

N.J.A.C. 5:31-7: APPENDIX B

AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS

EACH QUESTION MUST BE ANSWERED.

PLEASE SELECT YES OR NO.

IF ANY ARE NOT APPLICABLE, STATE N/A AS YOUR ANSWER.

FIRE DISTRICT _____

YEAR UNDER AUDIT _____

AUDITOR SIGNATURE _____

AUDITOR FIRM _____

AUDITOR ADDRESS _____

AUDITOR PHONE/FAX# _____

AUDITOR EMAIL _____

"NO" ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.

AUDIT QUESTIONNAIRE

FIRE DISTRICT _____

General

- | | | |
|---|-----|----|
| 1. Is a general ledger maintained by the district? | YES | NO |
| 2. Are key employees bonded in amounts required by organization policy | YES | NO |
| 3. Is insurance coverage in force for at least the following: | | |
| Loss or damage to assets from fire and other hazards? | YES | NO |
| Public liability and property damage? | YES | NO |
| Robbery, burglary, theft and disappearance? | YES | NO |
| Worker's compensation? | YES | NO |
| 4. Are loans to employees prohibited? | YES | NO |
| 5. Has the Bureau of Authority Regulation been notified of
deficiencies in the accounting system or records? | YES | NO |
| 6. Has a corrective action plan been filed for the previous year audit
report? | YES | NO |

Cash and Investments

- | | | |
|---|-----|----|
| 1. Has the district adopted a cash management plan? | YES | NO |
| 2. Are all depositories and accounts authorized by resolution of the
governing body? | YES | NO |
| 3. Are receipts deposited within 48 hours pursuant to N.J.A.C.
5:31-3.1(b)? | YES | NO |
| 4. Are the duties of personnel who receive and deposit cash separate
from investments, cash disbursing, and bookkeeping? | YES | NO |
| 5. Are cash receipts adequately safeguarded before deposit? | YES | NO |
| 6. Is responsibility for the petty cash fund vested in only one person? | YES | NO |

Current as of January 4, 2021

7. Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers?	YES	NO
8. Are check signers and individuals initiating or authorizing transactions utilizing standard electronic funds transfer technologies designated by resolution?	YES	NO
9. If a mechanical check signer is used, are there procedures to control and record the check numbers and the number of checks signed?	YES	NO
10. Is there adequate security over blank checks?	YES	NO
11. Are the duties of personnel who disburse cash separate from the function of approving vouchers?	YES	NO
12. Are bank statements reconciled monthly?	YES	NO
A. Is the sequence of check numbers accounted for?	YES	NO
B. Are check endorsements scrutinized?	YES	NO
13. Are outstanding checks older than 6 months investigated?	YES	NO
14. Are investments under the control of a responsible official who does not receive or disburse cash?	YES	NO
15. Are all investments issued in the name of the district?	YES	NO
16. Are all investment transactions approved by the governing body?	YES	NO
17. Are all investments permitted by law or bond agreement?	YES	NO
18. Are perpetual records of investments reflecting all pertinent information maintained?	YES	NO
19. Is interest income verified?	YES	NO
A. Is it promptly recorded in the accounting records?	YES	NO
20. Are investments examined periodically and verified with the detail record and control account?	YES	NO
21. Are investments protected against loss or theft?	YES	NO

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|---|-----|----|
| 22. Are signature stamps, mechanical signatures, facsimile signatures, and electronic copies of signatures under adequate control and protected against unauthorized use? | YES | NO |
|---|-----|----|

Accounts Receivable and Income (District Taxes, User Charges and Miscellaneous)

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|--|-----|----|
| 1. Has the district tax levy been verified with the Abstract of Ratables | YES | NO |
| 2. Does the district tax revenue agree to the tax levy? | YES | NO |
| 3. Are billings to users independently verified? | YES | NO |
| 4. Is there segregation of duties among accounts receivable, record maintenance, billing, and receipt of cash? | YES | NO |
| 5. Are total accounts receivable balances verified with the accounts receivable control periodically? | YES | NO |
| 6. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? | YES | NO |
| 7. Are accounts receivable records promptly posted? | YES | NO |
| A. Billings to users? | YES | NO |
| B. Cash receipts? | YES | NO |
| 8. Are adjustments to accounts receivable approved by a responsible official? | YES | NO |

Inventory

- | | | |
|--|-----|----|
| 1. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? | YES | NO |
| 2. Do quantities appear reasonable for normal consumption? | YES | NO |
| 3. Are physical inventories taken annually? | YES | NO |

Accounts Payable and Purchasing

1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented:
 - A. Competitive bidding and contract award? YES NO
 - B. Informal quotations on purchases not requiring public bidding (40A:11-6.1)? YES NO
 - C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-15.4)? YES NO
 - D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)? YES NO
 - E. Emergency purchases and contracts (40A:11-6)? YES NO
2. Are prenumbered or system generated purchase orders issued for all purchases, except petty cash purchases? YES NO
3. Is there a record of all purchase orders issued? YES NO
4. Are quantities and descriptions of materials and supplies received:
 - A. Compared to purchase orders? YES NO
 - B. Compared to vendors' invoices? YES NO
 - C. Verified with packing or delivery slips? YES NO
5. Are open purchase orders reviewed periodically? YES NO
6. Do vouchers approved for payment contain:
 - A. Signature of person who verified quantities and description of materials received or services rendered? YES NO
 - B. Copies of purchase order, delivery slips, etc. YES NO
7. Were all vouchers approved by the governing body? YES NO
8. Is there segregation of duties between the purchasing, receiving and disbursement functions? YES NO
9. Are total accounts payable balances verified with the accounts payable control periodically? YES NO

Payroll

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|--|-----|----|
| 1. Are the functions of payroll preparation and distribution separated? | YES | NO |
| 2. Are names added to and deleted from payroll and rates of pay changed only upon written authorization? | YES | NO |
| 3. Are new employees, employee promotions and rates of pay approved by the governing body? | YES | NO |
| 4. Are payroll deductions promptly paid to the proper agencies? | YES | NO |
| 5. Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated? | YES | NO |
| 6. Are all employees paid by check or by direct deposit? | YES | NO |
| 7. Is there a separate bank account for payroll disbursements? | YES | NO |
| A. Are deposits in exact amount of payroll? | YES | NO |
| B. Is the payroll bank balance reconciled monthly by someone independent of payroll preparation? | YES | NO |
| C. Are payroll procedures established by resolution of the governing body? | YES | NO |
| 8. Are all payroll deductions supported by signed authorizations on file? | YES | NO |
| 9. Are payroll check endorsements and employee account authorizations scrutinized? | YES | NO |

Property, Plant and Equipment

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|--|-----|----|
| 1. Are detailed fixed asset records maintained? | YES | NO |
| A. Are fixed assets properly identified with the fixed asset records? | YES | NO |
| B. Are additions and deletions properly authorized and promptly recorded? | YES | NO |
| 2. Is the documentation substantiating the cost of fixed assets permanently filed? | YES | NO |

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|--|-----|----|
| 3. Is there a written policy defining items to be capitalized and those to be expensed? | YES | NO |
| 4. Does the capitalization of interest and other indirect costs conform to accounting principles? | YES | NO |
| 5. Do fixed asset additions conform to the adopted or amended capital budget? | YES | NO |
| 6. Are fixed assets carried on the accounting records at cost or, if acquired by gift, at fair market value at date of gift? | YES | NO |
| 7. Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? | YES | NO |
| 8. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? | YES | NO |
| 9. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? | YES | NO |

Long and Short Term Debt

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|--|-----|----|
| 1. Is a detailed record such as a bond or note register maintained of debt issued and outstanding? | YES | NO |
| A. Are principal and interest due dates and amounts reflected and date of payment recorded? | YES | NO |
| 2. Are debt issues properly authorized by the governing body? | YES | NO |
| 3. Does the expenditure of borrowed funds conform to the purposes authorized? | YES | NO |
| 4. Are paid bonds and notes properly cancelled and accounted for? | YES | NO |
| 5. Has the fire district paid its debt service on a timely basis? | YES | NO |
| 6. Is the fire district in compliance with all bond covenants? | YES | NO |

Capital Leases

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| 1. Have all capital leases been approved by the voters? | YES | NO |
| 2. Has the project financing for capital leases been approved by the
Local Finance Board? | YES | NO |

Budget System

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|---|-----|----|
| 1. Were the adopted operating budget and amendments thereto approved
by the Director of Local Government Services? | YES | NO |
| 2. Were the adopted budgets and amendments recorded in the minutes? | YES | NO |
| 3. Are there sufficient controls to monitor expenses and revenues
against budgeted amounts? | YES | NO |
| 4. Is a budget status report periodically furnished to the governing
body? | YES | NO |
| 5. Are appropriations encumbered when purchase orders are issued? | YES | NO |
| 6. Are fixed assets acquired through budget appropriations properly
capitalized? | YES | NO |

Grant Management

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|---|-----|----|
| 1. Is a permanent file of each grant maintained? | YES | NO |
| 2. Does the accounting system provide details of eligible
expenditures to be reimbursed from each grant? | YES | NO |
| 3. Is each expenditure reviewed for compliance with the terms of the
applicable grant? | YES | NO |
| 4. Are all required reports promptly filed with the grantor agency? | YES | NO |
| 5. Were grant reimbursement requests filed promptly? | YES | NO |
| 6. Are assets acquired from grant funds properly identified? | YES | NO |
| 7. If indirect costs are chargeable to grants, has the method of
allocation been approved? | YES | NO |

Electronic Data Processing

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|--|-----|----|
| 1. Does the district utilize electronic data processing for accounting or financial functions? | YES | NO |
| 2. Was the system approved by the Division of Local Government Services? | YES | NO |
| 3. Are there sufficient audit trails to identify documents being processed and identify output? | YES | NO |
| 4. Are master files updated periodically and on schedule to prevent loss of data in transaction files? | YES | NO |
| 5. Are there periodic printouts of updated files by E.D.P. transactions? | YES | NO |
| 6. Are authorized users validated by user codes and passwords? | YES | NO |
| 7. Are terminals located in a secure area, to prevent access by unauthorized personnel? | YES | NO |
| 8. Are there copies of all critical materials such as programs, master files, transaction files, etc.? | YES | NO |
| 9. Are these copies stored in a safe location (offsite or in a fireproof vault onsite)? | YES | NO |
| 10. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.? | YES | NO |

Electronic Funds Transfers

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| 1. Has the governing body adopted a resolution establishing policies and procedures governing electronic funds transfers? | YES | NO |
| 2. Has the fire district's chief financial officer been charged by the governing body with the responsibility of ensuring that internal controls for electronic fund transfers are being adhered to? | YES | NO |
| 3. Are initiation and authorization roles segregated and password restricted? | YES | NO |
| 4. Has another officer of the fire district that is not under the chief financial | YES | NO |

officer’s authority been designated to authorize an electronic funds transfer initiated by the chief financial officer?

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|---|-----|----|
| 5. Are activity reports on transactions involving electronic funds transfers reviewed at least weekly by the chief financial officer or an individual under the chief financial officer’s supervision, and monitored by another individual not under the chief financial officer’s supervision? | YES | NO |
| 6. Have financial institution providers of electronic funds transfer technologies submitted to the fire district proof of satisfactory internal control? | YES | NO |
| 7. Does each bill list have proper reference to the type of technology and a tracking mechanism to provide for an adequate audit trail? | YES | NO |
| 8. For electronic funds transfers conducted through an automated clearing house transfer (ACH): | | |
| A. Is a current Electronic Funds Transfer and Indemnification Agreement in place with a banking institution authorized to access fire district bank accounts for the purpose of conducting electronic funds transfers through ACH? | YES | NO |
| B. Are users that can generate an ACH file neither given upload rights nor given access that permits editing of a vendor routing number or vendor account number? | YES | NO |
| C. Is each edit to vendor ACH information approved by a separate individual and logged showing the user editing the data, date stamp, IP address, and approval of the edit? | YES | NO |
| D. Are plain text ACH files not stored on a local computer past the time the file is transmitted to a bank? | YES | NO |
| 9. For electronic funds transfers conducted through a charge card/account: | | |
| A. Are monthly purchase orders issued for each individual charge card or account that authorize a maximum amount that can expended per month? | YES | NO |
| B. Is the charge card or account limited to use with a specific vendor? | YES | NO |

C. Are outstanding balances paid in full each month?	YES	NO
D. Has the authority adopted policies and procedures for use of charge cards/ charge accounts?	YES	NO
E. Are individuals authorized to utilize charge cards/accounts		
i. trained on the policies and procedures governing their use?	YES	NO
ii. signatories to a contract of understanding that includes financial responsibility for misuse?	YES	NO
iii. covered by a bond or blanket honesty policy?	YES	NO
F. Have individuals responsible for activity reconciliations and supervisory Review been trained in the policies and procedures governing the use of charge cards/accounts?	YES	NO
10. If the fire district utilizes a procurement card		
A. Are individuals authorized to utilize procurement cards		
i. trained on the policies and procedures governing their use?	YES	NO
ii. signatories to a contract of understanding that includes financial responsibility for misuse?	YES	NO
iii. covered by a bond or blanket honesty policy?	YES	NO
B. If procurement cards are being utilized, does a Qualified Purchasing Agent serve as program manager?	YES	NO
C. Have individuals responsible for activity reconciliations and supervisory review been trained in the policies and procedures governing the use of procurement cards?	YES	NO

THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILED WITH THE DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS NOT TO BE BOUND IN THE REPORT