

**AUP EXTENSION**

2022 Audit Programs

**INTERNAL CONTROL ACTIVITIES**

June 30, 2022

QUESTION	YES	NO	N/A	REMARKS
<b>GENERAL</b>				
1. Are accounting records maintained on a computer-generated system? Identify the computer system being used.				
<b>PETTY CASH AND CHANGE FUNDS</b>				
1. Is responsibility for each petty cash and change fund assigned to only one person?				
2. Are the petty cash and change fund maintained on an imprest basis?				
3. Is the petty cash fund replenished periodically by warrant/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?				
<b>CASH RECEIPTS</b>				
1. Are responsibilities for collection, deposit preparation and reconciliation functions segregated from those for recording and accounting of cash receipts?				
a. Collection separated from recording/accounting.				
b. Deposit preparation from recording receipts.				
c. Takes deposit to bank from recording receipts.				
d. Is the "Segregation of Duties Log" prepared and reviewed? (Policy states at least bi-monthly, random and unannounced, another staff or council member (other than assistant and bookkeeper) will open all mail, stamp checks, and write receipts. The reviewing staff member shall document this action, date and sign this internal control log. This log will be reviewed and initialed by the Council Treasurer or designee. Is the Log reviewed and initialed by the Council Treasurer or council member designee?				
e. Is the "Internal Control Log" prepared at least bi-monthly?				
2. Is incoming mail opened and distributed by someone other than an employee who is authorized to make entries to the accounting records?				
3. Is an initial listing of mail receipts prepared by the independent mail opener?				
4. Are receipts given directly by the mail opener to accounting personnel responsible for deposit preparation?				

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<p>5. Does the independent mail opener compare the initial listing to accounting records (after posted), to ensure receipts were properly recorded?</p> <p>6. Are receipts deposited intact and timely?</p> <p>7. Is a restrictive endorsement (for deposit only) placed on all checks immediately upon receipt?</p> <p>8. Are receipts issued? If so, are they prenumbered and is the numerical sequence accounted for?</p> <p>9. Are all voided receipts marked void in receipt book and retained?</p> <p>10. Do facilities exist for protecting undeposited cash receipts?</p> <p><b>CASH DISBURSEMENTS</b></p> <p>1. Is there adequate segregation of duties between the approval and payment functions as to:</p> <p>    a. approval of documents for payment?</p> <p>    b. check preparation, if not automatically generated?</p> <p>    c. check signing?</p> <p>    d. posting disbursements in the accounting records?</p> <p>2. Are all disbursements required to be supported by invoices or other documentation?</p> <p>3. Does the check signer review the invoices and/or other supporting documentation prior to approving the check?</p> <p>4. Are a limited number of responsible individuals authorized to sign checks?</p> <p>5. Are checks signed:</p> <p>    a. manually?</p> <p>    b. by a check-signing machine?</p> <p>6. Are all disbursements made by check?</p> <p>7. Are only pre-printed, pre-numbered checks used and properly controlled?</p> <p>8. Are voided checks properly mutilated and retained?</p> <p>9. Is the advance signing of checks prohibited?</p> <p>10. Are controls maintained over the supply of unused and voided checks?</p> <p>11. If the District purchase gift cards for prizes or awards, does it perform the following:</p>				

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<p>a. written policies exist documenting the appropriate use and accounting?</p> <p>b. tracking system exists to account for the gift cards?</p> <p><b>PAYROLL</b></p> <p>1. Is there adequate segregation of duties</p> <p>a. recording and approval of sick leave and vacation?</p> <p>b. comparing time sheets to payroll registers (input)?</p> <p>c. corrections reviewed and approved by employee?</p> <p>2. Are salaries approved by the governing body for full-time and part-time employees?</p> <p>3. Are payrolls reviewed and approved by someone in authority?</p> <p>4. Is written approval required for:</p> <p>a. Employees added to or deleted from payroll?</p> <p>b. Changes in rate of pay?</p> <p>5. Are personnel records (including approved wages, salaries, tax information and deductions) maintained for all employees?</p> <p>6. Are time sheets prepared for employees, and are they approved by appropriate personnel (supervisor)?</p> <p>a. Hourly employees?</p> <p>b. Salaried employees?</p> <p><b>CASH</b></p> <p>1. Are bank accounts reconciled by an employee who does not sign checks, handle or record cash receipts?</p> <p>2. Are bank reconciliations reviewed and approved by an independent person who is not responsible for receipts and disbursements?</p> <p>3. In the reconciliation process:</p> <p>a. Are checks compared in appropriate detail with disbursement records?</p> <p>b. Are reconciling items properly documented? Are they appropriate?</p> <p>c. Are variances investigated and appropriately resolved?</p> <p>4. In the review process, does the independent reviewer:</p> <p>a. Verify bank and book balances?</p>				

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b. Verify outstanding deposits (when did they clear, why haven't they cleared) and outstanding checks (do they seem reasonable, anything unusual)? c. Verify any other reconciling items noted on the bank reconciliation? d. Scan the bank statement for any unusual withdrawals (cash, or online payments which appear odd)? e. Follow up on any variance which exists between bank balance and book balance? Does the explanation for the variance make sense? f. Is this review evidenced by the initials or signature of the reviewer? g. Was the review performed timely? (by end of the following month)				

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Briefly summarize how the design of the internal control activities was identified.

Briefly summarize how the internal control activities were determined to be implemented.

Summary of Internal Control Weaknesses and Areas of Potential Misstatement:

**CONCLUSION:**

We obtained sufficient knowledge of the internal control process in order to plan the AUP.