

A Municipal Checklist for Internal Control-Part I, Cash Controls					
I. General Internal Control & Banking					
		Yes	No	Don't Know	Explanation
1	Is a professional (independent) audit done annually?				
2	If you have an annual audit was the most recent opinion unqualified?				
3	Are Town officials bonded, or covered by liability insurance?				
4	Is a budget system used to monitor revenues and expenses?				
5	Did the Town remain within budget last year?				
6	If the Town did not remain within budget, do you know why not?				
7	Does the selectboard receive monthly financial reports?				
8	Do the selectboard members read and understand the financial reports?				
9	Has the Town become aware of any fraud, embezzlement, mismanagement or theft?				
10	Do you know to whom you would report an incident or request an investigation of possible fraud or abuse?				
11	Do you know what is meant by segregation of duties?				
12	Are accounting functions performed by other employees during vacations?				
13	Do bank balances agree with ledger balances?				
14	Do you know who the signers are for the Town's bank accounts?				
15	Does the Selectboard approve transfers between funds or accounts?				
17	Does the Town receive regular reports of the cash balances in all accounts?				
18	Does the Town use a pooled cash account (one bank account) for most receipts?				
19	Does the Town receive monthly cash allocation reports if a pooled cash account is used?				
20	Does the Town have a policy to be advised by the bank in the event of an account overdraft?				
21	Are school funds raised by taxes transferred timely to the school district (within 20 days)?				
II. Cash and Accounts Receivable					
		Yes	No	Don't Know	Explanation
1	Is the mail processed by someone other than the person who signs checks?				
2	Are numbered or sequential receipts issued for cash transactions?				
3	Are all receipts recorded in a book or accounting system in a timely manner?				
4	Are all receipts turned over to the treasurer daily?				
5	Are deposit endorsements stamped on incoming checks when received?				
6	Are funds deposited in a prompt manner (at least weekly)?				
7	When funds cannot be deposited daily are funds stored securely?				
8	Does the same employee accept funds, document and/or deposit them?				
9	Are all funds deposited to accounts owned by the Town? Any Non-Town funds deposited to Town accounts?				
10	Do cash receipts tie directly to bank deposits?				
11	Do the employees who handle cash also post the activity?				
12	Are all receivables recorded in the general ledger?				
13	Do taxpayers or ratepayers receive regular statements for outstanding balances due or overpayments?				
14	Are penalties applied to delinquent accounts in a timely manner?				
15	Does the same employee send out statements and post payments to accounts?				
16	Are accounts receivable reconciled to detailed invoices?				

17	Are tax receipts reconciled to tax receivables, and tax receivables to the grand list?				
18	Do the lister(s) verify the final grand list to which the cash receipts are proved?				
III. Purchasing, Disbursements & Payroll		Yes	No	Don't Know	Explanation
1	Are functions of purchasing, receipt of goods, and payments performed by different people?				
2	Does the Town use purchase orders?				
3	Is a warrant (orders) created for all disbursements?				
4	Is the warrant supported by original invoices?				
5	Are there records for unpaid invoices or pay orders? (24 VSA 1576)				
6	Does the selectboard approve all expenditures before disbursement?				
7	Does the total of checks paid equal the number of orders for each month?				
8	Are all disbursements, except petty cash items, paid by check?				
9	Are checks pre-numbered?				
10	Are check numbers used consecutively?				
11	Are checks prepared by a separate person from the signer?				
12	Do checks require more than one signer for all or certain amounts?				
13	If a signature stamp is used is it secure when not in use?				
14	Are unused checks controlled?				
15	Are voided checks recorded?				
16	Are checks ever written to CASH?				
17	Is petty cash controlled through receipts and regular reconciliation?				
18	Are payroll withholdings reconciled to payroll reports?				
20	Are accounts payable reconciled to actual invoices?				
21	Are salary and wage rates approved by the selectboard?				
22	Does the Town accurately accumulate time and record absences of employees?				
23	Are withholding taxes remitted timely?				
24	Are fees paid to officials disclosed in the town accounting (32 VSA 1672) and reported to IRS?				
IV. Financial Records & IT		Yes	No	Don't Know	Explanation
1	Are detailed cash receipts journals maintained?				
2	Are detailed cash disbursement journals maintained?				
3	Are general ledger and subsidiary ledgers kept up to date and reconciled monthly?				
4	Are all adjusting journal entries approved in writing by management?				
5	Are records protected from fire, theft and manipulation?				
6	Is computer data backed up daily and source documents retained?				
7	Are bank statements reconciled each month within 15 days of the statement date?				
8	Is the reconciliation procedure documented?				
9	Is interest earned apportioned to each account?				
10	Does a public official, other than the preparer, review the reconciliations?				
11	Do the employees who handle cash or prepare checks reconcile the bank statements?				
12	Are prior outstanding checks and deposits showing as cleared each month?				

13	Are school, highway and grant monies in separate accounts in the ledger?				
V. Approvals					
<i>As a signer below I certify to the best of my knowledge that the answers provided in this self-assessment questionnaire are an accurate representation of the operation of the Town/City of: _____, Vermont.</i>					
Preparer: (signature) _____ (printed name): _____ Title: _____					
Selectboard Chair (signature) _____ (printed name): _____					
Selectboard Chair authorized to sign by the Board approval as shown in the board minutes dated: _____					

B Municipal Checklist for Internal Control-Part II, Other Controls relating to Cash or Risk					
I. General Internal Control					
		Yes	No	Don't Know	Explanation
1	Is insurance reviewed periodically to assure adequacy?				
2	Has the Town established a policy regarding unrestricted fund balances?				
3	Is internal control the responsibility of management, and specifically the selectboard?				
4	Are specific duties of personnel who handle financial records understood by the selectboard?				
5	Are duties of officials and employees clearly defined?				
6	Is confidential or sensitive material maintained separately from other records?				
7	Are personnel records maintained for all employees?				
8	Is the town in compliance with state statutes regarding incompatible offices?				
9	Is there an ethics standard for Town officials regarding conflicts of interest?				
10	Does the Town have an employee manual?				
11	Are all deposit accounts with balances over the FDIC limit collateralized?				
12	Does the Town have an investment policy for bank deposits and other investments?				
13	Have there been significant changes in the Town's bank relationship?				
II. Cash and Accounts Receivable					
		Yes	No	Don't Know	Explanation
1	Are billing, collection and posting performed by separate employees or departments?				
2	Does the Town have a policy regarding uncollectible accounts?				
III. Purchasing, Disbursements & Payroll					
		Yes	No	Don't Know	Explanation
1	Does the Town have an approved vendor list?				
2	Does the Town have a policy regarding the use of credit cards for purchases?				
3	Does the Town have a policy regarding the use of wire transfers?				
4	Does the Town have a policy regarding who can approve and execute wire transfers?				
5	Are wire transfers recorded through the accounting system?				
6	Are checks produced using an automated financial system?				
7	Does the employee who writes checks open the bank statements?				
IV. Financial Records & IT					
		Yes	No	Don't Know	Explanation
1	Does the Town have a useful and descriptive chart of accounts?				
2	Does the Town have an approved accounting policy and/or procedures?				
3	Is an accounting system in use that allows recording of financial transactions, viewing data by category, and creation of timely reports to maintain accountability?				

5	Is there an off-site back up system for electronic records?				
6	Does more than one town official or employee have access to view on-line banking?				
7	Are electronic banking transfers done exclusively from an off-network computer?				
8	Are computers used by finance personnel accessible remotely?				
9	If the Town has borrowed money, were formal agreements prepared and executed?				
10	If the Town has notes receivable, were formal agreements prepared and executed?				
V. Approvals					
<i>As a signer below I certify to the best of my knowledge that the answers provided in this self-assessment questionnaire are an accurate representation of the operation of the Town/City of: _____, Vermont.</i>					
Preparer: (signature) _____ (printed name): _____ Title: _____					
Selectboard Chair (signature) _____ (printed name): _____					
Selectboard Chair authorized to sign by the Board approval as shown in the board minutes dated: _____					