**INTERNAL CONTROL QUESTIONNAIRE**

NOTE: No answers may indicate an internal control weakness.

1. **General**

   a. Are Accounting records updated, reconciled, and balanced monthly?  ____  ____
   b. Is a chart of accounts used?  ____  ____
   c. Does the Director use a budget system for monitoring revenue and expenses?  ____  ____
   d. Are cash projections made?  ____  ____
   e. Are monthly or quarterly financial reports available to the contractor’s Board?  ____  ____
   f. Does the Board take a direct and active interest in the financial affairs and reports which are available?  ____  ____
   g. Is the Director satisfied that all employees are honest?  ____  ____
   h. Are accounting personnel required to take annual vacations?  ____  ____
   i. Are there written policies and procedures governing the accounting functions?  ____  ____

2. **Cash Receipts**

   a. Does the Bookkeeper open the mail?  ____  ____
   b. Does the Secretary list mail receipts before turning them over to the bookkeeper?  ____  ____
   c. Is the listing subsequently traced to the cash receipts journal?  ____  ____
   d. Are over-the-counter receipts controlled by prenumbered counter receipts, etc.?  ____  ____
   e. Are receipts deposited intact daily?  ____  ____
   f. Are employees who handle funds bonded?  ____  ____
   g. Is the bank reconciliation and the bank deposits performed by two different people?  ____  ____

3. **Cash Disbursements**

   i. Are all disbursements made by check?  ____  ____
   j. Are prenumbered checks used?  ____  ____
   k. Is a controlled mechanical check protector used?  ____  ____
   l. Does the Board authorize the check signers?  ____  ____
   m. Does the authorized signer sign checks only after they are properly completed?  ____  ____
   n. Does the signer approve and cancel the documentation in support of all disbursements?  ____  ____
   o. Are all voided checks retained and accounted for?  ____  ____
   p. Does the Director or designee review the bank reconciliation?  ____  ____
   q. Is the bank reconciliation and check writing performed by two different people?  ____  ____

4. **Accounts Receivable**

   a. Are billings prenumbered and controlled?  ____  ____
   b. Are Accounts Receivable Sub-ledgers reconciled to General Ledger balances on a monthly basis?  ____  ____
   c. Are Accounts Receivable Sub-ledgers maintained by someone having no access to the cash handling or deposit functions?  ____  ____
   d. Are monthly statements sent to all Clients?  ____  ____
   e. Does the Director or designee periodically review accounts receivable aging reports?  ____  ____
   f. Do client account adjustment/writeoffs have approval at the proper level of management?  ____  ____
   g. Are controls in place to ensure all services rendered are properly billed to recipient?  ____  ____
   h. Are adequate policies in place to ensure effective collection and follow-up of past due accounts?  ____  ____
   i. Are controls in place to ensure proper application of cash receipts to client accounts?  ____  ____
5. Petty Cash Funds

a. Is an imprest petty cash fund used?  

b. Is one person independent of accounting procedures solely responsible for maintaining the petty cash fund?  

c. Are petty cash vouchers:
   1. Required for each petty cash disbursement?  
   2. Prenumbered?  
   3. Signed by the recipient?  
   4. Executed in ink?  
   5. Canceled after use?  

d. Are there written policies that cover limitations on the amount of disbursement, approval requirements and other restrictions?  

e. Are vouchers and supporting documents checked by a responsible employee at the time of the reimbursement?  

f. Are reimbursement checks made payable to the petty cash custodian?  

g. Are disbursements posted to appropriate expense classifications when the fund is replenished?  

h. Are surprise counts made at reasonable intervals?  

i. Are loans and personal check cashing activities strictly prohibited?  

j. Is the Petty Cash imprest amount periodically reviewed for reasonableness?  

k. Are discrepancies in the Petty Cash Reconciliation adequately investigated and resolved?  

l. Is supporting documentation required to be submitted with the petty cash voucher prior to disbursement of petty cash funds to the requestor?  

6. Inventories

a. Is the person responsible for inventory someone other than the bookkeeper?  

b. Are periodic physical inventories taken?  

c. Is there physical control over inventory stock?  

d. Are perpetual inventory records maintained?  

e. Are reorder points established for key stock items?  

f. Are inventories maintained at a level as to avoid consistent stock-outs, or spoilage/obsolescence?  

g. Are stock item activity reports maintained for each stock item?  

h. Has an acceptable inventory valuation method been adopted?  

i. Are all inventory transactions evidenced by the proper supporting documentation, i.e., purchase orders, requisitions, adjustment memos, physical counts, etc.?  

j. Are stock items monitored for obsolete/slow moving items? Are obsolete items removed from inventory and written off, and an attempt made to sell for scrap?  

7. Property Assets

a. Are adequate asset listings detailing description, location, asset number, serial number, cost, depreciation allowances and net book values maintained and reviewed by management?  

b. Are all assets tagged, and assigned a unique asset number which is traceable to the above referenced asset listing? Are all assets owned by ADHS, in possession of the contractor included on this listing?  

c. Are procedures in place to ensure that asset additions, disposals, retirements, replacements, and transfers are properly accounted for?  

d. Is there adequate security over capital assets?  

e. Are capital asset purchases approved by the appropriate level of management?  

f. Is an annual physical inventory of equipment taken as a control over assets?
8. Accounts Payable and Purchases

a. Are purchase orders used?         ____  ____  ____
b. Does someone other than the bookkeeper always do the purchasing?         ____  ____  ____
c. Is the "Receiving" function independent from the procurement and accounts payable functions?         ____  ____
d. Are suppliers' monthly statements compared with recorded liabilities regularly?         ____  ____
e. Are suppliers' monthly statements checked by the Director periodically if disbursements are made from invoice only?         ____  ____
f. Are items invoiced compared to purchase order in regard to price and quantity?         ____  ____

9. Payroll

a. Are time and attendance records maintained?         ____  ____
b. Does the appropriate supervisor examine and approve the time cards for accuracy?         ____  ____
c. Is there proper separation of duties so that persons preparing the payroll do not perform other payroll duties or have access to other payroll data or cash?         ____  ____
   1. Is timekeeping separated from the payroll preparation?         ____  ____
   2. Are payroll checks/envelopes distributed by someone other than a person involved in the direct payroll function?         ____  ____
d. Are all clerical operations in payroll preparation double checked before payment is made?         ____  ____
e. Are payrolls approved by a responsible official prior to payment?         ____  ____
f. Are all employees paid by check?         ____  ____
g. Is the payroll account reconciled by an employee who does not prepare the payroll, sign checks or handle the payoffs?         ____  ____