

GOVERNMENTAL

EXAMPLES OF COMMON TESTS OF CONTROL

BUDGET

- Review minutes of meetings adopting the annual budget and approving amendments
 - Review workpapers supporting the annual budget
 - Inquire of government officials concerning the use of interim budget-to-actual comparisons
 - Inspect Explanation of budget variances and evidence of corrective action taken
 - Other (Describe):
-

CASH

COMMON TESTS OF CONTROL PROCEDURES

(Include reference to workpapers documenting any tests performed.)

W/P Ref.

* Observe handling of collections in the mail room and compare prelists of mail collections (or lockbox report) to deposit on bank statement.		
* Select a sample of mail collections and trace remittance advices and deposit slip detail to recorded cash receipts and, if applicable, to posting to receivables detail		
* Observe currency collection procedures at selected locations; make test counts of cash and reconcile to cash register tape or other control total.		
* Compare selected totals of collections by day and location with those of the prior period.		
* Select a sample of noncash credits to receivables, review for compliance with approval policies, and investigate significant or unusual items.		
* Select a sample of cash disbursements, review with compliance with documentation and approval policies, clerical accuracy, authorized signature, proper endorsement, agreement of detail (check number, payee, etc.), reasonableness of period from issuance to cancellation, and appropriateness of treatment in bank reconciliation.		
* Foot the disbursements journal for selected portions of the period and trace to cash records and bank statements.		
* Test one months bank reconciliations by tracing to cutoff bank statements; inspect reconciliations for other months, and investigate significant and unusual items.		
* Copy one completed check with signature.		
* Copy one bank reconciliation looking for important items #1 through #7 per attached sample.		
* Schedule out 12 months of reconciliations per attached form.		
* Determine collateralization on all depository accounts and obtain necessary documents		
* Verify that there are no outstanding checks older than 180 days		

* Verify that all checks contain a void option on the face of the document.

ANY CLIENT

CASH RECONCILIATION
 MONTH END
 YEAR

GENERAL LEDGER A/C # _ _ - _ _ - -

BANK NAME

BANK ACCOUNT NUMBER

PREPARED BY AND DATE 1 / 2 /

REVIEWED BY AND DATE 3 / 4 /

BANK

BALANCE PER BANK

ADD: DEPOSITS IN TRANSIT

LESS: OUTSTANDING CHECKS

RECONCILED BALANCE

\$	5	

GENERAL LEDGER

BALANCE PER GENERAL LEDGER

ADJUSTMENTS NEEDED (Attach Detail)

RECONCILED GENERAL LEDGER

\$	6	

VARIANCE

UNALLOCATED VARIANCE

\$	7	

Prepared By:

Date:

Reviewed By:

Bank Reconciliations

				Oldest Outstanding Check	Date Prepared	Date Reviewed	Reported Variance
			Month				
	1		Jan				
	2		Feb				
	3		Mar				
	4		Apr				
	5		May				
	6		Jun				
	7		Jul				
	8		Aug				
	9		Sep				
	10		Oct				
	11		Nov				
	12		Dec				
	13						
	14						
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	16						
	17						
	18						
	19						
	20						
	23						

EXAMPLES OF COMMON TESTS OF CONTROLS

PETTY CASH

• Count petty cash fund in the presence of custodian and review contents for indications of compliance with control procedures.	
• Select some petty cash reimbursements as part of the sample of expenditures (concurrently with cash disbursements and purchases of goods and services).	

EXAMPLES OF COMMON TESTS OF CONTROLS

INVESTMENTS

· Obtain a copy of written investment policies and review for appropriateness.	
• Select a sample of investment transactions during the period and examine for indications of compliance with control procedures.	
• Read minutes of meetings authorizing investment transactions and compare to recorded activity.	
• Inspect interim reports on investment yield and consider investigations made, if any, of significant fluctuations.	
• Compare recorded investment income to income calculated by applying average rate to average investments and consider reasonableness.	
* Summarize all investment accounts and determine proper collateralization using investment summary schedule and obtain proper documentation.	

EXAMPLES OF COMMON TESTS OF CONTROLS

TAXES, TAX LIENS, SUPPORT, PROGRAM SERVICE FEES, REVENUE, AND RECEIVABLES

<ul style="list-style-type: none"> • Observe billing, collection, and accounts receivable record keeping operations and inquire about the following: <ul style="list-style-type: none"> a. responsibilities of employees; b. how duties are reassigned during vacations or when key employees are otherwise absent; and c. frequency and handling of member or customer complaints and out-of-balance conditions. 	
<ul style="list-style-type: none"> • Select a sample of billings for services, dues, fees, sales prices, and subscription rates, and review for accounting accuracy and indications of performance of control procedures. 	
<ul style="list-style-type: none"> • Inspect reconciliations of accounts receivable detail to control account and services provided to services billed. 	
<ul style="list-style-type: none"> • Obtain copy of Lien Registration to appropriate County to note unpaid property taxes were properly liened. 	
<ul style="list-style-type: none"> • Obtain copy of Lien Registration to appropriate County to note unpaid sewer assessments were properly liened.(Only applicable to sewer departments) 	

EXAMPLES OF COMMON TESTS OF CONTROLS

DONATED MATERIALS, FACILITIES, AND SERVICES

<ul style="list-style-type: none">• Observe controls over receiving and inspection of donated materials.	
<ul style="list-style-type: none">• Observe physical safeguarding control procedures.	
<ul style="list-style-type: none">• If perpetual inventory records are maintained, make test counts and reconcile to the perpetual record.	
<ul style="list-style-type: none">• Select a sample of records for donated facilities and donated services and review for accuracy and compliance with control procedures.	

Prepared By:
Date:
Reviewed By:

CASH

COMMON TESTS OF CONTROL PROCEDURES

(Include reference to workpapers documenting any tests performed.)

* Select a sample of expenditures (concurrently with cash disbursements) and review for indications of compliance with control procedures, correctness of account distribution, agreement of amount with supporting documents, and recording correct period.		
* Inspect reconciliations and consider disposition of any significant discrepancies identified in reconciliations.		
* Copy one voucher looking for important items #1 through 6 per attached sample.		

ACCOUNTS PAYABLE VOUCHER

VOUCHER # _____ 1

VENDOR

INVOICE ATTACHED _____ 2

RECEIPT PROOF ATTACHED

PURCHASE ORDER ATTACHED

DEBIT A/C #

DEBIT A/C #

DEBIT A/C #

DEBIT A/C #

DEBIT A/C # _____ 3

DEBIT A/C #

DEBIT A/C #

DEBIT A/C #

DEBIT A/C #

DEBIT A/C #

DEBIT A/C #

INVOICE AMT. \$ _____ 4

ADD CHECKED BY

APPROVED BY _____ 5

DATA ENTRY BY _____ 6

EXAMPLES OF COMMON TESTS OF CONTROLS

INVENTORIES

<ul style="list-style-type: none">• Observe storage areas for compliance with separation of duties and safeguarding measures.	
<ul style="list-style-type: none">• If perpetual inventory records are maintained, make test counts during the period and reconcile to the perpetual record.	
<ul style="list-style-type: none">• Read inventory counting and pricing procedures and consider whether they provide reasonable assurance of an accurate and reliable physical inventory if followed.	
<ul style="list-style-type: none">• Inquire of officials responsible for supervising counting, pricing, and summarization, and inspect documentation of review.	

EXAMPLES OF COMMON TESTS OF CONTROLS

PROPERTY AND EQUIPMENT

<ul style="list-style-type: none"> • Select a sample of property and equipment (concurrently with cash disbursements), examine for indications of compliance with control procedures, and review for account distribution, agreement of recorded amount with supporting documents, and proper period. 	
<ul style="list-style-type: none"> • Observe physical safeguarding control procedures when on the premises for other purposes. 	
<ul style="list-style-type: none"> • Inquire about apparently idle assets noted during observation. 	
<ul style="list-style-type: none"> • Inquire about results of reviews of depreciation, useful lives, salvage values, and allowance accounts. 	
<ul style="list-style-type: none"> • Obtain detailed listing of all general fixed assets by item. 	
<ul style="list-style-type: none"> • Obtain a copy of the capital plan and determine if adequately funded. 	

EXAMPLES OF COMMON TESTS OF CONTROLS

DEBT AND OTHER LIABILITIES

<ul style="list-style-type: none">• Read minutes of the governing board for authorization to enter debt agreements and trace proceeds and obligations to recording in the accounting records and bank deposits.	
<ul style="list-style-type: none">• Consider the reasonableness of interest by comparing the amount to the computation of average rate times average debt outstanding.	
<ul style="list-style-type: none">• Review documentation of monitoring of compliance with debt restrictions and classification of leases as capital or operating.	

Prepared By:

Date:

Reviewed By:

TEST OF CONTROL - PAYROLL				Date			
	Week		Gross	Hourly	Time	Reasonable	
	Ending	Participant	Pay	Rate	Sheet	Pay	I - 9
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
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36		= Traced to personnel file					
37							
40							

EXAMPLES OF COMMON TESTS OF CONTROLS

GOVERNMENTAL FINANCIAL ASSISTANCE PROGRAMS

<ul style="list-style-type: none"> • Inquire of responsible officials concerning grant applications and monitoring of grant activities, and inspect selected applications for indications of compliance with control procedures. 	
<ul style="list-style-type: none"> • review prior grant audit reports and consider the nature and disposition of any questioned costs or compliance deficiencies. 	
<ul style="list-style-type: none"> • Select a sample of grant and similar program revenues (concurrently with cash receipts), examine for indications of compliance with control procedures, and review for accounting accuracy, including classification of receipts. 	
<ul style="list-style-type: none"> • Select a sample of grant and similar program expenditures (concurrently with cash disbursements), examine for indications of compliance with control procedures, review for accounting accuracy, and examine charges to grants for compliance with grant contracts and applicable regulations. 	
<ul style="list-style-type: none"> • Inspect reconciliations of grant financial reports to accounting records, compare selected reports to accounting records, and examine reconciliations and reports for indications of compliance with control procedures. 	
<ul style="list-style-type: none"> • Inquire of responsible officials concerning monitoring of the indirect cost allocation plan, and examine cost reimbursement requests, rate determination workpapers and revisions, if any, to the plan or data used for indications of supervisory review and approval. 	

Audit Program
 On/Off Line Motor Vehicle Registration

Purpose: Ensure that all cash receipts from motor vehicle registrations are appropriately recorded and deposited in the bank, and that all motor vehicle registrations are properly accounted for (including voids).

Scope: Forty (40) numerically sequenced registrations selected from the audit period.

Source: Motor vehicle registrations processed during the year.

Audit Procedures	W\P Ref.	Initial/ Date
1. Inquire with client the overall procedures over motor vehicle registrations and determine if client is online with State of Maine.		
2. Select a numerically sequenced sample of Motor Vehicle Registrations from those processed during the audit period.		
3. Review the pink or green copy of the registration.		
4. Record the date registered, registrant name, excise tax control number, fee amount, tax amount, agent fee amount, and total registration amount.		
5. Trace the total registration amount to the bank deposit slip.		
6. Trace the deposit total to the bank statement.		
7. If the registration was voided or never processed, ensure that the original was mailed to the State, and the three copies are intact.		

COMMON TESTS OF CONTROL PROCEDURES

GENERAL

(Include reference to workpapers documenting any test performed.)

W/P
Ref.

- * Copy one page of General Journal Entry looking for important items #1 through 6 per attached sample. _____
- * Copy prior report on reportable conditions/material weaknesses and test test for implementation of solution. _____
- * Document indirect cost system and test its operations. _____
- * Test 25 cost pool transactions using standard cash disbursement test _____
- * Confirm Insurance policies in place for ownership and adequate coverage _____
- * Obtain copy of computerized vendor listing and examine for related parties _____

SCHOOLS:

Student Activity Funds:

- * Obtain information on all student activity accounts _____
- * Obtain depository information on all checking and investment accounts _____
 - A) Verify that all accounts are in a proper interest bearing account _____
 - B) Void option of 90 days is placed on all checks _____
 - C) Obtain eligible check signers _____
- * Test 25 student activity disbursements using standard cash disbursement test (A separate test should be performed for each school checking account) _____
- * Verify cash reconciliation process using standard bank reconciliation form _____

Prepared By:

Date:

Reviewed By:

CASH RECEIPTS - TEST OF TRANSACTIONS

						Total	Traced						
			Major A/C #	Account		Amount	To Bank	Timely					
	Date	Payor	Debited	Amount	Description	Of Deposit	Statement	Deposited					
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5													
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Prepared By:
 Date:
 Reviewed By:

Cash Disbursement Test													
					Approved								
	Date	Description	Major A/C #	Account Amount	Invoice	Purchase Order	Proper Period		Check #	Check Amount	Check Approval	Proper Endorsement	Single Audit
1													
2													
3													
4													
5													
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Prepared By:
Date:
Reviewed By:

TEST OF CONTROLS - PURCHASE ORDER SYSTEM

* Obtain an understanding of governments purchase order system

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* Obtain a list of authorized individuals who are allowed to initiate purchase orders.

* Obtain a list of authorized individuals who are allowed to approve purchase orders.

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* Does client use pre - numbered purchase orders for these services. Yes or No

- * Are pre-numbered purchase orders kept under lock and key in business office location
- * Identify that all purchase orders are signed out by numeric sequence for tracking:
- * Obtain a copy of a blank purchase order _____
- * Does the client use a computerized encumbrance system of accounting
- * Inquire of client about possible hiring of purchasing agent (if applicable) _____
- * Verify that the client tracks all voided purchase orders
- * Does the client use a computerized purchase order system
- Inquire of client accounts payable clerk if invoices arrive before purchase order Approval.

Prepared By:
 Date:
 Reviewed By:

OPEN ACCOUNTS AND CREDIT CARDS

* Obtain a list of all open charge accounts at the government.

* Obtain a list of authorized individuals who are allowed to charge at these vendors.

* Does client use purchase orders for these services. Yes or No

* Obtain a list of all employees who possess credit cards along with card #.

* Identify if the following cards are used at the government:

Visa _____

Mastercard _____

Discover _____

American exp. _____

Other Credit Cards please identify below.

Gas Cards: please identify below:

* Sample a month of each of the above mentioned credit cards using standard cash disbursement test.