



MODULE 13

Internal Controls Checklist

Process	Comment	Date Completed or N/A	Needs Additional Analysis (✓)
Understand the importance of internal controls: <i>(See Module 13 Introduction)</i>			
Are policies and procedures monitored regularly for compliance? <i>(See Module 13 Introduction)</i>			
Understand difference between preventive and detective controls: <i>(See Section 13.1)</i>			
Review cash controls and example situations: <ul style="list-style-type: none">■ Is the check signer the same as the check writer?■ Are invoices reconciled with documented receiving report and approved by someone other than the check writer?■ Are missing checks investigated for possible theft and forgery?■ Are cash drawers used that do not record any transactions or are electronic cash registers used that record all drawer openings and transactions?■ Are registers visible to others?■ Is cash ever left unattended?			

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<ul style="list-style-type: none"> Are cash receipts and register discrepancies investigated? Does someone other than the employee making a refund approve the refund? Is there segregation of duties involving accounting, check writing, check signing, and bank reconciliations? Does someone other than the employee reconciling accounts review bank statements for possible misappropriated electronic funds transfer and ATM withdrawals? Are non-sufficient funds (NSF) checks reviewed? Are daily sales reconciled with cash and credit sales? Are petty cash funds only paid out with documented receipts or approval? <p>(See Section 13.2)</p>			
<p>Review receivable controls and example situations:</p> <ul style="list-style-type: none"> Does someone other than the employee making a write-off entry approve the bad debt write-off? Are customer billing discrepancies handled by someone other than the receivables clerk? Is employee opening mail with customer checks different from the receivables clerk? Is there an aged receivable listing and is it periodically reviewed? Are master and subsidiary accounts receivable ledgers reconciled? <p>(See Section 13.2)</p>			

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<p>Review payable controls and example situations:</p> <ul style="list-style-type: none"> Are vendor invoices reconciled with purchase orders and receiving reports? Are new vendors approved prior to initial purchase by someone other than payables clerk? Are vendor billing discrepancies handled by someone other than payables clerk? Is a payable listing reviewed for duplicated payments to vendors? <p><i>(See Section 13.3)</i></p>			
<p>Review inventory controls and example situations:</p> <ul style="list-style-type: none"> Are inventories and supplies physically controlled and safeguarded? Are order filling and shipping documents periodically checked against actual physical goods being shipped? Are “short shipments” investigated and records kept of discrepancies? <p><i>(See Section 13.4)</i></p>			
<p>Review miscellaneous controls and example situations:</p> <ul style="list-style-type: none"> Are comparative financial statements reviewed for unusual variances between accounting periods? Is actual financial performance compared to budgeted figures and major variances reviewed? 			

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<ul style="list-style-type: none"> ■ Does someone other than a salesperson approve new customers for credit sales (sales on account – not credit card sales)? ■ Are fixed assets numbered and periodically inventoried? ■ Are fixed assets approved prior to any disposal? ■ Are vacations mandatory for all employees? ■ Are expense accounts reimbursed only after proper documentation and approval? ■ Are new employees added to payroll with approval other than employee handling payroll? ■ Is there approval of hourly employees pay before wages are paid? ■ Are payroll checks distributed by someone with no payroll involvement? ■ Are repair, maintenance, and miscellaneous expense accounts reviewed for unusual items? ■ Is there oversight and control of travel expenses? ■ Are intellectual property rights protected? ■ Is pre-employment screening conducted on all new hires? ■ Is there a mechanism to track various transactions such as sales, credits, refunds, returns, inventory, purchases, orders, etc.? ■ Is the integrity of the computer system protected? <p>(See Section 13.5)</p>			