Sample Internal Control Assessment Questions

Clerk & Master

***Summary: The following assessment questions are divided into three parts to address the changes in T.C.A. 9-18-102(a): (I) Whether obligations and costs of the operation are in compliance with applicable law; (II) Whether county funds, property and other assets that are designated/assigned to the clerk & Master office are safeguarded against waste, loss, unauthorized use or misappropriation; and (III) Whether revenues and expenditures in the clerk’s office fee account and county general fund (as it relates to the clerk’s office) are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.***

1. Whether obligations and costs of the operation are in compliance with applicable laws

General:

1. Does the office have a written organizational chart?
2. Do the office employees have written job descriptions?
3. Does the office have a written, updated personnel policy and is this provided to the office employees?
4. Does the office have a copy of the adopted county ethics policy available for the official and the office employees?

Physical security of the office:

* 1. Who has a key to the clerk’s office?
  2. Who has a key to the main door of the courthouse?
  3. How often are the locks changed?
  4. Is the office secured with cameras?
  5. Is there a vault in the office?
  6. When is it locked?
  7. Who has access to the vault?

Purchasing:

* 1. Does the clerk and master’s office have an adopted policy relating to county purchasing?
  2. Who is authorized to originate a purchase order requisition?
  3. How does the office verify sufficient funding is available in the line item for the purchase?
  4. Where are purchase orders submitted? (County finance/mayor)?
  5. How does the office verify the vendor is on the approved vendor list?
  6. Who issues the purchase order authorizing the purchase to be made?
  7. Who places the order with the vendor?
  8. Who verifies the goods received are what are itemized on the invoice or bill of lading?
  9. Who are the reviewed purchase orders submitted to for payment?
  10. What is the procedure taken when not all of the items listed on the invoice are delivered? (e.g.,out of stock)
  11. Is the office authorized to utilize charge accounts (blanket purchase orders) at local stores?
  12. If authorized to utilize charge accounts, what vendors are approved?
  13. How is the office invoiced for blanket purchase orders (e.g., upon purchase, weekly, monthly, etc.)?
  14. To whom are the reviewed blanket purchase orders submitted for payment?

Store cards:

* 1. Does the clerk and master’s office have an assigned store card?
  2. If so, where is it maintained?
  3. If not, does the office have access to another store card (e.g., county finance)?
  4. Is the store card used for blanket purchases or is a purchase order required prior to the purchase?
  5. Who is authorized to use the store card?
  6. What happens to any unspent amount on the purchase order (is it liquidated with county finance/mayor’s office)?

Contracts:

* 1. Who in the county is authorized to sign contracts dealing with purchases?
  2. Are there certain contracts (by county policy) that require county legislative body approval?
  3. If so, what is the county policy?
  4. Is there a requirement for the county attorney to review them?
  5. Who is designated as the contract monitor?
  6. How is the contract monitored for vendor compliance?

Emergency purchases:

* 1. Who coordinates with the county finance department/mayor’s office in the case of emergency purchases?
  2. Does the office have an adopted policy that addresses emergency purchases?
  3. How are emergency purchases documented?

Payroll:

* 1. Does the clerk and master have a signed letter of agreement or salary suit to authorize current salaries?
  2. Who in the office receives/reviews a copy of the adopted budget and a monthly year-to-date expenditure vs. budget report from the county finance/mayor’s office?
  3. Who is responsible for checking to be sure the original budget/budget amendments authorized by the county commission are posted to the clerk and master’s monthly budget to actual reports?
  4. Who is responsible for identifying anticipated budget overages?
  5. To whom are these overages reported?
  6. What is the procedure after the anticipated overages are reported?
  7. How are payroll payments made to employees?

1. Whether county funds, property and other assets designated/assigned to the clerk and master are safeguarded against waste, loss, unauthorized use or misappropriation

Cash with fee account:

* 1. What type of system is used for receipting and accounting?
  2. Are the checks pre-numbered?
  3. Who is authorized to sign checks?
  4. Does the office have a disaster recovery plan?
  5. How often is it backed-up?
  6. Where is it stored?
  7. Who is authorized to enter receipted payments?
  8. Are all individuals that are authorized to receipt and/or have access to county funds covered by the county blanket liability bond/insurance? This would include interns, temporary and seasonal employees, part time workers from a human resource agency.
  9. Who maintains cash boxes?
  10. How many people are assigned to a single cash box?
  11. How are the cash boxes secured?
  12. Who counts and balances the cash boxes each day?
  13. How does the office ensure the balances are accurate?
  14. Where are the cash boxes stored at the end of the work day?
  15. What is the authorized amount for cash on hand authorized by the county commission?
  16. How often are deposits made?
  17. How are deposits verified to be accurate?
  18. Who is authorized to prepare bank deposits?
  19. Who approves/signs disbursements and reports?
  20. Who verifies the pre-check register?
  21. Who writes the checks?
  22. How many signatures are required on a check?
  23. Who signs the checks?
  24. Who performs daily, monthly and yearly accounting functions for the general, child support, investments, court funds and tax funds?
  25. Who maintains balance reports, works with the other court deputies to balance cash drawers daily, verifies all collected funds are receipted and works up the daily deposit?
  26. Does anyone recount the collected funds? Who?
  27. How is it verified that the collected funds match with the daily receipt total report?
  28. Who takes the deposit to the bank?
  29. Who takes the deposit in the absence of the designated person?
  30. Who verifies the deposit was made intact with what was posted in the accounting records?
  31. Who reviews/analyzes accounts due to overpayments or other discrepancies, researches partial or duplicate payments, makes appropriate adjustments to accounts, and processes paperwork to issue refunds as appropriate?
  32. Who is notified of any discrepancies or adjustments made along with the proper footnote or journal entry? Who notifies this person?
  33. Who reviews any journal entries made during the month and the month-end reports?
  34. Who reviews TNCIS audit logs monthly to ensure any adjusted entries or voided receipts are legitimate?
  35. Who prepares various monthly and yearly financial reports including I.R.S., Tennessee Department of Revenue, etc.?
  36. Who prepares all financial reporting forms or other documentation, compiles data for report preparation, submits reports/forms to appropriate individuals as well as reconciles monthly budget reports?
  37. Who is responsible for collecting the required I.R.S. information from the vested party(s), individual(s) or attorney(s) who are receiving a taxable settlement and/or compensation?
  38. Who reviews the documents, calculates and prepares all appropriate I.R.S. forms?
  39. Who reviews these reports and signs them before they are forwarded?

1. Investments:
   1. Where are all court funds placed?
   2. Where are funds held for litigants without a specific court order placed?
   3. Where is the interest accrued from these funds placed?
   4. What type of investments are authorized?
   5. Who is contacted for questions pertaining to the legality of a potential investment?
2. Delinquent tax sales:
   1. Where are sales kept?
   2. Are supplemental payments made to court deputies for work performed?
   3. Who conducts and documents the tax sale?
   4. Who verifies authority for and the accuracy of documentation related to the sale?
   5. Who is authorized to issue receipts?
   6. Who posts receipts to accounting records?
   7. Who verifies the transaction was properly recorded?
3. Unclaimed funds:
   1. Who is responsible for performing an in-depth review of the docket trial balance and the outstanding check list each year to identify any unclaimed funds that are greater than one year old?
   2. Who prepares due diligence letters for all old, unclaimed funds?
   3. Who reviews and signs these letters?
   4. What is done with unclaimed funds after due diligence letters have been mailed?
4. Litigation taxes and fees:
   1. Who reviews the litigation taxes and fees that the office charges annually and coordinates with the AOC to ensure what is being assessed on each case is in compliance with the law and up to date?
   2. Who maintains a folder with copies of certified county commission resolutions authorizing all county optional litigation taxes (e.g., courthouse renovation) and fees (archives, etc.) that the office collects?
   3. Does the clerk utilize the flat fee system?
   4. Who in the office keeps up with what the state files?
   5. Who submits a reimbursement request to the State Department of Human Services?
   6. Where are any unpaid taxes and fees turned over for collection?
5. Payroll:
   1. How often are the deputies paid?
   2. How do they receive payments?
   3. How are employees’ time and leave documented?
   4. Who reviews it?
   5. Where is it sent for processing? Who sends it?
   6. Do the deputies utilize overtime or comp time?
   7. Does each employee have a personnel file?
   8. Who maintains these files?
   9. How is the office protected against ghost employees and inaccurate payroll disbursements?
6. Whether revenues and expenditures in the clerk and master’s office are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets

Revenues and expenditures:

* 1. Who is responsible for coordinating with the county trustee’s office to ensure all receipted funds are coded to the correct revenue line item each month?
  2. Who coordinates with county finance to ensure purchase orders for non-payroll items are coded to the correct object code and expenditure budget?
  3. Who reviews the accrued leave liability for the employees at the end of the fiscal year and gives a copy to the finance department?
  4. Who reviews the year-end trial balance, closing entries and bank reconciliations?
  5. Where is this information placed?
  6. Who is responsible for ensuring subsidiary ledgers (investments, docket trial balance, court funds, etc.) are detailed, reconciled to the general ledger trial balance, and do not contain “plug numbers” to balance?
  7. Who completes the annual financial report and files it with the county mayor and county clerk?
  8. Who coordinates with county finance to ensure capital asset records for external reporting purposes are up to date and in compliance with county capital asset policies for any capital assets that are assigned to the clerk and master’s office and require tracking?