Financial Controls Flow Charts

These flowcharts are representative of a system of financial controls. They may not be workable in all situations depending upon availability of staff and volunteer leaders. Adoption of these or any other processes does not provide absolute assurance of financial integrity in the absence of periodic audits and other controls.

For each of the processes, the flowcharts seek to depict the essential elements of control.

Collections:
(1) Counting by more than one unrelated person; (2) immediate deposit; (3) receipts to donors; (4) verification of deposits against bank statements by persons who have not touched the cash/checks.

Purchasing:
(1) Budgeted expenses; (2) established approval regime; (3) payment only against prior approved purchases; (4) check writer different than check signer.

Credit Cards:
(1) Approved card users; (2) documented purchases; (3) approval of purchases by another party; (4) matching of approved purchases to statement; (5) card payment following purchasing regime.

Electronic Payment:
Payments may be originated either in the vendor system (e.g., telephone company) which authorizes a bank draw; or the process is initiated through the bank account. Controls must be constructed accordingly. (1) One person may process electronic payments – no shared login or password; (2) processor is not approver of payments; (3) bank and vendor statements come to person other than payment processor; (4) statements matched to approved payments.

Flowchart color coding depicts “separation of duties” which must be a required element of all transactions.

-- Insurance Board, 2011
Note: This financial flowchart is provided as a representative procedure and guidance only. Adoption does not provide absolute assurance of financial integrity in the absence of periodic audits and other controls.

Insurance Board, 2010
C:\Users\dgrassol\Downloads\Financial_Controls-Purchasing-2011-02-04.xls
SEPARATION OF DUTIES
ELECTRONIC PAYMENTS

TREASURER

- Purchase & Payments Approved
- Verify Statement Against Support
- Receives unopened statement

FINANCIAL ASSISTANT

- Process Approved Transactions
- Purchase Order Record
- Forward to Treasurer
- E-Mail Confirmation
- Monthly Statement

VENDOR

- Unique Acct
- Login & Pswd
- Authenticate Order, Process Order & Invoice
- Monthly Statement
- E-Mail Stmt Notification
- Forward to Treasurer
- Authorize Chg to Bank or Charge to Bank

BANK

- Process Electronic Fund Transfer
- Monthly Statement

Note: In this example, payments are initiated through the vendor’s website to the bank. A different process will apply to payments initiated from the bank account to the vendor.

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SEPARATION OF DUTIES
CREDIT CARDS AND EXPENSE REPORTS

FINANCE COMMITTEE

Card Use Guidelines and Approvals

Expense Report Approval Guidelines

Standards:
-- No individual may approve own expense report
-- Fin. Secy not permitted credit card use

CARD USER

Individual Credit Card

Credit Card Purchase

Transaction receipt

Periodic Expense Report w/ Receipts

TREASURER OR APPROVER

Expense Report Approval

Resolve with Card Holder

TREASURER OR APPROVER

Note: If one card holder, (s)he may not be expense approver.

FINANCIAL SECRETARY

Card holder record

Record and Classify Approved Expenses

Match Approved Expenses to Statement

Expenses matched?

NO

Report to Approver

YES

Credit Card Statement

Write check

Locked Drawer (Purchasing Process)

CREDIT CARD COMPANY

Forward Statement

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SEPARATION OF DUTIES
COUNTING OFFERINGS

COUNTERS

Money Received -
-- Collections - cash, envelopes
-- Fundraiser

-- Count Cash
-- Record checks
-- Envelopes (mark cash or check)

Counter 1 --
Counts all

Enter results and both sign tally

Counter 2 --
Counts all

Prepare bank deposit slip

Immediate deposit checks and cash to bank night drop

Deliver tally to Financial Secretary

Count Cash

Record checks

Count Cash

Prepare bank deposit slip

BANK

Cash & checks

Bank Statement

Deposit slip copy from bank

Compare tally and deposit slip

Enter deposits in bank reconciliation report

Tally and envelopes

Record gifts from envelopes

Enter deposits in bank reconciliation report

Forward reconciliation report to Treasurer

TREASURER

Treasurer receives unopened bank statement

Verifies bank deposits and cleared checks

Treasurer reconciles statement with recon report

Audit Committee

Financial Secretary

Treasurer

Bank

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