Sample Internal Control Assessment Questions

Highway Department

***Summary: The following assessment questions are divided into three parts to address the changes in T.C.A. 9-18-102(a): (I) Whether obligations and costs of the operation are in compliance with applicable law; (II) Whether county funds, property and other assets that are designated/assigned to the highway department are safeguarded against waste, loss, unauthorized use or misappropriation and (III) Whether revenues and expenditures in the county highway fund are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.***

1. Whether obligations and costs of the operation are in compliance with applicable laws

Purchase orders:

* 1. What is the county purchasing policy?
	2. Who originates purchases?
	3. Who makes sure funding is available?
	4. Who authorizes the purchase?
	5. Who places the order?
	6. Who verifies the goods received?
	7. Is there a different protocol for items ordered online? If so, what is it?
	8. What is the protocol for large items?
	9. What is done with the invoice?
	10. What is the protocol for blanket purchase orders?
	11. Who reviews the shipping tickets?

Store cards:

* 1. Where are store cards (e.g. Walmart, Lowe’s) kept?
	2. Who is authorized to go to the stores?
	3. Can blanket purchase orders be made on the store cards?
	4. Who approves the purchases?
	5. Who reviews the invoices?
	6. What records are sent to the county finance department?

Credit cards:

* 1. Credit cards are not utilized (if credit cards are used, recommend a written policy and then review actual operations to ensure compliance with policy).

Contracts:

* 1. Who signs contracts dealing with purchasing?
	2. How are contracts chosen?
	3. How are contracts over one year in length approved?
	4. Who reviews the contracts?
	5. Who ensures contract compliance within the county purchasing policy?

Emergency purchases:

* 1. Who is in charge of coordinating with the county finance department in the case of emergency purchases?
	2. Where can one find protocol for emergency purchases?

Payroll:

* 1. How is payroll authorized?
	2. Who prepares it?
	3. Who manages the budget throughout the year?
	4. Who is responsible for foreseeable budget overages?
	5. What type of account is used for payroll and why?
1. Whether county funds, property and other assets that are designated/assigned to the highway department are safeguarded against waste, loss, unauthorized use or misappropriation

Receipting:

* 1. Who receipts checks?
	2. Are all individuals that are authorized to receipt and/or have access to county funds covered by the county blanket liability bond/insurance? This would include interns, temporary and seasonal employees, part time workers from a human resource agency.
	3. How are funds receipted?
	4. Where are receipted funds stored?
	5. Who takes the receipted checks to the trustee’s office?
	6. How often are they taken?
	7. How is proof provided that the checks were taken to the Trustee office?
	8. How does the highway department ensure their records match up with the trustee’s balance?
	9. Who receipts the check if the office manager is absent?

Bulk fuel pumps:

* 1. Where are bulk fuel pumps maintained?
	2. How is fuel bid out?
	3. Who delivers it?
	4. Can other county departments/non-profits purchase gasoline from the Highway Dept?
	5. How do employees/other county departments document their fuel usage?
	6. Who collects the fuel tickets (if these are used)?
	7. Who sends out the fuel bills to county departments?
	8. Who places fuel orders?
	9. Who turns the fuel pumps on and off?
	10. How is the switch pad secured?
	11. How does the highway department secure the fuel pumps after regular work hours?

Payroll (with a centralized financial system, 1981, 1957 or some private acts)

* 1. How does the department protect itself against fraud from employees?
	2. How do employees log their hours?
	3. How does the superintendent disperse duties to ensure everyone is working?
	4. Who collects and compiles payroll hours?
	5. How is vacation, sick and personal leave managed during the year?
	6. Are all employees paid the same way?
	7. Who reviews the checks?
	8. What is the cap for vacation, sick and personal time accrual?
	9. Does sick time roll over? If not, what happens to it?
	10. What happens when someone exceeds their maximum vacation/personal time?
	11. Who maintains and calculates the annual leave accrual for highway department employees?
	12. How are the expenditures ensured to be in line with the approved budget?
	13. Who does it?

Inventory of crushed rock:

* 1. Where is crushed rock kept?
	2. How is it secured?
	3. How is the inventory kept up-to-date?
	4. How is it tracked?

Inventory of metal culvert:

* 1. Where is metal culvert kept?
	2. How is it secured?
	3. How is the inventory kept up-to-date?
	4. How is it tracked?

Inventory of cold mix:

* 1. Where is it stored?
	2. How is it secured?
	3. How is it tracked?
	4. How is the inventory kept up-to-date?

Inventory of vehicles and large equipment:

* 1. How are vehicles inventoried?
	2. Who does the physical inventory?
	3. How are vehicles that meet depreciation thresholds logged?
	4. Who does this data entry into a computer system?
	5. How are all vehicles and large equipment identified as being county highway property?
	6. Who registers new purchases of vehicles and equipment in the department?
	7. How are the registrations logged?
	8. How are surplus sales taken out of the system?
	9. Who is responsible for removing the surplus equipment of the software system?
	10. Who is in charge of communicating what type of work vehicles and materials are to be used for?

Inventory of small equipment and tools:

* 1. Who maintains an inventory of small equipment and tools?
	2. To whom are missing items reported?
	3. Where are tools kept that aren’t assigned to a vehicle?

Liquid asphalt:

* 1. How is the amount of asphalt needed by the department determined?
	2. Who orders the asphalt?
	3. Who records the amount used on each road project?
	4. What is done with leftover asphalt?

Hot mix asphalt:

* 1. How is hot mix bid out?
	2. Who hauls it to the job site?
	3. Who performs the actual paving?
	4. Who verifies the contractor’s billing with the bid price and the amount of asphalt received?
	5. Is anyone present to verify the load is delivered?
	6. How is proof shown that the loads were delivered?

Highway construction:

* 1. How are the contractor and engineer bid?
	2. How is state-aid road construction tracked?
	3. Who is responsible for coordinating with TDOT to ensure all requirements are met?

Bridge construction:

* 1. How are the contractor and engineer bid?
	2. How is the work being done by third parties and the department coordinated?
	3. How does the department keep record of the final cost?
1. Whether revenues and expenditures in the county highway fund are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets
	1. How does the department ensure receipted funds are coded to the correct revenue line item with the trustee?
	2. Who coordinates with the county finance department to ensure all purchase orders for non-payroll items are coded to the correct object code and expenditure budget?
	3. Who coordinates with the county finance department to ensure capital assets are up to date and in compliance with county asset policies?
	4. Who ensures the original highway fund budget was posted by county finance correctly?
	5. How does the department make sure revenues are coded correctly and are tracking in line with the budget revenues?
	6. How can the department be sure expenditures are in line with the budget?
	7. Who reports anticipated overages?
	8. Who reviews the year-end closing entries?
	9. Who reviews the capital asset listings?
	10. Who reviews and corrects audit findings?