Sample Internal Control Assessment Questions

County Trustee

***Summary: The following assessment questions are divided into three parts to address the changes in T.C.A. 9-18-102(a): (I) Whether the obligations and costs of the operation are in compliance with applicable law; (II) Whether the county funds, property and other assets that are designated/assigned to the trustee are safeguarded against waste, loss, unauthorized use or misappropriation and (III) Whether revenues and expenditures in the trustee’s fee account and county general fund (as it relates to the trustee) 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 the obligations and costs of the operation are in compliance with applicable laws

General:

1. Does the office have a written organizational chart?
2. Do the office employees have written job descriptions?
3. Does the office have a written, updated personnel policy and is this provided to the office employees?
4. Does the office have a copy of the adopted county ethics policy available for the official and the office employees?

Physical security of the office:

* 1. Who has a key to the trustee’s office?
	2. Who has a key to the main door of the courthouse?
	3. How often are the locks changed?
	4. Is the office monitored with cameras?
	5. Is there a vault in the office?
	6. When is it locked?
	7. Who has access to the vault?

Purchasing:

* 1. Who fills out purchase order requests?
	2. Who signs purchase order requests?
	3. Who coordinates with county finance to ensure funding is available, and the vendor is approved?
	4. Who issues the purchase order?
	5. Who places the order?
	6. How is it placed? (online/at store)
	7. How are the goods received verified?
	8. Who does this?
	9. Who signs the invoice?
	10. Who is the invoice given to?
	11. Are there any charge accounts at local stores?
	12. In the event that the vendor doesn’t carry the items needed, can they be purchased from a local store?
	13. If they can be purchased from a local store, what is the policy?
	14. Who is authorized to purchase the item(s).
	15. How does the finance office confirm the purchase from the local store?
	16. Does the trustee’s office utilize open purchase orders?

Store cards

* 1. Does the trustee’s office have an assigned store card (e.g. Walmart, Lowe’s)?
	2. If not, is there an alternative option for store cards?
	3. Who is authorized to use it?

Contracts

* 1. Who is authorized to sign county contracts dealing with purchasing?
	2. Are there certain contracts that require the approval of the county commission?
	3. Is there a requirement for the county attorney to review the contracts?
	4. Who is designated as the contract monitor?
	5. How is the contract monitored for vendor compliance?
	6. Is the trustee authorized to sign vendor contracts?

Emergency Purchases

* 1. Who coordinates with the county finance department/mayor’s office in the case of emergency purchases?
	2. Does the office have a policy which addresses emergency purchases?
	3. How are purchases determined to be an emergency?

Payroll

* 1. Does the trustee prepare a letter of agreement or salary suit to authorize current employees and salaries?
	2. Who at the trustee’s office receives/reviews a copy of the adopted budget and a monthly year to date expenditure vs budget report each month from county finance/mayor’s office?
	3. Where are the trustee’s fees turned over? How often?
	4. Who in the county is responsible for state and federal payroll tax returns and issuing W2s?
	5. Are the trustee’s employees exempt or non-exempt?
	6. Do they receive comp time? If so, what is the policy?
	7. How are payroll payments made to employees?
	8. What type of account/line items (payroll or vendor) is used to pay employees?
	9. What is the policy for this?
1. Whether the county funds, property and other assets that are designated/assigned to the trustee are safeguarded against waste, loss, unauthorized use or misappropriation.

Cash with fee account

* 1. How are the checks receipted and accounted?
	2. Are the checks utilized by the office manual? Are they pre-numbered?
	3. Who is authorized to sign checks?
	4. Does the office have a written disaster recovery plan? How often is it backed up? Where is it stored?
	5. Who is authorized to enter receipting of payments?
	6. 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.
	7. Do deputies use separate cash boxes? Are they locked? Where are they kept? How often are they counted?
	8. How are the cash box amounts reconciled?
	9. How are shortages (trivial) in daily receipting handled?
	10. Who investigates large shortages?
	11. What bank is used for deposits?
	12. Who prepares the bank deposit?
	13. Who is authorized to take the deposit to the bank?
	14. How often is it taken?
	15. Who is authorized to take deposits during an absence?
	16. Who reconciles the bank deposit slip with the day’s intake?
	17. Is there a policy for authorized cash on hand in the cash boxes?
	18. Are the boxes locked up at the end of the day?

Daily bookkeeping procedures

* 1. Who posts the daily activity to the general ledger?
	2. Is the daily deposit entered along with any checks written into the accounting ledger?
	3. Who reviews the end of day trial balance?

Monthly bookkeeping procedures

* 1. Who performs monthly closing entries and prepares month to date reports?
	2. Who reviews the monthly bank statements to ensure deposits are being made with the bank timely?
	3. Who reviews the copies of all checks to verify that all disbursements were made to legitimate vendors/agencies?
	4. Who reconciles the ledger to the bank statements?
	5. Who reconciles the subsidiary ledgers and fee account?
	6. Who reviews all bank reconciliations and reconciling items to ensure that the accounting records balance with the bank?
	7. Who reviews and reconciles the tax aggregate with what was actually receipted during the month to ensure accuracy?
	8. Does anyone double check to ensure the monthly miscellaneous receipt revenues agree with what was actually receipted during the month? If so, who?
	9. Who reviews disbursements for each fund and compares the amounts to daily disbursements for the month?
	10. Who reviews tax aggregate audit logs?
	11. Who signs them?
	12. Who reviews and signs off on journal entries?
	13. Who performs the month end closing process steps for the office’s software program?
	14. Are copies of the month to date reports printed out for the county finance department?

Annual bookkeeping procedures

* 1. Who prepares the annual trustee’s report?
	2. How is it prepared? (software program?)
	3. When is it prepared?
	4. Who signs the trustee’s report?
	5. To whom is it given?
	6. Where are all monthly and end of year reports kept for audit purposes?
	7. Who does payroll processing for the trustee’s office? Who prepares an end of year accrued vacation/comp/sick leave report for external financial reporting purposes?

Inventory of office equipment

* 1. Who keeps an updated inventory list of all computer equipment assigned to the office?
	2. Is a copy of the inventory kept in the disaster recovery plan? If so, is it kept offsite?
	3. Who coordinates with LGDPC to do a physical inventory annually of the computer equipment?
	4. Is there a county policy for inventory?
	5. If so, is the trustee required to inventory, tag and track all assigned assets over a certain amount? What is that amount?
	6. Who is the inventory given to?
	7. Does the office have any assets that meet capitalization thresholds ($10,000) for external financial reporting?

Internal controls over material expenditure line items

* 1. Payroll
		1. Do all employees on payroll have an updated personnel file?
		2. Who maintains the file and does this person do a routine review of the actual payroll to ensure there are no ghost employees, unauthorized payroll deductions and unauthorized additional payments?
		3. What type of timekeeping system is used for employees (manual/software)?
		4. How often are they turned in?
		5. Who reviews each timesheet for accuracy?
		6. Who processes payroll?
		7. Who reviews a monthly budget to actual account analysis to ensure the office is in budget for payroll?
		8. Do employees have the opportunity to authorize deductions from their paychecks?
		9. How are employees paid? (direct deposit?)
	2. Postage
		1. Who is authorized to purchase stamps?
		2. Is a purchase order required to purchase stamps?
		3. Are the stamps only used for mail related to office business?
		4. Where are the stamps stored?
		5. Who is responsible for catching abnormal shortages?

Bank collateral for trustee bank accounts

1. Are any funds exceeding the FDIC covered amounts placed in a financial institution that doesn’t participate in the State Collateral Pool?

Compliance with State Statute (T.C.A 5-8-201) to evaluate trustee bank accounts

1. Who evaluates and solicits quotes for the bank accounts? How often?

Delinquent taxes

* 1. Who reviews the office audit logs to ensure no adjustments were made to the interest and penalties paid?
	2. Are all delinquent prior year real and personal property taxes owed turned over to the delinquent tax attorney (clerk and master)?
	3. Does the trustee accept payments for those amounts due after the taxes are turned over to the delinquent tax attorney (clerk and master)?

Accounts receivables for ACVs

* 1. Does the office maintain a file for each taxpayer on tax relief? What information is included in each file?
	2. Who posts the current month end A/R balance?
	3. Who maintains the back-up files and assists in maintaining the accounts receivables and filing for reimbursement from the state?

Property tax freeze program

* 1. Who coordinates with the county assessor of property to maintain files for every taxpayer on the tax freeze program?
	2. Who reviews and signs to approve every individual on the program? How often?
1. Whether revenues and expenditures in the trustee’s fee account and county general fund (as it relates to the trustee) 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.

Property tax levy:

* 1. Who enters the property tax levy into the accounting software?
	2. Who reviews it?

Sales tax proration:

* 1. Who prorates the sales tax that comes from the state each month?
	2. Who reviews the calculations?
	3. Who posts the amounts?
	4. Who writes checks to the owed towns?
	5. Is the county finance office given a receipt of these amounts to show what funds the county received?
	6. Who coordinates with county finance to ensure revenues and expenditures reported in the county funds are accurate with receipted funds and disbursements?

Investments:

1. Are only investments authorized by the state utilized?
2. Is the State Treasurer consulted for questions regarding the legality of a potential investment vehicle?