

## AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS

Each question must be answered. Please circle Yes or No. If any are not applicable, insert N/A as your answer.

FIRE DISTRICT: Township of Montville Fire District No. 1

YEAR UNDER AUDIT: 2022

AUDITOR SIGNATURE: 

AUDITOR FIRM: LERCH, VINCI & BLISS, LLP

AUDITOR ADDRESS: 17-17 ROUTE 208  
FAIR LAWN, NEW JERSEY 07410

AUDITOR PHONE #: (201) 791-7100

"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: Township of Montville Fire District No. 1

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General

- |    |  |                                      |    |
|----|--|--------------------------------------|----|
| 1. | Is a general ledger maintained by the district?  | <input checked="" type="radio"/> YES | NO |
| 2. | Are key employees bonded in amounts required by organization policy?   | <input checked="" type="radio"/> YES | NO |
| 3. | Is insurance coverage in force for at least the following:   |                                      |    |
|    | Loss or damage to assets from fire and other hazards?  | <input checked="" type="radio"/> YES | NO |
|    | Public Liability and property damage?  | <input checked="" type="radio"/> YES | NO |
|    | Robbery, burglary, theft and disappearance?  | <input checked="" type="radio"/> YES | NO |
|    | Worker's compensation?   | <input checked="" type="radio"/> YES | NO |
| 4. | Are loans to employees prohibited?   | <input checked="" type="radio"/> YES | NO |
| 5. | Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? <i>N/A</i> | YES                                  | NO |
| 6. | Has a corrective action plan been filed for the previous year audit report?  | <input checked="" type="radio"/> YES | NO |

Cash and Investments

- |    |   |                                      |                                     |
|----|---|--------------------------------------|-------------------------------------|
| 1. | Has the district adopted a cash management plan?  | <input checked="" type="radio"/> YES | NO                                  |
| 2. | Are all depositories and accounts authorized by resolution of the governing body?   | <input checked="" type="radio"/> YES | NO                                  |
| 3. | Are receipts deposited within 48 hours?   | <input checked="" type="radio"/> YES | NO                                  |
| 4. | Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping? <i>Due to size of organization.</i> | YES                                  | <input checked="" type="radio"/> NO |
| 5. | Are cash receipts adequately safeguarded before deposit?  | <input checked="" type="radio"/> YES | NO                                  |
| 6. | Is responsibility for the petty cash fund vested in only one person?  | <input checked="" type="radio"/> YES | NO                                  |

7.	Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers?	<input checked="" type="radio"/> YES	NO
8.	Are check signers designated by resolution?	<input checked="" type="radio"/> YES	NO
9.	If a mechanical check signer is used, is the signature plate under adequate control? <i>N/A</i>	YES	NO
	Are there procedures to control and record the check numbers and amount of checks signed? <i>N/A</i>	YES	NO
10.	Is there adequate security over blank checks?	<input checked="" type="radio"/> YES	NO
11.	Are the duties of personnel who disburse cash separate from the function of approving vouchers? <i>Due to size of organization.</i>	YES	<input checked="" type="radio"/> NO
12.	Are bank statements reconciled monthly?	<input checked="" type="radio"/> YES	NO
	Is the sequence of check numbers accounted for?	<input checked="" type="radio"/> YES	NO
	Are check endorsements scrutinized?	<input checked="" type="radio"/> YES	NO
13.	Are outstanding checks older than 6 months investigated?	<input checked="" type="radio"/> YES	NO
14.	Are investments under the control of a responsible official who does not receive or disburse cash? <i>N/A</i>	YES	NO
15.	Are all investments issued in the name of the district? <i>N/A</i>	YES	NO
16.	Are all investment transactions approved by the governing body? <i>N/A</i>	YES	NO
17.	Are all investments permitted by law or bond agreement? <i>N/A</i>	YES	NO
18.	Are perpetual records of investments reflecting all pertinent information maintained? <i>N/A</i>	YES	NO
19.	Is interest income verified? <i>N/A</i>	YES	NO
	Is it promptly recorded in the accounting records?	YES	NO
20.	Are investments examined periodically and verified with the detail record and control account? <i>N/A</i>	YES	NO
21.	Are investments protected against loss or theft? <i>N/A</i>	YES	NO
22.	Are signature stamps, mechanical signatures, facsimile signatures, and electronic copies of signatures under adequate control and protected from unauthorized use? <i>N/A</i>	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?   | <u>YES</u> | NO |
| 2. | Does the district tax revenue agree to the tax levy?   | <u>YES</u> | NO |
| 3. | Are billings to users independently verified? <i>N/A</i>   | YES        | NO |
| 4. | Is there segregation of duties between accounts receivable, record maintenance, billing, and receipt of cash? <i>N/A</i> | YES        | NO |
| 5. | Are total accounts receivable balances verified with the accounts receivable control periodically? <i>N/A</i>            | YES        | NO |
| 6. | Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? <i>N/A</i>    | YES        | NO |
| 7. | Are accounts receivable records promptly posted? <i>N/A</i>  | YES        | NO |
|    | Billings to users? <i>N/A</i>  | YES        | NO |
|    | Cash receipts? <i>N/A</i>  | YES        | NO |
| 8. | Are adjustments to accounts receivable approved by a responsible official?<br><i>N/A</i>                                 | YES        | NO |

Inventory *N/A*

- |    |   |     |    |
|----|---|-----|----|
| 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 |

Accounts Payable and Purchasing

- |    |   |                                      |                                     |
|----|---|--------------------------------------|-------------------------------------|
| 1. | Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented:              |                                      |                                     |
|    | Competitive bidding and contract award?   | <input checked="" type="radio"/> YES | NO                                  |
|    | Informal quotations on purchases not requiring public bidding (40A:11-6.1)?   | <input checked="" type="radio"/> YES | NO                                  |
|    | Certificate of availability of funds prior to award of contracts (Reg. 5:30-14.5)?                                    | <input checked="" type="radio"/> YES | NO                                  |
|    | Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)?                       | <input checked="" type="radio"/> YES | NO                                  |
|    | Emergency purchases and contracts (40A:11-6)? <i>N/A</i>  | YES                                  | NO                                  |
| 2. | Are prenumbered purchase orders issued for all purchases, except petty cash purchases? <i>Due to size.</i>            | YES                                  | <input checked="" type="radio"/> NO |
| 3. | Is there a record of all purchase orders issued? <i>N/A</i>   | YES                                  | NO                                  |
| 4. | Are quantities and description of materials and supplies received:  |                                      |                                     |
|    | Compared to purchase orders? <i>N/A</i>   | YES                                  | NO                                  |
|    | Compared to vendors' invoices?  | <input checked="" type="radio"/> YES | NO                                  |
|    | Verified with packing or delivery slips?  | <input checked="" type="radio"/> YES | NO                                  |
| 5. | Are open purchase orders reviewed periodically?   | <input checked="" type="radio"/> YES | NO                                  |
| 6. | Do vouchers approved for payment contain:   |                                      |                                     |
|    | Signature of person who verified quantities and description of materials received or services rendered?               | <input checked="" type="radio"/> YES | NO                                  |
|    | Copies of purchase order, delivery slips, etc.?   | <input checked="" type="radio"/> YES | NO                                  |
| 7. | Were all vouchers approved by the governing body?   | <input checked="" type="radio"/> YES | NO                                  |
| 8. | Is there segregation of duties between the purchasing, receiving and cash disbursement functions? <i>Due to size.</i> | YES                                  | <input checked="" type="radio"/> NO |
| 9. | Are total accounts payable balances verified with the accounts payable control periodically?                          | <input checked="" type="radio"/> YES | NO                                  |

Payroll

- |    |  |                                      |                                     |
|----|--|--------------------------------------|-------------------------------------|
| 1. | Are the functions of payroll preparation and distribution separated?                                     | <input checked="" type="radio"/> YES | NO                                  |
| 2. | Are names added to and deleted from payroll and rates of pay changed only upon written authorization?    | <input checked="" type="radio"/> YES | NO                                  |
| 3. | Are new employees, employee promotions and rates of pay approved by the governing body?                  | <input checked="" type="radio"/> YES | NO                                  |
| 4. | Are payroll deductions promptly paid to the proper agencies?   | <input checked="" type="radio"/> YES | NO                                  |
| 5. | Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated?      | <input checked="" type="radio"/> YES | NO                                  |
| 6. | Are all employees paid by check?   | <input checked="" type="radio"/> YES | NO                                  |
| 7. | Is there a separate bank account for payroll disbursements? <i>Due to size.</i>                          | YES                                  | <input checked="" type="radio"/> NO |
|    | Are deposits in exact amount of payrolls? <i>N/A</i>   | YES                                  | NO                                  |
|    | Is the payroll bank balance reconciled monthly by someone independent of payroll preparation? <i>N/A</i> | YES                                  | NO                                  |
|    | Are payroll procedures established by resolution of the governing body? <i>Not in writing.</i>           | YES                                  | <input checked="" type="radio"/> NO |
| 8. | Are all payroll deductions supported by signed authorizations on file?                                   | <input checked="" type="radio"/> YES | NO                                  |
| 9. | Are payroll check endorsements and employee account authorizations scrutinized?                          | <input checked="" type="radio"/> YES | NO                                  |

Property, Plant and Equipment

- |    |   |                                      |                                     |
|----|---|--------------------------------------|-------------------------------------|
| 1. | Are detailed fixed asset records maintained? <i>Partial.</i>  | <input checked="" type="radio"/> YES | NO                                  |
|    | Are fixed assets properly identified with the fixed asset records?  | <input checked="" type="radio"/> YES | NO                                  |
|    | Are additions and deletions properly authorized and promptly recorded?                                    | <input checked="" type="radio"/> YES | NO                                  |
| 2. | Is the documentation substantiating the cost of fixed assets permanently filed?                           | YES                                  | <input checked="" type="radio"/> NO |
| 3. | Is there a written policy defining items to be capitalized and those to be expenses? <i>N/A</i>           | YES                                  | NO                                  |
| 4. | Does the capitalization of interest and other indirect costs conform to accounting principles? <i>N/A</i> | YES                                  | NO                                  |
| 5. | Do fixed asset additions conform to the adopted or amended capital budget? <i>N/A</i>                     | 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? <i>N/A</i> | YES | NO |
|    | Are principal and interest due dates and amounts reflected and date of payment recorded? <i>N/A</i>        | YES | NO |
| 2. | Are debt issues properly authorized by the governing body? <i>N/A</i>                                      | YES | NO |
| 3. | Does the expenditure of borrowed funds conform to the purposes authorized? <i>N/A</i>                      | YES | NO |
| 4. | Are paid bonds and notes properly cancelled and accounted for? <i>N/A</i>                                  | YES | NO |
| 5. | Has the district paid its debt service on a timely basis? <i>N/A</i>                                       | YES | NO |
| 6. | Is the fire district in compliance with all bond covenants? <i>N/A</i>                                     | YES | NO |

Capital Leases *N/A*

- |    |  |     |    |
|----|--|-----|----|
| 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

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- |    |   |     |    |
|----|---|-----|----|
| 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? N/A  | YES | NO |
| 6. | Are fixed assets acquired through budget appropriations properly  | YES | NO |

Grant Management N/A

- |    |   |     |    |
|----|---|-----|----|
| 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 |



Electronic Data Processing

- |     |  |                                      |                                     |
|-----|--|--------------------------------------|-------------------------------------|
| 1.  | Does the district utilize electronic data processing for accounting or financial functions?<br><i>(If "no", disregard items 2 through 10).</i> | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 2.  | If "yes", was the system approved by the Division of Local Government Services?  | <input type="radio"/> YES            | <input checked="" type="radio"/> NO |
| 3.  | Are there sufficient audit trails to identify documents being processed and identify output?   | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 4.  | Are master files updated periodically and on schedule to prevent loss of data in transaction files?  | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 5.  | Are their periodic printouts of updated files affected by E.D.P. transactions?   | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 6.  | Are authorized users validated by user codes and passwords?  | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 7.  | Are terminals located in a secure area, to prevent access by unauthorized personnel?   | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 8.  | Are there copies of all critical materials such as programs, master files, transaction files, etc.?  | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 9.  | Are these copies stored in a safe location (offsite or in a fireproof vault onsite)?   | <input checked="" type="radio"/> YES | <input type="radio"/> NO            |
| 10. | Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.?  | <input checked="" type="radio"/> YES | <input type="radio"/> 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 this report.**

Electronic Funds Transfers

- |    |  |                                      |                          |
|----|--|--------------------------------------|--------------------------|
| 1. | Has the governing body adopted a resolution establishing policies and procedures governing electronic funds transfers?   | YES                                  | <input type="radio"/> NO |
| 2. | Has the fire district's chief financial officer been charged by the governing body with the responsibility of ensuring that internal controls for electronic fund transfers are being adhered to?  | YES                                  | <input type="radio"/> NO |
| 3. | Are initiation and authorization roles segregated and password restricted?   | <input checked="" type="radio"/> YES | <input type="radio"/> NO |
| 4. | Has another officer of the fire district that is not under the chief financial officer's authority been designated to authorize an electronic funds transfer initiated by the chief financial officer?   | YES                                  | <input type="radio"/> NO |
| 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? | <input checked="" type="radio"/> YES | <input type="radio"/> NO |
| 6. | Have financial institution providers of electronic funds transfer technologies submitted to the fire district proof of satisfactory internal control?  | YES                                  | <input type="radio"/> 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?   | <input checked="" type="radio"/> YES | <input type="radio"/> NO |
| 8. | For electronic fund transfer conducted through an automated clearing house transfer (ACH): No automatic payment withdrawals  |                                      |                          |
| 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                                  | <input type="radio"/> 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                                  | <input type="radio"/> 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                                  | <input type="radio"/> NO |
| D. | Are plain text ACH files not stored on a local computer past the time the file is transmitted to a bank?   | YES                                  | <input type="radio"/> 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?   | <input checked="" type="radio"/> YES |                          |
| B. | Is the charge card or account limited to use with a specific vendor?   | <input checked="" type="radio"/> YES |                          |
| C. | Are outstanding balances paid in full each month?  | <input checked="" type="radio"/> YES |                          |

- D. Has the authority adopted policies and procedures for use of charge cards/charges accounts? Procedure not formally adopted. NO
- E. Are individuals authorized to utilize charge card/accounts
  - i. trained on the policies and procedures governing their use? YES
  - ii. signatories to a contract of understanding that includes financial responsibility for misuse? NO
  - iii. covered by a bond or blanket honesty policy? YES
- 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
- 10. If the fire district utilizes a procurement card N/A
  - A. Are individuals authorized to utilize procurement cards
    - i. trained on the policies and procedures governing their use? NO
    - ii. signatories to a contract of understanding that includes financial responsibility for misuse? NO
    - iii. covered by a bond or blanket honesty policy? NO
  - B. If procurement cards are being utilized, does a Qualified Purchasing Agent serve as program manager? NO
  - C. Have individuals responsible for activity reconciliations and supervisory review been trained in the policies and procedures governing the use of procurement cards? NO

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