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Introduction

This self-assessment audit guide is to assist management in evaluating the current internal controls. The questions are in a “Yes” or “No” format and answering “No” to a question indicates that an issue exists and needs to be addressed immediately to reduce the level of risk.

The goals and objectives of management are to reduce risk through a strong internal control structure. The United States Government Accountability Office (GAO) defines internal controls as:

“An integral component of an organization’s management that provides reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.”

If internal controls are not in place the risk level increases, which may inhibit an agency from achieving its mission and goals. In addition, the cost can be substantial if something goes wrong. Therefore, it is imperative for management to identify risk throughout the agency.

One way to ensure internal controls are in place is to have an extensive and up to date policies and procedures manual for all areas under management. Policies and procedures describe all activities of the agency ensuring proper rules and regulations are followed.

In addition, management should regularly monitor the internal controls in place to ensure their effectiveness. Any deficiencies should be communicated immediately to the individuals responsible for the operation for correction.

Accounts Payable

	Standard	Yes	No	N/A
1	Are there policies and procedures for accounts payable?			
2	Are all payment transactions reviewed for completeness, accuracy, and compliance with contractual terms (Match invoice, with receiving document and contract)?			
3	Are all purchases or services on a contract or agreement costing \$3,000 or more certified before service is rendered or purchase made?			
4	Does the review of payment transactions include ensuring that applicable supplier discounts are taken and inappropriate costs (e.g. exempted sales tax) are not paid?			
5	Is the electronic vendor master file reviewed at least quarterly? (Purchasing only)			
6	Are invoice errors tracked and monitored?			
7	Are all vendor payments properly authorized?			
8	Are spot checks of vendor payments performed to ensure vendor information and payment amount is accurate?			
9	Are controls in place to detect fraudulent transactions?			
10	Is a current payment authorization list on file with Accounts and Audits?			
11	Are invoices paid in a timely manner?			
12	Is a review conducted to ensure duplicate payments are not made to a vendor?			
13	Are system updates to vendor files limited to authorized personnel? (Purchasing only)			
14	Are the duties of reconciling accounts segregated from individuals involved in the payment process?			
15	Is there a segregation of duties between ordering of goods and services and paying for them?			

Accounts Receivable (AR)

	Standard	Yes	No	N/A
1	Are there documented AR policies and procedures that include proper recording, invoicing, payment posting, safeguarding receipts, depositing, returned check fees, and collections?			
2	Is there a segregation of duties for billing, collecting, depositing, posting, and reconciling AR?			
3	Is activity (billings to clients, posting of payments, deposit of receipts) performed timely, accurately, and completely?			
4	Is AR reconciled monthly by someone independent of the daily processing?			
5	Is a list of aged delinquent accounts provided to management on a regular basis for review and further action?			
6	Is there a documented collection process to ensure attempts are made to collect money due?			
7	Are collection agency commission fees recorded?			
8	Is there a documented write-off policy for accounts in which collection is unlikely?			
9	Is there a documented policy for recording subsequent payments on accounts previously written off?			
10	Are write-offs approved by a manager prior to writing off the account?			
11	Is there a documented policy for treatment of AR connected to bankruptcy cases?			
12	Is there a policy in place to ensure deposits or some other payment mechanism that should be utilized whenever possible to minimize the risk of non-payment?			
13	Is the receivable recorded in the database within 10 days of providing the service?			
14	Are adjustments and complaints handled independently?			

Assets

	Standard	Yes	No	N/A
1	Are there documented policies and procedures on safeguarding, marking, and reporting of assets?			
2	Are warranty logs kept and used?			
3	Is Form 44 used when disposing of equipment?			
4	Are adjustments to assets recorded?			
5	Are maintenance and inspection schedules observed where appropriate?			
6	Are new assets properly reported?			
7	Are periodic inspections and counts (at least annually) conducted to verify the physical existence of assets, and the accuracy of the lists?			
8	Are the results of the equipment inventory count reviewed and approved by the department head?			
9	If an item is not found during inventory count is further action taken?			
10	Are the departments accounting for all intangible assets, which are assets that lack physical substance, are non-financial, and have a useful life of more than one year?			
11	Are all capital assets costing \$5,000 or more, including land, building and improvements as well as equipment, reported to Accounts and Audits on the excel fixed asset spreadsheet they provide?			

Bank Accounts

	Standard	Yes	No	N/A
1	Are there documented policies and procedures for the bank account activity?			
2	Does your department /agency have its own City bank account for collection of any City revenues (e.g. credit card payments, operating revenues)?			
3	Have all bank accounts that are not reconciled by Treasury been approved by Treasury?			
4	Are account reconciliations performed by an individual that is not responsible for routine processing of activity?			
5	Are account reconciliations performed monthly to ensure potential errors are detected?			
6	Are significant discrepancies identified in the reconciliation process addressed immediately?			
7	Are bank reconciliations forwarded to your department/agency's financial manager for review?			
8	Are sufficient safeguards in place, such as zero-balance, positive pay, restrictions on direct debits and wire transfers, to help ensure unauthorized activity is prevented?			
9	Are canceled checks secured and access to records restricted to authorized individuals?			
10	Are blank checks secured and access to records restricted to authorized individuals?			
11	Is there an accurate and current list of persons authorized to initiate electronic funds transfers?			
12	Are statements mailed to Treasury and the department?			
13	Are there any names of former employees on bank accounts?			
14	Are receipts and records retained by the department for reconciliation?			
15	Are there safeguards to access to on-line banking services?			
16	Is interest recorded separately?			
17	Is there a current RFP for banking services?			

Business Continuity Plan

	Standard	Yes	No	N/A
1	Is there a documented Business Continuity Plan on and off site?			
2	Is there a process to regularly test and update the continuity plan, as needed?			
3	Is there an assignment of accountability and responsibility for managing the business continuity process or its specific tasks?			
4	Is there a process to perform threat/vulnerability analysis to identify the source and likelihood of occurrence of specific threats in order to plan recovery actions as well as risk mitigation steps?			
5	Has a business impact analysis been conducted to determine what areas are the highest priorities?			
6	Has the department considered both technology and non-technology requirements to recover and sustain business functions?			
7	Are all critical and important data regularly backed up and stored off-site?			
8	Have all employees (and their alternates) responsible for executing a manual work-around for mechanized processes been identified and trained?			
9	At least on an annual basis, is there a walkthrough of the business continuity plan to ensure it is adequate?			
10	Did executive management sign off on the plan?			
11	In case of an emergency, has an alternate processing site been established?			

Cash Handling

	Standard	Yes	No	N/A
1	Do all employees who are able to collect money have authorization to do so by the city treasurer and countersigned by the director of finance? Or agencies?			
2	Is money collected being paid over to the city treasurer on the same day, or, the next business day, per the city treasurer?			
3	Are background checks verified when giving an employee authorization to collect money?			
4	Is a record of each cash transaction generated and filed?			
5	Are the following duties performed by persons NOT involved in the payment process: Preparation of cash receipts schedule? Review of cash receipts schedule? Preparation of deposit? Verification of deposit? Transportation of deposit to Treasurer or bank? Control of pre numbered receipts? Control of inventory of commodities for sale?			
6	Are there written procedures prohibiting: Cashing checks? Accumulating or holding cash beyond approved change funds? Making disbursements from cash? Making refunds from cash? Cashiers "sharing" cash boxes or drawers?			
7	Are there written procedures governing: Deposit frequency? Cash-on-hand reconciliations (i.e. balancing)? Safeguarding cash receipts? Reporting thefts or other losses? Access to cash receipts? Supervisory cash counts? Restitution by cashier or custodian?			
8	Is all money secured with limited access?			
9	Do bank records match collection records?			
10	Are surprise cash audits being conducted on a regular basis?			
11	Are checks marked "for deposit only"?			

12	Are there security cameras at the cash registers?			
13	Is the messenger signing the log each day?			
14	Is the Self-Audit guide provided by the City's Treasurer's office completed on a yearly basis and on file?			
15	Are employees provided training on how to identify and report counterfeit money?			

Fleet

	Standard	Yes	No	N/A
1	Are there formal, written procedures for requesting, acquiring, maintaining, assigning, repairing, replacing, and disposing of fleet equipment?			
2	Is there an operator safety training program for specific pieces of equipment?			
3	Is fuel usage monitored?			
4	Is there a current and complete fleet inventory?			
5	Is the preventive maintenance schedule adhered to?			
6	Is equipment utilization analyzed quarterly through odometer entries from fueling equipment and repair orders to determine if the equipment is utilized?			
7	Does the Division of Fleet Services maintain an equipment pool sufficient to address the needs of user agencies for backup equipment and to support its maintenance guarantees?			
8	Does the agency review current fleet data to assist with management of fleet equipment?			
9	Are "user caused" repairs documented and forwarded to the fleet liaison for further action?			
10	Is the fleet replacement report properly analyzed and reviewed to ensure adequate fleet?			

Information Technology

	Standard	Yes	No	N/A
1	Are there documented IT policies and procedures that are provided to employees?			
2	Is compliance with the IT policies and procedures monitored?			
3	Is ETS involved in all IT activity (e.g. software/equipment purchases and implementations, user accounts)?			
4	Are all applications and data files restricted to authorized users?			
5	Are user accounts deactivated in a timely manner when an employee terminates?			
6	Is an inventory conducted periodically to ensure all IT hardware is located, including laptops and tablets?			
7	Does the department have a business continuity plan in case there is a catastrophic failure of its IT resources?			
8	Is the IT activity secure from outside entities?			
9	Is the City's Network sufficient for its business needs?			
10	Do IT problems cause customer dissatisfaction?			
11	Are there IT architectural diagrams detailing IT assets for the organization?			
12	Has the department taken measures to strengthen cybersecurity?			
13	Is the importance of adhering to IT policies and procedures, and the consequences of not complying with policies and procedures, communicated to employees on a regular basis?			

Inventory Management

	Standard	Yes	No	N/A
1	Are there documented policies and procedures for inventory management that include purchasing, recording, adjusting, safekeeping and tracking?			
2	Are inventory items and vendor information recorded in a database system?			
3	Is inventory secured at all times?			
4	Are adjustments and changes to physical inventory recorded?			
5	Does the database show current inventory levels and historical transactions?			
6	Are physical inventory counts performed and documented?			
7	Does management review inventory variance reports and exception reports on a regular basis?			
8	Are automated reports generated to show when inventory levels are low?			
9	Are inventory shipments received matched with the respective invoice and quantity?			
10	Are yearend inventories reported to Finance after physical inventory adjustments have been made?			
11	Are adjusting entries approved by a manager?			
12	Are the following responsibilities segregated: Record keeping, custody and authorization?			

Management

	Standard	Yes	No	N/A
1	Does management communicate the importance of the Code of Ethics, integrity, and ethical values?			
2	Are policies and procedures enforced?			
3	Are employees aware of the consequences of not following policies/procedures and or improper conduct?			
4	Is the importance of adhering to the department internal controls communicated to employees?			
5	Does management monitor key processes on a regular basis?			
6	Has management identified key risk factors that negatively impact the department goals and objectives?			
7	Are costs vs. benefit analysis performed?			

Payroll

	Standard	Yes	No	N/A
1	Are employees required to report their daily time worked?			
2	Is there documented supervisory review of all timesheets submitted by employees to ensure compliance with policies and that time paid is for actual time worked?			
3	Is documented supervisory approval required prior to discretionary time (e.g. vacation time, personal time) being used?			
4	Are leave time balances verified in CHRIS before supervisory approval?			
5	Is FMLA tracked and monitored in CHRIS?			
6	Are pay stubs handed out to employees to ensure all employees paid are active employees?			
7	Are payroll reports generated and reviewed each payroll period to ensure accuracy?			
8	When the department receives a payroll report from HR with changes made by the department (e.g. merit increase), does the department verify with their internal reports?			
9	Is a signature matrix utilized to ensure that pay rate changes are adequately authorized?			
10	Do only authorized personnel have access to CHRIS?			
11	Are CHRIS reports generated and reviewed to ensure the correct taxes are deducted from the employees pay?			
12	Is the payroll bank account reconciliation performed by someone who does not have change ability access to CHRIS?			
13	Are payroll disbursements, costs and changes accurately processed and recorded?			
14	Is the authorized personnel list reviewed periodically?			

Performance Measures

	Standard	Yes	No	N/A
1	Are appropriate (measurable and reasonable) performance measures developed and implemented to meet the goals and objectives of the department?			
2	Are performance measures used to make management decisions?			
3	Are performance measures used to monitor and motivate employees?			
4	Are performance measures tracked and reported on a quarterly basis?			
5	Have all performance measures been met?			
6	Is the Budget Office involved on an on-going basis with the department to ensure the appropriate performance measures are in place and being attained?			

Personnel

	Standard	Yes	No	N/A
1	Are all personnel files reviewed to ensure that complete documentation is maintained, and are they kept in a secure location?			
2	Is a termination check list utilized to ensure that all required documents are complete and maintained in the employee's file?			
3	Are there position descriptions specifically describing the duties and responsibilities for each job assignment within the agency?			
4	Are employees cross trained to ensure business runs smoothly if an employee is unable to work or retires?			
5	Is the distribution of personnel within the agency reassessed at least annually?			
6	Are ongoing training programs used to maintain and increase the employee's knowledge, skills, and abilities?			
7	Are all employees trained on the City's Employee Safety Instruction Manual?			
8	Has each member of the staff, including management, received a copy of the standards which they are expected to achieve?			
9	Are performance reviews conducted and communicated to the employees according to the schedule set by HR?			
10	Are performance deficiencies documented and communicated to the employee fairly and in a timely manner?			
11	Are exit interviews performed when required?			
12	Are employee's informed of the City's Fraud Hotline?			
13	Is ethics training mandatory for all employees?			

Petty Cash

	Standard	Yes	No	N/A
1	Does the department use a petty cash account?			
2	Are there documented policies and procedures for managing petty cash?			
3	Does the policy include restrictions on the use of petty cash funds?			
4	Are petty cash shortages and overages documented and investigated?			
5	Does a manager approve all petty cash reimbursements?			
6	Are petty cash reconciliation performed?			
7	Is petty cash kept safe and secure at all times?			

Purchasing

	Standard	Yes	No	N/A
1	Are SBE rules being followed and documented?			
2	Does the agency check that supplies and services are not on a contract before decentralized purchasing process is used?			
3	Are P-Cards used for purchases?			
4	Are there documented P-card policies and procedures?			
5	Are DAO's and P-card holders authorization forms completed and on file?			
6	Are all required forms completed by the P-card holder and the DAO?			
7	Does the Purchasing Division Manager review exception reports?			
8	Are early payment discounts used when possible?			
9	Are the receiving and inspection functions separate from the purchasing function?			
10	Do all purchases greater than \$5,000 properly utilize competitive bidding procedures/policies?			
11	Do procedures require appropriate justification when the low bidder in a competitive bid is not selected?			
12	Is there a supplier performance rating system that evaluates price, quality, and delivery performance?			
13	Are all requests for any proposed change in any Purchase Document (purchase order or contract) referred to the Purchasing Division, as required?			
14	When disposing of obsolete equipment is the department completing Form 44, Requisition for Sale of Obsolete Materials, and submitting it to the Purchasing Division?			
15	Is RFP training given to the appropriate employees?			
16	Are Professional Service contract Type 5s routed for proper signatures and certified by Finance before service rendered or purchase made?			

17	Are all RFPs, RFQs, and RFIs sent to Purchasing for review before they are advertised or made available to the public, per the City Manager's February 17, 2010 memo?			
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Revenue

	Standard	Yes	No	N/A
1	Are there documented policies and procedures for revenue activities?			
2	Are numbered receipts (either system generated or pre-numbered) provided for each revenue transaction?			
3	Is there proper segregation of duties to ensure there is a separate individual responsible for collecting, recording, reconciling, and depositing receipts?			
4	Is someone independent of the revenue processing function comparing on hand revenue to revenue activity reports?			
5	Does the policy address proper treatment of voids and refund transactions?			
6	Are voids and refunds approved by a supervisor?			
7	Does the department maintain adequate documentation for all voided transactions?			
8	Are revenue receipt variances, (overages and shortages) identified, analyzed, recorded, and reported?			
9	Are revenue receipts and supporting documentation kept secure at all times?			
10	Is access to revenue limited to individuals responsible for processing revenue transactions?			
11	Is the department annual revenue budgeted for?			
12	Does a manager review budget vs. actual revenue reports?			

Telecommunication

	Standard	Yes	No	N/A
1	Are documented telecommunication policies and procedures provided to employees who are issued City telecommunications equipment?			
2	Does the policy address reimbursement rates for personal usage?			
3	Are all telecommunication Authorization Forms properly completed, forwarded to ETS, and filed at the department?			
4	After ETS provides the department with a monthly call detail, are department personnel reviewing all calls to ensure they are business related?			
5	Are employees reimbursing the City on a monthly basis for any personal use of City issued telecommunications equipment, as required?			
6	Are user reimbursements properly documented and deposited in the appropriate City account?			
7	Is the department reviewing on a monthly basis cell phone, wireless data device, pager, facsimile machines, and desk phone charges to verify use is appropriate to job needs, and maintaining evidence of such review, as required?			
8	At least yearly, is the department reviewing all Telecommunication Authorization Forms to verify that the need still exists, and the authorized employee still has the equipment in their possession, and forwarding the updated list to ETS, as required?			
9	Is the loss of any telecommunications equipment being reported immediately to the appropriate supervisors or ETS?			
10	Is the department ensuring that all terminated employees return any telecommunications equipment immediately?			
11	Is an internal telephone assignment listing maintained and periodically reconciled to the monthly bills?			
12	Has the responsibility of maintaining the inventory listing of communication devices, including periodic physical verifications been assigned to one individual?			
13	Is there a policy on replacing broken or obsolete telecommunication equipment?			

Travel

	Standard	Yes	No	N/A
1	Are employees who travel familiar with the City's Travel Policy and the Frequent Flier Miles Policy?			
2	Are employees incurring the lowest reasonable travel expenses to avoid impropriety?			
3	Are employees getting prior approval for travel outside of Cincinnati from the department head?			
4	Is the Request for Permission to Travel Form No. 70-S completed to document authorization for travel?			
5	Are only the permitted travel expenses including transportation, lodging, meals, incidental, registration fees, and miscellaneous expenses made?			
6	Is the most economical mode of transportation documented and verified?			
7	Are employees submitting boarding pass and hotel receipts with travel reimbursement forms to confirm attendance if costs are paid in advance?			
8	Are employees completing the Frequent Flier Miles form at the end of each year to ensure they are in compliance with the City Policy?			
9	Are per diem rates verified?			
10	Are all documentation and receipts obtained after travel to support the expense?			
11	Is the City's Form No. 27-S, or approved substitute, used to report local mileage claimed?			