

10 Financial-related Questions NGO Director Should Ask

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Board of Directors of an NGO

Role

- Govern, lead & control

Authority

- Board vs. Individual Members

Discharge of Responsibility

- Know the rules
- Financially literate
- Ask the right question

Financial Related Responsibility

Ensure NGO's Sustainability

Perform Financial Oversight

Accountable to stakeholders

NGO Sustainability

Financial Planning

- Do we have financial planning?
- Is financial plan consistent with the NGO's strategic goal?

Sufficient Available Cash

- Is cash flow forecast projected to be adequate?
- Are cash flow projections reasonable, objective and not overly optimistic?

Budget & Review

- Are we continuously monitoring our financial activities against budget?
- Are appropriate actions taken to address variance?

NGO Sustainability

Reserve

- Do we have sufficient reserve?
- Do we have a reserve policy?

Assessing & Managing Risk

- Do we regularly assess the risks that our organization and board members are exposed to?
- Do we take appropriate action to manage these risks either by reducing, transferring or avoiding them?

Financial Oversight

Policy & Procedures

- Are proper financial policies and procedures established?
- Are they being followed without exception?

Internal Control

- Are appropriate check and balance built in the system to prevent errors, fraud and abuse?
- Segregation of duties
- Signatures & authorization

Financial Oversight

Internal Audit

- Is our internal audit function working satisfactorily?
- Are their findings taken seriously?

External Audit

- Do we have an external audit?
- Does our auditor issue an unqualified report? If not, why not?

Accountable to Stakeholders

Regulatory Compliance

- Are we complying with the reporting requirements set by SWD, IRD, donors, etc.?

Good Governance Policies

- Do we have good governance policies to promote accountability?
 - Conflict of interest
 - Document retention
 - Code of ethics
 - Whistleblower policy

Accountable to Stakeholders

Qualified Personnel

- Are qualified personnel recruited to handle our financial and accounting function?
- Do we have financial expertise in the Board to perform the duty of financial oversight?

Report & Review

- Are financial reports submitted to the Board on a timely basis?
- Do they contain sufficient information to enable the Board to understand the NGO's financial performance?
- Are issues reported addressed promptly?

Questions?