N.J.A.C. 5:31-7: APPENDIX B

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____________________________________________________

_______________________________________________________________________

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 deficiencies in the accounting system or records?  YES  NO

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

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 governing body?  YES  NO

3. Are receipts deposited within 48 hours pursuant to N.J.A.C. 5:31-3.1(b)?  YES  NO

4. Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping?  YES  NO

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

Current as of January 4, 2021
7. Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers?    YES  NO
8. Are check signers and individuals initiating or authorizing transactions utilizing standard electronic funds transfer technologies designated by resolution?    YES  NO
9. If a mechanical check signer is used, are there procedures to control and record the check numbers and the number of checks signed?    YES  NO
10. Is there adequate security over blank checks?    YES  NO
11. Are the duties of personnel who disburse cash separate from the function of approving vouchers?    YES  NO
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 does not receive or disburse cash?    YES  NO
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 information maintained?    YES  NO
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 detail record and control account?    YES  NO
21. Are investments protected against loss or theft?    YES  NO

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22. Are signature stamps, mechanical signatures, facsimile signatures, and electronic copies of signatures under adequate control and protected against unauthorized use?  

YES  NO

**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, record maintenance, billing, and receipt of cash?  
   YES  NO

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

6. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official?  
   YES  NO

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 official?  
   YES  NO

**Inventory**

1. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal?  
   YES  NO

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

3. Are physical inventories taken annually?  
   YES  NO

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### 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 (40A:11-6.1)? **YES** **NO**
   - C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-15.4)? **YES** **NO**
   - D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)? **YES** **NO**
   - E. Emergency purchases and contracts (40A:11-6)? **YES** **NO**

2. Are prenumbered or system generated purchase orders issued for all purchases, except petty cash purchases? **YES** **NO**

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

4. Are quantities and descriptions of materials and supplies received:
   - 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 of materials received or services rendered? **YES** **NO**
   - 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 and disbursement functions? **YES** **NO**

9. Are total accounts payable balances verified with the accounts payable control periodically? **YES** **NO**

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**Current as of January 4, 2021**
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 changed only upon written authorization? YES NO
3. Are new employees, employee promotions and rates of pay approved by the governing body? YES NO
4. Are payroll deductions promptly paid to the proper agencies? YES NO
5. Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated? YES NO
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 independent of payroll preparation? YES NO
   C. Are payroll procedures established by resolution of the governing body? YES NO
8. Are all payroll deductions supported by signed authorizations on file? YES NO
9. Are payroll check endorsements and employee account authorizations scrutinized? YES NO

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 recorded? YES NO
2. Is the documentation substantiating the cost of fixed assets permanently filed? YES NO

Current as of January 4, 2021
3. Is there a written policy defining items to be capitalized and those to be expensed? YES NO
4. Does the capitalization of interest and other indirect costs conform to accounting principles? YES NO
5. Do fixed asset additions conform to the adopted or amended capital budget? YES NO
6. Are fixed assets carried on the accounting records at cost or, if acquired by gift, at fair market value at date of gift? YES NO
7. Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? YES NO
8. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? YES NO
9. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? YES NO

Long and Short Term Debt
1. Is a detailed record such as a bond or note register maintained of debt issued and outstanding? YES NO
   A. Are principal and interest due dates and amounts reflected and date of payment recorded? YES NO
2. Are debt issues properly authorized by the governing body? YES NO
3. Does the expenditure of borrowed funds conform to the purposes authorized? YES NO
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

Current as of January 4, 2021
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 Local Finance Board? YES NO

Budget System

1. Were the adopted operating budget and amendments thereto approved by the Director of Local Government Services? YES NO
2. Were the adopted budgets and amendments recorded in the minutes? YES NO
3. Are there sufficient controls to monitor expenses and revenues against budgeted amounts? YES NO
4. Is a budget status report periodically furnished to the governing body? YES NO
5. Are appropriations encumbered when purchase orders are issued? YES NO
6. Are fixed assets acquired through budget appropriations properly capitalized? YES NO

Grant Management

1. Is a permanent file of each grant maintained? YES NO
2. Does the accounting system provide details of eligible expenditures to be reimbursed from each grant? YES NO
3. Is each expenditure reviewed for compliance with the terms of the applicable grant? YES NO
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 allocation been approved? YES NO

Current as of January 4, 2021
### Electronic Data Processing

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<td>1.</td>
<td>Does the district utilize electronic data processing for accounting or financial functions?</td>
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<td>YES  NO</td>
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<td>2.</td>
<td>Was the system approved by the Division of Local Government Services?</td>
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<td>3.</td>
<td>Are there sufficient audit trails to identify documents being processed and identify output?</td>
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<td>4.</td>
<td>Are master files updated periodically and on schedule to prevent loss of data in transaction files?</td>
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<td>5.</td>
<td>Are there periodic printouts of updated files by E.D.P. transactions?</td>
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<td>6.</td>
<td>Are authorized users validated by user codes and passwords?</td>
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<td>7.</td>
<td>Are terminals located in a secure area, to prevent access by unauthorized personnel?</td>
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<td>8.</td>
<td>Are there copies of all critical materials such as programs, master files, transaction files, etc.?</td>
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<td>9.</td>
<td>Are these copies stored in a safe location (offsite or in a fireproof vault onsite)?</td>
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<td>10.</td>
<td>Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.?</td>
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<td>YES  NO</td>
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### Electronic Funds Transfers

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<td>1.</td>
<td>Has the governing body adopted a resolution establishing policies and procedures governing electronic funds transfers?</td>
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<td>YES  NO</td>
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<td>2.</td>
<td>Has the fire district’s chief financial officer been charged by the governing body been charged by the governing body with the responsibility of ensuring that internal controls for electronic fund transfers are being adhered to?</td>
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<td>YES  NO</td>
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<td>3.</td>
<td>Are initiation and authorization roles segregated and password restricted?</td>
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<td>YES  NO</td>
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<td>4.</td>
<td>Has another officer of the fire district that is not under the chief financial</td>
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<td></td>
<td>YES  NO</td>
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Current as of January 4, 2021
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 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? YES NO

6. Have financial institution providers of electronic funds transfer technologies submitted to the fire district proof of satisfactory internal control? YES NO

7. Does each bill list have proper reference to the type of technology and a tracking mechanism to provide for an adequate audit trail? YES NO

8. For electronic funds transfers conducted through an automated clearing house transfer (ACH):
   A. Is a current Electronic Funds Transfer and Indemnification Agreement in place with a banking institution authorized to access fire district bank accounts for the purpose of conducting electronic funds transfers through ACH? YES NO
   B. Are users that can generate an ACH file neither given upload rights nor given access that permits editing of a vendor routing number or vendor account number? YES NO
   C. Is each edit to vendor ACH information approved by a separate individual and logged showing the user editing the data, date stamp, IP address, and approval of the edit? YES NO
   D. Are plain text ACH files not stored on a local computer past the time the file is transmitted to a bank? YES NO

9. For electronic funds transfers conducted through a charge card/account:
   A. Are monthly purchase orders issued for each individual charge card or account that authorize a maximum amount that can expended per month? YES NO
   B. Is the charge card or account limited to use with a specific vendor? YES NO

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

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

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

F. Have individuals responsible for activity reconciliations and supervisory Review been trained in the policies and procedures governing the use of charge cards/accounts?  YES  NO

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

   B. If procurement cards are being utilized, does a Qualified Purchasing Agent serve as program manager?  YES  NO

   C. Have individuals responsible for activity reconciliations and supervisory review been trained in the policies and procedures governing the use of procurement cards?  YES  NO

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

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