



Internal Controls Checklists

Internal controls have long been regarded as the cornerstone in ensuring that assets are accounted for and used properly. Internal controls generally address policies and procedures such as proper authorization of transactions, Separation of duties, documents and records, safeguards over access to and use of assets, and independent checks on performance. These policies and procedures are addressed in detail in Statement of Auditing Standards (SAS) issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA). Internal controls are an essential segment of any audit performed on an organization.

The following checklists have been divided into functional categories as shown in the Table of Contents, and indexed by page number. It is organized so that each category checklist may be used separately. Therefore, you will notice that some internal control checklist items may be replicated from one function to another.

These checklists are not a guarantee of freedom from fraud and missing assets, but they are basic assessment tools to determine strengths and weaknesses within an accounting environment. They are also an effective guide for a public finance officer to use in order to protect public assets and strengthen internal controls in municipal government. The internal control checklists are all encompassing and intended to offer users assistance in analyzing their respective control environment to review its containment, to assist with early error detection, and to aid in the minimization of losses.

Establishment and monitoring of the internal control structure is the responsibility of the public treasurer/fiscal officer and management. Historically, loss of assets occurs through use of simple methods that either ignore or compromise internal controls.

Checklists are intended for use by members of the Association of Public Treasurers of the United States and Canada. Checklists correspond to the Internal Controls Manual published by the Association of Public Treasurers of the United States and Canada. Go [here](#) for details or to purchase the manual.

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Accounts Payables and Disbursements

Disbursement Controls

- Are duties adequately separated (different persons prepare checks or warrants, sign checks or warrants, reconcile bank accounts, and have access to cash receipts)?
- Are all disbursements properly supported by evidence of receipt and approval of the related goods and services?
- Are un-issued checks or warrants kept in a secure area?
- Are bank accounts and check or warrant signers authorized and documented?
- Is the responsibility for authorization of disbursements clearly defined and assigned to specific personnel?
- Are petty cash disbursements required for each fund disbursement?
- Is petty cash fund kept on an imprest basis?
- Are there current written procedures for disbursements?
- Has the organization's disbursement approval policy been communicated to all appropriate staff?
- Are the duties and functions of the person responsible for assembling and processing accounts payable disbursements separated from cashiers, purchasing, general accounting and payroll time records?
- Are monthly statements from vendors regularly reconciled to open disbursements or accounts payable?
- Are deposits to vendors recorded as receivables?
- Are disbursements properly supported with authentic invoices, receiving reports, and purchase orders?
- Are returned purchases or claims for refunds controlled in a manner which assures that the vendor will be charged?
- Are accounts payable disbursements approved for payment by the legislative body?
- Are the totals of accounts payable disbursements, approved by the legislative body, compared with the corresponding checks or warrants issued or totals applied against budgetary appropriations?
- Are adjustments approved by a responsible employee?
- Is a trial balance of all unapproved liabilities taken monthly and reconciled with the corresponding general ledger accounts?
- Are disbursements audited before they are submitted for approval for payment?
- Are disbursements properly authenticated and certified by an authorized employee?
- Are all expenditures approved in advance of payment?
- Are checks or warrants controlled and accounted for with safeguards over unused, returned or voided checks or warrants?
- Are pre-numbered checks or warrants kept under numerical control?

- Are blank checks or warrants kept in locked storage under the control of and accessible only by the designated custodian or the alternate?
- Is a physical inventory of the entire stock of blank checks or warrants performed at least monthly by the custodian and supervisor and any variances properly investigated?
- Is physical control of checks or warrants maintained by someone other than persons originating disbursement requests?
- Is a record of the cash disbursement (i.e.: check stub, check copy, cash disbursement record) kept by the person processing the check?
- Are checks or warrants automatically canceled?
- Is the drawing of checks or warrants to cash or bearer prohibited?
- Are controls established to ensure that duplicate payments are not made (i.e., disbursement packages perforated or stamped paid)?
- Is the signing of blank checks or warrants prohibited?
- Do supporting documents, such as invoices, purchase orders and receiving reports, accompany checks or warrants for the check or warrant signer's review?
- Are approved disbursements and receipts required prior to disbursement?
- Are only original invoices (no photocopies) totaling the amount of the disbursement attached to each disbursement before payment?
- Are bills or disbursements marked "paid" only at the time checks or warrants are signed?
- Are spoiled or voided checks or warrants retained and the signature blocks on the checks or warrants removed?
- Are procedures in place to control checks or warrants to be voided or destroyed?
- Are voided checks or warrants defaced and returned?
- If check or warrant-signing plates are used, are they adequately controlled (i.e., maintained by a responsible employee who reviews and accounts for prepared checks or warrants)?
- Is the signature plate or machine used safeguarded?
- Are two signatures required on all checks or warrants or on checks or warrants over stated amounts?
- Are check or warrant signors responsible employees of the organization?
- Is the person who prepares the check or warrant or initiates the disbursement someone other than the person who mails the check or warrant?
- Does a person other than the check or warrant preparer mail them out?
- Are bank accounts reconciled monthly and are differences resolved?
- Is the bank statement promptly reconciled monthly and reviewed by management?
- Are bank statements delivered directly to the person who reconciles the bank account?
- Are bank accounts reconciled by a person not involved in the cash receipt or disbursement functions?
- Has the agency designated in writing a responsible employee and an alternate for signing checks or warrants?

- Are all disbursements (except petty cash) required to be made by check or warrant?
- Do procedures exist for disbursement approval and check or warrant-signing?
- Are invoices and supporting documents canceled (stamped or perforated) by or in the presence of the signer at the time of signing to prevent duplicate payments?
- Are checks or warrants cross-referenced to disbursements?
- Do procedures exist ensuring that checks or warrants that have been signed and issued are recorded promptly?

Petty Cash Controls

- Is petty cash reimbursed by check or warrant and are disbursements reviewed at that time?
- Is there a maximum amount, reasonable in the circumstances, for payments made in cash?
- Are petty cash disbursements written in ink to prevent alteration?
- Are petty cash disbursements canceled upon reimbursement of the fund to prevent their reuse?
- Are petty cash accounts other than charge funds established and maintained as bank checking accounts whenever possible?
- Are petty cash accounts on an imprest basis?
- Are petty cash accounts the responsibility of a specific individual?
- Are only original disbursements or receipts (no photocopies) used to support petty cash disbursements?
- Do petty cash expenditures require an approved disbursement which is also signed by the payee?
- Are there periodic surprise counts of petty cash?
- Is there an independent review of petty cash expenditures?
- Are petty cash checking accounts reconciled monthly by a person other than the custodian?
- Are maximum expenditure amounts set for petty cash?
- Is the cashing of personal checks prohibited unless authorized by the legislative body?
- Are petty cash receipts canceled upon reimbursement to prevent reuse?
- If a postage meter is used:
 - Is a postage meter book properly maintained?
 - Is the purchase of postage made only by checks or warrants?
 - Is the purchase of postage which was credited to a meter regularly confirmed with the Post Office?
 - Is the purchase of postage compared periodically to postage meter usage?
- If a postage meter is not used, are proper controls exercised over postage stamps?

Accounts Payable Encumbrances or Obligations Controls

- Are statements from vendors compared on a regular basis with recorded amounts payable?
- If an encumbrance system is used, are outstanding purchase orders reconciled to the reserve for encumbrances on a monthly basis?
- Are encumbrance entries recorded only on the basis of approved purchase orders?
- Do procedures exist ensuring that accounts payable and encumbrances are applied against the appropriate account?
- Do procedures exist ensuring that department heads are notified of payments made against accounts payable and encumbrances?
- Are vendor invoices matched with a field order, purchase requisition, purchase order and receiving report as a condition for approval for payment?
- Are field orders and purchase requisitions encumbered?
- Are outstanding encumbrances reviewed?

General Ledger Controls

- Are trial balance totals checked and compared to the general ledger balance by an employee other than the accounts payable clerk?
- Are transactions between funds in all affected funds posted in the same accounting period and on a timely basis?
- Is there a current, written chart of accounts?
- Is budget vs. actual variance analysis conducted during the year?
- Is there verification, prior to commitment, that there are sufficient un-obligated funds remaining under the appropriation to meet proposed expenditures?
- Do adjustments to accounts payable require approval prior to entry?

Other Controls

- Is there adequate separation of duties between:
 - Purchasing?
 - Receiving?
 - Accounts payable (disbursement approval)?
 - Preparation of checks or warrants?
 - Mailing of checks or warrants?
- Do new employees receive on the job training?
- Are employees cross-trained?
- Are employees required to take vacation, and is their work performed by others in their absence?
- Are journal disbursements numerically accounted for?

Travel and Transportation Controls

- Are written procedures established for authorization and payment of transportation by common carrier?

- Are written procedures established consistent with state travel and transportation regulations?
- Are formally adopted, written internal policies and procedures established to control the utilization of meals, coffee, and light refreshments at meetings and formal training sessions?
- Is authorization of travel exercised through use of a travel authorization form or other equally effective means?
- Are travel expense disbursements signed by the employee and approved by the authorized designee?
- Is all travel reviewed for benefit to the organization and cost prior to trip approval being given?
- Are travel expense disbursements of authorized designee signed by the chief financial officer certifying that the reimbursement complies with state travel regulations?
- Are air transportation purchases made in accordance with the entity's air travel program requirements (when operational) or are they made in accordance with the state travel and transportation regulations?
- Is reimbursement for air transportation in an amount greater than that entity's air fare schedules approved in writing in advance by the authorized designee?
- Is the approval for air transportation in accordance with the conditions found in the entity's air fare contract?
- Is reimbursement for non-air transportation in greater than tourist class or its equivalent approved in writing in advance by the authorized designee?
- Are un-issued credit cards inventoried at least quarterly and kept under lock?
- Are persons who authorize commercial transportation prohibited from receiving tickets or using transportation?
- Is written approval of the authorized designee obtained prior to authorizing direct billing to the entity and direct payment by an individual of the entity responsible for payment of travel allowances?
- Is travel reimbursement received from only one source, such as government, professional organization, or scholarship?
- If employees do not provide paperwork on travel advances and advance tickets within a stated time frame of completion of travel, is there a policy of payroll deduction?
- Are travel plans made sufficiently in advance to obtain the most favorable transportation rates?
- Are travelers required to provide original receipts for all travel-related expenses?
- Are direct advance payments and use of credit cards encouraged over cash travel advances?
- Are travel expense reports reviewed in detail prior to being approved for reimbursement?
- Are travel expense reports required to be completed in the time frame specified by organization policy?
- Are unauthorized personal expenses excluded from travel expenses reports?
- Are travelers required to review the organization's travel policy prior to traveling?

Budgeting and Planning

Separation of Duties

- Are responsibilities separated for budget preparation, execution, and reporting?
- Are the duties and functions of the budget control officer separated from cash handlers, purchasing personnel and accounts payable personnel ?
- Are the actual revenues, encumbrances, and expenditures periodically compared with the general accounting records?
- Are comparative reports of estimates and actuals submitted to management officials at least monthly?
- Is an encumbrance system actually used effectively?
- Is a percent of achievement feature included in monthly reports?
- Are perpetual balances of estimated resources to be received and unencumbered appropriations maintained for line items in the budget?
- Are operating results of budgets used as a management tool?
- Do internal controls ensure that budget data agree with the approved budget and correspond to annual financial statements (including amendments and supplements, if any)?
- For organizations with their own internal audits departments, are the internal auditors reasonably independent of the individuals or department subject to audit?
- Is the scope of internal audit work reasonably comprehensive?
- Does the internal audit work follow a written program?
- Are written reports issued by internal audit on all work undertaken and management required to respond to findings?
- Are organizational charts established and maintained?
- Does the organization chart set forth the actual lines of responsibility?
- Are the duties of positions and/or employees defined as to responsibility?
- Are all personnel having positions of trust adequately bonded?
- Do all personnel in positions of trust take annual vacations?
- Is the work of persons in positions of trust performed by others during their absence?
- Are all journal entries approved by a responsible employee?
- Is a periodic review of insurance coverage made by a responsible employee?
- Are key employees customarily required to work during normal business hours, not on overtime, except for emergencies?
- Are key employees free from any detrimental influences by reason of relations with others in position to control over their activities?
- Are custodians of cash denied the ability to change records or documents used to determine the amount of cash they should have on hand?

Preparation Controls

- Does the law require budgets and budgetary procedures?
- Does a budget policy exist that outlines the process and procedures utilized in establishing the budget?
- Is there an awareness of budget practices, procedures and policy within the organization?
- Are budgets prepared for all significant activities regardless of whether or not mandated by law?
- Is a budget calendar used for the orderly submission and approval of the budget?
- Have initial budget submissions been developed and prepared by major departments and activity centers?
- Has a finance or budget officer reviewed departmental budgets to ensure adequate financial resources will be available to support and sustain the proposed budgets?
- Has Executive Management determined that the departments of oversight have met the legislative body's goals and objectives?
- Is the type of budgeting performed (traditional, program, performance, working capital) compatible with the accounting system?
- Is the budget prepared in sufficient detail (responsibility level) providing a meaningful tool with which to monitor subsequent performance?
- Is both the original and final amended budget(s) available?
- Are interfund and interdepartmental transfers included in the budget?
- Are advances included in the budget?

Adoption Controls

- Is citizen input obtained through budget hearings?
- Are all the legal requirements met to levy taxes in accordance with state statutes or other requirements?
- Has the budget been submitted to the legislative body for approval, and is there clear communication to departments or agencies on the effects of legislatively mandated budget modifications, either increases or decreases?
- Coincident with adoption of the budget, has there been appropriate legislative action to:
 - Adopt legislation to implement the raising of budgeted revenues?
 - Initiate expenditure appropriations?
 - Document approval action in formal minutes?
- Are estimated resources and appropriations recorded in the accounting records for later comparison to actual amounts realized or incurred?
- Are budget estimates supported by detailed worksheets that show how the estimates were calculated and the assumptions made?
- Are budgets that have been approved by grantors in connection with grant activity recorded in the accounting system?
- Are prescribed accounting manuals made available for general use?

- Are budgets published if required by law?

Execution Controls

- Have procedures been adopted and communicated establishing authority and responsibility for transfers between budget categories?
- Is the flow of expenditures or commitments controlled through the use of an appropriation system?
- Does the accounting department submit approval as to availability of funds before the issuance of a purchase order or expenditure commitment?
- Are requests for supplemental appropriations of budget changes processed and approved in the same manner as the original budget is processed and approved (or as required by law)?
- If liabilities and expenditures are recorded on an encumbrance or obligation basis, are there controls to ensure knowledge of outstanding commitments?

Reporting Controls

- Are actual expenditures compared to budget with reasonable (monthly) frequency and on a timely basis?
- Are reports discussed with departmental personnel and are there explanations for significant variations from the budget?
- Are executive and legislative branches notified of expenditures in excess of appropriations or budget?
- Are actual results of operations against the budget published if required by law?
- Are the same accounting principles used in the budget preparation the same as those used to prepare the financial statements?
- Are budgeted resources and performance dates appropriately summarized in an annual report to the authoritative body?

Capital Assets

Separation of Duties

- Are responsibilities for initiating, evaluating and approving capital expenditures, leases and maintenance or repair projects separated from those for project accounting, property records and general ledger functions?
- Are responsibilities for initiating capital assets transactions separated from those for final approvals that commit government resources?
- Are responsibilities for the project accounting and property records functions separated from the general ledger function and custodian function?
- Are responsibilities for the project accounting and property records functions separated from the custodial function?
- Are responsibilities for the periodic physical inventories of capital assets assigned to responsible employees who have no custodial or record keeping responsibilities?
- If electronic record keeping is used, is the separation of duties maintained?
- Are estimated lives and methods of depreciation initially reviewed and authorized by a responsible employee?
- Is the computation of depreciation reviewed by a responsible employee?
- Are estimated lives periodically reconsidered by a responsible employee for adequacy based on actual experience?

Procedural Controls

- Is there an effective system of authorization and approval of capital equipment expenditures?
- Are there periodic counts or physical verification of assets?
- Are accounting practices for recording capital assets in writing?
- Are assets properly identified and tagged?
- Are detailed records of individual capital assets kept and periodically balanced with the general ledger accounts?
- Are there effective procedures for authorizing and accounting for disposals?
- Is movable property and equipment stored in a secure place?

Authorization Controls

- Are those individuals authorized to initiate capital asset transactions identified and are there clear definitions of the limits of their authority?
- Are guidelines established with respect to key considerations such as bids, small works rosters, prices to be paid, terms, acceptable vendors, asset quality standards, and the provisions of grants or bonds that may finance the expenditures?
- Are there appropriate controls to prevent and detect leases entered into while avoiding purchasing controls?
- Is a separate capital projects budget prepared?

- Are executive authorization and approvals required for originating expenditures for capital items?
- Are expenditures for capital items reviewed for grantor approval before funds are committed?
- Are grant-funded acquisitions subjected to the same controls as internally funded acquisitions?
- Are supplemental authorizations, including those of the grantor agency, required for expenditures in excess of originally approved amounts?
- Does the organization have established policies covering capitalization and depreciation?
- Does the organization charge depreciation or use allowance on property and equipment against any grant programs which it administers?
- Is historical cost the basis for computing depreciation or use allowance?
- Are the organization's depreciation policies or methods of computing use allowance in accordance with the standards outlined in Federal circulars or agency regulations?
- Are there detailed records showing the asset values of individual units of property and equipment?
- Are there detailed records showing the asset values of individual units of property and equipment?
- Are differences between book records and physical counts reconciled and are the records adjusted to reflect shortages?
- Are there procedures governing the disposition of property and equipment?
- Is the estimated salvage value noted on the authorization order relative to disposition of property and equipment?
- Are periodic reports submitted that show obsolete equipment, equipment needing repair, or equipment no longer useful to the entity?
- Is written executive or legislative approval required for all significant capital asset projects or acquisitions?
- Do procedures exist for authorizing, approving, and documenting sales or other dispositions of capital assets?
- Do procedures exist for approving decisions regarding financing alternatives and accounting principles, practices, and methods?
- Are supplemental authorizations required, including, if appropriate, those of the grantor agency, for expenditures in excess of originally approved amounts?

Project Accounting Controls

- Is a qualified employee or independent firm engaged to inspect and monitor technically complex projects?
- Are project cost records established and maintained for capital expenditure and repair projects?
- Do reporting procedures exist for in-progress and completed projects?
- Do procedures exist to identify completed projects so that timely transfers to the appropriate accounts can be made?
- Is the accounting distribution reviewed to ensure proper allocation of charges to fixed asset and

expenditure projects?

- If construction work is performed by contractors, do procedures exist to provide for and maintain control over construction projects and progress billings?
- Does the agency have the right to audit the contractor's records?
- Is the right to audit contractor records during project performance exercised?

Asset Accountability Controls

- Are detailed property records maintained for all significant self-constructed, donated, purchased or leased assets?
- Is the accountability for each asset established and assessed?
- Are asset registers which contain a listing of all assets maintained?
- Do procedures exist for periodic inventory of documents evidencing property rights (i.e., deeds, leases, and the like)?
- Do procedures exist ensuring that purchased materials and services for capital expenditures and repair projects are subjected to the same levels of controls as exist for all other procurements (i.e., receiving, approval, checking)?
- Are detailed property records periodically compared with existing assets?
- Are differences between records and physical counts investigated and are the records adjusted to reflect shortages?
- Do procedures exist ensuring that capital assets are adequately insured?
- Are lease transactions subjected to control procedures similar to those required for other capital expenditures?
- Is equipment properly identified by metal numbered tags or other means of positive identification?
- Are fully depreciated assets carried in the accounting records as a means of providing accounting controls?
- Do procedures exist for monitoring the appropriate disposition of property acquired with grant funds?

General Ledger Controls

- Are detailed records periodically reconciled with the general ledger control accounts?
- Are assets given or sold to employees?
- Are assets assigned to employees to take home?
- Do procedures and policies exist to:
 - Distinguish between capital projects fund expenditures and operating budget expenditures?
 - Identify operating budget expenditures to be capitalized in the fixed asset fund or account group?
 - Distinguish between capital and operating leases?
 - Have lease agreements reviewed by a responsible employee to determine that leases

- have been properly capitalized, if applicable?
 - Charge interest during construction to major construction projects?
 - Govern depreciation methods and practices?
- If costs are expected to be charged against grants, are depreciation policies or methods of computing allowances in accord with acceptable standards, or grantor agency regulations; if not, is depreciation charged to grants adjusted accordingly?
- Are accounting records adjusted promptly - both the asset and related allowance for depreciation - when items of plant and equipment are retired, sold, or transferred?

Cash Receipts and Disbursements

Separation of Duties

- Are responsibilities for collection and deposit preparation functions separated from those for recording cash receipts and general ledger entries?
- Are responsibilities for cash receipts functions separated from those for cash disbursement?
- Are responsibilities for disbursement preparation and disbursement approval functions separated from those for recording or entering cash disbursements information on the general ledger?
- Are responsibilities for the disbursement approval function separated from those for the disbursement, voucher preparation, and purchasing functions?
- Are responsibilities for entries in the cash receipt and disbursement records separated from those for general ledger entries?
- Are responsibilities for preparing and approving bank account reconciliations separated from those for other cash receipt or disbursement functions?
- Is the principle of Separation of duties within processing activities maintained when using manual methods of processing and electronic means?

Collection Controls

- Are the duties and functions of cash handlers separated from bank reconciliations, accounts payable, cash disbursement records and general governmental accounting?
- Are all receipts required to be recorded promptly and deposited intact daily?
- Are all income receipts classified by source at the time of receipt?
- Are receipts properly, i.e., property receipts, grants, refunds, gifts, etc.?
- Are accumulated revenues reviewed periodically for unusual fluctuations?
- Are controlled pre-numbered receipts used?
- Are pre-numbered receipts attached to remittance data?
- Is the numerical sequence of collection data accounted for?
 - Are payments reviewed for accuracy and authenticity before acceptance?
 - Are checks that show suspicious alterations immediately returned to payers?
- Is cash on hand stored in a secure location and kept independent of mail receipts?
- Are surprise audits made to determine if all revenues are promptly turned in to the cash handler?
- Are revenue billing functions separated from bookkeeping and cash handling functions?
- Are sales of assets supervised by someone other than the seller or negotiator?
- Are revenue collectors properly bonded?
- Are discrepancies noted in a numeric control system affecting revenues promptly investigated by a responsible person?
- Can the deposit composition be proved?
- Are cash receipts that are restricted revenue deposited in separate bank accounts when required

by funding sources or by legal obligations?

- Do deposit slips contain the name of the check writer, date, and the amount of each check?
- Does the cash handler prepare duplicate deposit tickets so that one copy can be validated by the bank and returned for verification against the cash receipts record by another person?
- Are all monies received credited to a revenue account of a designated fund?
- Are depository accounts opened according to properly executed documents and in the manner required by law or regulation?
- Do depository accounts carry the name of the organization depositing the money in the title?
- Are depository accounts adequately protected against loss?
- Is more than one person required and authorized to sign checks or warrants drawn on the accounts?
- Is the bank prohibited from making any changes against the accounts except checks or warrants?
- Are depository account balances maintained at a good working capital level through an adequate investment program?
- Do receipts contain a description?
- Are subsidiary records maintained showing the date, name of depositor, receipt number and amount; date, check number and amount returned; date, reference and amount withheld?
- Are subsidiary deposit records balanced with general ledger control accounts monthly?
- Are deposit records reviewed periodically to determine if deposits are being disposed of promptly in accordance with the terms of the agreement?
- Are receipt refunds authorized by a responsible employee?
- Has the legislative body adopted rules and regulations pertaining to collections?
- Are receipt refunds made to the individual making the deposit?
- Do controls exist over the collection, timely deposit, and recording of collections in the accounting records in each collection location?
- Is control of accounting records other than cash receipts and disbursements assigned to persons other than the cash handler(s)?
- Is the general accounting department notified on a timely basis of cash receipts from separate collection locations?
- Are daily reported receipts compared on a test basis to bank statements to verify timeliness of deposits?
- Is a restrictive endorsement placed on each incoming check upon receipt?
- Are NSF checks delivered to someone independent of processing and recording of cash receipts?
- Do procedures exist for follow-up of NSF checks?
 - Is a legislatively authorized fee charged for all returned checks?
 - Do controls exist to ensure that checks or other sorts of payments are routed promptly for deposit if checks received are forwarded to be used as posting media to taxpayers' or customers' accounts?
- Are all receipts controlled by cash register, pre-numbered receipts or other equivalent means?

- Are receipts accounted for and balanced to collections on a daily basis?
- Do facilities exist for protecting all undeposited receipts?
- Does a cash management, cash handling, or deposit policy exist for the organization that outlines the practices and procedures relating to management of public funds?

Disbursements Controls

- Are the duties and functions of all persons preparing checks separated from cash collections, bank reconciliations, accounts payable and general government accounting?
- Do only persons authorized to prepare or supervise the preparation of checks, warrants or other methods of payments have access to blank checks, warrants or electronic authority to process payments?
- Are all checks or warrants pre-numbered and controlled?
 - Are all non-electronic transactions made by check, except for petty cash payments?
 - Are bank accounts, check signers and individuals who process other types of payments authorized by the governing body or appropriate level of management?
 - Are all original voided or canceled payments, checks or warrants retained and accounted for in the records?
 - Are the persons who prepare or supervise the preparation of payments, checks or warrants prohibited from signing or providing final payment authorization?
- Are payment checks or warrant signers/authorizers independent of payment/voucher preparation and approval, checks or warrant preparation, cash receipts, petty cash, and purchasing?
- Are checks protectors used for:
 - Routine Checks?
 - Warrants?
 - Are check or warrant protectors used before or simultaneously with signatures?
- Is someone other than cashiers required to release or mail the checks or warrants?
- Are cash handlers prohibited from cashing checks or warrants issued as disbursements for the local unit of government?
- Are all payments, checks or warrants supported by some type of documentation for the disbursement?
- When checks or warrants are delivered in person, is satisfactory identification required?
- When checks or warrants are delivered in person, is the event supervised or witnessed by a third person?
- Are uncashed checks or warrants promptly investigated?
- Are stale checks followed up on periodically by individuals independent of accounts payable and cash disbursement functions?
- Is the signing of blank checks or warrants avoided?
- Is the drawing of checks or warrants to cash or bearer prohibited?
- Is a second party authorized to sign checks or warrants in an emergency?

- Are all disbursements examined for accuracy and posting by a second party?
- Are all documents or systems marked "paid" or noted as such when checks or warrants are issued?
- Does the person approving the payment or signing the checks or warrants scrutinizing the supporting data at the time the payment, checks or warrants are signed/authorized?
- Are blank checks or warrants properly safeguarded?
- Are electronic payment authorizations regularly reviewed to ensure proper Separation of duties? Are facsimile plates properly safeguarded?
 - Does control exist over check or warrant-signing machines, signature fobs, or other electronic signing mechanisms?
 - Are procedures provided for immediate removal of authorizations notification to banks when payment, check or warrant signers/authorizers leave or are otherwise no longer authorized to sign?
- Are invoices and supporting documents furnished to the signer/authorizer prior to processing the payment, check or warrant?
- Are reasonable limits set on amounts that can be paid by facsimile signature or when they require additional approval levels?
- Are two signatures required on all checks or warrants over a stated amount?
- Are signature plates, electronic or otherwise maintained or secured by the person whose facsimile is on the plate, electronic or otherwise when not in use?
- If a facsimile signature is used, does it need to be filed with the Secretary of State or other governing body?
- Are payments, signed checks or warrants processed directly to the payee making them inaccessible to persons who requested, prepared or recorded them?
- Are disbursements regularly compared with budgeted amounts?

Custody Controls

- Are controls maintained over the supply of unused and voided checks/ warrants and electronic authority levels?
- Are check/warrant signers or payment authorizers and bank accounts properly authorized?
- Are depositories periodically reviewed and/or reauthorized?
- Are cash handler funds counted and reconciled at the beginning and end of each shift?
- Does a supervisor review reconciliations and investigate unusual reconciling items?
- Do controls and physical safeguards exist surrounding working, petty cash and revolving funds?
- Is there adequate fund control over pooled cash?

Detail Accounting Controls

- Do procedures exist to ensure that collections and disbursements are recorded accurately and promptly?

- Do procedures exist for authorizing and recording interbank transfers and for providing for proper accounting for those transactions?

General Ledger Controls

- Are receivable detail ledgers periodically balanced with general ledger control accounts?
- Does general ledger control exist over all bank accounts?
- Are adjustments of cash accounts approved by the appropriate level of management or another appropriate person?
- Are bank statements and paid checks or warrants delivered in unopened envelopes directly to the employee preparing the reconciliation?

Incoming Mail Controls

- Are remittances listed on a control sheet for comparison with the bank deposit ticket/record?
- Are the check remittances restrictively endorsed by the person opening the mail?
- Is mail opened and distributed by a person other than the cash handler(s) or accounting personnel?
- Is a pre-list of cash receipts made by the mail opener?
- If so, is such list used as a check against the deposit or receipt record?
- Are receipts given directly to the cash handler by the mail opener?
- Are the duties of the person receiving and handling cash separated from customer billing and customer accounting?
- Is effective control provided over collections which may be in hands of others than the cash handler?
- Is effective control provided for collections and other over-the-counter transactions through the use of cash registers, pre-numbered receipts and/or other documents?
- Is a record made of all cash receipts in a sequential manner?
- Are branch collections deposited in accounts subject only to withdrawal by the treasurer?
- Are cashiers prohibited from using cash receipts or working funds to redeem payroll checks or warrants?
- Are cashiers prohibited from cashing personal checks or I.O.U's?
- Are persons handling cash properly bonded?
- Are all original voided or canceled receipts retained and accounted for in the records?
- Are all receipts examined for accuracy and posting by a second party?
- Are all overages and shortages reported to management?
- Is the person receiving cash without authority to release payments, sign checks or warrants and reconcile bank accounts and without access to accounting records other than cash receipts?
- Are currency receipts controlled by and properly reconciled to the totals of cash registers, vending machines or controlled pre-numbered receipt forms?

Reconciliation Controls

- Are the balances in cash accounts of various funds in the treasurer's records compared and reconciled with accounting records monthly?
- Are the separated records maintained by two different persons?
- Are duplicate copies of deposit slips and bank receipts filed with the reconciler?
- Are bank depository accounts reconciled by a person who does not release, sign, handle or record checks or warrants?
- Are bank statements delivered to the reconciler unopened?
- Are reconciling procedures reasonably adequate to uncover forgeries, alterations, improper endorsements, unrecorded checks, payees differing with records, lapping, etc.?
- Is payment, check or warrant registers maintained in sufficient detail to provide adequate reconciliations to be made?
- Are reconciliations followed up to determine if exceptions cleared properly or are still outstanding?
- Are bank depository accounts reconciled monthly?
- Do procedures exist for steps essential to an effective reconciliation, particularly:
 - Comparison of checks or warrants in appropriate detail with disbursements records?
 - Examination of signature and endorsements, at least on a test basis?
 - Accounting for numerical sequence of checks or warrants used?
 - Comparison of book balances used in reconciliations with general ledger accounts?
 - Comparison of deposit amounts and dates with cash receipt entries?
 - Footing of cash records?
 - Examination of canceled checks or warrants for alterations?
- Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an employee who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation?
- Are checks or warrants outstanding for a considerable time periodically reviewed for propriety and cancellation?

Petty Cash & Imprest Accounting Controls

- Are cash funds properly entered and reflected in treasurer's monthly cash report and/or the account for the respective fund in the general accounting records?
- Are surprise cash counts made by internal auditors or other authorized employees?
- Are persons other than custodians of cash funds denied access to the funds?
 - Do replenishment of checks or warrants show the custodian as payee?
 - Does the size of the fund appear to meet the normal business requirements?
- Are all cash funds established or handled on an imprest basis?
- Are cash funds properly secured locked up) when not in use?
- What is the process for having your petty cash fund replenished?

- Does the treasurer hold a signed certificate of responsibility from the custodians of the various imprest funds for the cash provided?
- Is replenishment in accordance with the established procedures ?
- Are advances of cash, regardless of how secured, prohibited to be made from imprest funds?
- Are all checks received in imprest fund promptly presented to banks for payment?
- Are disbursements of cash out of an imprest fund supported by receipts?
- Are imprest funds counted and reconciled daily by custodians?
- Are imprest funds properly entered and reflected in treasurer's monthly cash report and/or the account for the respective fund in the general accounting records?

Debt

Separation of Duties

- Are debt and other liability transactions approved by an authorized representative or the governing body?
- Does a responsible official review the use of proceeds from bond sales to ensure that proceeds are used in accordance with legal requirements and purpose documented in the official statement?
- Are procedures in place to determine compliance with debt agreement restrictions?
- Are procedures in place to adhere to compliance procedures periodically reviewed by the appropriate level of management or another appropriate person?
- Are accrued liabilities periodically reviewed for reasonableness by the appropriate level of management or another appropriate person?
- Are there effective procedures in place to identify, on a timely basis, material contingent liabilities or other liabilities that should be recorded?
- Responsibility for detail and general ledger records is separated from the invoice processing, cash receipting, and cash disbursements functions?
- Is interest expense periodically reviewed for accuracy by the appropriate level of management or another appropriate person?
- Does the organization receive periodic reports of bonds outstanding and unclaimed interest when a paying agent is used for the payment of bonds and interest?
- Is there an official or an arbitrage consultant firm who performs an annual review for compliance with IRS arbitrage requirements?
- Have calculations and adjustments related to current or advance debt refunding been reviewed and approved by an appropriate person?
- Does the organization have a working finance committee with representatives from different departments who review bond compliance or debt information?

Reconciliation and Documentation Controls

- Are registers of bonds, notes and warrants maturing over one year maintained in the office of the treasurer or with a financial advisor?
- Are registers of bonds, notes and warrants maturing over one year maintained in the office of a fiscal agent as authorized by law?
- Are registers prepared from legally authorized documents?
- Are registers balanced to general ledgers control accounts as to principal and interest when originally established?
- Do registers contain serial numbers and amounts of the instruments of indebtedness?
- Are the entries in registers as to principal and interest dated when evidence of payment is received?
- Are instruments of indebtedness canceled when paid?
- Are register balances reconciled with general ledger control accounts periodically?

- Are certifications of destruction properly made and retained when instruments of indebtedness are paid and destroyed?
- Are bank statements of fiscal agents showing the receipts, disbursements and balances of moneys for debt redemption received and reconciled with the proper cash accounts and registers?
- Are these statements reconciled promptly?
- Are the instruments of indebtedness certified as to their validity when issued?
- Are there policies and procedures to ensure that bonds and other long-term debts are properly authorized in accordance with applicable legal requirements?
- Do debt payment disbursements require two signatures?
- Are unclaimed interest checks properly controlled by a responsible employee?

Procedural Controls

- Has the responsibility for coordinating the records management program been assigned to a responsible employee?
- Have all records been inventoried?
- Does the entity have a public records policy?
- Is there a record retention policy that satisfies statutory and audit requirements?
- Are all records covered by an approved disposition schedule?
- Has the schedule been applied in the last twelve months?
- Has the effectiveness of the schedules been reviewed by the records employee in the past twelve months?
- Is the destruction of all records approved in advance by the State Archivist as required by law?

Electronic Transactions

Banking Controls

- Is access to physical assets and data effectively restricted to authorized persons by electronic and physical controls?
- Have written job procedures been prepared for each major job function and are these procedures updated when necessary?
- Are there written policies and procedures regarding the security practices of the operating area?
- Are access codes and passwords immediately changed upon termination of an employee?
- Is there a back-up facility of the transfer system which is able to respond in the event of crisis or emergency?
- Is there proper review of all transaction messages input into the system?
- Is the Automated Clearing House (ACH) transfer system isolated from other bank systems?
- Is the wire transfer system isolated from other bank systems?
- Is an electronic confirmation or reference number provided for each electronic transaction?
- On all transfers?
- At a certain threshold level?
- Does the financial system require a numeric code from a security token which is handheld for system authentication?
- Do third party requests require special identification and call backs or email confirmations required prior to releasing funds?
- Are call backs performed by a person other than the individual receiving the request?
- Is the call back directed to someone other than the initiating party?
- Are pre-numbered or sequentially numbered transfer request forms utilized? For telephone and wire transfer requests?
- Are all electronic transfer requests assigned a reference number which will follow the transaction to completion, thereby preserving the audit trail?
- Does the wire transfer employee prepare a daily reconciliation of funds transfer activity as to dollar amount and number of messages?
- Is the "hard copy" of every electronic transaction generated immediately?
- Are control procedures in place to ensure that all appropriate electronic transaction fees are charged whether through analysis charges or through direct debit?
- Are procedures in place to ensure that incoming ACH's and wire transfers are credited to the correct amount?
- Is there automatic sign-off when the terminals are not in use?
- Are terminals located so that entry of security codes cannot be observed by other employees?
- Do terminals automatically shut down when abnormal conditions are detected by the host?
- Are there adequate security controls to ensure that unauthorized transactions do not occur?
- Is a reply required on all critical messages to ensure they have been observed?

- Is the system locked-out so it cannot be used during periods when the ACH and wire transfer departments are closed?
- Does management maintain a current list of personnel authorized to initiate electronic transaction requests?
- Does the entity limit the number of authorized employees who can initiate electronic transactions?
- Is there a policy that provides guidelines as to when it is acceptable to use electronic transactions to make a payment or to receive revenue?
- Are authorized employee signature cards kept under dual control?
- Are all incoming and outgoing telephone transfer requests documented?
- Is the document used to initiate the transaction reviewed by at least one other person?
- Are back-up systems periodically tested by an authorized employee?
- Has the entity developed contingency security and internal control procedures in case of a crisis or emergency?
- Is the log or record of transfer requests reviewed daily by a supervisory employee?
- Do the records of transfer request contain?
 - A sequence number?
 - An amount transferred?
 - The employee making the request (also specific transfer)?
 - The date?
 - Paying instructions?
 - Authorizing signatures for certain types and dollar amount transfers?
- When a phone call is used, does the bank advise your entity in written contracts, by audible beeping signals, or by informing the caller that telephone calls are being recorded?
- When a phone call is used, does the bank have procedures in effect to prohibit persons who receive telephone transfer requests from transmitting those requests?
- For transaction over the internet through a bank secured website, do electronic transactions require at least two people - one to initiate and one to approve?
- For transaction over the internet through a bank secured website, do electronic transactions contain restrictions and limitations on access to bank services?
- Is someone responsible for reviewing all transfer requests to determine that they have been properly processed?
- Does management undertake a periodic review to ensure that work is being performed in accordance with established policy?
- Is the audit department promptly informed when a change is made in systems or method of operations?
- If an operator makes a change on an entry, is the change authorized or overridden by a supervisor?
- Is the change fully explained in writing with attachments made to the original document so that all changes can be traced?
- Are there ACH and wire transfer error reports?

- Is a timely update made to the persons authorized to make electronic transaction after an authorized employee is transferred or terminated?
- Is wire transfer request information, which is taken over the phone, read back to the caller?

General Ledger Accounting and Financial Reporting

Separation of Duties

- Is the final review and approval of financial reports separated from the responsibility for preparation of the reports?
- Are the responsibilities for maintaining the general ledger separated from those for maintaining subsidiary ledgers?
- Are the responsibilities for maintaining the general ledger and custody of assets separated?
- Are the preparation and approval functions for journal entries separated?
- Are the principal accounting, treasury, and custody functions separated?
- If Electronic Data Processing is used, is the principle of Separation of duties maintained with processing activities?

General Ledger Controls

- Is there a formal plan of organization for the unit of government under which reporting responsibilities are clearly defined and reasonably aligned?
- Is the principal accounting employee, responsible for accounting records and accounting employees, supervised at all locations?
- Is there general ledger control over all assets and transactions of all departments of the organization?
- Are employees in positions of trust bonded in amounts required by statutes or organization policy?
- Are written accounting, policy, and procedural manuals distributed to appropriate personnel?
- Are accounting policy and procedural manuals updated as necessary?
- Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the organization?
- Does security for accounting records exist (i.e., safes, fire proof file cabinets, etc.)?
- Does a formal policy regarding conflicts of interest exist?
- Are written representations required from appropriate personnel as to compliance with accounting policies and procedures and ethics policies?
- Are loans to employees prohibited?
- Is the adequacy and effectiveness of the internal accounting controls related to the organization's transaction systems (procurement, revenues and receivables, etc.) periodically evaluated?
- Are the source documents maintained to provide an audit trail?
- Are measures implemented to correct weaknesses?
- Is the usefulness of internal financial reports periodically evaluated?

Closing Controls

- Are policies and procedures for closing the accounts for a reporting period sufficient to ensure

that accounts are adjusted, closed, and reviewed on a timely basis?

- Do procedures exist to ensure that all accounting systems have included all transactions applicable to the reporting period?
- Are valuation reserves or other account balances based on estimates reviewed and approved?
- Are all journal entries reviewed, approved, and supported by adequate descriptions or documentation?
- Do controls exist that ensure that only authorized individuals can initiate entries?
- Is a formal closing schedule prepared and followed?

Combining Controls

- Do procedures exist to ensure the orderly and effective accumulation of financial data?
- Do procedures exist for the orderly processing of financial data received from departments and other accounting units?
- Do procedures exist to permit the recording and review of special entries generated in the combining process?

Preparation, Review, and Approval Controls

- Do procedures exist to ensure that financial reports are supported by either underlying accounting records or other documentation?
- Do procedures exist providing reasonable assurances that all data required to be included in legal, as well as public, reports is properly disclosed?
- Do procedures exist to ensure that financial reports are prepared on a consistent basis?
- Are financial reports reviewed and approved at appropriate levels of management and, if appropriate, by the legislative body before public release?
- Are there procedures to ensure that all requirements are met for filing of financial reports?

Grant Receipts and Disbursements

Procedural Controls

- Are there procedures for identifying federal, state, and other awards?
- Are there accounting procedures and, chart of accounts for identifying and recording receipts and expenditures of program funds separately and in an appropriate cost category for each award or grant?
- Are there procedures for tracking property and equipment purchased with federal award funds?
- Are there written grant policies and procedures prohibiting discrimination based on race, sex, age, or marital status in its employment practices, if required?
- Does the organization have grant agreements providing for funding under requests for advance payments or letters of credit?
- Does the organization have procedures, including cash requirement projections, minimizing the time between the receipt and expenditure of funds?
- Are grant funds deposited in a separate grant fund account, or if required, a separate bank account to assist with tracking revenue and expenditure of funds?
- Does the organization's calculation of grant funds requested or received consider updated estimates of allowable program costs?
- Does the organization have an indirect cost allocation plan or a negotiated indirect cost rate?
- Are Federal grant programs prepared in accordance with the provisions of Office of Management and Budget Circular A-87? Are state grant programs prepared in accordance with state protocols?
- Does the organization have procedures which provide assurance that consistent treatment is applied in the distribution of charges as direct or indirect costs to all grants?
- Do grants or loan agreements impose requirements which differ from the organization's normal policies, such as competitive bid requirements? Are these noted and procedures implemented to ensure compliance?

Information Systems Management

Separation of Duties

- Is there a roster of the employees working in the systems, including positions and job descriptions?
- Does appropriate Separation of duties exist within systems development (design and programming), technical support (maintenance of systems software), and accounting and operations?
- Are information systems personnel prohibited from initiating or authorizing transactions?
- Is the programmers/designers of the software separate from the testers/users of the software?
- Are accounting users prohibited from having access to programming and modification of the software coding?
- Are software utilities that can alter data or applications adequately controlled and their usage documented for subsequent management review?
- Do operators take vacations periodically? Are their tasks performed by another operator during their vacation?
- Is supervision sufficient to verify operators' performances in accordance with prescribed procedures?
- Is there supervision over the control function of the department to control the receipt and recording of input data, reconcile batch controls with run totals, control over errors and distribution of output?
- In smaller entities with limited opportunities for Separation of duties, do procedures exist for user departments to:
 - Utilize batch or other input controls?
 - Control master file changes?
 - Balance master files between processing cycles?

Procedural Controls

- Is there an internal audit and review of the system?
- Are only authorized programmers accessing the program files?
- Are changes in master files and programs initiated in writing?
- Are intrusion detection systems in place on the internal network to monitor the network?
- Are system administrators required to report system failures, restarts, and recovery, or other unusual incidents, and those reports are reviewed by an appropriate official?
- Has all data been classified and appropriate risk ranking been established that will support and provide evidence for the use of implemented network security controls? Is this reviewed annually to confirm individual access and authorization?
- Are there appropriate procedures to monitor system administrator compliance with prescribed operating procedures?
- Are departments initiating changes showing a register indicating the changes made?
- Are consoles protected from entry of unauthorized users or unauthorized program changes?

- Are employees required to pass multi-factor authentication before gaining access to computers?
- Are there procedures to prevent remote access to the network through dial-up, internet, or Virtual Private Network (VPN) (for example, user ID, passwords, multi-factor or remote authorization)?
- Are equipment, programs, and data files covered by insurance?
- Do information system controls exist over rejected transactions?
- Does the department have a systems and procedures manual? Is this reviewed annually to see if any procedures have or should be updated?

Documentation Controls

- Is the documentation accurate?
- Is the documentation kept up to date?
- Are access users maintained and reviewed periodically for efficiency and performance?
- Is there a record of all apps and versions that are being used and by whom?
- Are program changes approved by supervisory personnel?
- Are program changes properly documented? Are the changes tested?
- Are source documents retained for a sufficient period to allow for identification with related output records?
- Are there documented procedures for using the terminal?
- Are automated or manual logs used to record system administrator activities?
- Are there controls to ensure the completeness and accuracy of the logs?
- Are the logs reviewed by appropriate supervisory personnel and unusual entries appropriately investigated?
- Are documentation manuals placed in a secure place?

Data Processing Controls

- Are error corrections approved by persons independent of data processing?
- Are copies of programs, documents, records and files maintained off premises, and are they protected from loss?
- Are procedural controls for safeguarding files in effect?
- Can files be re-established in the event of loss?
- Is there virus protection and backup copies of all programs? Are they secure and only accessible by authorized personnel?
- Are alternative facilities available in the event of loss?
- Are there adequate controls over the development of machine-readable data?
- Are there controls to enable losses of data to be detected?
- Are controls for transmitting data adequate to detect any loss of data or messages?
- Is there a pre-audit function to determine that source data is valid and accounted for?

- Is the accuracy of output evaluated by a person other than the operator?
- Are control totals compared with other control totals to determine completeness of processing?
- Does the program provide for a console printout of control information?
- Are there provisions for re-start when a program is interrupted?
- Are there controls for identifying, correcting and reprocessing rejected data?
- Are backup and reconstruction provisions adequate?
- Do the records provide a means to trace a transaction from detail to final totals and vice versa?
- Do the ledgers in the systems provide a historical record of activity in the accounts?
- Is there a historical record of the activity and accounts maintained in a permanent file?
- Are complete trial balances of ledger accounts run at the end of each accounting period?
- Are the trial balances checked for correctness by persons other than information systems personnel?
- Are trial balances retained in a permanent historical file?
- Do controls exist over entry of data in on-line systems to restrict access to terminals and data entry to authorized employees?
- Do on-line systems controls exist that prevent documents from being keyed into the system more than once, and that permit tracing from computer output to data sources and vice versa?
- If employee master files, vendor master files and similar permanent files are maintained by the data center, are before and after reports/records generated to document changes made to master files and distributed to appropriate accounting and other Information Systems Management users?

Security Controls

- Are all users assigned unique user identifications (passwords)?
- Is there one person responsible for the issuance and maintenance of all passwords, and are passwords changed on a consistent basis?
- Are passwords controlled to restrict unauthorized usage (i.e., not posted by the terminal, and not listed in the user manual)?
- Does the system limit the number of access attempts before restricting access? Does another user authorize the resetting of password after being locked for unsuccessful attempts?
- Are there physical controls (doors, locks, security cameras) to safeguard physical property, digital information (sensitive customer data), computer systems, mobile devices, servers and other assets?
- Is the use of software not licensed to the organization prohibited on organization computers?
- Are back-up disks maintained of all critical information?
- Do controls exist over use and retention of files, including provisions for retention of adequate records to provide back-up capabilities?
- Are schedules prepared and followed for processing of computer applications?
- Do terminals have a non-printing feature for use when keying in the password so it cannot be

seen by personnel in the area?

- What policies or procedures are in place to ensure that confidential, sensitive or critical information created or maintained by the department (both paper and electronic) is maintained and disposed of in a secure manner?
- Has the department taken steps to reduce and restrict use of social security numbers and related personal information?
- Do employees in your department know who to notify and when to report if a situation occurs when the security of confidential or sensitive information may have been inadvertently or intentional compromised (to ensure that a thorough investigation and notification to any affected parties occurs)?
- Is there a checklist for removing access to records upon separation of an employee or upon transfer out of the department? Is there a point person responsible for administering the process for deleting access to records and changing passwords?
- When an employee terminates or transfers, is there a review and reassignment of procedures to alternative staff to oversee duties? Do terminals automatically log-off after no usage for several minutes?
- Do terminals contain lockable keyboards or physical locks on terminal on/off switch?
- Are terminals located in a physically secure area?
- Are the passwords cross-related to the type of transactions that are authorized by the individual, so that individuals can be limited to the type of transaction for which they are authorized?
- Are all desktop and laptop computers in the department protected by regularly updated virus protection and security updates?
- Are protocols reviewed after a change in circumstances? For example, when implementing a new process or operating procedure? Allowing employees to work from home or use their own personal laptops/computers?
- Are there appropriate controls such as the following for situations when outside third parties (such as vendors from whom application or system software is licensed) are permitted to sign on to the client's system, for example, to perform problem determination and resolution procedures:
 - Does the vendor specifically request the client's authorization and a user ID and password (ideally a one-time use password) to sign on to the client's system?
 - Must the vendor ask the client to turn on an activation switch that permits access to the system?
 - Do the client's procedures call for the client to call back vendors who initiate a request for access to the client's system to verify the identity and authority of the caller?

Inventory Controls

- Is the computer located on the premises? If not, identify the location.
- Identify on a separate sheet the equipment used? (Including model, manufacturer, size of memory, storage devices, input and output devices, etc.).
- Is the information system documented such that the organization could continue to operate if

important information system personnel leave?

- Identify the various applications? (treasurer's cash and inventory records, warrant and bond records, tax rolls, auditor's records, fund accounts and various changes, payrolls, vouchers, bonds, property inventories, revenues, expenditures, budgets, etc.).

Disaster Recovery Controls

- Is off-premises storage maintained for master files and transaction files sufficient to recreate the current master files? Applications and related documentation? Contingency plan documents?
- Have contingency plans been developed for alternative processing in the event of loss or interruption of the information technology functions?
- If contingency plans exist, have they been developed, and tested for adequacy in the event of a disaster?
- Are there appropriate maintenance and service agreements with software vendors in order to provide technical support in case of system failure?
- Are copies of backup files for the following periodically tested to ensure they are usable:
 - Software copies?
 - Master files?
 - Transaction or transaction history files?

Inventory

Separation of Duties

- Are responsibilities for requisitioning and purchasing of supplies and materials by department or individual separated from those of receiving, accounts payable and stored?
- Are responsibilities for the accounting in the inventory ledgers separated from the general ledger function?
- Are responsibilities for the accounting in the inventory ledgers separated from the custodial function?
- Are responsibilities for the periodic physical inventory of supplies and materials assigned to responsible employees who have no custodial or record keeping responsibilities?
- If electronic record keeping is used, is separation of duties maintained?

Authorization Controls

- Has management clearly defined authority for purchasing decisions regarding materials and supplies?
- Are there formal policies for scrap sales, and sales are reviewed by the appropriate level of management or another appropriate person?
- Are the duties and functions of persons responsible for stores activity clearly defined?
- Are authorized requisitions required for the purchase of supplies and materials?
- Are adjustments to inventory records approved by a responsible employee?

Receipt Controls

- Are receiving reports for all incoming materials prepared for the accounting department?
- Are issuance reports for all materials from inventory prepared for the accounting department?
- Are receiving reports prepared for all stores reconditioned and returned to stock?
- Are materials and supplies released from stock only upon receipt of an approved request?
- Is movement of inventory between departments documented and recorded?
- If a receiving department is not used, do adequate procedures exist that goods received are verified and recorded in inventory records, when appropriate?

Physical Inventory Controls

- Are the following items kept under the strict control of designated employees:
 - Materials?
 - Supplies and repair parts?
- If practical, are inventories recorded monthly in general accounting records? Do proper accounting and physical controls exist for the exclusion of merchandise on hand, but not the property of the entity (inter-local agreements) from inventory?

- Do proper accounting controls exist for the inclusion of merchandise not on hand, but the property of the client (inter-local agreements) in inventories?
- Are stores record keepers denied access to stock held in stores?
- Are stores provided with safeguards against loss?
- Do routine procedures provide for a frequent check of inventories of overstock and slow items?
- Have overhead rates been developed for charging appropriate costs to inventory?
- Have overhead rates been approved by management?
- Are overhead rates computed and charged correctly?
- Are records for scrap and defective items maintained?
- Are these records reconciled to scrap and defective items periodically?
- Are adjustments to records approved by a responsible employee?
- Are major adjustments investigated and corrections made to eliminate the cause?
- Are detail ledger accounts periodically reconciled to the general ledger control accounts?
- Is a periodic or surprise internal audit made of the stores inventory system?
- Is a written report of such audits submitted to management?
- Is a perpetual inventory control system in use as to all major classes of materials and supplies?
- Is such system kept as to both quantities and value?
- Where details are kept as to value, are they balanced to general ledger controls at reasonable intervals?
- Are any items on consignment with others?
- Are stores records checked with physical inventories at least once a year?
- Are physical inventories taken by others not connected with the stock record keeping activity?
- Are inventories certified by the persons making the count, pricing, extending and footing the inventories?
- Do routine procedures provide for a frequent check of inventories for overstock and slow items?
- Are the value or costs of the stock according to the perpetual inventory system checked with the accounting system?
- Are the inventory counts supervised by qualified persons following adequate written instructions?
- When inventories are taken:
 - Is the merchandise reasonably identifiable for proper classification?
 - Are all the tags pre-numbered and accounted for?
 - Are recounts taken of merchandise having substantial value?

- Are priced inventory sheets numerically controlled and verified as to:
 - Quantities?
 - Cost prices?
 - Retail prices?

Perpetual Inventory Records Controls

- Are records of capital assets maintained and controlled through general ledger control accounts?
- If so, are records balanced with general ledgers at least annually?
- Are physical inventories of capital assets periodically counted, costed and compared with records or general ledgers at least annually?
- Are physical inventory counts supervised by the appropriate level of management or another appropriate person?
- Are custodians of property required to report any changes in the status thereof, such as moves, scrapping, sales, excess, obsolescence, etc.?
- Are records maintained of fully depreciated assets still in use?
- Are values of capital assets maintained on the basis of cost at the time of acquisition?
- Are surplus or idle buildings and/or equipment properly controlled physically and in the records?
- In those cases where depreciation is required, is depreciation documented in records?
- If so, is the accumulated depreciation reviewed periodically?
- Are all pieces of equipment marked or tagged with an identifying number corresponding with an identifying number in the records?
- Does sale of excess or scrapped capital assets require specific authorization by responsible employees?
- Do routine procedures provide for prompt and accurate reporting of the sale or disposal of capital assets?
- Are small tools and equipment kept in special locations and accounted for by designated employees?
- Are inventories covered by insurance and are employees with access to inventories bonded?

Investments

Separation of Duties

- Are responsibilities for initiating, evaluating and approving transactions separated from those for detail accounting, general ledger and other related functions?
- Are responsibilities for initiating transactions separated from those for final approvals that commit the government's resources?
- Are responsibilities for monitoring investment market values and performance separated from those for investment acquisition?
- Are responsibilities for maintaining detailed accounting records separated from those for general ledger entries?
- Are custodial responsibilities for securities or other documents evidencing ownership or other rights assigned to an employee who has no accounting duties?
- For electronic record keeping, are Separation of duties within processing activities maintained?

Procedural Controls

- If applicable, are procedures adequate to ensure that only investments that are permitted by law are acquired?
- Are investment policy guidelines formally established and periodically reviewed?
- Has the policy been approved or reaffirmed by the governing body in accordance with the policy and/or governing law?
- Is the investment program integrated with the cash management program and expenditure requirements?
- Has authority and responsibility been established for investment opportunity evaluation and purchase?
- Are there procedures to ensure the government meets restrictions or limitations imposed by laws, or the governing body on Separation, pooling, or disposition of investments and/or use of income or proceeds?
- Is the performance of the investment portfolio periodically evaluated by person(s) independent of investment portfolio management activities?
- Are procedures formally established governing the level and nature of approvals required to purchase or sell an investment?
- Are competitive bids or quotes sought for investment purchases?

Custody Controls

- Do adequate safeguards and custodial procedures exist over:
 - Negotiable and non-negotiable securities owned?
 - Legal documents or agreements evidencing ownership or other rights?
 - Repurchase agreements (repos), if the security interest is being perfected?
 - Securities purchased by the entity to be delivery versus payment (DVP)?
 - Are all safekeeping accounts authorized and monitored by the appropriate level of

supervision?

- Are proper authorizations, including dual factor, required for login access to electronic banking/investment systems?
- Are maximum safekeeping measures provided for the protection of investment securities against loss?
- Are persons with access to securities authorized by the legislative body or statute?
- Are all securities registered in the name of the agency?
- Does release from safekeeping or access to safe deposit box require two authorizations?
- Are investment securities or safekeeping receipts in the custodianship of the treasurer?
- Are securities periodically confirmed from safekeeping agents?
- Are accounting records free from effective control by the securities custodian(s)?
- Are securities records maintained in sufficient detail to afford a ready check on all essential data of the securities at all times, including but not limited to the following:
 - Date of acquisition?
 - Identification?
 - Purchase amount or cost?
 - Physical or Safekeeping location?
 - Interest rates/dividends?
 - Date of receipts?
 - Ownership by fund?
- Are registered securities made out in the name of the agency or endorsed thereto?
- Are surprise verifications of investment securities made by internal auditors or other responsible employees?
- Is a written report of such verifications made to the legislative or administrative authority?
- Are individuals with access to securities insured or bonded?

Detail Accounting Controls

- Are detailed accounting records maintained for investments?
- Is cash in excess of operating needs invested in accordance with applicable policies, laws and regulations?
- Are the responsibilities for detail accounting records separate from general ledger functions?
- Do procedures exist to ensure that transactions arising from investments are properly processed, including income and amortization entries?
- Do controls exist to ensure that investment earnings are credited to the fund from which resources were provided for the investment or in accordance with applicable policies, laws, or regulations?
- Are periodic comparisons made between income received and the amount specified by the terms of the security or publicly available investment information?
- Are reconciliations between physical counts and/or investment confirmations or trustee statements and detailed subsidiary records prepared and reviewed by the appropriate level of

management or another appropriate person?

- Do controls exist to ensure that transactions are recorded on a timely basis?

General Ledger Controls

- Do procedures exist for reconciling the detail accounting records with the general ledger control?
- Are investment results monitored for compliance with laws and policies?
- Are investments managed by expert personnel?
- Is the nature of investments included in general ledger balances periodically reviewed?

Personnel and Payroll

Separation of Duties

- Are responsibilities for supervision and timekeeping functions separated from personnel, payroll processing, disbursement, and general ledger functions?
- Is there a clear separation of duties between:
 - Persons preparing payroll?
 - Timekeepers?
 - Persons distributing pay to employees?
- Are responsibilities for the payroll processing function separated from the general ledger function?
- Is payroll distribution supervised by employees:
 - Who are not responsible for hiring or firing employees?
 - Who do not approve time reports?
 - Who take no part in payroll preparation?
- Are responsibilities for initiating payments under employee benefit plans separated from accounting and general ledger functions?
- Is the payroll bank account or payroll clearing fund reconciled regularly by employees independent of all other payroll transaction processing activities?
- Are payroll checks or warrants prepared and distributed by individuals independent
- of each other?
- If Electronic Data Processing is used, is the principle of Separation of duties maintained in processing activities?

Procedural Controls

- Does the personnel department require an employment application from and an investigation of new employees?
- Are written authorizations on file for all employees covering rates of pay, withholdings and deductions?
- Does the organization have written personnel policies covering job descriptions, hiring procedures, promotions and dismissals?
- Is distribution of payroll charges based on documentation prepared outside the payroll department?
- Are payroll changes reviewed against program budgets, and deviations reported to management for follow-up action?
- Are adequate timekeeping procedures, including the use of time clocks, or attendance sheets and supervisory review and approval, used?
- Are other key payroll and personnel duties, such as timekeeping, salary authorization and personnel administration, adequately separated?
- Are undistributed pay checks returned to the finance department after three working days?

- Are payroll and personnel policies governing compensation in accordance with the requirements of grant agreements?

Personnel Controls

- Are all changes in employment (additions and terminations), salary, hourly wage rates and payroll deductions properly authorized, approved and documented?
- Are notices of additions, separations, and changes in salaries, wages, and deductions promptly reported to the payroll processing function?
- Are appropriate payroll records maintained for accumulated employee benefits (vacation, sick, pension data, etc.)?
- Are terminating employees interviewed as a check on departure and as a final review of any termination settlement by the personnel department?
- If applicable, are wages at or above the federal minimum wage?
- Are names added to the payroll only upon written authorization from responsible employees outside the payroll department?
- Are complete personnel records maintained outside of the payroll department?
- If so, do such records include authorized wage data, withholding certificates and signature specimen?
- Are the mechanics of payrolls re-checked as part of the routine of preparation?
- Are payrolls authenticated and certified by an authorized employee as required?
- Do payrolls contain a distribution of wages for posting to budget appropriations?
- Are persons delivering payroll checks or warrants rotated from time to time?
- Are there procedures to ensure that employees are paid in accordance with approved wage and salary rates?
- Are authorizations on file covering rates of pay, withholdings and deductions?
- Are procedures adequate for controlling:
 - Overtime wages?
 - Overtime work authorization?
 - Supervisory approval of overtime?
 - Supervision and Timekeeping Controls
- Are there records and procedures to control time and attendance reporting?
- Are time cards or attendance sheets used?
- Are time cards reviewed for completeness?
- Is supervisory approval of time and attendance reports required?
- Do time records indicate the job number or department of the work performed?
- If time cards are used, are they punched only by the employees to whom they are issued?
- Is the time clock placed in a position where it can be observed by a supervisor?
- Do procedures exist for authorizing, approving and recording vacations, holidays and sick leave, and is compensatory time controlled and approved?

- Is there restricted access to:
 - Blank payroll checks?
 - Check signers and signature plates?
 - Personnel records?
 - Payroll computer files used to calculate payroll?
- Are labor distributions and vacation & sick accrual reports reviewed for reasonableness each pay period by a senior official?
- Is any employee allowed to approve his or her own payroll?

Payroll Processing Controls

- Do controls exist over payroll preparation?
- Are changes to the Electronic Data Processing master payroll file approved and documented?
- Is access to the Electronic Data Processing master payroll file limited to employees who are authorized to make changes?
- Are completed payroll registers reviewed and approved before disbursements are made?
- Are documents supporting employee benefit payments (such as accumulated vacation or sick leave) reviewed before disbursements are made?
- Are comparisons (reconciliations) of gross pay of current to prior period payrolls reviewed for reasonableness by a knowledgeable person not otherwise involved in payroll processing?
- Is the payroll (examination of authorizations for changes noted on reconciliations) reviewed by an employee not involved in its preparation?
- Is the distribution of dollars and hours of gross pay balanced with the payroll registers, and reviewed by someone independent but knowledgeable in this area?
- Is a comparison to amounts appropriated and budgeted included in the review?
- Are payroll advances to employees prohibited or are they subjected to appropriate review?

Payroll Disbursement Controls

- Are signature-plates only under the signer's control and does that person or appropriate designee record machine readings to ascertain that all checks/warrants signed are properly accounted for?
- Is a log maintained that reconciles the counter on the signing machine with the number of checks/warrants issued each payroll?
- Is a separate, imprest-basis, payroll bank account maintained?
- Is the payroll bank account or payroll clearing fund reconciled on a regular basis?
- Are payroll check/warrants endorsements compared, on a test basis, with signatures on file by someone independent of the payroll department?
- Is the supply of unused payroll checks/warrants controlled?
- Are employees required to provide identification before being given checks/warrants or pay envelopes?
- Are employees prohibited from accepting another employee's pay?

- Are unclaimed wages returned to a custodian independent of the payroll department?
- Do employees who distribute checks/warrants or pay envelopes make a report of unclaimed wages directly to the accounting department?
- Are payments of unclaimed wages made at a later date
- Are W-2 forms compared to payroll records and mailed by employees not otherwise involved in the payroll process?
- Do procedures exist for investigating returned W-2s?
- Are payroll checks/warrants periodically distributed by the internal auditors to ascertain that employees exist for all checks/warrants prepared?
- Are Federal income tax, FICA tax, state income tax, local income tax, and other withholdings (credit unions, savings bonds, United Way pledges, union dues, etc.) remitted on a timely basis to appropriate recipients?
- Is a "Tax Calendar" used to ensure timely deposits, and filings of payroll returns (quarterly, annually, etc.)?

General Ledger Controls

- Do adequate account coding procedures exist for classification of employee compensation and benefit costs so that such costs are recorded in the proper fund, department and general ledger account?
- Do accessible payroll records cover at least the current year and two prior years?
- Are reconciliations of actual to budgeted payroll expense periodically performed?
- Are accrued liabilities for unpaid employee compensation and benefit costs properly recorded or disclosed?

Purchasing or Procurement Card Controls

- Does the department manager approve spending limits for new cardholders and approve any permanent changes to card access?
- Do cardholders and "Program Administrators" (PAs) review billing statements and provide a business purpose for expenses in compliance with the deadlines established?
- Is there a policy to guide purchase card usage?
- Are monthly statements reviewed and reconciled by cardholders and at least one other person in an oversight position?
- Are card statements reconciled to receipts and other supporting documentation?
- Do cardholders provide clear and complete information on business purposes for each expenditure?
- Do managers approve all purchase card activity under their direct supervision?
- Is the PA at the appropriate level of authority within the organization to provide adequate oversight to the program?
- Is purchase card access reviewed at least annually to ensure proper use and usefulness?
- Are cards that are no longer needed cancelled on a timely basis?

Purchasing and Receiving

Separation of Duties

- Are responsibilities for the requisitioning, purchasing, and receiving functions separated from the invoice processing, accounts payable and general ledger functions?
- Are responsibilities for the purchasing function separated from the requisitioning and receiving functions?
- Are responsibilities for the invoice processing and accounts payable functions separated from the general ledger functions?
- Are responsibilities for the disbursement, preparation, and approval functions separated from those for recording, cash disbursements, and general ledger entries?
- Are responsibilities for the disbursement approval function separated from those for the check or warrant preparation function?
- Are responsibilities for entries in the cash disbursements records or check or warrant register separated from those for general ledger entries?
- If electronic record keeping is used, is Separation of duties maintained?

Procedural Controls

- Are pre-encumbered purchase orders used for all items of cost and expense?
- Are there procedures to ensure procurement at competitive prices?
- Are receiving reports used to control the receipt of merchandise?
- Is there effective review by a responsible employee according to prescribed procedures for program coding, pricing, and extending vendors' invoices?
- Are invoices matched with purchase orders and receiving reports?
- Are costs reviewed for charges to direct and indirect cost centers in accordance with applicable grant agreements and applicable federal management circulars pertaining to cost principles?
- When accrual accounting is required, does the organization have adequate controls, such as checklists for statement closing procedures, to ensure that open invoices and uninvolved amounts for goods and services received are properly accrued or recorded in the books or controlled through worksheet entries?
- Is there adequate Separation of duties in that different individuals are responsible for (a) purchase (b) receipt of merchandise or services, and (c) disbursement approval?
- Are purchases that are not for organization use prohibited?

Requisition Controls

- Are there current written procedures for the requisitioning of goods and services?
- Does the purchasing process resemble a centralized controlled activity? Are internal purchase request forms or similar documents used for requisitioning purchases?
- Are formal written purchase orders required for all purchases (at least those in excess of small amounts or standard utility purchases)?

- Are written receiving reports prepared on all materials or services received?
- Are such receiving reports numerically controlled?
- Does the purchasing process require budgets to be encumbered or call for bids to be made prior to the issuance of a purchase order?
- Are disbursement documents noted that appropriations are available and/or the order was issued pursuant to a call for bids?
- Are requests for purchases properly coded or identified to indicate the fund, department, program, base sub-account, and object classification applicable to the purchase?
- Are requisitions used to initiate a purchase?
- Are requisitions, purchase orders and receiving reports pre-numbered and accounted for in routine procedures?
- Is a record made of all rejected items?
- Are all purchases audited before being submitted for final disbursement processing?
- Are internal purchase request forms approved by an authorized employee or representative?
- Do requisitioning departments file a copy of the internal purchase request which is later compared to goods received?
- Are copies of internal purchase request forms for fixed assets sent to the capital asset inventory employee?
- Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of employees designated to authorize requisitions?
- Are requisitions pre-numbered and are those numbers controlled?
- Is the appropriation to be charged indicated on the purchase requisition by the person requesting the purchase?
- Before commitment, are un-obligated funds remaining under the appropriation verified by the accounting or budget department as sufficient to meet the proposed expenditure?
- Are requests for special purpose (non-shelf items) materials or personal services accompanied by technical specifications?

Purchasing Controls

- Is the purchasing function separate from accounting and receiving?
- Does the organization obtain competitive bids for items, such as rental or service agreements, over specific amounts?
- Is the purchasing agent required to obtain additional approval on purchase orders above a stated amount?
- Are there procedures to obtain the best possible price for items not subject to competitive-bidding requirements, such as approved vendor lists and supply item catalogs?
- Are purchase orders required for purchasing all equipment and service?
- Are purchase orders controlled and accounted for by pre-numbering and keeping a logbook?

- Is the purchasing department required to maintain control over items or dollar amounts requiring the contracting employees advance approval?
- Are there current written procedures for purchasing?
- Are field order forms or purchase requisition forms issued in numeric sequence and kept under numeric control?
- Is an internal purchase request form or equivalent documentation of approval for purchase required prior to issuing a field order or are purchase requisition forms used for purchases (except petty cash and "direct payments")?
- Are only purchasing agents authorized to issue purchase requisition and field orders?
- Are competitive bidding requirements followed when required?
- Is a current records retention schedule available and followed?
- Are pre-numbered debit memos used for the return of goods?
- Are debit memos used for the return of goods?
- Are debit memos issued in numeric sequence and accounted for?
- Does purchasing review receiving reports for quality, price, specifications, and delivery of responses in accordance with purchase order or field order agreements?
- Are copies of field orders or purchase requisitions and purchase orders promptly sent to accounting?
- Are copies of field orders or purchase requisitions and purchase requisitions and purchase orders promptly sent to accounting?
- Are purchasing authorizations structured to give appropriate recognition to the nature and size of purchases and the experience of purchasing personnel?
- Do approval procedures exist for purchase order and contract issuance?
- Are purchase prices periodically reviewed by a responsible employee independent of the purchasing department?
- Are competitive bidding procedures used?
- If practicable, is contract or purchasing employees' areas of responsibility rotated on a regular basis?
- Do provisions in contracts for materials, services, or facilities acquired on anything other than a fixed price basis provide for an audit of contractors' costs, with payments subject to audit results?
- Do procedures exist for public advertisement of non-shelf item procurements in accordance with legal requirements (statute or charter)?
- Are recurring purchases and documentation of the justification for informal rather than competitive bids periodically reviewed?
- Are policies regarding conflicts of interest and business practice policies established, documented and distributed?
- Are purchase orders and contracts issued under numerical or some other suitable control?
- Are an adequate number of price quotations obtained before placing orders not subject to

competitive bidding?

- Is splitting orders to avoid bidding requirements prohibited?
- Are price lists and other appropriate records of price quotations maintained by the purchasing department?
- Is a record of suppliers who have not met quality or other performance standards by the purchasing department maintained?
- Are procedures modified when funds disbursed under grant or loan agreements and related regulations impose requirements that differ from the organization's normal policies?
- Are procedures instituted to identify, before order entry, costs and expenditures not allowable under grant (federal/state) programs?
- Is an adequate record of open purchase orders and agreements maintained?
- Are purchases made for the accommodation of employees prohibited?
- If construction contracts are to be awarded, are bid and performance bonds considered?
- Does predetermining selection criteria exist for awarding personal service or construction contracts and is adequate documentation of the award process required?
- Are changes to contracts or purchase orders subjected to the same controls and approvals as the original agreement?
- Are all purchases and requisitions of goods and services reconciled to the monthly general ledger?

Receiving Controls

- Does the organization have a receiving function to handle receipt of all materials and equipment purchased?
- Are supplies and equipment inspected and counted before acceptance for use?
- Are quantities and descriptions of supplies and equipment checked by the receiving department against a copy of the purchase order or some other form of notification?
- Is a logbook or permanent copy of the receiving ticket kept in the receiving department?
- Are there current, written procedures for the receiving function?
- Is receiving centralized?
- Are shipments counted, inspected and compared with the field order or purchase order and a receiving report?
- Is an open order file maintained and reviewed periodically?
- Are claims filed promptly for goods damaged in shipment?
- Are copies of receiving reports for fixed assets sent to the agency's fixed asset inventory officer?
- Are receiving reports prepared for all purchased goods?
- Do procedures exist for the filing of claims against carriers or vendors for shortages or damaged materials?
- Are steps taken to ensure that goods received are accurately counted and examined to see that they meet quality standards?

- Is a permanent record of material received by the receiving department maintained?
- Are receiving reports numerically accounted for or otherwise controlled to ensure that all receipts are reported to the accounting department?
- Are copies of receiving reports sent directly to purchasing, accounting and, if appropriate, inventory record keeping?
- Is a government technical representative assigned to monitor and evaluate contractor performance and approve receipt of services with respect to procurements of special purpose materials, services, or facilities?
- If a receiving department is not used, do adequate procedures exist to ensure that goods for which payment is made have been received and are verified by someone other than the individual approving payment that goods have been received and meet quality standards?

Invoice Processing Controls

- Are there adequate controls with incoming invoices from vendors?
- Are receiving reports matched to the vendor invoices and purchase orders, and are all of these documents kept in accessible files?
- Are there appropriate controls placed on the liquidation of encumbrances?
- Are quantities, charges, name of the payee, and amount of the payment verified to be correct before payment is authorized?
- Is there a periodic supervisory review for program coding, pricing, and extending vendor invoices?
- Is the math verified on the invoice?
- Is a disbursement prepared and filed with the supporting documents?
- Does this approval include a review of supporting documents and account distribution?
- Does the disbursement have to be approved prior to processing for payment?
- Are accounts payable promptly recorded once the supporting documents are matched, checked, and approved?
- Are purchase returns promptly and accurately charged to vendor accounts?
- Are charges for services required to be supported by evidence of performance by individuals other than the ones who incurred the obligations?
- Are extensions on invoices and applicable freight charges checked against the purchase order and approved budget?
- Is there an auditor of disbursements who reviews each disbursement to see that proper procedures have been followed?
- Are checks/warrants adequately cross referenced to disbursements?
- Are there individuals responsible for accounts payable other than those responsible for cash receipts?
- Are accrual accounts kept for items which are not invoiced or paid on a regular basis?
- Are unpaid disbursements totaled and compared with the general ledger on a monthly basis?

- Are there current, written procedures for disbursement preparation and accounts payables?
- Is a trial balance of the accounts payable subsidiary ledger taken monthly and reconciled to the general ledger?
- Are vendor statements checked against unpaid accounts payable?
- Are overdue items investigated by an independent party?
- If certain obligations are unrecorded until paid, is control adequate during the intervening period?
- Are copies of payment disbursements for fixed assets sent to the agency's fixed asset inventory officer?
- Are discounts taken when available?
- Are late payment interest charges paid only when billed by the vendor?
- Are payments on late payments interest charges limited to per month percentage rate?
- Do invoice processing procedures provide for:
 - Obtaining directly from issuing departments copies of purchase orders and receiving reports?
 - Comparison of invoice quantities, prices, and terms with those indicated on the purchase order?
 - Comparison of invoice quantities with those indicated on the receiving reports? As appropriate, checking accuracy of calculations?
- Are all invoices received from vendors in a central location, such as the accounting department?
- Are internal acknowledgements required for direct delivery of goods and services before invoices are paid?
- Do procedures ensuring that the accounts payable system is properly accounting for unmatched receiving reports and invoices?
- Are requests for progress payments under long-term contracts related to contractors' efforts and are they formally approved?
- Do procedures exist for processing invoices not involving materials or supplies (i.e., lease or rental payments, utility bills)?
- Are there procedures ensuring accurate account distribution of all entries resulting from invoice processing?
- If applicable, is access to the Electronic Data Processing master vendor file limited to employees authorized to make changes?
- Does the accounting department maintain a current list of those authorized to approve expenditures and follow up with partial deliveries?
- Do procedures exist for submission and approval of reimbursement to employees for travel and other expenses?
- Is control established by the accounting department over invoices received before releasing them for departmental approval and other processing?
- Is the distribution of charges in the accounting department reviewed by a person

competent to pass on the propriety of the distribution?

- Are invoices/disbursements reviewed and approved for completeness of supporting documents and required clerical checking by a responsible employee?
- If an invoice is received from a supplier not previously dealt with, are steps taken to ascertain that the supplier actually exists?
- Are payments made only on a basis of original invoices?
- Is responsibility fixed for seeing that all cash discounts are taken and, if applicable, that exemptions from sales, federal excise, and other taxes are claimed?
- Are differences in invoice and purchase order price, terms, shipping arrangements, or quantities referred to purchasing for review and approval?
- Are the accounting and purchasing departments promptly notified of returned purchases, and are such purchases correlated with vendor credit advices?
- Is the program and expenditure account to be charged reviewed for propriety and budget conformity?
- Do checks or warrant signers or other responsible employees determine that restricted revenues are expended only for restricted purposes?
- If applicable, do procedures exist to ensure adjustments of reserve for encumbrances (obligations) when invoices are prepared for payment?

Revenue & Receivables

Separation of Duties

- Are there controls to ensure that all goods shipped and services performed are billed and recorded correctly?
- Does the serial number match the billing invoices?
- Are all documents serially numbered supporting billings, such as shipping orders and service tickets?
- Are price lists or contractual terms covering goods and services used for computing billing amounts?
- Are exceptions approved by a responsible employee?
- Are detailed receivable records periodically balanced with the general ledger control accounts?

- Are noncash credits to receivables periodically prepared and follow-up action taken on overdue balances?
- Is an aged trial balance of receivables periodically prepared?
- Are duties adequately separated so that the individual responsible for maintaining the receivable records does not have access to cash, approve credit to customers, authorize noncash credits to receivables, or authorize shipments of goods or performance of services?
- Is the recording and approval of abatements, cancellations, or refunds independent from cash handling and other accounts receivable functions?
- Are the responsibilities for billing taxes and services separated from collection and accounting?
- Are the responsibilities for maintaining detailed taxes and accounts receivable records separated from collections and general ledger posting?
- Are property tax assessment rolls maintained by individuals not engaged in any accounting or collection function?
- Is a clear separation of duties maintained between accounts receivable ledger clerks, billing clerks, mail clerks, meter readers and cashiers?
- Are the following duties separated among at least two people:
 - Approve billings?
 - Prepare billings?
 - Posting revenue & receivable records?
 - Accepting payments?
 - Reconciling billings & receivable records?
- Are responsibilities for entries in the cash receipts records separated from those for general ledger entries?

Procedural Controls

- Do controls exist to ensure that additions, deletions, transfers, and adjustments are properly and timely reflected in the property tax records?
- Do procedures exist to make property assessments in accordance with the law or legislative

intent with prompt adjustment of records?

Revenue Enhancement Controls

- Is staff encouraged to find ways to enhance existing revenues?
- Is there a procedure to continuously identify new revenue sources, including grants and donations, contracting out excess capacity?
- Are new revenue sources evaluated to identify all associated burdens including match and earmarking requirements?
- Are new revenue sources applied for or explored only upon executive management or legislative body consent?
- Are new revenue resources implemented by searching for internal or external consultants?

Revenue Recognition Controls

- Is there a procedure to identify new or changes in revenue sources arising from new laws and regulations?
- If revenue is in the form of tax or license, is there a method to identify all assessable activities or properties?
- Is the maximum amount of revenue recognized to the extent allowed by laws and accounting standards?
- Is the cumulative revenue compared to prior years to detect any unusual changes?
- Are overpayments to any vendors identified and promptly recorded as receivable for collection purposes?

Cost Recovery Controls

- Are the costs of services provided or goods sold computed or estimated?
- Are the types and extent of costs that are recoverable from external sources determined?
- Are all allowable costs including indirect costs included in the computation?
- Are citizen complaints and billing questions followed up, recorded, and resolved in a timely manner?
- Are billing rates and service fees reviewed periodically to ensure that costs are recovered to the fullest extent allowable?

Tax Controls

- Are filed returns cross-referenced against a data base of previous taxpayers?
- Are records organized and integrated in such a fashion that probable taxpayers are identified as a result of reporting of other governmental activities such as licensing?
- Is a clear separation of duties maintained between cashiers, tax roll clerks, tax distribution clerks, and tax roll adjustment functions?
- Are tax rolls totaled and balanced monthly with control accounts?
- Are tax statements mailed to all taxpayers as required by law?

- Are foreclosure procedures instituted in a timely fashion when taxes become delinquent?
- Are tax tolls adjusted to conform to valid claims?
- Are claims for tax adjustments approved by a responsible person other than a cashier or tax roll clerk?
- Are properties foreclosed because of nonpayment of taxes recorded in the general accounting records?
- Are taxes distributed to funds or municipalities, at least monthly, according to the levy?
- Is tax information of a personal nature provided maximum security?
- Are tax returns and penalties computed and levied promptly?

Assessment Receivables Controls

- Is a clear separation of duties maintained between assessments receivable ledger clerks, billing clerks, mail clerks, assessment roll developers, and cashiers?
- Is there a policy on abatements, cancellations, and refunds that is adhered to?
- Are assessments receivable ledger accounts, property records, or Local Improvement District (LID) rolls balanced by someone other than the assessments receivable clerks?
- Are the ledgers, records or rolls balanced at least annually?
- Are necessary adjustments to accounts approved by an authorized representative?
- Are the balances in assessments receivable reconciled and compared with the general ledger control accounts?
- Are statements sent out to property owners shortly before assessments are due?
- Are statements compared with general ledger accounts by a disinterested party before they are mailed?
- Are account balances tested by direct confirmation on a surprise basis by internal auditors or other responsible person?
- Are assessments billed independent of the accounting and collection functions?
- Are foreclosures being made for nonpayment as required by law?

License Fees and Permit Controls

- If annual payments are involved, do procedures exist to ensure that previous years' records are properly updated for new registrants and withdrawals?
- Are current year receipts compared to those for prior years and are explanations of variations reviewed by a responsible employee?
- Are updated records used as the basis for billing persons subject to payment?
- Are all blank licenses pre-numbered and controlled?

Fines, Forfeitures, and Court Fees Controls

- Do procedures exist providing for correlation of amounts collected with records of court proceedings?

- Are citations for traffic violations, arrests, etc. sequentially numbered and satisfactorily accounted for in accordance with statute?
- Are court and other records of payment due maintained and used as a basis for collections?
- Do procedures exist surrounding the control, issuance, and disposition of traffic citations to ensure that amounts due are assessed and collected in accordance with the statute (bail schedule)?

Service Revenue Controls

- If billing is based on usage, are meter readings performed in a timely fashion?
- Are assignments of meter readers periodically rotated?
- Are remittances promptly applied against outstanding billings and/or receivables?
- Do billing procedures exist providing for identification and investigation of unusual patterns of use?
- Are controls maintained that provide assurances that customer data base and, where appropriate, usage records are accurately maintained to ensure that amounts due are billed?

Property Tax Controls

- Do controls exist within the billing system to ensure that eligible property owners are billed correctly?
- Do controls exist to ensure that tax assessments are being properly applied against tax rates and special charges are being considered in the preparation of billing amounts?
- Do controls exist to ensure that tax exemptions are within the law and properly approved?
- Are returns reviewed for mathematical accuracy?
- Are current year's taxpayers' returns correlated with prior year's returns and are differences reviewed and accounted for?
- Are claims for refunds reviewed and approved separately?
- Are audits performed on returns filed to provide reasonable assurance that taxable income is properly reported?
- Are claims over a certain amount passed to state versus local properly?

General Controls

- Is the billing department notified of charges to be billed (a) for merchandise shipments, by receiving a copy of the shipping documents directly from the shipping department or (b) for services performed, by receiving a copy of the record of services performed directly from the individual or group performing the services?
- Are shipping documents and service records pre-numbered and correlated with billing invoices?
- Are billing invoices pre-numbered and accounted for?
- Are billing prices based on standard price lists or contractual agreements?
- If billing amounts are not based on standard price lists or contract, are amounts approved by an employee outside the billing department?

- Are prices and extension on billings independently verified?
- Are there procedures to control the issuance of free merchandise and services?
- Are there procedures to control the receipts of funds for miscellaneous transactions, such as (a) the sale or rental of property and equipment and (b) income from investments?
- Are taxes and fees billed in a timely manner?
- Do procedures exist designed for other revenues areas ensuring timely payment of amounts due?
- Are rates of taxes, bail schedules, fees and services periodically reviewed and approved by the legislative body?
- Are programs for tax exemption or relief periodically reviewed and approved by the legislative body?
- Do procedures exist providing for timely notification of the accounting department at the time tax, service, or other billings or claims are prepared and rendered?
- Do numerical or batch-processing controls exist over tax, fee, service, or other billings?
- Do controls exist over the billing of miscellaneous revenues and services?
- Do procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements after preparation but before they are mailed?
- Does an individual independent of receivables record keeping promptly investigate disputes with billing amounts that are reported by taxpayers or service recipients?
- Are people notified on past-due accounts?
- Do controls exist providing reasonable assurances that restricted revenues are expended only for restricted purposes?
- Are interfund receivables and payables balanced monthly and reconciled to the general ledger accounts?

Collection Controls

- Are restrictive endorsements placed on incoming checks as soon as received?
- Do procedures exist providing reasonable assurances that interest and penalties are properly charged on delinquent taxes, fees, or charges for services?
- Do controls exist surrounding the collection, timely deposit and recording of collections in the accounting records at each collection location?
- Are revenues billed as soon as earned or in advance whenever permitted?
- Are all claimable costs identified and billed timely?
- Are cost claims prepared and submitted in accordance with reimbursement requirements?
- Is the general accounting department notified of cash receipts from separate collection centers on a timely basis?
- If payments are made in person, are receipts for payment used and accounted for and balanced to collections?
- Are delinquent accounts reviewed and considered for charge-off on a timely basis?

- Are write-offs or other reductions of receivables formally approved by a responsible employee not involved in the collection function?
- Do procedures exist providing for the timely filing of liens on property for nonpayment in all cases permitted by law?
- Is there a procedure to follow up on overdue accounts and refer them for further collections or to a collection agency when appropriate?
- Do procedures exist providing for execution of all legal remedies to collect charged-off or uncollectible accounts, including tax sale of property, liens and so forth?
- Are follow up and collection activities properly documented?
- Do controls in the system exist that provide assurances that individual receivable records are posted only from authorized source documents?
- Are the billings reviewed and approved by a supervisor?

Accounts Receivable and Record Keeping Controls

- Are aggregate collections on accounts receivable reconciled against postings to individual receivable accounts?
- Are statements of account balance mailed on a timely basis, where appropriate (for example, in proprietary funds)?
- Are statements of account periodically prepared and mailed to debtors?
- Are statements sent to all debtors monthly (or bi-monthly, if billed every two months)?
- Are billings checked for accuracy before mailing?
- Are account balances tested by direct confirmation on a surprise basis by a responsible employee?
- Are aged-accounts reviewed regularly by an authorized employee
- Is a surprise audit made to determine if statements are mailed to the addresses of any employees other than statements of their own accounts?
- Are bad debts controlled after their write-off?
- Are write-offs, discounts, allowances, refunds, adjustments or other items affecting accounts approved by a responsible employee other than the accounts receivable clerk?
- Are aged trial balances of receivables periodically prepared and reviewed by credit department or some designated employee not responsible for billings, cash, or receivables?
- Is there control over follow-up action on delinquent accounts?
- Are noncash reductions of receivables approved by a responsible employee?
- Are there controls over advances to and receivables from employees?
- Are amounts received on behalf of other governments separated and remitted on a timely basis?
- Are taxes and fees collected by another agency monitored to ensure timely receipt and are amounts received subjected to reviews for reasonableness?

General Ledger Controls

- Are accounts receivable ledgers balanced with general ledger control accounts monthly?
- Are accounts receivable ledgers balanced with general ledger control accounts by someone other than the accounts receivable clerk?
- Are trial balances of individual receivable accounts prepared on a timely basis?
- Are trial balances reconciled with general ledger control accounts and are reconciling items investigated by someone other than accounts receivable clerks?
- Are aged accounts receivable balances periodically reviewed by supervisory personnel?
- Do procedures exist providing for timely and direct notification of the accounting department of billings and collection activities?