

LANDFILL 2018 Audit Programs

June 30, 2018

INTERNAL CONTROL QUESTIONNAIRE

QUESTION	YES	NO	N/A	REMARKS
<u>CONTROL ACTIVITIES</u>				
<u>PETTY CASH AND CHANGE FUNDS</u>				
1. Is responsibility for each petty cash and change fund assigned to only one person?				
2. Are the petty cash and change funds maintained on an imprest basis?				
3. Is the petty cash fund replenished periodically by check after filing a claim with the petty cash vouchers or receipts attached?				
4. Are the petty cash and change funds segregated from other cash?				
<u>CASH</u>				
1. Are bank account(s) maintained for the deposit of all monies received and are they authorized?				
2. Are bank account balances reconciled with book balances promptly at the end of each month?				
3. Is a list of outstanding checks prepared at the end of each month?				
4. Are bank accounts reconciled by a person who does not:				
a. Sign checks?				
b. Handle cash?				
c. Record cash?				
5. Are bank statements and checks delivered to the reconciler unopened?				
6. Are bank reconciliations periodically reviewed by an independent person for propriety?				
7. Does the reconciler examine paid checks for dates, payee, signature, cancellations and endorsements, and account for numerical sequence of checks?				
8. Are checks outstanding for more than an extended period periodically investigated and written-off, if appropriate?				
9. Are other reconciling items appropriate? Identify other reconciling items at year end.				
10. Is all cash not currently needed invested?				
11. Are cash long or short amounts reviewed periodically by a responsible official and an appropriate adjustment made?				
12. Does the Landfill use computer software to account for cash or fund balances?				
a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				

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<p>b. Does an independent person approve electronic fund transfers for cash?</p> <p>13. For on-line banking:</p> <p>c. Are strong passwords required and changed regularly?</p> <p>d. Does the financial institution, in addition to passwords, use multi-factor authentication methods for on-line bank access (e.g. tokens, digital certificates, smart cards)?</p> <p>e. Does the Landfill review account activity frequently (UCC allows businesses two days to detect a fraudulent bank transaction)?</p> <p>f. Is dual authorization or phone verification required for all transfers?</p> <p><u>INVESTMENTS</u></p> <p>1. Is the person responsible for the detailed record keeping of investments independent of the custodian(s)?</p> <p>2. Do employees having no responsibility for custody of investments or record keeping:</p> <p>a. Periodically inspect the investments?</p> <p>b. Confirm those held by outsiders?</p> <p>c. Reconcile documents to the investment records?</p> <p>d. Verify recorded investment earnings to determine the accuracy thereof?</p> <p>e. Reconcile earnings with published financial records of payments?</p> <p>3. Is more than one person required to be present during inspection of investments?</p> <p>4. For investments in government securities, does the investment officer appear to have an understanding of the types of securities?</p> <p>5. Are changes in the type of investment in the investment portfolio approved in accordance with the investment policy?</p> <p>6. Are investments purchased and sold only on proper authorization?</p> <p>7. Are brokers' advices and other original papers evidencing purchase and sale of securities properly filed and retained?</p> <p>8. Are persons having access to investments adequately bonded?</p> <p>9. Are investment documents registered in the name of the Landfill?</p>				

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<p>10. Is an investment ledger/register maintained for each investment, including cost, description, date purchased, interest rate, maturity date and identifying number?</p> <p>11. Is a record of investment income maintained?</p> <p>12. Are investment documents kept in a safe deposit box or vault?</p> <p>13. Does the Landfill use computer software to account for investments?</p> <p style="padding-left: 40px;">a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.</p> <p style="padding-left: 40px;">b. Does an independent person approve electronic fund transfers for investments?</p> <p><u>RECEIPTS/REVENUES/RECEIVABLES</u></p> <p>1. Are responsibilities for collection, deposit preparation and reconciliation functions segregated from those for recording and accounting of cash receipts?</p> <p>2. Is mail opened by someone other than the employee having access to the accounting records?</p> <p>3. Is a list of money and checks received prepared by the person opening the mail at least on a test basis?</p> <p>4. Is this list compared with the cash receipts record and the bank deposit by a person not preparing the list or involved in maintaining the accounting records?</p> <p>5. Is a restrictive endorsement (for deposit only) placed on all checks immediately upon receipt?</p> <p>6. Are receipts deposited:</p> <p style="padding-left: 40px;">a. Intact?</p> <p style="padding-left: 40px;">b. Timely?</p> <p>7. Is the duplicate deposit ticket stamped by the bank or a receipt returned to the person who prepared the deposit?</p> <p>8. Is the stamped, duplicate deposit ticket compared to the cash receipts journal?</p> <p>9. Are receipts issued? If so, are they prenumbered and is the numerical sequence accounted for?</p> <p>10. Are all voided receipts properly mutilated and retained?</p> <p>11. Is cashing of checks from cash receipts prohibited?</p> <p>12. Are the responsibilities for maintaining detail accounts receivable records segregated from collections and records postings?</p>				

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13. Are delinquent accounts periodically aged and reviewed by an official?				
14. Do procedures exist to reconcile amounts collected to records of billings?				
15. Are returned checks adequately controlled and periodically reviewed for collectibility?				
16. Do facilities exist for protecting undeposited cash receipts?				
17. Does the Landfill use computer software to account for receipts/revenues/receivables?				
a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
b. Are there procedures established for the recording of receipts on electronic fund transfers?				
c. Are rates entered into the computer for calculation of receivables (e.g. per capita rates, etc.)? This may include new or updated rates.				
1) Does an independent person enter the rates in the computer?				
2) Are the rates tested to ensure the proper calculations are being made?				
3) Is the testing of the new/updated rates saved?				
4) Are the rates entered reviewed and approved? Who reviews and approves?				
<u>DISBURSEMENTS/EXPENDITURES/LIABILITIES</u>				
1. Are unused checks adequately controlled and safeguarded? Describe how.				
2. Are checks prenumbered by the printer?				
3. Does each check signer review checks and supporting documentation?				
4. Are all disbursements required to be supported by invoices or other documentation?				
5. Is the practice of drawing checks to "cash" or "bearer" prohibited? Identify exceptions.				
6. Is the numerical sequence of checks issued properly accounted for?				
7. Are all voided checks properly mutilated and retained?				
8. Are all payments made by check (except petty cash)?				
9. Are a limited number of responsible individuals authorized to sign checks?				

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10. Are checks signed:				
a. Manually?				
b. By a check-signing machine?				
c. By signature stamp?				
11. Are the facsimile signature plates or stamps properly safeguarded? Describe how.				
12. If a check-signing machine is used, are the number of checks written compared with the counter on the machine by a person independent of the check-signing function?				
13. Is the signing of checks in advance prohibited?				
14. Are the persons who sign checks independent of persons:				
a. Approving disbursements?				
b. Handling petty cash?				
c. Recording cash receipts?				
d. Preparing checks?				
15. Are controls maintained over the supply of unused and voided checks?				
16. Does the Landfill use computer software to account for disbursements/expenditures/payables?				
a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
b. Is the signature plate inserted into the printer and printed as the checks/warrants are printed?				
c. If the two operations are combined as described above, are review procedures of expenditures by supervisory personnel adequate?				
d. Does an independent person approve electronic fund transfers for expenditures?				
e. Does the Landfill have a paperless system for the payment of disbursements?				
17. Do procedures exist requiring adequate scrutiny of related party transactions?				
<u>PAYROLL</u>				
1. Are salaries approved by the governing body for full-time and part-time employees?				
2. Are payrolls reviewed and approved by someone in authority?				
3. Is written approval required for:				
a. Employees added to or deleted from the payroll?				

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b. Changes in rate of pay? c. Payroll deductions? 4. Are files that support the above documentation in good order? 5. Do procedures exist to ensure compliance with terms of union agreements (i.e., wage rates, vacation pay, and similar items)? 6. Do procedures exist to ensure appropriate regulations are being followed in regard to FICA, wages and hours and other federal, state and local requirements concerning employment? 7. Do procedures exist to ensure all employees are bona fide? 8. Do procedures exist to ensure employees do not receive more than the authorized salary payment? 9. Are time sheets used and approved by appropriate personnel? 10. Are rates of pay verified? 11. Do procedures exist for properly documenting and controlling vacation, sick leave and compensatory time off? 12. Does the Landfill use computer software to account for payroll? a. Do the software programs limit functions to those who have a legitimate need? Identify those with access to this account. b. Are payroll rates entered into the computer for calculation of expenditures and payroll withholdings? Payroll rates would include salary/hourly pay rates, federal tax rates, state tax rates, FICA rates, IPERS rates, etc. This would include new or updated rates. If yes, answer the following: 1) Does an independent person enter the rates in the computer? 2) Are the rates tested to ensure the proper calculations are being made? 3) Are the testing results of the new/updated rates saved? 4) Are the rates entered reviewed and approved? Who reviews and approves? c. Does an independent person approve electronic fund transfers for the payment of federal taxes, state taxes, FICA and IPERS?				

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<p>d. Is the signature plate inserted into the printer and printed as the checks/warrants are printed? If this is done, the checks/warrants and signatures are printed in one operation.</p> <p>e. If the two operations are combined as described above, are review procedures of payroll by supervisory personnel adequate?</p> <p>f. When a new employee is hired, is an independent person approving the entry on the payroll system?</p> <p>g. Does the Landfill have a paperless system for electronic timesheets? If yes:</p> <ol style="list-style-type: none"> 1) Do employees only have access to their electronic timesheet? Access should be obtained by the employee's login name and password. 2) Do employees prepare their own electronic timesheet? 3) Is there a supervisory approval of employee's electronic timesheets? (Employees should not be approving their own electronic timesheet.) 4) Do supervisors only have access to the employee electronic timesheets they approve? (Access should be obtained by the supervisor's login name and password.) 5) Does only the personnel assistant enter payroll information for new employees or changes to payroll information? 6) Is the departmental approval for payroll information segregated from the personnel assistant entering the payroll information? 7) Is the personnel assistant entering payroll information restricted from preparing other employee's electronic timesheets? 8) Is the personnel assistant entering payroll information restricted from approving employee timesheets? 				
<u>TRANSFERS</u>				
1. Are all interfund transfers properly authorized and approved by appropriate officials?				
2. Are transfers in and transfers out recorded in the proper funds, in the same accounting period and on a timely basis?				
3. Are interfund transfers balanced monthly?				
4. Are all interfund transfers adequately explained and documented?				

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5. Are interfund transfers appropriately classified as transfers rather than revenues/expenditures? 6. Does the Landfill use computer software to account for transfers between funds/accounts? 7. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
<u>FINANCIAL REPORTING</u>				
1. Is the final review and approval of financial reports segregated from the responsibility for preparation of the reports? 2. Are there formal procedures for the Landfill under which reporting responsibilities are clearly defined and reasonably aligned? 3. Are financial reports reviewed and approved at appropriate levels of management? 4. Are there procedures to ensure all requirements for filing financial reports are met (i.e., senior levels of government, bondholders, etc.)? 5. Does the Landfill use computer software to account for financial reporting? 6. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
<u>INVENTORIES</u>				
1. Is there segregation of duties between persons who handle the inventories and those handling: <ul style="list-style-type: none"> a. Inventory records? b. Recording of purchases? 2. Are receiving, issuing, accounting and storing responsibilities properly segregated? 3. Are inventory counts verified by persons independent of those in charge of the inventory records? 4. Is a central storeroom/facility/location/and receiving station maintained? 5. Are materials released from the storeroom only on receipt of approved requisitions? 6. Are responsible officials advised of significant inventory discrepancies? 7. Are perpetual records adjusted for discrepancies? 8. Does the Landfill use computer software to account for perpetual inventory balances?				

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9. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
<u>CAPITAL ASSETS</u>				
1. Is there segregation of duties between purchasing functions, recording functions, reconciling functions and custody?				
2. Are capital assets tested periodically by an official having no responsibility for these assets?				
3. Are capital expenditures authorized by appropriate officials and the governing body?				
4. Are deeds and titles:				
a. Properly prepared?				
b. Legally recorded?				
c. Properly safeguarded?				
5. Are equipment acquisitions originated by approved requisitions that show:				
a. Item description?				
b. Estimated cost?				
c. Justification?				
d. Accounts to be charged?				
6. Does the sale, transfer, scrapping or dismantling of equipment require written approval?				
7. Are capital assets recorded at historical cost or, for assets acquired by gift, at acquisition value at the date of gift? (If not, indicate basis of valuation.)				
8. Is there a policy for differentiating between expenditures to be capitalized and those to be expensed?				
9. Is identifying information:				
a. Promptly placed on the equipment?				
b. Difficult to remove?				
c. Removed from equipment prior to disposal?				
10. Are detailed records of equipment maintained?				
11. Are the detailed records for equipment promptly adjusted when equipment is disposed of or transferred?				
12. Is a physical inventory taken periodically (at least annually) and reconciled to detailed capital asset records?				
13. When assets are to be depreciated/amortized:				
a. Is the depreciation/amortization policy consistent from year to year?				

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<ul style="list-style-type: none"> b. Are useful lives reasonable? c. Are depreciation/amortization charges discontinued when an asset or group of assets becomes fully depreciated/amortized? d. Are records maintained of fully depreciated/amortized assets which are still in use? <p>14. Is insurance coverage on property and equipment reviewed periodically for adequacy?</p> <p>15. Does the Landfill use computer software to account for capital asset additions, deletions, balances and depreciation/amortization (Proprietary Funds)?</p> <ul style="list-style-type: none"> a. Do the software programs limit functions to those who have a legitimate need? Identify those with access. b. If the computer does calculations for depreciation/amortization of Enterprise Fund assets, are they reviewed to ensure accuracy? <p><u>LONG-TERM DEBT</u></p> <p>1. Has the Landfill established procedures to ensure bonds and other long-term debt are properly authorized in accordance with applicable legal requirements?</p> <p>2. Are bonds and other evidences of indebtedness executed only in the Landfill's name?</p> <p>3. Does a responsible official periodically determine whether the Landfill is in compliance with agreement restrictions and report results to a higher authority?</p> <p>4. If paying agents are used for the payment of bonds and interest, does the Landfill receive periodic reports of bonds and interest and unclaimed interest?</p> <p>5. Does a responsible official review lease agreements in effect to identify and properly account for lease purchase transactions?</p> <p>6. Does a responsible official review use of proceeds from bond sales to ensure proceeds are used in accordance with legal requirements?</p> <p>7. Are accounting records and procedures designed to meet the requirements of bond resolutions?</p> <p>8. Is a bond register maintained?</p> <p>9. Is a separate fund maintained for each bond issue, if required?</p> <p>10. Are records for compensated absences maintained and kept current?</p>				

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11. Are compensated absence records periodically reviewed by an independent person?				
12. Does the Landfill use computer software to account for long-term debt balances?				
a. Do the software programs limit functions to those who have a legitimate need? Identify those with access.				
b. Does an independent person approve electronic fund transfers for long term debt?				