

INTERNAL CONTROL QUESTIONNAIRE

NOTE: No answers may indicate an internal control weakness.

1. <u>General</u>	<u>Yes</u>	<u>No</u>
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. <u>Cash Receipts</u>		
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. <u>Cash Disbursements</u>		
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. <u>Accounts Receivable</u>		
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 pay offs? _____