

# *Internal Audit Checklist for NGOs*

## 1. LEGAL COMPLIANCE & REGISTRATION

### Registration and Licensing

- Valid registration certificate (Society/Trust/Section 8 Company)
- PAN card of the organization
- 12A registration certificate (if applicable)
- 80G certificate (if applicable)
- FCRA registration/prior permission certificate (if receiving foreign funds)
- GST registration certificate (if applicable)
- State-specific registrations (Professional Tax, Labour License, etc.)
- Renewal dates tracked and compliance maintained

### Statutory Filings

- Annual returns filed with Registrar of Societies/Charity Commissioner
- Income Tax returns filed within due dates
- Form 10B filed for 80G compliance
- FCRA returns (FC-4) filed annually
- GST returns filed (if applicable)
- Form CSR-1 filed (if receiving CSR funds)
- Labour law compliance returns (if applicable)

## 2. GOVERNANCE STRUCTURE

### Board of Directors/Trustees/Members

- Minimum number of board members as per governing document
- Board composition meets regulatory requirements
- Board meetings held as per frequency requirements
- Minutes of meetings properly recorded and signed
- Resolutions passed for all major decisions
- Declaration of interest forms filled by board members
- Board remuneration policy documented (if applicable)

## 3. FINANCIAL MANAGEMENT

### Accounting System

- Proper books of accounts maintained
- Double-entry bookkeeping system followed
- Chart of accounts aligned with activities
- Accounting software/system adequately secured
- Backup procedures for financial data
- Segregation of duties in financial processes

### Fund Management

- Separate bank accounts for different funds (General, Corpus, Earmarked)
- FCRA funds maintained in separate designated account
- Bank reconciliation statements prepared monthly
- Investment policy documented and followed
- Fixed deposit receipts and investment certificates secured
- Unutilized funds properly accounted for



## Financial Controls

- Budget preparation and approval process
- Expense approval hierarchy defined
- Petty cash management system
- Asset register maintained and updated
- Depreciation policy documented and applied
- Vendor management and due diligence process

## 4. FCRA COMPLIANCE (IF APPLICABLE)

### FCRA Registration

- Valid FCRA registration/prior permission
- FCRA account maintained with SBI or authorized bank
- Quarterly utilization reports submitted
- Annual FCRA return (FC-4) filed
- Certificate of registration displayed on website

### FCRA Fund Utilization

- Foreign funds used only for registered purposes
- Administrative expenses within 20% limit
- Prohibited activities avoided
- Sub-granting approvals obtained (if applicable)
- FCRA funds not transferred to non-FCRA entities



## 5. PROGRAMME IMPLEMENTATION

### Project Management

- Project proposals aligned with organizational objects
- Logical framework/theory of change documented
- Beneficiary identification and verification process
- Activity implementation as per approved plans
- Progress monitoring and evaluation system
- Impact assessment and documentation

### Documentation

- Project files properly maintained
- Beneficiary database updated
- Progress reports prepared regularly
- Photographic and video documentation
- Success stories and case studies documented
- Compliance with donor reporting requirements

## 6. HUMAN RESOURCES

### Personnel Management

- Staff appointment letters issued
- Job descriptions clearly defined
- Salary structure and increments documented
- Performance appraisal system in place
- Training and capacity building records
- Leave and attendance records maintained



## Statutory Compliance

- PF registration and compliance (if applicable)
- ESI registration and compliance (if applicable)
- Professional tax compliance
- Form 16 issued to employees
- Minimum wage compliance
- Labour law compliance certificates

## 7. PROCUREMENT & VENDOR MANAGEMENT

### Procurement Process

- Procurement policy documented
- Quotation process for purchases above threshold
- Vendor empanelment and evaluation process
- Purchase order system implemented
- Goods receipt and inspection process
- Payment terms and conditions documented

### Vendor Compliance

- Vendor registration documents verified
- GST registration certificates collected
- TDS compliance for vendor payments
- Vendor performance evaluation
- Blacklisting criteria and process defined



## 8. IT AND DATA SECURITY

### Information Technology

- IT policy documented and implemented
- Data backup and recovery procedures
- Cybersecurity measures in place
- Software licensing compliance
- Website content regularly updated
- Social media policy implemented

### Data Protection

- Beneficiary data protection measures
- Consent mechanisms for data collection
- Data sharing agreements with partners
- Personal data security protocols
- Data retention and disposal policy

## 9. RISK MANAGEMENT

### Risk Assessment

- Risk register maintained and updated
- Financial risks identified and mitigated
- Operational risks assessed
- Regulatory compliance risks monitored
- Reputation risks managed
- Crisis management plan documented



## Insurance Coverage

- Public liability insurance
- Professional indemnity insurance
- Office and equipment insurance
- Vehicle insurance (if applicable)
- Group insurance for employees

## 10. TRANSPARENCY AND ACCOUNTABILITY

### Public Disclosure

- Annual report published and disseminated
- Audited financial statements disclosed
- FCRA receipt and utilization disclosed
- Board composition and changes disclosed
- Website regularly updated with key information
- RTI compliance mechanism in place

### Stakeholder Engagement

- Annual report published and disseminated
- Audited financial statements disclosed
- FCRA receipt and utilization disclosed
- Board composition and changes disclosed
- Website regularly updated with key information
- RTI compliance mechanism in place



## Stakeholder Engagement

- Beneficiary feedback mechanism
- Donor reporting compliance
- Partner organization agreements
- Community participation documented
- Grievance redressal mechanism
- External evaluation reports

# 11. ENVIRONMENTAL & SOCIAL SAFEGUARDS

## Environmental Compliance

- Environmental clearances obtained (if required)
- Waste management procedures
- Energy conservation measures
- Water conservation initiatives
- Green procurement practices
- Carbon footprint reduction efforts

## Social Safeguards

- Child protection policy implemented
- Prevention of sexual harassment policy
- Gender equality and inclusion measures
- Disability inclusion practices
- Community consultation processes
- Cultural sensitivity protocols



# 12. MONITORING AND EVALUATION

## Performance Monitoring

- Key performance indicators defined
- Monitoring framework established
- Regular progress reviews conducted
- Corrective action plans implemented
- Lessons learned documented
- Best practices identified and shared

## Evaluation System

- Evaluation policy documented
- Internal evaluation capacity
- External evaluation arrangements
- Evaluation reports and recommendations
- Implementation of evaluation findings
- Feedback incorporation mechanism

# AUDIT COMPLETION

## Audit Documentation

- All audit findings documented
- Risk ratings assigned to findings
- Management responses obtained
- Action plans with timelines prepared
- Follow-up schedule established
- Audit report prepared and submitted



# Continuous Improvement

- Internal audit recommendations implemented
- System improvements identified
- Training needs assessment
- Policy updates recommended
- Next audit cycle planned
- Stakeholder feedback incorporated

