ILLINOIS CPA SOCIETY

State and Local Government Governance Checklist

	Yes	No	Not Sure	Comments
Selecting An Auditor				
1. Does the firm have the experience in performing government audits?	☐	☐	☐	
2. Has a peer review been performed on the audit firm?	☐	☐	☐	
3. Has the firm obtained a peer review report and if so, did the firm pass that review?	☐	☐	☐	
4. Are members of the audit team independent of the organization?	☐	☐	☐	
What to Look for In An Audit				
1. Did the organization obtain audited financial statements?	☐	☐	☐	
2. Did the organization obtain the Required Communications to the Board Letter?	☐	☐	☐	
3. Did the organization obtain the Control Deficiencies Letter (Management Letter)?	☐	☐	☐	
Questions to Ask Your Auditor/ Questions for Board Members				
1. Were there any significant changes in financial statement amounts from the prior year?	☐	☐	☐	
2. Did the auditors meet with the board members when requested?	☐	☐	☐	
3. Did the auditors inform the Board of any risks not previously communicated?	☐	☐	☐	
4. Did the auditor discuss issues of the quality of financial reporting, including the applicability of new and significant accounting principles?	☐	☐	☐	
5. Did the auditors provide constructive observations, implications, and recommendations in areas needing improvement in its internal controls?	☐	☐	☐	

Note: This document includes excerpts from the AICPA Audit Committee Toolkit(s).

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Basic Internal Control Measures				
General				
1. Are all staff members required to take vacation time annually, especially those handling or posting cash receipts?	☐	☐	☐	
2. Are duties segregated in all cash handling functions?	☐	☐	☐	
3. Are unusual trends or discrepancies in organization accounts identified and reconciled monthly?	☐	☐	☐	
4. Are bank accounts reconciled monthly and are differences resolved?	☐	☐	☐	
5. Has the organization taken reasonable measures to safeguard against theft or unauthorized use of assets?	☐	☐	☐	
Cash Receipts				
1. Are bank reconciliations prepared by someone independent of the cash receiving, processing and recording activities?	☐	☐	☐	
2. Is the cash receipts journal posted by someone independent of the receiving and cash processing activities?	☐	☐	☐	
3. Does someone other than the preparer review and approve the bank reconciliations?	☐	☐	☐	
4. Are deposits made by someone independent of the accounting and cashiering functions?	☐	☐	☐	
5. Are all checks received made payable to the organization?	☐	☐	☐	

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Cash Disbursements/Purchases				
1. Are the authorization, processing, check signing, recording and bank reconciliation functions clearly segregated?	☐	☐	☐	
2. Are the organization's ordering and receiving processes segregated to the greatest extent possible?	☐	☐	☐	
3. Are persons authorized to approve expenditures clearly identified?	☐	☐	☐	
4. Are all expenditures approved in advance by an appropriately authorized person?	☐	☐	☐	
5. Are all invoices or requests for disbursements supported by appropriate receipts or documentation that indicates receipt of the goods or services?	☐	☐	☐	
6. Are all new vendors/contractors approved in advance?	☐	☐	☐	
7. Are invoices from unfamiliar or unusual vendors reviewed and approved for payment by authorized personnel who are independent of the invoice processing function?	☐	☐	☐	
8. Is the person who prepares the check or initiates the voucher other than the person who mails the check?	☐	☐	☐	
9. Do larger checks require a higher level of authority?	☐	☐	☐	
10. Is there a written prohibition against signing checks in advance (blank checks)?	☐	☐	☐	

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