**AUDIT QUESTIONNAIRE FOR AUTHORITY AUDITS**

**EACH QUESTION MUST BE ANSWERED.**

**PLEASE SELECT YES OR NO.**

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

AUTHORITY\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

YEAR UNDER AUDIT\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AUDITOR SIGNATURE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AUDITOR FIRM\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AUDITOR ADDRESS\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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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

AUTHORITY\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**General**

1. Is a general ledger maintained by the authority? 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 YES NO

accounting system or records?

6. Has a corrective action plan been filed for the previous year audit report? YES NO

**Cash and Investments**

1. Has the authority 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 YES NO

cash disbursing, and bookkeeping?

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

7. Are petty cash disbursements supported by signed receipts which are attached to YES NO

reimbursement vouchers?

8. Are check signers and individuals initiating or authorizing transactions utilizing YES NO

standard electronic funds transfer technologiesdesignated by resolution?

9. If a mechanical check signer is used, are there procedures to control and record

the check numbers and amounts 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 YES NO

approving vouchers?

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 YES NO

disburse cash?

15. Are all investments issued in the name of the authority? 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 YES NO

control account?

21. Are investments protected against loss or theft? YES NO

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**

1. Are billings to users independently verified? YES NO

2. Is there segregation of duties between accounts receivable, record maintenance, YES NO

billing, and receipt of cash?

3. Are total accounts receivable balances verified with the accounts YES NO

receivable control periodically?

4. Are delinquent accounts receivable reviewed and collection procedures initiated YES NO

by a responsible official?

5. Are accounts receivable records promptly posted? YES NO

A. Billings to users? YES NO

B. Cash receipts? YES NO

6. Are adjustments to accounts receivable approved by a responsible official? YES NO

**Inventory**

1. Are inventories of material and supplies under physical control of a designated YES NO

employee who is not responsible for purchasing?

2. Is the storage area properly safeguarded to prevent damage to materials and YES NO

unauthorized removal?

3. Do quantities appear reasonable for normal consumption? YES NO

4. Are physical inventories taken annually and supervised by non-storeroom personnel? YES NO

5. Are responsible officials advised of significant inventory discrepancies? 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 YES NO

(Reg. 5:30-5.4)?

D. Resolutions adopted and advertised authorizing agreements for professional YES NO

services (40A:11-5)?

E. Emergency purchases and contracts (40A:11-6)? YES NO

2. Are prenumbered or system generatedpurchase orders issued for all purchases, YES NO

except petty cash purchases?

3. Is there a record of all purchase orders issued? YES NO

4. Are quantities and description 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 YES NO

received or services rendered?

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 YES NO

disbursement functions?

9. Are total accounts payable balances verified with the accounts payable control YES NO

periodically?

**Payroll**

1. Are payrolls approved by a responsible official outside the payroll department? YES NO

2. Are the functions of payroll preparation and distribution separated? YES NO

3. Are the personnel records maintained separately from payroll preparation and YES NO

distribution?

4. Are names added to and deleted from payroll and rates of pay changed only upon YES NO

written authorization?

5. Are new employees, employee promotions and rates of pay approved by the YES NO

governing body?

6. Are all payroll deductions supported by signed authorizations on file? YES NO

7. Are payroll deductions promptly paid to the proper agencies? YES NO

8. Are records maintained to control and verify vacation time, YES NO

sick leave, etc., taken and accumulated?

9. Are all employees paid by check or by direct deposit? YES NO

10. Are payroll check endorsements and employee account authorizations scrutinized? YES NO

11. Are old outstanding payroll checks investigated by someone independent of the YES NO

payroll preparation?

12. 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 YES NO

of payroll preparation?

C. Are payroll procedures established by resolution of the governing body? YES NO

**Property, Plant and Equipment**

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

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 YES NO

principles?

5. Is a physical inventory of fixed assets taken periodically and verified to fixed assets YES NO

records?

6. Are dispositions of fixed assets properly recorded and sales proceeds promptly YES NO

accounted for in the accounting records?

7. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? YES NO

**Long and Short Term Debt**

1. Is a detailed record such as a bond or note register maintained of debt issue and YES NO

outstanding?

A. Are principal and interest due dates and amounts reflected and YES NO

date of payment recorded?

2. Are debt issues properly authorized by the governing body? YES NO

3. Does the expenditure of borrowed funds conform to the purpose authorized? YES NO

4. Are paid bonds and notes properly cancelled and accounted for? YES NO

5. Has the authority paid its debt service on a timely basis? YES NO

6. Is the authority in compliance with all bond covenants? YES NO

**Budget System**

1. Were the adopted operating and capital budgets and amendments thereto approved YES NO

by the Director of Local Government Services?

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 YES NO

amounts?

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**

1. Is a permanent file of each grant maintained? YES NO

2. Does the accounting system provide details of eligible expenditures to be reimbursed YES NO

from each grant?

3. Is each expenditure reviewed for compliance with the terms of the applicable grant? YES NO

4. Does the authority have a grant manager? YES NO

5. Are all required reports promptly filed with the grantor agency? YES NO

6. Were grant reimbursement requests filed promptly? YES NO

7. Are assets acquired from grant funds properly identified? YES NO

8. If indirect costs are chargeable to grants, has the method of allocation been approved? YES NO

**Electronic Data Processing**

1. Does the authority utilize electronic data processing for accounting and financial YES NO

functions?

2. Was the system approved by the Division of Local Government Services? YES NO

3. Are there sufficient audit trails to identify documents being processing YES NO

and identify output?

4. Are there daily printouts of:

A. Transactions? YES NO

B. Rejected transactions? YES NO

C. Error corrections? YES NO

5. Are the daily printouts reviewed and approved by supervisory personnel? YES NO

6. Are journal entries and error corrections authorized by supervisory personnel? YES NO

7. Are master files updated periodically and on schedule to prevent loss of data in YES NO

transaction files?

8. Are there periodic printouts of updated files by E.D.P. transactions? YES NO

9. Are authorized users validated by user codes and passwords? YES NO

10. Are terminals located in a secure area, to prevent access by unauthorized personnel? YES NO

11. Are there backup operators to process transactions in the absence of the authorized YES NO

operator?

12. Are there copies of all critical materials such as programs, master files, transaction YES NO

files, etc.?

13. Are these copies stored in a safe location (offsite or in a fireproof vault onsite)? YES NO

14. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.? YES NO

**Electronic Funds Transfers**

1. Has the governing body adopted a resolution establishing policies and YES NO

procedures governing electronic funds transfers?

2. Has the authority’s chief financial officer been charged by the governing body YES NO

with the responsibility of ensuring that internal controls for electronic fund

transfers are being adhered to?

3. Are initiation and authorization roles segregated and password restricted? YES NO

4. Has another officer of the authority not under the chief financial officer’s YES NO

authority been designated to authorize an electronic funds transfer initiated

by the chief financial officer?

5. Are activity reports on transactions involving electronic funds transfers YES NO

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?

6. Have financial institution providers of electronic funds transfer technologies YES NO

submitted to the authority satisfactory proof of internal control?

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):

1. Is a current Electronic Funds Transfer and Indemnification YES NO

Agreement in place with a banking institution authorized to access

authority bank accounts for the purpose of conducting electronic funds

transfers through ACH?

1. Do users uploading an ACH file check the amounts and recipients against YES NO

a register displaying ACH payments?

1. Are users that can generate an ACH file neither given upload rights nor YES NO

given access that permits editing of a vendor routing number or vendor

account number?

1. Is each edit to vendor ACH information approved by a separate individual YES NO

and logged showing the user editing the data, date stamp, IP address, and

approval of the edit?

1. Are plain text ACH files not stored on a local computer past the time the YES NO

file is transmitted to a bank?

9. For electronic funds transfers conducted through a charge card/account:

A. Are monthly purchase orders issued for each individual charge card or YES NO

account that authorize a maximum amount that can expended per month?

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/ YES NO

charge accounts?

1. Are individuals authorized to utilize charge cards/accounts
2. trained on the policies and procedures governing their use? YES NO
3. signatories to a contract of understanding that includes financial YES NO

responsibility for misuse?

1. covered by a bond or blanket honesty policy? YES NO
2. 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 authority utilizes a procurement card

A. Are individuals authorized to utilize procurement cards

1. trained on the policies and procedures governing their use? YES NO
2. signatories to a contract of understanding that includes financial YES NO

responsibility for misuse?

1. covered by a bond or blanket honesty policy? YES NO

B. Does a Qualified Purchasing Agent serve as program manager? YES NO

C. Have individuals responsible for activity reconciliations and supervisory YES NO

review been trained in the policies and procedures governing the use of

procurement cards?

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.