



BANK ACCOUNT RECONCILEMENTS

A system of internal control may be implemented in many different ways. Because political subdivisions vary in purpose, size and complexity, no single method of internal control is universally applicable. However, the five internal control components should be present and functioning in all political subdivisions.

Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding bank account reconciliements. These questions can be used to aid in designing a proper system of internal control over bank reconciliements that will allow incorrect bank reconciliements to be prevented or detected and corrected. It is not necessary to address all questions in this document. These are only suggestions and ultimately it is up to the unit on how they implement it. The internal control system as a whole has to be designed and implemented appropriately in order to allow errors made on the bank reconciliation to be prevented or detected and corrected in a timely manner.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

Governing Board:

	YES	NO
1) Does the governing board oversee the unit's internal control system over the preparation and review of the bank reconciliation?	☐	☐
2) Are there written policies documenting internal control procedures over the preparation and review of the bank reconciliation? If yes, do these written policies outline the authority and responsibility for the preparation and review of the bank reconciliation within the unit and require bank reconciliements to be performed monthly?	☐	☐
3) Does the governing board have a complete listing of all bank accounts?	☐	☐

Management:

1) What procedures did management put in place for the preparation and review of the bank reconciliation and review of cash and investment balances?	☐	☐
a. Does management assign responsibility, and delegate authority to achieve a correct bank reconciliation and ensure it is prepared monthly?	☐	☐
2) Have all bank accounts been reported to management?	☐	☐
3) Is management willing to adjust the financial statements for misstatements that approach a material amount?	☐	☐

Risk Assessment

	YES	NO
1) Does management identify, analyze and respond to risks regarding the preparation and review of the bank reconciliation?	☐	☐
a. What areas have been identified regarding the preparation and review of the bank reconciliation that may be exposed to risk?	☐	☐
b. How has management analyzed and responded to identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and/or institute proper internal controls.	☐	☐
2) How does management prevent fraud and errors in the accounting records, which are used to compute cash and investment balances. For example, are important internal control procedures in place such as approvals, regular preparation or review of reconciliations, review of supporting schedules or reports, etc.?	☐	☐
3) What procedures are in place to ensure that the information reported on the bank reconciliation is correct and reflective of the accounting records and the bank reconciliation is performed monthly?	☐	☐

Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure a correct bank reconciliation?	☐	☐
a. Are responsibilities for reviewing the bank reconciliation segregated from those preparing the bank reconciliation?	☐	☐
b. Are responsibilities for preparing the bank reconciliation segregated from those involved in receipting and disbursing activities?	☐	☐
c. Are responsibilities for preparing a reconciliation between the receipts ledger and the credits to the bank account segregated from those involved in the receipting process?	☐	☐
d. Are responsibilities for preparing a reconciliation between the disbursements ledger and the debits to the bank account segregated from those involved in the disbursing process?	☐	☐
2) Does management present the bank reconciliation to the governing board for review and approval?	☐	☐
3) Are bank statements received directly by the appropriate level of management or another appropriate person and reviewed prior to routing to the individual who performs the bank reconciliation?	☐	☐



	YES	NO
4) Does management or a designated individual review and check the accuracy of the bank reconciliation by comparing it to supporting documentation used and verify the bank reconciliation was performed monthly? If yes, is this review documented as evidenced by initials, tick marks, etc. indicating procedures performed?	☐	☐
5) Are canceled checks examined to ensure vendors are recognized, signatures are by authorized signers and endorsements are appropriate?	☐	☐
6) Are bank statements and cancelled checks examined to ensure checks are not issued out of sequence?	☐	☐
7) Is the individual authorized to oversee the bank reconciliation knowledgeable in the bank reconciliation process?	☐	☐
8) Does the individual authorized to oversee cash and investment balances understand the unit's recordkeeping system?	☐	☐
9) Is there a checklist for the preparation and review of the bank reconciliation that includes the following	☐	☐
a. Employee names with their responsibilities and duties	☐	☐
b. Deadlines for completing the bank reconciliation	☐	☐
c. Detail of supporting documentation required	☐	☐
d. Supporting documentation required for all reconciling items	☐	☐
10) Is there a periodic investigation of checks outstanding for a considerable time?	☐	☐

Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding the preparation and review of bank reconciliations?	☐	☐
a. How does the unit internally communicate information to employees regarding the preparation and review of the bank reconciliation, including responsibilities for internal control? Are records maintained to document this communication?	☐	☐
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?	☐	☐
2) What procedures are in place to collect the information needed to complete the bank reconciliation?	☐	☐
a. Does management use the most current information available to ensure the bank reconciliation is correct?	☐	☐

Monitoring

	YES	NO
1) Are internal controls over the bank reconciliation process evaluated and adjusted on a regular basis? For example personnel changes, newly elected officials, new technology, etc.	☐	☐
a. What follow-up action is taken for identified problems or weaknesses in internal controls regarding the preparation and review of the bank reconciliation?	☐	☐
2) Are monthly reports detailing receipts, disbursements, cash and investment balances and appropriations of the funds provided to the appropriate department to review for accuracy and reasonableness?	☐	☐
3) Are monthly reports detailing receipts, disbursements, cash and investment balances and appropriations of the funds provided to management to review for accuracy and reasonableness?	☐	☐
4) Are monthly reports of receipts, disbursements, cash and investment balances and appropriations of the funds provided to the governing board to review?	☐	☐
5) Does a confidential reporting system exist so that individuals may report suspected fraud and abuse of the unit's policies?	☐	☐



CREDIT CARD PURCHASES

A system of internal control may be implemented in many different ways. Because political subdivisions vary in purpose, size and complexity, no single method of internal control is universally applicable. However, the five internal control components should be present and functioning in all political subdivisions.

Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding the use of credit cards. These questions can be used to aid in designing a proper system of internal control over the use of credit cards that will allow deficiencies in procedures over credit cards to be prevented or detected and corrected. It is not necessary to address all questions in this document. These are only suggestions and ultimately it is up to the unit on how they implement it. The internal control system as a whole has to be designed and implemented appropriately in order to allow deficiencies over credit card procedures to be prevented or detected and corrected.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

Governing Board:	YES	NO
1) Does the governing board oversee the unit's internal control system regarding credit cards?	☐	☐
2) Did the governing body authorize credit card use through an approved credit card policy? If yes, was the credit card policy approved in the minutes?	☐	☐
3) Did the credit card policy include the following?	☐	☐
a. Internal control procedures over credit card purchases.	☐	☐
b. Outline the authority and responsibility for credit card purchases within the governmental unit.	☐	☐
c. Issuance and use must be handled by an official or employee designated by the governing board.	☐	☐
d. Limit the number of credit cards and users to a minimum if possible.	☐	☐
e. Set account limits with credit card companies and vendors.	☐	☐
f. Deactivate the ability to make cash advances.	☐	☐
g. The purpose for which the credit card may be used. (travel, online purchasing, emergency/small purchases, automatic payments)	☐	☐
h. Types of purchases that are prohibited or restricted. (personal expenses, purchases above a threshold amount, etc.)	☐	☐
i. The card must be returned to the custody of the responsible person after credit card purchases are made.	☐	☐
j. The designated official or employee must maintain an accounting system or log which would include names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned. The log should be reviewed by the appropriate level of management.	☐	☐
k. Credit cards must not be used to bypass the accounting system.	☐	☐
l. Purchase orders are issued to provide the fiscal officer with the means to encumber and track appropriations to provide timely and accurate accounting information and monitoring of the accounting system.	☐	☐
m. Payments cannot be made on the basis of a statement or a credit card slip only. Supporting documents such as paid bills and receipts must be available.	☐	☐
n. Any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.	☐	☐

Management:

1) What procedures did management put in place for the handling of credit cards?	☐	☐
a. Does management assign responsibility, and delegate authority to oversee credit card use and ensure that the credit card policy is being followed?	☐	☐

Risk Assessment

	YES	NO
1) Does management identify, analyze, and respond to risks related to credit card procedures?	☐	☐
a. What areas have been identified regarding credit card procedures that may be exposed to risk?	☐	☐
b. How has management analyzed and responded to identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and/or institute proper internal controls.	☐	☐



	YES	NO
2) What happens when the credit card policy is not followed? What consequences will be enforced?	☐	☐
a. Who is responsible for late charges?	☐	☐
b. Who is responsible when sufficient documentation of purchases is not provided?	☐	☐
c. If personal expenses are incurred using the credit card, how is repayment obtained from the employee?	☐	☐
3) What procedures are in place when employees with access to credit cards leave employment or credit cards are lost or stolen?	☐	☐
4) What procedures are in place to ensure credit card purchases are allowable and properly reflected in the accounting records?	☐	☐

Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure the proper handling of credit cards and proper reporting of credit card transactions?	☐	☐
a. Are responsibilities for approving credit card claims segregated from those preparing credit card claims?	☐	☐
b. Are responsibilities for writing the checks segregated from those approving credit card claims?	☐	☐
2) Does a designated official or employee compare credit card purchases to an approved credit card policy?	☐	☐
3) Are vendors noted on the credit card statement for authorized vendors only?	☐	☐

Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding the credit card procedures?	☐	☐
a. How does the unit internally communicate information to employees regarding credit card procedures, including responsibilities for internal control? Are records maintained to document this communication?	☐	☐
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?	☐	☐

Monitoring

	YES	NO
1) Are internal control procedures over the handling of credit cards evaluated and adjusted on a regular basis? For example, personnel changes, newly elected officials, etc.	☐	☐
a. What follow-up action is taken for identified problems or weaknesses in internal controls over the handling of credit cards?	☐	☐
2) Does a confidential reporting system exist so that individuals may report suspected fraud and abuse of the unit's policies?	☐	☐



DISBURSING ACTIVITIES

A system of internal control may be implemented in many different ways. Because political subdivisions vary in purpose, size and complexity, no single method of internal control is universally applicable. However, the five internal control components should be present and functioning in all political subdivisions.

Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding disbursement activities. These questions can be used to aid in designing a proper system of internal control over disbursement activities that will allow improper procedures to be prevented or detected and corrected. It is not necessary to address all questions in this document. These are only suggestions and ultimately it is up to the unit on how they implement it. The internal control system as a whole has to be designed and implemented appropriately in order to allow errors and deficiencies in disbursing activities made on the bank reconciliation to be prevented or detected and corrected.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

Governing Board:

	YES	NO
1) Does the governing board oversee the unit's internal control system regarding disbursement activities?	☐	☐
2) Are there written policies documenting internal control procedures over disbursement activities including purchase orders and contracts?	☐	☐
3) Do written policies address what approvals are necessary for certain dollar amount or types of purchases, how approvals are documented, types of purchases that are prohibited or restricted (i.e. purchases for personal use, computer hardware and software, etc.), and procedures for determining the most cost effective purchase (i.e. quotes, local business preferences, emergency purchases, etc.).?	☐	☐
4) Is there an approved credit card policy?	☐	☐
5) Is there an approved travel policy?	☐	☐
6) Is there an approved policy for employee reimbursements for other expenses?	☐	☐

Management:

1) What procedures did management put in place for disbursement activities?	☐	☐
a. Does management assign responsibility, and delegate authority to achieve a proper disbursing activities?	☐	☐
2) Does management emphasize meeting the budget and/or financial and operating goals?	☐	☐
3) Is management willing to adjust the financial statements for misstatements that approach a material amount?	☐	☐
4) Are procedures for the disbursement of funds under grants imposing requirements updated when they differ from the unit's normal policies?	☐	☐

Risk Assessment

	YES	NO
1) Does management identify, analyze and respond to risks regarding disbursement activities?	☐	☐
a. What areas have been identified regarding disbursement activities that may be exposed to fraud risk?	☐	☐
b. How has management analyzed and responded to identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and institute proper internal controls.	☐	☐
2) How does management prevent fraud and errors in the accounting records, which are used in the posting of disbursements? For example, are important internal control procedures in place such as approvals, regular preparation or review of reconciliations, review of supporting schedules or reports, etc.?	☐	☐
3) What procedures are in place to ensure that disbursements are correct and reflective of the accounting records?	☐	☐

Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure the proper reporting of disbursements?	☐	☐
a. Are responsibilities for approving claims segregated from those involved in preparing the claims?	☐	☐
b. Are responsibilities for preparing and writing checks segregated from those who approve claims?	☐	☐



	YES	NO
c. Are responsibilities for acknowledging the receipt of goods or services segregated from those preparing and writing checks?	☐	☐
d. Are responsibilities for preparing the bank reconciliation segregated from those involved in disbursing activities?	☐	☐
e. Are responsibilities for reviewing the bank reconciliation segregated from those involved in disbursing activities?	☐	☐
f. Are responsibilities for performing reconciliations between the disbursement ledger and the debits to the bank account completed periodically by an individual segregated from those involved in disbursing activities?	☐	☐
g. Are responsibilities for individuals involved in the receipting process segregated from those involved in disbursing activities?	☐	☐
h. Are responsibilities for the preparation and approval of claims segregated from those involved in recording or entering cash disbursement information in the records? (In most cases the disbursement will be posted during the preparation of the disbursement.)	☐	☐
i. Does a responsible individual who is independent of the purchasing department perform periodic reviews of purchase prices?	☐	☐
2) Are there controls in place to ensure each disbursement is properly supported by a claim and an original (no photocopies) invoices?	☐	☐
3) Does the fiscal officer or their designee review and audit supporting documentation to ensure funds are disbursed for only authorized purchases?	☐	☐
4) Are invoices date stamped before releasing them for departmental approval?	☐	☐
5) When an invoice is received from a supplier not previously dealt with, are steps taken to verify the supplier actually exists?	☐	☐
6) Are claims approved by the governing board prior to payment?	☐	☐
7) If checks are written prior to the approval of the governing board, does an ordinance exist allowing for such items to be prepaid?	☐	☐
8) If checks are written prior to the approval of the governing board, does the governing board approve the disbursement at the next regular board meeting?	☐	☐
9) What procedures exist to document the receipt of goods and services?	☐	☐
10) Are goods received accurately counted and examined to verify they meet quality standards?	☐	☐
11) Are checks signed only after all required documentation to support the payment is obtained, evidence that goods or services have been received, proper approvals have been obtained, etc?	☐	☐
12) Are checks accounted for in numerical order and reconciled to the disbursement ledger and bank statement?	☐	☐
13) Are voided checks and documents to support the voided checks retained?	☐	☐
14) Are checks payable to "Cash" prohibited?	☐	☐
15) Is access to signature stamps, mechanical check signers or signature plates used to sign checks adequately controlled?	☐	☐
16) Are all disbursements made by check, except for small payments from petty cash?	☐	☐
17) Is the signing of checks in advance prohibited?	☐	☐
18) Are blank check stock kept in a secure location?	☐	☐
19) Are signed checks delivered directly to the mail room or postal office, making them inaccessible to persons who requested, prepared or recorded them?	☐	☐
20) Are signed checks promptly recorded?	☐	☐
21) Is a reconciliation completed between the claims for payment approved by the governing board and the actual disbursements posted to the ledger?	☐	☐
22) Is the review of the distribution of charges to various appropriation line items performed by an individual with knowledge and experience to determine the correctness of the distribution?	☐	☐
23) Are error reports created to identify vendors with the same bank account number or same address?	☐	☐
24) Is there a separate bank account for payroll?	☐	☐
25) Is access to disbursement applications appropriately controlled by user logins and passwords?	☐	☐
26) Did management design the unit's information system and related control activities to ensure the proper handling of disbursements?	☐	☐
a. Did management implement control activities through written policies?	☐	☐
27) Are monthly disbursements compared to prior months to determine reasonableness?	☐	☐
28) Are there controls in place to ensure duplicate payments are not made?	☐	☐
29) Are electronic payments properly itemized, authorized, audited by the fiscal officer or their designee and approved by the governing board?	☐	☐
30) Before electronic payments are submitted for approval, are the amounts reviewed to ensure the dollar amount charged is correct?	☐	☐
31) Are investigations made of unusual journal entries?	☐	☐
32) Are there controls in place to ensure all payments are made on a timely basis?	☐	☐



	YES	NO
33) Does the purchasing department maintain price lists and other records of price quotes?	☐	☐
34) Does the purchasing department maintain a record of suppliers who have not met quality or other performance standards?	☐	☐
35) Are there controls to identify costs and expenditures not allowable under grant programs before payment is made?	☐	☐
36) Are claims filed against vendors for all shortages or damaged materials?	☐	☐
37) Are vendor listings reviewed by management to in order to identify unusual vendors or excessive payments to vendors?	☐	☐
38) Is timely payment of invoices required to avoid late fee charges and to take advantage of available discounts?	☐	☐
39) Are transactions monitored to ensure all cash discounts are taken and exemptions from sales tax and federal excise?	☐	☐
40) Are both the accounting and purchasing departments promptly notified of returned purchases?	☐	☐
41) Are returned purchases matched with vendor credits?	☐	☐
42) Is a current list of individuals authorized to approve expenditures maintained by the accounting department?	☐	☐
43) Are there procedures for immediate notification when authorized individuals leave the unit or are no longer authorized to approve claims?	☐	☐
44) Are proper internal controls in place for contracts? (See Long Version for Disbursing Activities Question #47)	☐	☐
45) Are proper internal controls in place for purchase orders and requisitions? (See Long Version for Disbursing Activities Questions #48 and #49)	☐	☐
46) Are proper internal controls in place for travel and other employee reimbursements? (See Long Version for Disbursing Activities Questions #50)	☐	☐
47) Are proper internal controls in place for the budget process? (See Long Version for Disbursing Activities Questions #51)	☐	☐

Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding disbursement activities?	☐	☐
a. How does the unit internally communicate information regarding disbursement activities to employees, including objectives and responsibilities for internal control? Are records maintained to document this communication?	☐	☐
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?	☐	☐
2) What procedures are in place to collect the information needed to ensure the proper handling of disbursements?	☐	☐
a. Does management use the most current information available to ensure disbursement activities are working properly?	☐	☐

Monitoring

	YES	NO
1) Are internal control procedures over disbursement activities evaluated and adjusted on a regular basis? For example, personnel changes, newly elected officials, etc.	☐	☐
a. What follow-up action is taken for identified problems or weaknesses in internal controls over disbursement activities?	☐	☐
2) Are monthly reports detailing disbursements and appropriations of the funds sent to the appropriate department to review for accuracy and reasonableness?	☐	☐
3) Are monthly reports detailing disbursements and appropriations of the funds sent to management to review for accuracy and reasonableness?	☐	☐
4) Are monthly reports of disbursements and appropriations of the funds provided to the governing board to review?	☐	☐
5) Does a confidential reporting system exist so that individuals may report suspected fraud and abuse of the unit's policies?	☐	☐
6) Is there a comparison by the appropriate level of management or another designated individual of actual disbursements to budgeted and prior disbursements? If yes, are investigations performed for all variances noted?	☐	☐



OVERDRAWN CASH AND INVESTMENT BALANCES

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Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding overdrawn cash and investment balances. These questions can be used to aid in designing a proper system of internal control over the review of cash and investment balances that will allow overdrawn cash and investment balances to be prevented or detected and corrected. It is not necessary to address all questions in this document. These are only suggestions and ultimately it is up to the unit on how they implement it. The internal control system as a whole has to be designed and implemented appropriately in order to allow overdrawn cash and investment balances to be prevented or detected and corrected.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

<u>Governing Board:</u>	YES	NO
1) Does the governing board oversee the unit's internal control system regarding the review of cash and investment balances?	☐	☐
2) Are there written policies documenting internal control procedures over the review of cash and investment balances? If yes, do these written policies outline the authority and responsibility for the review of cash and investment balances?	☐	☐

<u>Management:</u>		
1) What procedures did management put in place for the review of cash and investment balances?	☐	☐
a. Does management assign responsibility, and delegate authority to achieve correct cash and investment balances and ensure the review occurs in a timely manner?	☐	☐
2) Is management willing to adjust the financial statements for misstatements that approach a material amount?	☐	☐

Risk Assessment

	YES	NO
1) Does management identify, analyze and respond to risks regarding the review of cash and investment balances?	☐	☐
a. What areas have been identified regarding the review of cash and investment balances that may be exposed to fraud risk?	☐	☐
b. How has management analyzed and responded to the identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and/or institute proper internal controls.	☐	☐
2) How does management prevent fraud and errors in the accounting records, which are used to compute cash and investment balances? For example, are important internal control procedures in place such as approvals, regular preparation or review of reconciliations, review of supporting schedules or reports, etc.	☐	☐
3) What procedures are in place to ensure that the cash and investments balances reported are correct and reflective of the accounting records?	☐	☐

Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure the proper review of cash and investment balances?	☐	☐
a. Are responsibilities for preparing the bank reconciliation segregated from those involved in the review of cash and investment balances?	☐	☐
b. Are responsibilities for reviewing the bank reconciliation segregated from those involved in the review of cash and investment balances?	☐	☐
c. Is a reconciliation between the receipts ledger and the credits to the bank account completed periodically by individuals segregated from those involved in the review of cash and investment balances?	☐	☐
d. Is a reconciliation between the disbursements ledger and the debits to the bank account completed periodically by individuals segregated from those involved in the review of cash and investment balances?	☐	☐
e. Are responsibilities for reviewing cash and investment balances segregated from those involved in receipting and disbursing activities?	☐	☐



	YES	NO
2) Did management design the entity's information system and related control activities to ensure correct cash and investment balances and the proper review of cash and investment balances?	☐	☐
a. Did management implement control activities through written policies?	☐	☐
b. Is access to the accounting records appropriately controlled by user logins and passwords?	☐	☐
c. Do individuals involved in posting the accounting records and preparing the bank reconciliation share their user id and password?	☐	☐
3) Does management or a designated individual review and check the accuracy of cash and investment balances by comparing them to other supporting documentation? If yes, is this review documented as evidenced by initials, tick marks, etc. indicating procedures performed?	☐	☐
4) Are the individuals authorized to review cash and investment balances knowledgeable?	☐	☐
5) Are the individuals authorized to review cash and investment balances understand the unit's accounting system?	☐	☐
6) Is there a checklist for reviewing cash and investment balances that includes the following:	☐	☐
a. Employee names with their responsibilities and duties	☐	☐
b. Deadlines for completing the review of cash and investment balances	☐	☐
c. Detail of supporting documentation required	☐	☐
d. Follow up of negative cash and investment balances	☐	☐
7) Is the budget process working effectively?	☐	☐
a. Are proper estimates and other documents used in the budget process retained and reviewed by management?	☐	☐
b. Are budgets reviewed and approved by the responsible department head?	☐	☐
c. Are budgets reviewed and approved by the governing board?	☐	☐
d. Are budget modifications approved by management and/or the governing board?	☐	☐
e. Are monthly reports detailing disbursements and appropriations provided to the appropriate department to review for accuracy and reasonableness?	☐	☐
f. Are monthly reports detailing disbursements and appropriations provided to management to review for accuracy and reasonableness?	☐	☐
g. Are monthly disbursement and appropriation reports reviewed by the governing board?	☐	☐
h. Are comparisons made between budgeted and actual disbursements? Do significant variations require an explanation?	☐	☐
i. Are appropriation balances and cash and investment balances reviewed to determine if sufficient balances exists prior to writing checks?	☐	☐
j. Have controls been established to track periodic or contractual payments made to a vendor in order to properly oversee and forecast budgeted amounts?	☐	☐

Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding the review of cash and investment balances?	☐	☐
a. How does the unit internally communicate information to employees regarding cash and investment balances, including responsibilities for internal control? Are records maintained to document this communication?	☐	☐
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?	☐	☐
2) What procedures are in place to collect the information needed to complete a proper review of cash and investment balances?	☐	☐
a. Does management use the most current information available to ensure cash and investment balances are correct?	☐	☐

Monitoring

	YES	NO
1) Are internal controls over the review of cash and investment balances evaluated and adjusted for weaknesses on a regular basis? For example, personnel changes, newly elected officials, new technology, etc.	☐	☐
a. What follow-up action is taken for identified problems or weaknesses in internal controls over cash and investment balances?	☐	☐
2) Are monthly reports detailing receipts, disbursements, cash and investment balances and appropriations of the funds provided to the appropriate department to review for accuracy and reasonableness?	☐	☐
3) Are monthly reports detailing receipts, disbursements, cash and investment balances and appropriations provided to management to review for accuracy and reasonableness?	☐	☐



	YES	NO
4) Are monthly reports of receipts, disbursements, cash and investment balances and appropriations of the funds provided to the governing board to review?	☐	☐
5) Does a confidential reporting system exist so that individuals may report suspected fraud and abuse of the unit's policies?	☐	☐



PAYROLL ACTIVITIES

A system of internal control may be implemented in many different ways. Because political subdivisions vary in purpose, size and complexity, no single method of internal control is universally applicable. However, the five internal control components should be present and functioning in all political subdivisions.

Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding payroll activities. These questions can be used to aid in designing a proper system of internal control over payroll activities that will allow deficiencies in payroll activities to be prevented or detected and corrected. It is not necessary to address all questions in this document. These are only suggestions and ultimately it is up to the unit on how they implement it. The internal control system as a whole has to be designed and implemented appropriately in order to allow errors and deficiencies in payroll activities to be prevented or detected and corrected.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

<u>Governing Board:</u>	YES	NO
1) Does the governing board oversee the unit's internal control system over payroll activities?	☐	☐
2) Are there written policies documenting internal control procedures over payroll activities? If yes, do these written policies outline the authority and responsibility for payroll activities?	☐	☐
3) Did the governing board establish policies that cross over to various offices and departments for payroll activities?	☐	☐
4) Are all compensation and benefits paid to officials and employees, including salary changes and the creation of new positions that occur during the year, included in a salary ordinance, resolution, labor contract or salary schedule adopted by the governing board, unless otherwise authorized by law? Note: Compensation for elected officials may be not changed in the year for which it is fixed. County Council approves salaries for counties.	☐	☐

Management:

1) What procedures did management put in place for payroll activities?	☐	☐
a. Does management assign responsibility and delegate authority in order ensure proper procedures over payroll activities?	☐	☐

Risk Assessment

	YES	NO
1) Does management identify, analyze and respond to risks regarding payroll activities?	☐	☐
a. What areas have been identified regarding payroll activities that may be exposed to fraud risk?	☐	☐
b. How has management analyzed and responded to identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and/or institute proper internal controls.	☐	☐
2) How does management prevent fraud and errors in the accounting records, which are used to record payroll disbursements? For example, are important internal control procedures in place such as approvals, regular preparation or review of reconciliations, review of supporting schedules or reports, etc.	☐	☐
3) What procedures are in place to ensure that payroll disbursements are correct and reflective of the accounting records?	☐	☐

Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure the proper reporting of payroll activities?	☐	☐
a. Are salary and wage rates verified by someone outside the payroll process?	☐	☐
b. Are responsibilities for preparing payroll segregated from other payroll and personnel duties? For example, approving time sheets, distribution of payroll checks, hiring and terminating employees, approving promotions, etc.	☐	☐
c. Are responsibilities for payroll accounting segregated from those involved in the general ledger function?	☐	☐
d. Are payroll adjustment reports reviewed by someone outside the payroll process?	☐	☐
e. Are unclaimed payroll checks/stubs returned to an individual other than those involved in the payroll process?	☐	☐
f. Are responsibilities for posting compensated absences (vacation, sick, personal, etc.) segregated from those who prepare and sign the payroll checks?	☐	☐
g. Are changes to payroll disbursements approved by an individual other than those authorized to make the changes?	☐	☐
h. Are responsibilities for reconciling the payroll bank account separate from those involved in the payroll process?	☐	☐
i. Are responsibilities for payroll data entry segregated from those individuals who have payroll approval authority?	☐	☐



	YES	NO
2) Are payroll disbursements approved by the governing board by signing the Payroll Schedule and Voucher (form 99) or the Accounts Payable Voucher Register (form 364)? If approval is documented through the use of the Accounts Payable Voucher Register, is the Payroll Schedule and Voucher included with other claims approved by the governing board?	☐	☐
3) Are time cards maintained for hourly and salaried employees?	☐	☐
4) Are employees' time and attendance records approved by their supervisors	☐	☐
5) Is access to time clocks and time cards properly controlled?	☐	☐
6) Are adequate records maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same unit?	☐	☐
7) Are corrections to recorded time and attendance records approved by the employee's supervisor and authorized by management?	☐	☐
8) Are overtime payments monitored, properly supported, approved and reasonable?	☐	☐
9) Are there adequate authorization and approval procedures regarding compensated absences (vacation, sick, personal, etc.)?	☐	☐
10) Are leave accruals reviewed for reasonableness? For example employees who have taken leave, but reports don't show a decrease in the accrual balance.	☐	☐
11) Are procedures in place to ensure that changes in employment status are promptly reported to the payroll processing department and recorded in the payroll data base?	☐	☐
12) Is a separate payroll bank account maintained?	☐	☐
13) Are payroll reports reviewed by a department head or designated individual to ensure that payroll costs are allocated to the appropriate accounts, funds, and programs?	☐	☐
14) Are deposits to the payroll bank account compared with the payroll register?	☐	☐
15) Are direct deposits properly reviewed, authorized, and approved?	☐	☐
16) Does the appropriate level of management or another designated individual review reconciliations between payroll registers and general ledger accounts?	☐	☐
17) Are payroll checks accounted for in numerical order and reconciled to the payroll check register, general ledger and bank statement?	☐	☐
18) Are payroll check registers and the general ledger reconciled to gross and net pay amounts noted on payroll tax returns?	☐	☐
19) Is there a year-end reconciliation of total W-2 wages (including taxable fringe benefits) to the wages paid per the payroll register and general ledger?	☐	☐
20) Are procedures in place to ensure that employees who leave employment are deleted from the payroll system?	☐	☐
21) Are there adequate procedures in place for changes in payroll deductions? (See Long Version for Payroll Activities Question #29)	☐	☐
22) Are there procedures in place to ensure payroll taxes are paid in a timely manner and payroll tax returns are filed when due?	☐	☐
23) Are procedures in place to ensure that other withholdings, such as health insurance premiums, retirement plan withholdings, etc. are remitted in a timely manner?	☐	☐
24) Are benefit reports reviewed to ensure they are accurate and meet expectations? For example employee paid benefits being paid by the employer, deductions that do not make sense, etc.	☐	☐
25) Did management design the entity's information system and related control activities to ensure the proper handling of payroll activities? (See Long Version for Payroll Activities Question #33)	☐	☐
26) Is access to signature stamps, mechanical check signers or signature plates used to sign payroll checks adequately controlled?	☐	☐
27) Are payroll checks/stubs periodically distributed by someone outside the normal payroll distribution function?	☐	☐
28) Are voided payroll checks and documents to support the voided payroll checks retained?	☐	☐
29) Is the signing of payroll checks in advance prohibited?	☐	☐
30) Are blank payroll check stock kept in a secure location?	☐	☐
31) Does a responsible individual take monthly physical inventories of blank payroll checks?	☐	☐
32) Are signed payroll checks promptly recorded?	☐	☐
33) Are employee addresses and bank account numbers reviewed to determine if multiple payments are going to the same address or bank account?	☐	☐



Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding payroll activities?	☐	☐
a. How does the unit internally communicate information to employees regarding payroll activities, including responsibilities for internal control? Are records maintained to document this communication?	☐	☐
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?	☐	☐
2) What procedures are in place to collect the information needed to ensure proper procedures over payroll activities?	☐	☐
a. Does management use the most current information available to ensure proper payroll activities?	☐	☐

Monitoring

	YES	NO
1) Are internal controls over payroll activities evaluated and adjusted on a regular basis? For example, personnel changes, newly elected officials, etc.	☐	☐
a. What follow-up action is taken for identified problems or weaknesses in internal controls regarding payroll activities?	☐	☐
2) Are monthly reports detailing payroll disbursements and appropriations for payroll provided to the appropriate department to review for accuracy and reasonableness?	☐	☐
3) Are monthly reports detailing payroll disbursements and appropriations for payroll provided to management to review for accuracy and reasonableness?	☐	☐
4) Are monthly reports of payroll disbursements and appropriations for payroll provided to the governing board for review?	☐	☐
5) Does a confidential reporting system exist so that individuals may report suspected fraud and abuse of the unit's policies?	☐	☐
6) Is there a comparison by the appropriate level of management or another designated individual of actual payroll disbursements to budgeted and prior payroll disbursements? If yes, are investigations performed for all variances noted?	☐	☐



RECEIPTING ACTIVITIES

A system of internal control may be implemented in many different ways. Because political subdivisions vary in purpose, size and complexity, no single method of internal control is universally applicable. However, the five internal control components should be present and functioning in all political subdivisions.

Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding receipting activities. These questions can be used to aid in designing a proper system of internal control over receipting activities that will allow deficiencies in receipting activities to be prevented or detected and corrected. It is not necessary to address all questions in this document. These are only suggestions and ultimately it is up to the unit on how they implement it. The internal control system as a whole has to be designed and implemented appropriately in order to allow errors and deficiencies in receipting activities to be prevented or detected and corrected.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

Governing Board:	YES	NO
1) Does the governing board oversee the unit's internal control system over receipting activities	☐	☐
2) Are there written policies documenting internal control procedures over receipting activities? If yes, do these written policies outline the authority and responsibility for receipting activities within the unit?	☐	☐
3) If credit cards are an acceptable form of payment for the unit, did the governing board approve policies on the handling credit card transactions and deposits, procedures for another acceptable form of payment when a credit card is declined and a refund policy?	☐	☐

Management:

1) What procedures did management put in place for receipting activities?	☐	☐
a. Does management assign responsibility, and delegate authority to achieve proper receipting activities?	☐	☐
2) Does management emphasize meeting the budget and/or financial and operating goals?	☐	☐
3) Is management willing to adjust the financial statements for misstatements that approach a material amount?	☐	☐

Risk Assessment

	YES	NO
1) Does management identify, analyze and respond to risks over receipting activities?	☐	☐
a. What areas have been identified regarding receipting activities that may be exposed to fraud risk?	☐	☐
b. How has management analyzed and responded to identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and institute proper internal controls.	☐	☐
2) How does management prevent fraud and errors in the accounting records, which are used to record receipts? For example, are important internal control procedures in place such as approvals, regular preparation or review of reconciliations, review of supporting schedules or reports, etc.?	☐	☐
3) What procedures are in place to ensure that collections received were properly reflected in the accounting records?	☐	☐

Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure the proper collection and reporting of receipts?	☐	☐
a. Are responsibilities for collecting money and issuing receipts segregated from those preparing the bank deposit?	☐	☐
b. Are responsibilities for collecting money and issuing receipts segregated from those posting the records?	☐	☐
c. Are responsibilities for making bank deposits segregated from those preparing the monthly bank reconciliations?	☐	☐
d. Is a reconciliation between the receipts ledger and the credits to the bank account completed periodically by an individual separate of the receipting process?	☐	☐
e. Are responsibilities for making bank deposits segregated from those posting the records?	☐	☐
f. Are responsibilities for issuing receipts segregated from those who open the mail?	☐	☐
g. Are responsibilities for billing segregated from those who mail the bills?	☐	☐
h. Are responsibilities for customer billings segregated from those involved in the receipting process?	☐	☐
i. Are responsibilities for maintaining accounts receivable records segregated from those involved in the billing process?	☐	☐



	YES	NO
j. Are responsibilities for receipting activities segregated from those involved in disbursing activities?	☐	☐
k. Are non-sufficient funds checks delivered to an individual independent of those processing and recording collections?	☐	☐
l. Are responsibilities for processing credit card payments segregated from those involved in processing voided credit card transactions?	☐	☐
m. Are responsibilities for processing credits or refunds segregated from those involved in the payment processing function?	☐	☐
n. Are responsibilities for reconciling credit card payments segregated from those processing payments, voids, credits and refunds?	☐	☐
o. Are reviews made of deposit slips by someone outside the receipting process to verify all deposit slips are accounted for?	☐	☐
2) Are collections received by mail?	☐	☐
a. Is the mail opened by two people?	☐	☐
b. Are all remittances collected by mail documented on a list of receipts at the time the mail is opened? If yes, is the list prepared by an individual other than those opening the mail? If remittances collected by mail are documented on a list of receipts, are copies of the listing forwarded, along with the money, to the cashier or depositor?	☐	☐
c. Does an individual who does not open the mail and is not the cashier or depositor compare the list with the deposit?	☐	☐
d. When opening mail, are checks endorsed or stamped "For Deposit Only"?	☐	☐
e. Are other copies attached to collections received through the mail as supporting documentation to the accounting transaction? If yes, are these documents enclosed with the currency, are the documents machine date stamped or dated and initialed by the individual opening the mail?	☐	☐
3) Are deposits of all receipts made according to state statute?	☐	☐
4) Are receipts issued timely for electronic deposits? What procedures are in place for identifying and issuing receipts for electronic deposits?	☐	☐
5) Are there established procedures for follow-up of non-sufficient funds checks?	☐	☐
6) Are pre-numbered duplicate receipts issued for all money collected?	☐	☐
7) Are duplicate receipts retained?	☐	☐
8) Is an approved or prescribed receipt form used? If no, are other receipt books used in place of an approved or prescribed receipt?	☐	☐
9) Are receipts issued at the time of collection?	☐	☐
10) If you are using any software to issue receipts, is there a backup system for issuing receipts when the system is down and not accessible?	☐	☐
11) Do voided receipts require review and authorization by management?	☐	☐
12) Are voided receipts with supporting documentation retained?	☐	☐
13) Are separate cash drawers used for each individual collecting money? If yes, is access limited to the individual responsible and assigned to that cash drawer?	☐	☐
14) Are collections stored in a secure location?	☐	☐
15) Are collections reconciled to receipts issued (or other cash reports) by someone other than the individual collecting the money? If no, are these reconciliations reviewed and approved by management? If yes, is this review documented as evidenced by initials, tick marks, etc. indicating procedures performed?	☐	☐
16) Are collections accounted for and balanced to receipts issued or other collection records daily?	☐	☐
17) Is monitoring performed on all cash longs and shorts?	☐	☐
18) Are collections promptly and accurately recorded in the records?	☐	☐
19) Are collections deposited in the form originally received? Do receipts indicate the type of payment received (cash, check, etc) and is this reconciled to the make-up of the bank deposit (cash, check, etc)?	☐	☐
20) Are delay of deposits avoided by making sure fund distribution are immediately determinable?	☐	☐
21) Are there comparisons of deposit amounts and dates with cash receipt postings?	☐	☐
22) Are adjustments to customer accounts properly documented and reviewed by an individual independent of the billing and accounts receivable processes?	☐	☐
23) Are receivable amounts aged monthly? If yes, is the aging of monthly receivables reviewed by an authorized individual?	☐	☐
24) Does the governing board approve bad debt write offs?	☐	☐
25) Are procedures provided for executing all possible legal remedies to collect charged-off or non-collectable accounts?	☐	☐
26) Do accounts receivable record-keeping procedures include reconciling the aggregate collections and balance of the accounts receivable control against postings to individual accounts receivable accounts?	☐	☐
27) Are periodic reviews made of receivable accounts with credit balances?	☐	☐
28) Are overpayments subsequently refunded and underpayments collected?	☐	☐



	YES	NO
29) Is access to receipt applications appropriately controlled by user logins and passwords? Do individuals involved in receipting activities share their user id and password?	☐	☐
30) Are there procedures for authorizing and recording inter-bank and inter-fund transfers and providing for proper accounting for those transactions?	☐	☐
31) Are investigations made of unusual journal entries?	☐	☐
32) Are credit cards an allowable form of payment? (See Long Version for Receipting Activities Question #34, #35, #36, #37).	☐	☐
33) Does the unit have separate cash collection points?	☐	☐
a. Are there proper controls at each collection point to assure timely deposits and accurate recording of collections?	☐	☐
b. Are there timely notices of receipts collected at separate collection points given to a central accounting department?	☐	☐
c. Are collections received at separate collection points transmitted to the central accounting department through the banking system?	☐	☐
d. Are daily reported receipts at separate collection points compared to records of the accounting department?	☐	☐
34) If the unit bills for services, are the following procedures in place?	☐	☐
a. Are billings of service fees and taxes billed timely?	☐	☐
b. Do procedures include providing for an independent verification of quantities, prices, and clerical accuracy of billing statements?	☐	☐
c. Are statements of account balances mailed on a timely basis?	☐	☐
d. Are penalties and interest assessed on delinquent payments where allowable by law?	☐	☐
e. Do procedures prompt investigation of disputes with billing amounts, reported by taxpayers or customers, by an individual independent of the accounts receivable record keeping process?	☐	☐
f. Do procedures include providing for identification and investigation of unusual billing patterns?	☐	☐

Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding receipting activities?	☐	☐
a. How does the unit internally communicate information regarding receipting activities to employees, including objectives and responsibilities for internal control? Are records maintained to document this communication?	☐	☐
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?	☐	☐
2) What procedures are in place to collect the information needed to ensure proper receipting activities?	☐	☐
a. Does management use the most current information available to ensure receipting activities are working properly?	☐	☐

Monitoring

	YES	NO
1) Are procedures in place to ensure that appropriate personnel perform their required duties sufficiently and adequately follow the policies and procedures of the unit regarding receipting activities?	☐	☐
2) Are internal control procedures over receipting activities evaluated and adjusted on a regular basis? For example, personnel changes, newly elected officials, etc.	☐	☐
a. What follow-up action is taken for identified problems or weaknesses in internal controls over receipting activities?	☐	☐
3) Are monthly reports detailing receipts of the funds provided to the appropriate department to review for accuracy and reasonableness?	☐	☐
4) Are monthly reports detailing receipts of the funds provided to management to review for accuracy and reasonableness?	☐	☐
5) Are monthly receipt reports provided to the governing board to review?	☐	☐
6) Does a confidential reporting system exist so that individuals may report suspected fraud and abuse of the unit's policies?	☐	☐
7) Is there a comparison by the appropriate level of management or another designated individual of actual receipts to budgeted and prior receipts? If yes, are investigations performed for all variances noted?	☐	☐
8) Are unannounced cash counts performed?	☐	☐



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

A system of internal control may be implemented in many different ways. Because political subdivisions vary in purpose, size and complexity, no single method of internal control is universally applicable. However, the five internal control components should be present and functioning in all political subdivisions.

Questions have been accumulated for all five internal control components. This document includes questions pertaining to various noncompliance issues regarding the preparation, review and submission of a correct Schedule of Expenditures of Federal Awards (SEFA). These questions can be used to aid in designing a proper system of internal control over the preparation, review and submission of the SEFA that will allow misstatements of the SEFA to be prevented or detected and corrected. It is not necessary to address all questions in this document. These questions are related to suggested internal control procedures, but the actual structure of an internal control system must be tailored to the unique needs of the political subdivision. The internal control system as a whole has to be designed and implemented appropriately in order to allow errors made in the preparation, review and submission of the SEFA to be prevented or detected and corrected.

Most political subdivisions are assisted by the State Board of Accounts in the compilation of the SEFA. Information related to federal awards is entered by the political subdivision into the Gateway reporting system. This information is used to compile the SEFA. When this process is used, internal control procedures are needed to ensure the accuracy of information entered into the Gateway reporting system. There are a few units that prepare the SEFA without the use of the Gateway reporting system. The procedures established should be reflective of whatever process is used to complete the SEFA whether it is through the Gateway reporting system or prepared outside the Gateway reporting system.

Control Environment

The questions in this section are divided by questions that pertain to the governing board and management.

Governing Board:

	YES	NO
1) Does the governing board oversee the unit's internal control system over the preparation, review and submission of the SEFA?	☐	☐
2) Are there written policies documenting internal control procedures over the preparation, review and submission of the SEFA? If yes, do these written policies outline the authority and responsibility for the preparation, review and submission of the SEFA within the unit?	☐	☐
3) Does the fiscal officer present the SEFA to the governing board for review and approval at a regularly scheduled public meeting?	☐	☐
4) Do the departments present grant proposals to the governing board for approval at a regularly scheduled public meeting?	☐	☐
5) Once the grant application is completed, is the grant application approved by the governing board prior to submission to the grantor agency?	☐	☐
6) Is the grant application and all other required information remitted to the grantor agency for approval by a designated individual?	☐	☐
7) Once approval has been obtained from the grantor agency, does the department present the approval of the grant to the governing board at a regularly scheduled public meeting?	☐	☐

Management:

1) What procedures did management put in place for the preparation, review and submission of the SEFA?	☐	☐
a. Does management assign responsibility, and delegate authority to achieve a correct SEFA and ensure it is submitted timely?	☐	☐
2) Is management willing to adjust the SEFA for misstatements that approach a material amount?	☐	☐

Risk Assessment

	YES	NO
1) Does management identify, analyze and respond to risks regarding the preparation, review and submission of the SEFA?	☐	☐
a. What areas have been identified regarding the preparation, review and submission of the SEFA that may be exposed to fraud risk?	☐	☐
b. How has management analyzed and responded to identified risks? For example, management may accept the risk and take no action, choose to eliminate certain processes to avoid the risk and institute proper internal controls.	☐	☐
2) How does management prevent fraud and errors in the accounting records, which are used to prepare the SEFA? For example, are important internal control procedures in place such as approvals, regular preparation or review of reconciliations, review of supporting schedules or reports, etc.?	☐	☐
3) What procedures are in place to ensure that the information reported on the AFR is correct and reflective of the accounting records?	☐	☐



Control Activities

	YES	NO
1) Is there a system of checks and balances (segregation of duties) to ensure a correct SEFA?	☐	☐
a. Are responsibilities for preparing the SEFA segregated from those involved in reviewing the SEFA?	☐	☐
b. Are responsibilities for preparing the SEFA segregated from those involved in submitting the SEFA?	☐	☐
c. Are responsibilities for reviewing the SEFA segregated from those involved in submitting the SEFA?	☐	☐
2) Did management design the unit's information system and related control activities to ensure the proper preparation, review and submission of the SEFA?	☐	☐
a. Did management implement control activities through written policies?	☐	☐
3) Is the individual authorized to review the SEFA knowledgeable in the SEFA process?	☐	☐
a. Is there a checklist for the preparation, review and submission of the SEFA that includes the following? (See Long Version for the SEFA Questions #3)	☐	☐
4) Does the individual authorized to review the SEFA understand the unit's recordkeeping system?	☐	☐
5) Is access to the unit's records appropriately controlled by user logins and passwords? Do individuals involved in the SEFA process share their user id and password?	☐	☐
6) Does management or another designated individual review and check the accuracy of the information submitted through the Gateway reporting system, including information submitted by the departments, by comparing it to supporting documentation used to input the information before submission? Is this review documented as evidenced by initials, tick marks, etc. indicating procedures performed?	☐	☐
7) Are standard reports or standard documentation used to support information in the SEFA?	☐	☐
a. Are there reconciliations between the financial records and any standard reports received from various employees involved in the process of the preparation of the SEFA?	☐	☐
8) Does management send the grant information submitted through the Gateway reporting system to the departments for their review?	☐	☐
a. If yes, does the department verify the information and include documentation of the review? For example: initials, tick marks indicating procedures performed, records traced to, etc.	☐	☐
b. Are differences noted by the department reviewed by management before changes are made to the information entered in the Gateway system?	☐	☐
9) Are the Detailed Error Reports that are generated from the Gateway system reviewed by management or an individual not involved in the SEFA process? How are the errors noted on the report corrected?	☐	☐
10) Does the unit use an outside consultant to prepare the SEFA? (See Long Version for the SEFA Question #11)	☐	☐
11) Does each department maintain grant files for every individual grant and include all grant documents that have been remitted to the auditor? Does each department ensure that all grant documentation is remitted to the auditor, including the grant application, grant approval, grant contract/agreement from the grantor agency?	☐	☐
12) Are grant files or electronic files maintained by the fiscal officer for each grant and include proper supporting documentation?	☐	☐
a. Does management send checklists to the various departments listing documents to be provided to the fiscal officer? For example, the grant application, grant award letter, grant agreement, grant budget, correspondence with grantor agency, claim vouchers with supporting invoices, requests for advances, reports with supporting documentation, etc.	☐	☐
13) Is the source of the grant identified before grant proceeds are received? For example: This will be found with the grant application, grant agreement and grant award letter. It may require contacting the grantor agency for additional information.	☐	☐
14) Are fund names for the grants set up by using a CFDA number and/or title of the grant? Do grant fund numbers follow the chart of accounts established by the SBoA?	☐	☐

Information and Communication

	YES	NO
1) Are procedures established to ensure that proper communication and documentation exists for internal communications between offices, departments, management and the governing board regarding the preparation, review and submission of the SEFA?	☐	☐
a. How does the unit internally communicate information regarding the preparation, review and submission of the SEFA to employees, including how to prepare a correct SEFA and responsibilities for internal control? Are records maintained to document this communication?	☐	☐
b. Are procedures established to ensure that the communication requirements are being followed and necessary information is being communicated properly?	☐	☐
c. Are procedures established for feedback on and clarification of the information provided?	☐	☐
2) What procedures are in place to collect the information needed to complete the SEFA?	☐	☐
a. Does management use the most current information available to ensure the SEFA will be correct?	☐	☐



Monitoring

	YES	NO
1) Are procedures in place to ensure that appropriate personnel perform their required duties sufficiently and adequately follow the policies and procedures of the unit regarding the preparation, review and submission of the SEFA?	☐	☐
2) Are internal control procedures over the preparation, review and submission of the SEFA evaluated and adjusted on a regular basis? For example, personnel changes, newly elected officials, etc.	☐	☐
a. What follow-up action is taken for identified problems or weaknesses in internal controls over the preparation, review and submission of the SEFA?	☐	☐
3) Are monthly reports detailing receipts, disbursements, appropriations and cash and investment balances provided to the appropriate department to review for accuracy and reasonableness?	☐	☐
4) Are monthly reports detailing receipts, disbursements, appropriations and cash and investment balances provided to management to review for accuracy and reasonableness?	☐	☐
5) Are monthly reports of receipts, disbursements, appropriations and cash and investment balances provided to the governing board to review?	☐	☐