



Top Controls for a Secure & Efficient Accounts Payable Cycle

Last Checklist Review Date: _____

Nonprofits handle high-stakes funds and donor trust every day. This checklist distills the most critical accounts-payable controls into quick yes/no items so you can (1) verify safeguards are active, (2) record exactly who owns each task, and (3) schedule follow-up for any gaps. Work through the list after every month- or quarter-end close to keep fraud risks low and financial efficiency high.

(Print or save this sheet, then tick each box, fill in names, and assign deadlines for any gaps.)

1 | Segregation of Duties

- ☐ Authorizing invoices, processing payments, and reconciling banks are handled by **three different people**.
- ☐ Small team workaround: dual approval on every invoice and payment, plus periodic board or external review.
- ☐ Accounting software workflow is enabled so no single user can create and approve the same transaction.

Responsible Owner(s):

- Invoice Approval _____
- Payment Processing _____
- Bank Reconciliation _____



2 | Invoice Approval Process

- ☐ Every invoice ties to supporting documents (PO, contract, receipt).
- ☐ Approval hierarchy exists with clear dollar limits.
- ☐ Digital workflow tracks approvals and keeps an audit trail.

Responsible Owner(s): _____

3 | Vendor Management & Verification

- ☐ New vendors are vetted (tax ID confirmed, legitimacy checked).
- ☐ Only authorized staff can add or edit vendor records.
- ☐ Quarterly vendor audit performed to catch duplicates or suspicious activity.

Responsible Owner(s): _____

4 | Dual Control Over Payments

- ☐ Two approvers are required for any payment above your threshold (\$_____).
- ☐ Electronic payments and wires need secondary authorization inside banking portal.
- ☐ Payment reports are reviewed weekly for unusual items.

Responsible Owner(s): _____

5 | Bank Reconciliations & Reviews

- ☐ Bank accounts are reconciled **monthly** by someone who does not cut checks.
- ☐ All reconciling items are cleared promptly (within 30 days).
- ☐ Accounting software auto-reconcile features are activated and exceptions are reviewed.

Responsible Owner(s): _____



6 | Expense Policy & Documentation

- ☐ Written expense policy spells out spending limits and required approvals.
- ☐ Itemized receipts plus purpose descriptions are attached to every reimbursement.
- ☐ Spot checks or mini-audits occur at least twice a year.

Responsible Owner(s): _____

7 | Automated Accounting Tools

- ☐ AP module captures the full approval-to-payment workflow.
- ☐ System alerts flag duplicate invoices and out-of-policy amounts.
- ☐ Dashboard or report shows real-time AP aging and pending approvals.

Responsible Owner(s): _____

8 | Fraud Prevention Measures

- ☐ Job duties rotate periodically to reduce single-person control.
- ☐ Finance staff must take annual leave so another person can review their work.
- ☐ All employees know how to report suspicious activity confidentially.

Responsible Owner(s): _____

Quick Wins for Lean Nonprofit Teams

- Dual approval beats single approval even if it's just you and a board treasurer.
- Use low-cost workflow tools (MIP approvals, etc.) to automate oversight.
- Schedule a short monthly AP review call with a board member for external accountability.