**AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS**

**EACH QUESTION MUST BE ANSWERED.**

**PLEASE SELECT YES OR NO.**

**IF ANY ARE NOT APPLICABLE, STATE N/A AS YOUR ANSWER.**

FIRE DISTRICT\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

YEAR UNDER AUDIT\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AUDITOR SIGNATURE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AUDITOR FIRM\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AUDITOR ADDRESS\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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AUDITOR PHONE**/**FAX#\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AUDITOR EMAIL **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**"NO" ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.**

AUDIT QUESTIONNAIRE

FIRE DISTRICT\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**General**

1. Is a general ledger maintained by the district? YES NO

2. Are key employees bonded in amounts required by organization policy YES NO

3. Is insurance coverage in force for at least the following:

Loss or damage to assets from fire and other hazards? YES NO

Public liability and property damage? YES NO

Robbery, burglary, theft and disappearance? YES NO

Worker's compensation? YES NO

4. Are loans to employees prohibited? YES NO

5. Has the Bureau of Authority Regulation been notified of YES NO

deficiencies in the accounting system or records?

6. Has a corrective action plan been filed for the previous year audit YES NO

report?

**Cash and Investments**

1. Has the district adopted a cash management plan? YES NO

2. Are all depositories and accounts authorized by resolution of the YES NO

governing body?

3. Are receipts deposited within 48 hourspursuant to N.J.A.C. YES NO

5:31-3.1(b)?

4. Are the duties of personnel who receive and deposit cash separate YES NO

from investments, cash disbursing, and bookkeeping?

5. Are cash receipts adequately safeguarded before deposit? YES NO

6. Is responsibility for the petty cash fund vested in only one person? YES NO

7. Are petty cash disbursements supported by signed receipts which YES NO

are attached to reimbursement vouchers?

8. Are check signers and individuals initiating or authorizing YES NO

transactions utilizing standard electronic funds transfer

technologies designated by resolution?

9. If a mechanical check signer is used, are there procedures to control YES NO

and record the check numbers and the number of checks signed?

10. Is there adequate security over blank checks? YES NO

11. Are the duties of personnel who disburse cash separate from the YES NO

function of approving vouchers?

12. Are bank statements reconciled monthly? YES NO

A. Is the sequence of check numbers accounted for? YES NO

B. Are check endorsements scrutinized? YES NO

13. Are outstanding checks older than 6 months investigated? YES NO

14. Are investments under the control of a responsible official who YES NO

does not receive or disburse cash?

15. Are all investments issued in the name of the district? YES NO

16. Are all investment transactions approved by the governing body? YES NO

17. Are all investments permitted by law or bond agreement? YES NO

18. Are perpetual records of investments reflecting all pertinent YES NO

information maintained?

19. Is interest income verified? YES NO

A. Is it promptly recorded in the accounting records? YES NO

20. Are investments examined periodically and verified with the YES NO

detail record and control account?

21. Are investments protected against loss or theft? YES NO

22. Are signature stamps, mechanical signatures, facsimile YES NO

signatures, and electronic copies of signatures under adequate

control and protected against unauthorized use?

**Accounts Receivable and Income (District Taxes, User Charges and Miscellaneous)**

1. Has the district tax levy been verified with the Abstract of Ratables YES NO

2. Does the district tax revenue agree to the tax levy? YES NO

3. Are billings to users independently verified? YES NO

4. Is there segregation of duties among accounts receivable, YES NO

record maintenance, billing, and receipt of cash?

5. Are total accounts receivable balances verified with the accounts YES NO

receivable control periodically?

6. Are delinquent accounts receivable reviewed and collection YES NO

procedures initiated by a responsible official?

7. Are accounts receivable records promptly posted? YES NO

A. Billings to users? YES NO

B. Cash receipts? YES NO

8. Are adjustments to accounts receivable approved by a responsible YES NO

official?

**Inventory**

1. Is the storage area properly safeguarded to prevent damage to YES NO

materials and unauthorized removal?

2. Do quantities appear reasonable for normal consumption? YES NO

3. Are physical inventories taken annually? YES NO

**Accounts Payable and Purchasing**

1. Are the following requirements of the Local Public Contracts Law (40A:11)

being followed and documented:

A. Competitive bidding and contract award? YES NO

B. Informal quotations on purchases not requiring public bidding YES NO

(40A:11-6.1)?

C. Certificate of availability of funds prior to award of contracts YES NO

(Reg. 5:30-15.4)?

D. Resolutions adopted and advertised authorizing agreements for YES NO

professional services (40A:11-5)?

E. Emergency purchases and contracts (40A:11-6)? YES NO

2. Are prenumbered or system generatedpurchase orders issued for YES NO

all purchases, except petty cash purchases?

3. Is there a record of all purchase orders issued? YES NO

4. Are quantities and descriptions of materials and supplies received: YES NO

A. Compared to purchase orders? YES NO

B. Compared to vendors' invoices? YES NO

C. Verified with packing or delivery slips? YES NO

5. Are open purchase orders reviewed periodically? YES NO

6. Do vouchers approved for payment contain:

A. Signature of person who verified quantities and description YES NO

of materials received or services rendered?

B. Copies of purchase order, delivery slips, etc. YES NO

7. Were all vouchers approved by the governing body? YES NO

8. Is there segregation of duties between the purchasing, receiving YES NO

and disbursement functions?

9. Are total accounts payable balances verified with the accounts YES NO

payable control periodically?

**Payroll**

1. Are the functions of payroll preparation and distribution separated? YES NO

2. Are names added to and deleted from payroll and rates of pay YES NO

changed only upon written authorization?

3. Are new employees, employee promotions and rates of pay approved YES NO

by the governing body?

4. Are payroll deductions promptly paid to the proper agencies? YES NO

5. Are records maintained to control and verify vacation time, sick YES NO

leave, etc. taken and accumulated?

6. Are all employees paid by check or by direct deposit? YES NO

7. Is there a separate bank account for payroll disbursements? YES NO

A. Are deposits in exact amount of payroll? YES NO

B. Is the payroll bank balance reconciled monthly by someone YES NO

independent of payroll preparation?

C. Are payroll procedures established by resolution of the YES NO

governing body?

8. Are all payroll deductions supported by signed authorizations YES NO

on file?

9. Are payroll check endorsements and employee account YES NO

authorizations scrutinized?

**Property, Plant and Equipment**

1. Are detailed fixed asset records maintained? YES NO

A. Are fixed assets properly identified with the fixed asset records? YES NO

B. Are additions and deletions properly authorized and promptly YES NO

recorded?

2. Is the documentation substantiating the cost of fixed assets YES NO

permanently filed?

3. Is there a written policy defining items to be capitalized and YES NO

those to be expensed?

4. Does the capitalization of interest and other indirect costs YES NO

conform to accounting principles?

5. Do fixed asset additions conform to the adopted or amended YES NO

capital budget?

6. Are fixed assets carried on the accounting records at cost or, if YES NO

acquired by gift, at fair market value at date of gift?

7. Is a physical inventory of fixed assets taken periodically and YES NO

verified to fixed asset records?

8. Are dispositions of fixed assets properly recorded and sales YES NO

proceeds promptly accounted for in the accounting records?

9. Are fixed assets properly safeguarded against loss by fire, YES NO

unauthorized use or theft?

**Long and Short Term Debt**

1. Is a detailed record such as a bond or note register maintained YES NO

of debt issued and outstanding?

A. Are principal and interest due dates and amounts reflected YES NO

and date of payment recorded?

2. Are debt issues properly authorized by the governing body? YES NO

3. Does the expenditure of borrowed funds conform to the purposes YES NO

authorized?

4. Are paid bonds and notes properly cancelled and accounted for? YES NO

5. Has the fire district paid its debt service on a timely basis? YES NO

6. Is the fire district in compliance with all bond covenants? YES NO

**Capital Leases**

1. Have all capital leases been approved by the voters? YES NO

2. Has the project financing for capital leases been approved by the YES NO

Local Finance Board?

**Budget System**

1. Were the adopted operating budget and amendments thereto approved YES NO

by the Director of Local Government Services?

2. Were the adopted budgets and amendments recorded in the minutes? YES NO

3. Are there sufficient controls to monitor expenses and revenues YES NO

against budgeted amounts?

4. Is a budget status report periodically furnished to the governing YES NO

body?

5. Are appropriations encumbered when purchase orders are issued? YES NO

6. Are fixed assets acquired through budget appropriations properly YES NO

capitalized?

**Grant Management**

1. Is a permanent file of each grant maintained? YES NO

2. Does the accounting system provide details of eligible YES NO

expenditures to be reimbursed from each grant?

3. Is each expenditure reviewed for compliance with the terms of the YES NO

applicable grant?

4. Are all required reports promptly filed with the grantor agency? YES NO

5. Were grant reimbursement requests filed promptly? YES NO

6. Are assets acquired from grant funds properly identified? YES NO

7. If indirect costs are chargeable to grants, has the method of YES NO

allocation been approved?

**Electronic Data Processing**

1. Does the district utilize electronic data processing for YES NO

accounting or financial functions?

2. Was the system approved by the Division of Local YES NO

Government Services?

3. Are there sufficient audit trails to identify documents being YES NO

processed and identify output?

4. Are master files updated periodically and on schedule to prevent YES NO

loss of data in transaction files?

5. Are there periodic printouts of updated files by E.D.P. transactions? YES NO

6. Are authorized users validated by user codes and passwords? YES NO

7. Are terminals located in a secure area, to prevent access by YES NO

unauthorized personnel?

8. Are there copies of all critical materials such as programs, YES NO

master files, transaction files, etc.?

9. Are these copies stored in a safe location (offsite or in a YES NO

fireproof vault onsite)?

10. Are mechanisms in place to guard against loss due to power YES NO

failures, fire, flood, etc.?

**Electronic Funds Transfers**

1. Has the governing body adopted a resolution establishing policies and YES NO

procedures governing electronic funds transfers?

2. Has the fire district’s chief financial officer been charged by the governing body YES NO

been charged by the governing body with the responsibility of ensuring that

internal controls for electronic fund transfers are being adhered to?

3. Are initiation and authorization roles segregated and password restricted? YES NO

4. Has another officer of the fire district that is not under the chief financial YES NO

officer’s authority been designated to authorize an electronic funds transfer

initiated by the chief financial officer?

5. Are activity reports on transactions involving electronic funds transfers YES NO

reviewed at least weekly by the chief financial officer or an individual under

the chief financial officer’s supervision, and monitored by another individual

not under the chief financial officer’s supervision?

6. Have financial institution providers of electronic funds transfer technologies YES NO

submitted to the fire district proof of satisfactory internal control?

7. Does each bill list have proper reference to the type of technology and a YES NO

tracking mechanism to provide for an adequate audit trail?

8. For electronic funds transfers conducted through an automated clearing house

transfer (ACH):

A. Is a current Electronic Funds Transfer and Indemnification YES NO

Agreement in place with a banking institution authorized to access

fire district bank accounts for the purpose of conducting electronic funds

transfers through ACH?

B. Are users that can generate an ACH file neither given upload rights nor YES NO

given access that permits editing of a vendor routing number or vendor

account number?

C. Is each edit to vendor ACH information approved by a separate individual YES NO

and logged showing the user editing the data, date stamp, IP address, and

approval of the edit?

D. Are plain text ACH files not stored on a local computer past the time the YES NO

file is transmitted to a bank?

9. For electronic funds transfers conducted through a charge card/account:

A. Are monthly purchase orders issued for each individual charge card or YES NO

account that authorize a maximum amount that can expended per month?

B. Is the charge card or account limited to use with a specific vendor? YES NO

C. Are outstanding balances paid in full each month? YES NO

D. Has the authority adopted policies and procedures for use of charge cards/ YES NO

charge accounts?

E. Are individuals authorized to utilize charge cards/accounts

i. trained on the policies and procedures governing their use? YES NO

ii. signatories to a contract of understanding that includes financial YES NO

responsibility for misuse?

iii. covered by a bond or blanket honesty policy? YES NO

F. Have individuals responsible for activity reconciliations and supervisory YES NO

Review been trained in the policies and procedures governing the use of charge

cards/accounts?

10. If the fire district utilizes a procurement card

A. Are individuals authorized to utilize procurement cards

i. trained on the policies and procedures governing their use? YES NO

ii. signatories to a contract of understanding that includes financial YES NO

responsibility for misuse?

iii. covered by a bond or blanket honesty policy? YES NO

B. If procurement cards are being utilized, does a Qualified Purchasing Agent YES NO

serve as program manager?

C. Have individuals responsible for activity reconciliations and supervisory YES NO

review been trained in the policies and procedures governing the use of

procurement cards?

THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILED WITH THE DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS NOT TO BE BOUND IN THE REPORT