

INTERNAL CONTROL EVALUATION WORKSHEET 2017

FOR FISCAL YEAR ENDED June 30,2017

City/Town

County:

Please submit a copy of this to the Dept. of Audit and retain the original in your entity's files.

- This form may be used in satisfaction of the Internal Control Evaluation requirement for all Local Government Entities, whose revenues or expenses exceed \$100,000 and who are not having a CPA audit or review for the fiscal year for which financial reporting is being completed.
- Officials of each local government entity must certify as to the preparation of the document or of another approved procedure.
- This procedure is in compliance with the Department of Audit, Public Funds Rules on file at the Secretary of State's Office.

	YES	NO
<u>EVALUATION OF CONTROLS OVER GENERAL OPERATIONS</u>		
1. Do you have a written schedule which details all of the property owned by your district, generally called a Fixed Asset Inventory?		
2. Is all property marked so that it can be readily identified?		
3. Did your entity provide: <ul style="list-style-type: none"> a. Gifts or donations, (except for "necessary support of the poor")? b. Support for <u>any political activity</u> by use of public funds? (State Constitution, Article 16-Sec 6 and W.S. 22-25-102(a)) 		
4. Does anyone <u>ever</u> sign blank checks?		
<u>EVALUATION OF CONTROLS OVER CASH AND INVESTMENTS:</u>		
1. Has any member of the board or council reviewed an <u>unopened</u> bank statement (for each bank account) at least once this year? (Check for unauthorized vendors, unauthorized transfers and authorized payer signatures.)		
2. Does any official from your entity use a facsimile stamp when issuing checks? <ul style="list-style-type: none"> a. If so, is the facsimile stamp registered with the Secretary of State's Office as required by W.S. 16-2-102. b. Do you have physical controls over the stamp? 		
3. Do you now have an official investment policy as required by W.S. 9-4-831(h)?		
4. That person shall sign a statement indicating that he has read the policy and agrees to abide by applicable state law with respect to advice he gives and the transactions he undertakes on behalf of the political subdivision.		
5. Does anyone (other than the bookkeeper) review, authorize or approve the journal entries?		

	YES	NO
<u>EVALUATION OF CONTROLS OVER COMPLIANCE WITH LAWS & REGULATIONS</u>		
(SEE COPY OF STATUTES ATTACHED)		
1. Does your district prohibit <u>any</u> travel loans for officials and employees per the Wyoming Constitution, Art.16 Sec.6?		
2. Are all investments for your entity in compliance with the types listed in W.S. 9-4-831?		
3. Has your entity sent the Department of Audit a copy of the publication of hearing notice for your annual budget per Dept of Audit Rules?		
4. Is your entity paying claims only after “the claim is certified under penalty of perjury by the vendor or by an authorized person employed by the district receiving the items or for whom the services were rendered” per W.S. 15-1-125?		
<u>EVALUATION OF INTERNAL CONTROLS OVER GRANTS EXPENDED AND LOANS:</u>		
1. If your district has \$750,000 or more annually from the Federal Government, have you arranged to have that funding audited by a CPA?		
2. If you have purchased equipment or other assets with federal money, is it separately identified in your accounting records and physically marked on the asset as to having been purchased with federal funds?		
3. Do you keep all accounting for the grants and loans in a separate fund so that matching money and other grant requirements can be easily met and identified?		
SIGNATURES OF ENTITY OFFICIALS:		
		_____ Date
_____ MAYOR	_____ CITY/TOWN TREASURER	
Phone _____ E- _____	Fax _____	
mail _____		

Constitution. 16-006. Loan of credit; donations prohibited; works of internal improvement.

Neither the state nor any county, city, township, town, school district, or any other political subdivision, shall **loan** or give its credit or make donations to or in aid of any individual, association or corporation, except for necessary support of the poor, nor subscribe to or become the owner of the capital stock of any association or corporation, except that funds of public employee retirement systems may be invested in such stock under conditions the legislature prescribes. The state shall not engage in any work of internal improvement unless authorized by a two-thirds vote of the people.

Constitution. 16-007. Payments of public money.

No money shall be paid out of the state treasury except upon appropriation by law and on warrant drawn by the proper officer, and no bills, claims, accounts or demands against the state, or any county or political subdivision, shall be audited, allowed or paid until a **full itemized statement in writing**, certified to under penalty of perjury, shall be filed with the officer or officers whose duty it may be to audit the same.

W.S. 9-4-831 (h). Investment of public funds.

Every political subdivision shall have on file a "Statement of Investment Policy..." This policy shall be at least as restrictive with respect to the types of investments authorized as those listed under subsection (a) of this section.

W.S. 15-1-125. Presentation and payment of claims;

(a) All claims and demands against any city or town shall be presented to the governing body by itemized invoice or other document from the vendor with a full account of the quantity and total cost for each item or for the services rendered. No payment shall be approved by the governing body unless the claim is certified under penalty of perjury by the vendor or by an authorized person employed by the city or town receiving the items or for whom the services were rendered. No claim or demand may be...instituted against a city or town for any claim unless it has been first presented to the governing body and a reasonable time given to act upon the claim.

W.S. 16-2-102. Facsimile signature; authorized use; legal effect.

(a) After filing with the secretary of state his manual signature certified by him under oath, any authorized officer may execute or cause to be executed with a facsimile signature in lieu of his manual signature:

- (i) Any public security, provided that at least one (1) signature required or permitted to be placed thereon shall be manually subscribed; and
- (ii) Any instrument of payment.

W.S. 22-25-102. Contribution of funds or election assistance restricted; limitation on contributions; right to communicate, civil penalty.

(a) Except as otherwise provided in this section, no organization of any kind including a corporation, partnership, trade union, professional association or civic, fraternal or religious group...except a political party, political action committee or candidate's campaign committee organized under W.S. 22-25-101, directly or indirectly through any officer, member, director or employee, shall contribute funds, other items of value or election assistance directly to any candidate or group of candidates. No person shall solicit or receive a payment or contribution from an organization prohibited from making contributions under this subsection.

SUGGESTED PROCEDURES FOR A SELF-AUDIT, 2017

- *These procedures can be completed a board or council member with understanding of the system, a clerk or treasurer from another special district or town (our recommendation is to exchange this service with another district or town), a local citizen who may be an active or retired bookkeeper and would volunteer to assist your entity, or by a paid independent third party, if desired.*
- *The treasurer/bookkeeper may assist in locating records, but the person doing the self-audit should independently select the transactions to be traced and verified.*
- *If your revenues or expenses are over \$100,000 and you do not have a CPA audit or review, this process is required.*

The following steps are designed to provide evidence that the accounting work is done, that the entity's transactions are accurately and completely recorded, and that the officials have had access to the accounting records. These are tests commonly used by CPAs to assist them in forming an opinion on an entity's financial statements.

RECEIPTS TEST:

1. Randomly *select* 10 receipts from the receipt book.
2. *Trace* each one to the Receipts Journal (this is the first entry to the books).
3. *Verify* the amount, name, date, and the correct accounting category (taxes, water billing, grant or loan, etc.).
4. *Add the total* of the column in which it was entered.
5. *Trace* this total to the *Financial Statement* (or the next summary document), same category, for the month or quarter, whichever is used.
6. *Trace* the payment to the *bank deposit slip*; all the detail should agree, including the name, date and amount.
7. *Trace* the deposit slip to the *reconciled bank statement*.

EXPENDITURE TEST:

1. Randomly *select* 10 check numbers from complete list of all check numbers.
2. Pull the related disbursement voucher, with invoice attached, from file.
3. Locate the canceled check that has been returned from the bank.
4. *Compare* the canceled check, the entry to the disbursement journal, the voucher and the vendor invoice for agreement for the following items: a. *payee name*
b. *amount* c. *date agreement* d. *correct account classification in books.*
5. *Review* the canceled check for any changes, erasures, white-outs.
6. *Review* the canceled check for endorsements. (It should agree to payee name.)
7. If not known to you as a vendor, look in telephone book to see *if payee is a legitimate business.*

PAYROLL TEST:

Review one month (in the fiscal year) of each bank's statements, for the following:

1. Verify that every *debit and credit on the bank statement* has either a canceled check, a deposit ticket or a written bank record of a transaction.
2. Review every *check for the month* to make sure there are no unauthorized checks to employees or officials of the entity. Watch for any duplicate payroll amounts.
3. For each check, make sure that there are no whiteouts or other alterations.
4. *Trace* the month's payroll checks to the recording entries in the journals.
5. *Review the* payroll records for one quarter and agree to the IRS Form 941. Verify that the information on the form agrees to the actual liability shown on the records.
6. *Agree* the year end IRS form W-2 to the entity payroll records.

FINANCIAL STATEMENTS:

Trace the monthly column totals from the detailed postings of the General Ledger to the Financial Statement report and make sure they agree.

GRANT AND LOAN ACCOUNTING (if applicable):

Review the request for payment reimbursement file. Make sure that all requests have the supporting vendor charges (copies) in the file. Review the grant agreement for your entity's compliance with all of the terms of the grant.

If you find any exceptions to the testing, ask the treasurer/bookkeeper for an explanation. If you still have some questions, please call the Dept. of Audit at (307) 777-7798.

- | |
|--|
| <ul style="list-style-type: none">• <i>Attached are forms to use in recording the testing procedures, keep a copy for your records.</i> |
|--|

Payroll

Was bank statement documentation verified: _____ All records were correct as shown: _____
 Record the number of Debits in statement: _____ Number of Credits: _____ Other: _____

Payroll Expenditures				Payroll or Disbursement Journal				Bank Records	
Check #	Date	Amount	Name	Acct type or code	Agrees to Journal	Column Totals	Financial Statement	Canceled Check OK	Traced to Bank Stmt

- IRS form 941 reconciled for what quarter: _____ Exceptions? _____
 Explain if any: _____
- W-2 year-end reports agree with payroll records: _____ Explain (if "no") _____
- _____
- _____

Financial Statements: If the tracing procedure for Receipts and Expenditures was not done in conjunction with individual receipts and checks, one month should be selected and the totals for each account classification for the month should be traced *from the journals* to the *financial statements*. All account totals for the month of _____ were traced to the Financial Statements.

Grant and Loan Audit Procedures (when applicable):

- Payment request file or files were reviewed: _____
- All requests for reimbursement had sufficient invoice documentation: _____
- Amount of disbursements for this fiscal year were?
 Grant name & # _____ \$ _____
 Grant name & # _____ \$ _____
- Is an audit required for any or all of these amounts? _____
- Review grant and loan agreements for any unique grant or loan compliance requirements. Is there evidence that these requirements are being complied with? _____
 Explain: _____

Other audit procedures as deemed necessary: _____

Conclusion: _____

**ADDITIONAL LISTING
of Checks Outstanding**

Check #	Date Issued	AMOUNT	Check #	Date Issued	AMOUNT
* TOTAL CHECKS OUTSTANDING					

INSTRUCTIONS

Due Date for Report - Per Department of Audit Rules this report is to be completed and filed with the Department of Audit, no later than December 31, of each year, for the Fiscal Year which ended June 30.

Section A - Results of Self Audit and Internal Control Evaluation: This section is required to be completed by all Level A entities (defined in the rules as having over \$100,000 in revenue or expenses) not having a CPA Audit or Review. Forms are enclosed that, when completed, will provide evidence that your entity has complied with these two procedures. For guidance, you may use the information provided in the **Wyoming Municipal Handbook, Sections on Internal Control and Audits.**

Item 1. This process is to be completed by the officials of the town. You may pay someone to assist in this evaluation; however, we do not believe it necessary unless you find that your entity has serious control problems. Completion of the form, pages 1 and 2 enclosed, should provide you with enough information about how your system is currently functioning to make a decision as to its effectiveness. Indicate your assessment results for this item.

Item 2. What corrective action will your entity take? Please note any problems that you will correct for future time periods.

Item 3. This self-audit process should be conducted by someone who is not doing the accounting function. See suggested persons on the top of page 5. Use of the procedures described on pages 5 and 6 for the self audit should give the entity officials some assurances about the financial records and their accuracy. If you do not use the forms, pages 5 and 6, to do the self-audit, you need to keep a permanent record of what was done, who did it, and when the self audit was completed. Explain here any adjustments or corrections which were discovered during the self-audit procedure. If no adjustments, write "none found".

Section B - Bank Reconciliation: This is required of all entities if you do not have a CPA audit or review which is to be submitted for the fiscal year of this report.

- Attach a copy of the reconciliation for each bank account or Certificate of Deposit held by your entity. The reconciliation document must be signed by the person who reconciled the account.
- Provide the reconciliation form for the last month of the fiscal year.

Section C - Certification of Officials. This must be signed by the appropriate officials before sending. **Unsigned reports will be returned for signature.**