

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

