsibility for the oversight of the [NGO]'s financial and reporting function. In discharging these responsibilities, the Board sets and approves the financial policy statement, and oversees its implementation.

3. Responsibilities of the Treasurer

- 3.1 The Treasurer is delegated by the Board to oversee and coordinate the various financial related matters.
- 3.2 The Treasurer should possess basic financial and accounting knowledge in order to perform this role.

Note - The Treasurer does not need to have an accounting qualification. However, the Board should ensure that the person taking up this role is able to carry out the work independently and effectively.

4. Philosophy and Objective of Financial Management

- 4.1 [NGO]'s philosophy and objectives on financial management are to ensure:
- Long-term sustainability of the organisation;
 - Fulfilment of financial goals to support its operations and development;
 - Financial matters are properly handled and in the best interests of the organisation; and
 - Regulatory and funders' requirements are met.

5. Financial Responsibilities and Operations

- 5.1 The Board relies on the [# agency head OR staff] for the day-to-day financial operations.
- 5.2 The general and daily financial management and reporting of [NGO] are implemented by the [# agency head OR staff]. Working together with the Board of Director, the agency head develops and implements appropriate financial policies and procedures, recommends expenditures and revenue objectives for [NGO] in accordance with the Board approved long-term plans, and develops and maintains the annual budget.
- 5.3 The agency head, supported by appropriate accounting personnel, is responsible for preparing financial reports for the Board and relevant stakeholders.
- 5.4 It is the responsibility of the Board to formulate financial policies, delegate administration of such policies to the agency head and appropriate staff, and review operations and activities on a periodic basis.

6. Financial Statements

- 6.1 [NGO]'s financial statements shall be prepared on an accrual basis in accordance with generally accepted accounting principles, and in accordance with standards of accounting and reporting.

7. Internal Financial Reports

- 7.1 **[# The agency head OR staff]**, with the support of appropriate accounting personnel, shall prepare and present periodic financial statements in a format approved by the Board. The financial statements shall include information about all **[NGO]**'s funds and cash position as of the end of each **[# month OR quarter]**. The financial statements shall be reviewed by the Treasurer on a regular basis **[# e.g. at least quarterly]** and submitted to the Board for approval at each Board meeting.
- 7.2 Regular reports on **[NGO]**'s activities and programmes including an income and expenditure statement shall be prepared by the staff responsible for those activities for review by the agency head for accuracy and propriety. These reports shall show periodic (e.g. monthly) and year-to-date income, expenditures, and net income by account, where appropriate. Additionally, the original annual budget and revised budgets for these accounts should be included.

8. Accounting and Record Keeping

- 8.1 A chart of accounts is established to record all financial transactions of the organisation. The chart of accounts includes account codes for general ledger activities and account codes for subsidiary ledger entries.
- 8.2 The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense as well as gain and loss.

9. Audit

- 9.1 **[NGO]** shall have an audit of its financial statements completed annually by an independent firm of auditors. The audit shall cover the financial year ending on **[# December 31 OR other year end date as applicable]**.
- 9.2 The agency head and the staff responsible for the accounting function shall oversee the implementation of the annual financial audit. The Board shall approve the appointment of the auditor.
- 9.3 The timing of the audit should be properly planned to ensure the audited financial statements will be completed and approved by the Board in time for regulatory filing and for internal purpose, e.g. presentation at AGM.
- 9.4 A representative of the audit firm shall be invited to make a presentation to the Board if the audit report is other than unqualified, or if the auditor reports material weaknesses in internal controls or reportable conditions.

10. Internal Controls and Risk Management

- 10.1 [NGO] shall establish sufficient internal financial controls and procedures to safeguard the organisation's assets, and ensure financial transactions are properly authorised, appropriated, executed and recorded.
- 10.2 Sufficient internal control measures include setting line of authority, segregation of duties, restricted access, document control, record retention, processing and reconciliation control, and security of financial data in [NGO]'s procedures.
- 10.3 Appropriate risk management measures shall be established to ensure any significant endeavour of the [NGO], that may have financial exposure, is timely identified, properly evaluated and adequately controlled.

11. Annual Operating Budget

- 11.1 The agency head and the Treasurer shall be responsible for presenting to the Board for approval an annual operating budget prior to the end of the financial year. The annual budget should include all the planned activities to be conducted in the coming year together with an estimation of related income and expenses.
- 11.2 In the event that a deficit budget is projected, there should be a plan on meeting the funding gap.
- 11.3 The Treasurer, together with the agency head, reviews the monthly income and expenditures and makes recommendations to the Board of [NGO] for revising the annual operating budget where necessary.

12. Operation of Bank Accounts

- 12.1 [NGO] should maintain a minimal number of bank accounts for carrying out its operations.
- 12.2 Writing a cash cheque should be avoided unless it is absolutely necessary. Situations that may require the use of cash cheques should be properly documented with the approval of the Board together with the agency head, and subject to review from time to time.
- 12.3 All cheques, or online transfers, will require two authorised signatures or approvals (as may be evidenced by emails or other electronic means). The Board shall designate the Board Chair, the Treasurer, **[# other Board member OR the agency head OR appropriate staff member]** as authorised signers of cheques on behalf of [NGO]. No cheque signer may sign a blank cheque.
- 12.4 Proper reconciliation to the bank statements should be carried out every month by designated accounting staff. Any discrepancy should be reviewed by the agency head and the Treasurer.

13. Receipt of Income

- 13.1 All income received shall be handled by designated personnel and subject to sufficient check and balance. They should be recorded in accordance with generally accepted accounting principles and must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in [NGO]'s chart of accounts.
- 13.2 All income received should be kept under adequate security and recorded in the cashbook on the day it is received [# or as soon as practicably possible thereafter, period to be specified]. All cheques or cash received should be deposited into the bank account as soon as possible. When income is received via bank transfer, entry into the cashbook should be made at least weekly.
- 13.3 All income received, in whatever form, should be acknowledged with a written and numbered receipt. The receipt number should be included in the entry in the cashbook.
- 13.4 Grants and donations received should be properly accounted for in accordance with the terms of the related agreements. Proper monitoring procedures should be put in place to ensure compliance.
- 13.5 Outstanding accounts receivable should be analysed by age and reviewed by appropriate accounting personnel. Appropriate follow-up action should be carried out to chase for settlement or remove uncollectible balances from the accounting records as the situation warrants.

14. Purchases and Expenses

- 13.1 [NGO] shall record expenses on the accrual basis of accounting.
- 14.2 Sound business practices should be applied when procuring goods and services.
- 14.3 For contracts and / or purchases greater than [# e.g. HK\$10,000], [NGO] should seek quotations from at least three vendors and award the contract to the vendor offering the supply or service needed for the lowest price. Award may be made to a vendor other than the lowest bidder in circumstances where the higher bid demonstrates best value to the organisation.
- 14.4 For capital expenditures and purchases exceeding certain amount as determined by the Board, [# e.g. HK\$500,000], tendering process should be used. Proper tendering procedures should be clearly spelt out and communicated to all tenderers and followed strictly.
- 14.5 No payments shall be made except on production of an invoice or completed and authorised expense form.
- 14.6 Outstanding accounts payable should be analysed by age and reviewed by appropriate accounting personnel. Priority and timing of payment should be determined with reference to available cash balances and other cash requirements in the near future.

15. Investment of Funds

- 15.1 The Board may invest the [NGO]'s surplus funds in line with an investment policy set up by the Board providing general guidelines regarding the type of investments deemed appropriate and the objectives of each investment.

16. Operating and Other Reserves

- 16.1 The Board may set up operating and other reserves as deemed appropriate and for this purpose establish a reserve policy providing general guidelines regarding reserve establishment and maintenance.

17. Conflict of Interests

- 17.1 In the course of carrying out [NGO]'s operations, all directors and staff should avoid situations which may lead to conflict of interest ("Col") or perceived conflict of interest as far as practicable.
- 17.2 Only when a Col situation cannot be avoided, the individual concerned must then declare the facts concerning the situation immediately to the agency head using the standard declaration form and, depending on the nature and extent of the conflict, the matter shall be reported to the Board. All declared Col should be properly managed with appropriate mitigating measures taken.
- 17.3 In a situation involving a critical decision to be made such as awarding a contract, the individual who has an actual or perceived Col should not be allowed to handle and / or participate in the decision making process with regard to the matter.
- 17.4 All declared Col and the mitigating measures taken should be properly documented.

18. Review and Amendment

- 18.1 The policies shall be reviewed regularly [# e.g. annually OR bi-annually]. No modification may be made without the explicit approval of the Board.
- 18.2 Any discussion and decision in the above regard shall be properly documented in the minutes of the meeting of the Board, and this policy statement shall be updated accordingly.



SECTION II

Sample Financial Policy Statement

For Bigger-sized NGOs

Note - This is a sample financial policy statement suitable for bigger-sized NGOs, defined as one having one or more of the following characteristics: (a) having a more sophisticated Board, committee and management structure; (b) engaging in multiple lines of service; (c) of a comparatively larger operational scale; (d) with diversified funding sources; and (e) having a staff force organised by functions.

It should be noted that no two single NGOs are exactly identical. When adopting this sample policy statement, caution must be taken and appropriate tailoring must be made to suit one's own situation.

[NGO]

Statement of Financial Policy

Approved by the Board of Directors on [Date]

1. Purpose

- 1.1 The purpose of this financial policy statement is to establish guidelines for the Board of Directors (the "Board") and the staff of [NGO] on the standards and procedures to be applied when developing financial goals and objectives, making financial decisions and reporting the financial status of the organisation. In addition, these policies will provide guidelines to allow for an effective management of the organisation's funds.

2. Responsibilities of the Board

- 2.1 The Board has the ultimate fiduciary responsibility for the oversight of the [NGO]'s financial and

reporting function. The Board must ensure that appropriate policies governing the financial operations are in place and that these policies are being effectively implemented. In discharging these responsibilities, the Board sets and approves the Financial Policy Statement, and establishes a Finance Committee ("FC") to oversee its implementation.

3. Responsibilities of the Finance Committee

- 3.1 The FC shall be responsible for the oversight and coordination of the following matters:
- Annual Budget Presentation for Board Approval
 - Selection of External Auditors
 - Presentation of Periodic Financial Statements
 - Annual Financial Report
 - Management of Investments
 - Internal Controls
 - Financial Policies
- 3.2 The Treasurer shall serve as the Chair of the FC who should possess appropriate financial and accounting knowledge that is required in performing this role.
- 3.3 The FC is staffed by the finance manager and other staff as assigned. The long-term financial objectives of [NGO] are reviewed and approved by the FC following the recommendations of the agency head and the assigned staff.

4. Philosophy and Objective of Financial Management

- 4.1 [NGO]'s philosophy and objectives on financial management are to ensure:
- Long-term sustainability of the organisation;
 - Fulfilment of financial goals to support its operations and development;
 - Adoption of the best financial management practices;
 - Financial matters are addressed with care, integrity, and in the best interests of the organisation; and
 - Regulatory and funders' requirements are met.

5. Financial Responsibilities and Operations

- 5.1 The Board oversees the general financial administration of [NGO] and relies on the agency head and finance manager for the day-to-day operations and financial decisions. The Board delegates this

oversight responsibility to the Treasurer and the FC. This responsibility is shared with the agency head and the finance manager through delegation.

- 5.2 The general and daily financial management and reporting of [NGO] are implemented by the agency head and the finance manager. The agency head acts as the primary fiscal agent, implementing all financial policies and procedures. The finance manager recommends expenditures and revenue objectives for [NGO] in accordance with the Board-approved long-term plans, and develops and maintains the annual budget in cooperation with the management team and other Board Committees.
- 5.3 The finance manager is responsible for preparing financial reports for the agency head, the Board, and relevant stakeholders. The finance manager is also responsible for the following specific finance functions:
- Budget Administration
 - Risk Management
 - Accounting Operations
 - Human Resources
 - Accounts Payable
 - Fixed Assets
 - Contracts and Accounting
 - Taxation and Reporting
 - Cash Disbursements
 - Accounts Receivable
 - Financial Statement Processing
 - External Reporting of Financial Information
 - Bank Reconciliations
 - Reconciliation of Sub-Ledgers
 - Compliance with Government Reporting Requirements
 - Annual Audit
 - Leases
 - Insurance
 - Payroll
- 5.4 It is the responsibility of the Board to formulate financial policies, delegate administration of such policies to staff, and review operations and activities on a periodic basis.

6. Financial Statements

- 6.1 [NGO]'s financial statements shall be prepared on an accrual basis in accordance with generally accepted accounting principles, and in accordance with standards of accounting and reporting.

7. Internal Financial Reports

- 7.1 The finance manager shall prepare and present monthly financial statements in a format approved by the FC. The financial statements shall include information about all of [NGO]'s funds and cash position as of the end of each month and quarter. The financial statements shall be submitted by the

finance manager to the agency head; and by the agency head to the Treasurer on a monthly basis. The financial statements shall also be submitted to the Board at each board meeting.

- 7.2 The finance manager shall also prepare monthly reports for the programme administrator and other relevant officers, including an income and expenses statement for reviewing the accuracy and propriety of income and expense transactions made to **[NGO]** accounts for which they have responsibility. These reports shall show monthly and year-to-date income, expenditures, and net income by account, where appropriate. Additionally, the original annual budget and revised budgets for these accounts should be included.

8. Accounting and Record Keeping

- 8.1 A chart of accounts is established to accumulate all financial transactions of the organisation. The chart of accounts includes fund / account codes for general ledger activities and account codes for subsidiary ledger entries.
- 8.2 The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, revenue, expense and gain and loss.
- 8.3 **[NGO]**'s chart of accounts is monitored and controlled by the finance manager. Responsibilities include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the FC or agency head, who ensures that the chart of accounts is consistent with the organisational structure of **[NGO]** and meeting the needs of each operation unit.

9. Audit

- 9.1 **[NGO]** shall have an audit of its financial statements completed annually by an independent firm of auditors. The audit shall cover the financial year ending on **[# December 31 OR other year end date as applicable]**.
- 9.2 The agency head and the finance manager shall have direct responsibility in overseeing the implementation of the annual financial audit. The agency head and the finance manager shall recommend to the FC for approval the selection of a firm to perform the annual audit. In addition, the FC shall assist when necessary in the audit preparation, and report the final results to the Board.

Note - Where an Audit Committee is established, replace the preceding paragraph with the following:

9.2 The agency head and the finance manager shall have direct responsibility in overseeing the implementation of the annual financial audit. The FC shall assist when necessary in the audit preparation. It is the responsibility of the Audit Committee ("AC") to review the work of the external auditor, and make recommendation to the Board for the appointment of the external auditor.

- 9.3 The timing of the audit should be properly planned to ensure the audited financial statements will be completed and approved by the Board in time for regulatory filing and for internal purpose, e.g. presentation at AGM.
- 9.4 A representative of the audit firm shall be invited to attend the annual presentation to the FC **[# ORAC, where appropriate]**, and shall be required to make a presentation to the Board if the audit report is other than unqualified, or if the auditor reports material weaknesses in internal controls or reportable conditions.

10. Internal Controls

- 10.1 **[NGO]** shall establish sufficient internal financial controls and procedures to safeguard the organisation's assets. The internal financial controls consist of the following:
- **Segregation of Duties:** A hierarchical structure of authority and responsibility under which tasks are divided and allocated to guard against one individual having the ability to make an accounting error (either knowingly or unknowingly). This protects the organisation from any potential fraud or misappropriation of funds.
 - **Restricted Access:** Physical access to valuable and moveable assets is restricted to authorised personnel.
 - **Document Control:** In order to ensure that all documents are captured by the accounting system, all documents must be initialled and dated when recorded and then filed appropriately.
 - **Records Retention:** To provide an accurate and auditable record of all financial transactions, the organisation's books, records, and accounts should be properly maintained. Records should be retained in accordance with regulatory and other legal requirements. Record retention requirements should be reviewed annually to determine any necessary changes.
 - **Processing Controls:** These are designed to identify any errors before they are posted to the general ledger. Common processing controls are the following: (a) Source document matching; (b) Clerical accuracy of documents; and (c) General ledger account code checking.

- **Reconciliation Controls:** These are designed to identify any errors after transactions have been posted and the general ledger has been updated. The process involves reconciling selected general ledger control accounts to subsidiary ledgers. Reconciliation is completed by the finance manager and approved by the agency head.
- **Annual Independent Audit:** [NGO]'s financial statements are audited annually by an independent audit firm selected by the Board on the recommendation of the FC [# OR AC, as appropriate].
- **Security of Financial Data:** [NGO]'s accounting software is accessible only to the agency head, finance manager and relevant staff members. Individual ID codes and passwords are in place for all users and limit their access and functionality depending on their role. All hard copies of financial data, when not in use, will be secured in a closet or cabinet at the office.
- **Risk Management:** This is designed to identify, analyse, and manage risk relevant to the preparation of accurate financial statements. It includes mitigating risks involving internal and / or external factors that might adversely affect the organisation's ability to properly record, process, summarise and report financial data.

11. Planning and Budgets

11.1 Annual Operating Budget

- The agency head and the finance manager shall be responsible for the preparation and presentation of an annual operating budget for consideration by the FC prior to the end of the financial year. The annual budget should include all the planned activities to be conducted in the coming year together with an estimation of related income and expenses.
- The agency head and the finance manager in conjunction with the operation team will coordinate the internal preparation of the budget draft, which will be then presented to the appropriate committees for review. Each staff member shall solicit budget requests and recommendations from the various Board Committees for which they are liaison. The agency head and the finance manager shall consider these recommendations when creating the annual budget.
- The FC shall review and approve the recommended budget income and expenditures for the financial year budget, and submit the final budget for approval to the Board.

11.2 Event Budgets

- All of the special events of [NGO] shall require the preparation of a budget.
- An event budget shall be prepared by the staff member(s) responsible for the event and submitted to the finance manager [# OR other responsible staff] prior to the implementation of the event. Event expenditure advances will be provided upon the approval of the event budget.

11.3 Income Goals and Report

- The responsibility for reaching [NGO]'s budgeted income goals on a yearly basis is shared by the agency head and the Board. The agency head is responsible for planning and development of the organisation, programme administration and the finance manager, develops and proposes revenue goals and submits them to the appropriate committees for review and recommendations prior to submitting them to the Board for discussion, and eventual development and approval of the annual budget.
- The FC reviews monthly income and expenditures and if necessary makes recommendations to the Board and the agency head of [NGO]. The FC and agency head shall continuously plan for the long-term financial stability of the organisation in accordance with the long-term plans which will be reviewed periodically, and adjusted when necessary.

12. Operation of Bank Accounts

- 12.1 [NGO] should maintain a minimal number of bank accounts for carrying out its operations.
- 12.2 Writing a cash cheque should be avoided unless it is absolutely necessary. Situations where cash cheques are required should be properly documented with the approval of the Board together with the agency head, and subject to review from time to time.
- 12.3 All cheques, or online transfers, will require two authorised signatures or approvals (as may be evidenced by emails or other electronic means). The Board shall designate the Board Chair, the Treasurer, [# other Board member OR the agency head OR appropriate staff member] as authorised signers of cheques on behalf of [NGO]. No cheque signers may sign a blank cheque.
- 12.4 Proper reconciliation to the bank statements should be carried out every month and reviewed by designated accounting staff. Any discrepancy should be reported to the agency head and the Treasurer / FC.

13. Receipt of Income

- 13.1 Income may be received from several sources including service provision, product sale, grants, donations and gifts, etc. All income received shall be handled by designated personnel and subject to

sufficient check and balance. They should be recorded in accordance with generally accepted accounting principles and must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in [NGO]'s chart of accounts.

- 13.2 All income received should be kept under adequate security and recorded in the cashbook on the day it is received [*# OR as soon as practicably possible thereafter, period to be specified*]. All cheques or cash received should be deposited into the bank account as soon as possible. When income is received via bank transfer, entry into the cashbook should be made at least weekly.
- 13.3 All income received, in whatever form, should be acknowledged with a written and numbered receipt. The receipt number should be included in the entry in the cashbook.
- 13.4 Grants and donations received should be properly accounted for in accordance with the terms of the related agreements. Proper monitoring procedures should be put in place to ensure compliance.
- 13.5 Outstanding accounts receivable should be analysed by age and reviewed by appropriate accounting personnel. Appropriate follow-up actions should be carried out to chase settlement or remove uncollectible balances..

14. Purchases and Expenses

- 14.1 [NGO] records expenses on the accrual basis of accounting.
- 14.2 [NGO] adheres to the following principles for purchases:
 - Be completely impartial based strictly on the merits of supplier and contractor proposal and applicable related considerations such as delivery, quantity, quality, etc.;
 - Transacted in the best interests of the organisation and its funding sources;
 - Buy from reliable sources of supply;
 - Obtain maximum value for the expenditures; and
 - Be above suspicion of unethical behaviour at all times; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in supplier relationships.
- 14.3 For contracts and / or purchases greater than [*# e.g. HK\$10,000*], [NGO] should seek quotations from at least three vendors and award the contract to the vendor offering the supply or service needed for the lowest price. Award may be made to a vendor other than the lowest bidder in circumstances where the higher bid demonstrates best value to the organisation.

- 14.4 For capital expenditures and purchases exceeding certain amount as determined by the Board, [# e.g. HK\$500,000], tendering process should be used. Proper tendering procedures should be clearly spelt out and communicated to all tenderers and followed strictly.
- 14.5 No payments shall be made except on production of an invoice or completed and authorised expense form.
- 14.6 Outstanding accounts payable should be analysed by age and reviewed by appropriate accounting personnel. Priority and timing of payment should be determined with reference to the available cash balances and other cash requirements in the near future.

15. Investment of Funds

- 15.1 The Board sets the investment policy for [NGO]. The investment policy shall provide guidelines regarding the type of investments deemed appropriate and the objectives of each investment. The [# Investment OR Finance Committee as applicable] has been designated to implement the Board's investment policy.

16. Operating and Other Reserves

- 16.1 The Board sets the reserve policy for [NGO]. The reserve policy shall provide guidelines regarding reserve establishment and maintenance to ensure the stability of [NGO]'s mission, programmes, employment, and ongoing operations and to provide a source of internal funds for organisational priorities.

17. Conflict of Interests

- 17.1 In the course of carrying out [NGO]'s operations, all directors and staff should avoid situations which may lead to conflict of interest ("Col") or perceived conflict of interest as far as practicable.
- 17.2 Only when a Col situation cannot be avoided, the individual concerned must then declare the facts concerning the situation immediately to his / her immediate superior using the standard declaration form and, depending on the nature and extent of the conflict, the matter shall be reported to the Board. All declared Col should be properly managed with appropriate mitigating measures taken.
- 17.3 In a situation involving a critical decision to be made such as awarding a contract, the individual who has an actual or perceived Col should not be allowed to handle and / or participate in the decision making process with regard to the matter.
- 17.4 All declared Col and the mitigating measures taken should be properly documented.

18. Review and Amendment

- 18.1 This policy shall be reviewed annually under the advice of the FC. No modification may be made without the explicit approval of the Board.
- 18.2 Any discussion and decision in the above regard shall be properly documented in the minutes of the meeting of the Board, and this policy statement shall be updated accordingly.



SECTION III

Resources and Reference Materials

The documents listed below are useful reference related to NGOs' financial management and governance. Organisations working on a financial management and governance policy statement should be familiar with their contents as appropriate:

- (a) Hong Kong Institute of Certified Public Accountants. "Governance & Accountability." *CPAs for NGOs: Quick Guide Series*.
- (b) Hong Kong Institute of Certified Public Accountants. "Internal Control & Audit." *CPAs for NGOs: Quick Guide Series*.
- (c) Hong Kong Institute of Certified Public Accountants. "Reserve Policy." *CPAs for NGOs: Quick Guide Series*.
- (d) Independent Commission Against Corruption. *Best Practice Checklist on Governance and Internal Control in Non-Governmental Organisations*. 2020.
- (e) Independent Commission Against Corruption and The Hong Kong Council of Social Service. *Sample Code of Conduct for Board Members & Staff of Non-Governmental Organisations in Social Welfare Sector (Full Version)*. 2015.
- (f) Independent Commission Against Corruption and The Hong Kong Council of Social Service. *Tips for NGOs – Management of Conflict of Interest*. 2019.
- (g) Inland Revenue Department. *Tax Guide for Charitable Institutions and Trust of a Public Character*. 2021.
- (h) Social Welfare Department. "Use of Lump Sum Grant and Lump Sum Grant Reserve." *Lump Sum Grant Circular*, No. 9/2003.
- (i) Social Welfare Department. *Lump Sum Grant Manual*. 2016.
- (j) The Hong Kong Council of Social Service. *A Concise Guide on NGO Investment*, Second Revision. 2022.
- (k) The Hong Kong Council of Social Service. *A Concise Guide on NGO Reserves*, Second Revision. 2022.

- (l) The Hong Kong Council of Social Service and Ernst & Young. *Internal Control Toolkit for Small NGOs*. 2020.



APPENDIX I

Sample Terms of Reference - Finance Committee

The purpose of this document is to offer some guidance for NGOs to develop a policy for the Finance Committee that oversees their financial activities. The terms of reference would clarify the scope and range of roles, eliminating duplicates and overlap. More importantly, this process will facilitate meeting the fiduciary responsibilities to fulfil the organisations' mission.

The sample below will serve as a tool to help create individual NGO's own committee blueprint that meets its organisational needs. Organisation will need to customise the final version based on its specific goals. This sample document is for information and reference purposes only.

[NGO]

Finance Committee

Terms of Reference

Approved by the Board of Directors on [Date]

1. Objective

- 1.1 The Finance Committee ("FC") is a committee appointed by the Board of Directors (the "Board") to support [NGO]'s Treasurer in advising the Board on all financial related matters delegated by the Board to ensure [NGO] sustains long-term financial stability.

2. Roles and Responsibilities

- 2.1 The responsibilities of the FC include the following:

(a) Review and advise on financial-related matters, including but not limited to:

- Establishment of and changes to major financial, investment, accounting and treasury policies;

- All major financing transactions of [NGO];
 - [NGO]'s development plan and budgets;
 - Major contracts and variations;
 - Financial operations as recorded in financial statements and reports;
 - Financing, investments, guarantees, indemnities, and mortgaging of [NGO]'s assets; and
 - Any actual, or potential, major exception or occurrence which has, or may have, a major financial impact on [NGO];
- (b) Review and advise on the development of [NGO]'s annual expenditure budget;
- (c) Examine financial statements as well as comparison of actual performance to budget, and proposed any recommendations to the management and the Board;
- (d) Review and endorse for the Board's approval the addition and deletion of bank accounts;
- (e) Review the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes; and
- (f) Any other finance-related role or responsibility as assigned by the Board.

3. Authority

- 3.1 The FC may employ, instruct, appoint or retain, at [NGO]'s expense, any professional advisor as it considers necessary and appropriate in connection with its purposes.
- 3.2 The FC will have available to it sufficient resources, as determined by the Committee, to run effectively, including to:
- (a) Engage and remunerate professional advisors to assist the Committee to carry out its work; and
 - (b) Incur and pay any expenses of the Committee that are necessary or appropriate to assist it in carrying out its work under these terms of reference.

Note - Where there is an Audit Committee established in the NGO, the following paragraph can be included:

- 3.3 *The FC has the authority to request the Audit Committee to conduct investigations into any matters within its scope of responsibility. It is empowered to seek any information it requires from employees, all of whom are directed to co-operate with the FC's requests.*

4. Reporting Responsibilities

- 4.1 The FC shall submit reports of its meetings to the Board on the Committee's activities, findings, and related recommendations.

5. Membership

- 5.1 The members of the FC shall be appointed by the Board.
- 5.2 The number of members of the FC including the Chairman shall be no less than **[# 3 or any number as approved by the Board]**. The total number of members is suggested to be odd number to facilitate decision making.
- 5.3 The term of the FC members shall be **[# 2 years OR other term as approved by the Board]**. The members can be re-appointed if approved by the Board.
- 5.4 The majority of the members of the FC shall be members of the Board.
- 5.5 The Chairman of the FC shall be the Treasurer.

6. Meetings

- 6.1 The FC should meet **[# at least 3 times annually OR as frequently as approved by the Board]**.
- 6.2 The schedule of the meetings shall be agreed in advance to enable reports to be made at the Board meeting that immediately follows.
- 6.3 To form a quorum, a simple majority of the members by headcount shall be present.
- 6.4 The agency head **[# and the finance manager]** shall attend the meeting, and **[# the finance manager]** shall act as the secretary of the meeting.
- 6.5 Minutes of the FC together with the action list should be prepared by the secretary and circulated for members' comments before Chairman's endorsement, and subsequent adoption at the next Committee meeting.

7. Governance

- 7.1 Where there is a conflict of interest, the FC member so affected shall declare his / her interest and the details of the conflict are to be recorded by the Secretary. The FC member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself / herself from the discussions in respect of those interests.
- 7.2 All members are required to sign a confidentiality agreement upon appointment.

8. Performance Evaluation

- 8.1 In order to ensure that the FC is fulfilling its duties, the FC shall periodically obtain feedback from the Board on its performance and implement any agreed actions that are found to be necessary.
- 8.2 On an annual basis, the Board shall conduct a formal evaluation on the performance of the FC and its individual members. In this regard, the Chairman of the FC shall provide any information the Board may request to facilitate the evaluation.

9. Review of Terms of Reference

- 9.1 The FC shall review these terms of reference periodically and discuss any changes that may be required. Where necessary, recommendation shall be made to the Board for consideration and approval to amend the terms of reference.
- 9.2 The Board will also initiate amendment to these terms of reference as it deems appropriate.



APPENDIX II

Sample Terms of Reference - Audit Committee

Establishing an Audit Committee is not a mandatory requirement, however, some NGOs have set up one as a matter of good practice. These NGOs generally have a bigger scale of operation and are holding a significant amount of operating and financial assets.

The purpose of this document is to offer some guidance for NGOs to develop the terms of reference for an Audit Committee. The terms of reference would clarify the scope and range of roles, eliminating duplicates and overlap. More importantly, this process will facilitate meeting the fiduciary responsibilities to fulfil the organisations' mission. Where the Board decides not to have an Audit committee, the scope and responsibilities discussed in this document would normally be taken up by the Finance Committee.

The sample below will serve as a tool to help create individual NGO's own committee blueprint that meets its organisational needs. Organisation will need to customise the final version based on its specific goals. This sample document is for information and reference purposes only.

[NGO]

Audit Committee

Terms of Reference

Approved by the Board of Directors on [Date]

1. Objective

- 1.1 The Audit Committee ("AC") is a Committee appointed by the Board of Directors (the "Board") to assist in fulfilling its oversight responsibility in ensuring an effective system of internal controls and financial reporting. The AC oversees internal audit function, and defines its roles and responsibilities.

2. Roles and Responsibilities

2.1 The responsibilities of the AC include the following:

- (a) Consider and approve the internal audit charter and internal audit plan;
- (b) Ensure the internal audit function is adequately resourced;
- (c) Receive communications from the internal auditor on the internal audit activity's performance relative to its plan and other matters;
- (d) Approve decision regarding the appointment and removal of the internal auditor;
- (e) Make appropriate inquiries of management and the internal auditor where needed;
- (f) Institute and oversee special investigations as needed;
- (g) Review significant accounting and reporting issues, understand their impact on financial statements;
- (h) Review the work of external auditor, advise on appropriate management action required and recommend such to the Board as needed;
- (i) Review annual financial statements, and [NGO]'s accounting policies;
- (j) Review and monitor the effectiveness of [NGO]'s internal control system, the internal audit function and the audit plan;
- (k) Review the Committee's terms of reference and its own effectiveness and recommend to the Board any necessary changes; and
- (l) Any other role or responsibility as assigned by the Board.

3. Authority

3.1 The AC has the authority to conduct or authorise reviews into any matters within its scope of responsibility. It is also empowered to:

- (a) Recommend to the Board the appointment and compensation of the external auditors;
- (b) Review the nature and charges of any non-audit services rendered by the external auditors, so as to ensure their independence is not compromised;
- (c) Obtain external legal or other independent professional advice under the authorisation of the Board, and to approve the fees payable to such advisors and any other terms of retention, if necessary; and
- (d) Seek any information it requires from directors, employees and members of [NGO].

4. Reporting Responsibilities

- 4.1 The AC shall submit reports of its meetings to the Board on the Committee's activities, findings and related recommendations.

5. Membership

- 5.1 The members of the AC shall be appointed by the Board.
- 5.2 The number of members of the Committee including the Chairman shall be **[# 3 or any number as approved by the Board]**. The total number of members is suggested to be odd number to facilitate decision making.
- 5.3 The term of the AC members shall be **[# 2 years OR other term as approved by the Board]**. The members can be re-appointed if approved by the Board.

6. Meetings

- 6.1 The AC should meet **[# at least 3 times annually or as frequently as approved by the Board]**.
- 6.2 The schedule of the meetings shall be agreed in advance to enable reports to be made at the Board meeting that immediately follows.
- 6.3 To form a quorum, a simple majority of the members by headcount shall be present.
- 6.4 Both the agency head and the internal auditor shall attend the meeting, and the internal auditor shall act as the secretary of the meeting.
- 6.5 Minutes of the Committee together with the action list should be prepared and circulated for members' comments before Chairman's approval and adoption at the next Committee meeting.

7. Governance

- 7.1 Where there is a conflict of interest, the AC member so affected shall declare his / her interest and the details of the conflict are to be recorded by the Secretary. The AC member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself / herself from the discussions in respect of those interests.
- 7.2 All members are required to sign a confidentiality agreement upon appointment.

8. Performance Evaluation

- 8.1 In order to ensure that the AC is fulfilling its duties, the AC shall periodically obtain feedback from the Board on its performance and implement any agreed actions that are found to be necessary.
- 8.2 On an annual basis, the Board shall conduct a formal evaluation on the performance of the AC and its individual members. In this regard, the Chairman of the AC shall provide any information the Board may request to facilitate the evaluation.

9. Review of Terms of Reference

- 9.1 The AC shall review these terms of reference periodically and discuss any changes that may be required. Where necessary, recommendation shall be made to the Board for consideration and approval to amend the terms of reference.
- 9.2 The Board will also initiate amendment to these terms of reference as it deems appropriate.



APPENDIX III

Sample Content Page of a Financial Procedures Manual

CONTENT PAGE

1. INTRODUCTION

- Purpose and Use

2. FINANCIAL ACCOUNTING AND REPORTING

- Estimation of Income and Expenditure
- Surplus Funds
- Expenditure Control
- Books of Account and Accounting Record
 - The Keeping of Proper Books and Accounts and Accounting Records
 - Incorrect Entries
 - Safe Custody of Documents of Value and Accounting Forms and Records
 - Destruction of Accounting Forms and Records
- Financial Reporting
 - Preparation of Financial Statements
 - Submission of Financial Statements
- Audit of Financial Statements

3. CASH AND BANKING OPERATIONS

- Petty Cash
 - Disbursement
 - Reimbursement
 - Responsibilities of Custodian
 - Internal Control and Security
- Authority of Bank Accounts
- Operation of Bank Accounts
 - Fund Transfer among Accounts
 - Signing of Cheques
 - Cheque Books – Ordering, Checking, Issue and Custody
 - Bank Payments
 - Cheque Signing Arrangement
- Bank Reconciliation
- Bank Account Overdrawn
- Security of Cash Handling

4. REVENUE COLLECTION AND RECEIPTS

- Collection Methods
 - By Cheque / Cash
 - By Electronic Means (e.g. Octopus Card)
 - By Other Means

5. PAYMENT OPERATIONS

- Payments
 - Goods
 - Services
 - Expenses

- Payment by Electronic Means
- Payment in Advance
- Loss of Invoices

6. OTHER OPERATIONS

- Procurement of Goods
 - By Quotation
 - By Tender
- Procurement of Services
 - Service Requirements
 - Award of Contracts
- Payroll Records

7. DONATIONS & GRANTS

- Monetary Donation
- Donation-in-kind
- Government and Other Grants
 - Application
 - Monitoring

8. ASSET MANAGEMENT

- Fixed Assets Register
- Physical Count
- Disposal

APPENDIX IV

Questions to Consider When Developing Financial Policy and Procedures

Financial policy is usually issued with a set of supporting procedures for users to follow, providing clear and concise instructions on how to abide by the policy and details the sequence of activities that are required to complete tasks. The document setting out the procedures are generally referred to as “Financial Procedures Manual”, the contents of which vary by different NGOs depending on their size, nature of service provided and sophistication of their finance and accounting function, etc.

The table below is a brief summary of the common topics included in a “Financial Procedures Manual”, together with the key issues and considerations which an NGO needs to address when writing the policy and procedures. This is for reference only and it should be noted that the information presented is by no means exhaustive and should be used with care and diligence.

Policy	Procedures	Questions to Consider
Accounting Structure and Financial Statements	<ul style="list-style-type: none"> • Preparation of financial statements on accrual basis • Structure of books of accounts • Accounting system and application • Monthly, quarterly and annual financial statements – contents, preparation and timelines • Retention of accounting records 	<ul style="list-style-type: none"> • Who is overseeing these functions? • Does the handling staff possess the necessary level of knowledge and experience? • Do we have a financial expert in the Board who can ensure the accounting function is operating effectively? • What financial reports are created and how often? • Who prepares the reports and by what date(s)? • Who reviews which reports and when / how often?

Policy	Procedures	Questions to Consider
Audit	<ul style="list-style-type: none"> • Requirement for annual audit • Procedures for appointment of auditors • Coordination for performing the audit • Review of audit result 	<ul style="list-style-type: none"> • Is there an Audit Committee of the Board? Comprised of how many members and with what responsibility? • Who appoints and oversees the external audit? • Who is responsible for liaison with the audit firm? • How is the audit report presented to the Board?
Bank Account Transactions	<ul style="list-style-type: none"> • Opening of bank accounts • Cheque writing procedures • Record of blank cheque books and safe custody of unused cheque books • Handling of cancelled or void cheques • Supporting documents for issuing cheques • Review of bank statements and cancelled cheques • Preparation, review and approval of bank reconciliations 	<ul style="list-style-type: none"> • Are there sufficient internal controls over the processing of bank account transactions? • Who are the bank signatories? What signing authority do they have? • How frequently are bank reconciliations prepared, and by whom? • Is there independent review of the bank reconciliation, and by whom?
Budget	<ul style="list-style-type: none"> • Budget management • Budget preparation • Budget approval • Budget control and monitoring • Budget revision • Budget variance and year end procedures 	<ul style="list-style-type: none"> • Who is responsible for developing the organisational budget? • Who approves it? And when? • Under what circumstances would the budget be modified and what are the procedures for that? • Any other specific requirements on the details of the budget and format of the report?

Policy	Procedures	Questions to Consider
Conflict of Interest	<ul style="list-style-type: none"> • Process and requirements for disclosure • Identification and resolution of conflicts 	<ul style="list-style-type: none"> • What constitutes a conflict of interest for the organisation? • What are the consequences and remedies?
Fixed Assets and Inventory Management	<ul style="list-style-type: none"> • Accounting treatment of fixed assets • Fixed asset register • Addition and disposal of fixed assets • Physical checking of fixed assets • Inventory records and stocktake • Verification of existence and completeness of asset records • Depreciation calculation 	<ul style="list-style-type: none"> • How is inventory of capitalised items kept? Who has oversight? • What depreciation method is used and who maintains the schedules? • How often is depreciation posted to the general ledger and by whom? • What are the procedures for disposing of assets when they are no longer in use? • Are sufficient safeguards put in place to protect the assets from loss or damage?
Handling and Accounting of Grants and Donations	<ul style="list-style-type: none"> • Procedures for applying grants and soliciting donations • Ensuring compliance with terms and conditions of the grant and donation agreements • Tracking spending of grant or designated donation funds • Recording and reporting on use of grant and donation funds 	<ul style="list-style-type: none"> • Who oversees the handling, accounting and use of grants and donations? • How frequently are reports prepared and submitted for review, and by whom? • What internal control measures are put in place to ensure obligations under the grant and donation agreements are met?

Policy	Procedures	Questions to Consider
Income Processing and Receipt	<ul style="list-style-type: none"> • Processing and recording different types of income • Billing for service rendered • Review of outstanding receivables • Issue of official receipts • Collection by autopay / other electronic means • Handling money collected • Receipt of general donation and fund raising income 	<ul style="list-style-type: none"> • How often are invoices prepared? • Who prepares invoices and who approves? • Who opens the mails, who codes income and who posts receipts in the accounting system? • Are copies of cheque made before depositing? How often is cheque deposit made and by whom? • Where are cash and cheques kept until depositing? • Who prepares and reviews bank deposit slips? • How are records kept? • Who reviews outstanding receivables and how often? • At what point are collection efforts undertaken and what are the procedures for collecting long outstanding receivables? • Are sufficient internal controls built in the various steps of income processing and recording?
Internal Control	<ul style="list-style-type: none"> • Setting of policies and procedures • Review and update 	<ul style="list-style-type: none"> • What is the level of authority for the Board, agency head, finance manager, and other financial staff? • Who approves the elements of the financial systems, e.g. expenses, budget, etc.? • Who develops and approves the financial policies? • Who has authority to change a financial policy and how often are policies reviewed and changes approved?

Policy	Procedures	Questions to Consider
Investment	<ul style="list-style-type: none"> • Setting governance structure • Delegation of authority to Investment Committee, if any • Determining risk appetite and investment guidelines • Investment execution and authority • Performance monitoring • Performance reporting and review • Review and revision of investment guidelines 	<ul style="list-style-type: none"> • Is there an investment policy in place? • Who oversees the investment function? • Is the risk appetite properly determined? • Which types of investment are appropriate for the NGO? • Are there people with sufficient investment expertise to advise the Board on investment matters?
Payments	<ul style="list-style-type: none"> • Mode of payments • Payment requests and procedures • Payment approval and authority • Cheque payment processing • Electronic payments • Cheque distribution • Petty cash system 	<ul style="list-style-type: none"> • What is the level of authority for the Board, agency head, finance manager and other financial staff? • Who approves what? • When and how is approval documented? • What other internal control measures are necessary to ensure accuracy and propriety of payment?
Personal Emoluments	<ul style="list-style-type: none"> • Payroll system and records • Preparation of payroll • Payment of salaries to existing employees by autopay • Payment of salaries to new and terminating employees • Keeping personnel records • Provident funds scheme – deduction of employees' contribution and processing, annual statement to employees 	<ul style="list-style-type: none"> • Who has primary responsibility for preparing payroll? • Who reviews the payroll register to ensure accuracy and legitimacy? When does this happen? How? Control measures? • When is payroll processed?

Policy	Procedures	Questions to Consider
Procurement	<ul style="list-style-type: none"> • Procedures for different procurement activities: <ul style="list-style-type: none"> • Purchase requisition • Quotation / tendering • Quotation / tendering evaluation and approval • Procedures to ensure transparency, open and fair competition • Conflict of interest handling procedures • Independent random check on quality and quantity of goods received 	<ul style="list-style-type: none"> • Who has authority to authorise purchases? • How are purchases approved and how is approval documented? • How is actual and perceived conflict of interest being managed?
Reserve	<ul style="list-style-type: none"> • Setting up reserves • Use of reserve funds and approval • Delegation of authority, where appropriate • Proper records for use and replenishment of reserve funds • Review and revision 	<ul style="list-style-type: none"> • Is there a reserve policy in place? • What are the types and level of reserve required to be set up? • What is the appropriate level of operating reserve to be maintained? • Any circumstances requiring setting up special reserves, e.g. Lump Sum Grant reserve?

ACKNOWLEDGEMENT

This Guide was developed with the valuable guidance and inputs from an Expert Group formed under the NGO Governance Platform Project of HKCSS. Special thanks are due to the following Expert Group members for their tremendous contribution in compiling this Guide for reference of concerned NGOs:

NGO representatives	Ms Jane CHAN	<i>Vice Chairman, Fu Hong Society</i>
	Mr Anthony CHEUNG	<i>Governor and Green Finance Convenor, Friends of the Earth (HK)</i>
	Ms Loretta FONG	<i>Vice Chairman, Finance & Administration Committee, Hong Kong Young Women's Christian Association</i>
	Ms Sabrina HO	<i>Chairperson, The Child Development Centre</i>
	Ms Serena MAK	<i>Honorary Secretary, Friends of the Earth (HK)</i>
HKICPA representatives	Mr Arthur CHAN	<i>Partner, Assurance, PwC Hong Kong</i>
	Mr Gary POON	<i>Partner, Poon & Co</i>
	Mr David SAMY	<i>Partner, Consulting, EY</i>
	Mr Richard TSE	<i>Chairman of Community Services Working Group, HKICPA</i>
HKCSS representative	Mr Peter WAN	<i>Member, Steering Committee on NGO Governance Platform Project, HKCSS</i>
Researcher of the "Survey on Financial Reserves of Social Service Agencies"	Ms Melissa FUNG	<i>Southern Region Leader, Risk Advisory, Deloitte</i>





香港社會服務聯會
The Hong Kong Council of Social Service

非政府機構董事會網絡計劃 NGO Governance Platform Project

電話 Tel no. : 2922 9255

傳真 Fax no. : 2865 4916

地址 Address : 香港灣仔軒尼詩道15號溫莎公爵社會服務大廈13樓
13/F, Duke of Windsor Social Service Building,
15 Hennessy Road, Wanchai, Hong Kong

網頁 Website : <https://governance.hkcss.org.hk>

電郵 Email : gpp@hkcss.org.hk

二〇二一年三月 (初版)

二〇二一年十月 (第一修訂版)

二〇二二年七月 (第二修訂版)

March 2021 March (First Edition)

October 2021 (First Revision)

July 2022 (Second Revision)



© 2021 – 2022 香港社會服務聯會 版權所有

© 2021 – 2022 The Hong Kong Council of Social Service. All Rights Reserved.



下載本刊物
Download this publication



本計劃由香港公益金資助
This project is supported by
The Community Chest