

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:	<u>Township of Montville Fire District No. 1</u>
YEAR UNDER AUDIT:	<u>2025</u>
AUDITOR SIGNATURE:	<u><i>Gary J. Vinci</i></u>
AUDITOR FIRM:	<u>LERCH, VINCI & BLISS, LLP</u>
AUDITOR ADDRESS:	<u>17-17 ROUTE 208</u> <u>FAIR LAWN, NEW JERSEY 07410</u>
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"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

General

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|----|--|--------------------------------------|----|
| 1. | Is a general ledger maintained by the district? | ☒ YES | NO |
| 2. | Are key employees bonded in amounts required by organization policy? | ☒ YES | NO |
| 3. | Is insurance coverage in force for at least the following: | | |
| | Loss or damage to assets from fire and other hazards? | ☒ YES | NO |
| | Public Liability and property damage? | ☒ YES | NO |
| | Robbery, burglary, theft and disappearance? | ☒ YES | NO |
| | Worker's compensation? | ☒ YES | NO |
| 4. | Are loans to employees prohibited? | ☒ 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? | ☒ YES | NO |

Cash and Investments

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|----|---|--------------------------------------|-------------------------------------|
| 1. | Has the district adopted a cash management plan? | ☒ YES | NO |
| 2. | Are all depositories and accounts authorized by resolution of the governing body? | ☒ YES | NO |
| 3. | Are receipts deposited within 48 hours pursuant to N.J.A.C. 5:31-3.1(b)? | ☒ 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 | ☒ NO |
| 5. | Are cash receipts adequately safeguarded before deposit? | ☒ YES | NO |
| 6. | Is responsibility for the petty cash fund vested in only one person? <i>N/A</i> | YES | NO |

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|-----|---|--------------------------------------|-------------------------------------|
| 7. | Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers? <i>N/A</i> | YES | NO |
| 8. | Are check signers and individuals initiating or authorizing transactions utilizing standard electronic funds transfer technologies designated by | ☒ YES | NO |
| 9. | If a mechanical check signer is used 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? | ☒ 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 | ☒ NO |
| 12. | Are bank statements reconciled monthly? | ☒ YES | NO |
| | Is the sequence of check numbers accounted for? | ☒ YES | NO |
| | Are check endorsements scrutinized? | ☒ YES | NO |
| 13. | Are outstanding checks older than 6 months investigated? | ☒ YES | NO |
| 14. | Are investments under the control of a responsible official who does not receive or disburse cash? <i>Limited Personnel</i> | YES | ☒ NO |
| 15. | Are all investments issued in the name of the district? | ☒ YES | NO |
| 16. | Are all investment transactions approved by the governing body? | ☒ YES | NO |
| 17. | Are all investments permitted by law or bond agreement? | ☒ YES | NO |
| 18. | Are perpetual records of investments reflecting all pertinent information maintained? | ☒ YES | NO |
| 19. | Is interest income verified? | ☒ 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? | ☒ YES | NO |
| 21. | Are investments protected against loss or theft? | ☒ 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)

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|----|--|------------|----|
| 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?
<i>N/A</i> | YES | NO |

Inventory *N/A*

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|----|---|-----|----|
| 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?	YES	☐ YES ☒ NO
Informal quotations on purchases not requiring public bidding (40A:11-6.1)?	YES	☐ YES ☒ NO
Certificate of availability of funds prior to award of contracts (Reg. 5:30-14.5)?		☒ YES ☐ NO
Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)?		☒ YES ☐ NO
Emergency purchases and contracts (40A:11-6)? <i>N/A</i>	YES	☐ YES ☒ NO
2. Are prenumbered purchase orders issued for all purchases, except petty cash purchases? *Due to size.*

	YES	☐ YES ☒ NO
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3. Is there a record of all purchase orders issued? *N/A*

	YES	☐ YES ☒ NO
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4. Are quantities and description of materials and supplies received:

Compared to purchase orders? <i>N/A</i>	YES	☐ YES ☒ NO
Compared to vendors' invoices?		☒ YES ☐ NO
Verified with packing or delivery slips?		☒ YES ☐ NO
5. Are open purchase orders reviewed periodically?

	YES	☒ YES ☐ NO
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6. Do vouchers approved for payment contain:

Signature of person who verified quantities and description of materials received or services rendered?	YES	☐ YES ☒ NO
Copies of purchase order, delivery slips, etc.?		☒ YES ☐ NO
7. Were all vouchers approved by the governing body?

	YES	☒ YES ☐ NO
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8. Is there segregation of duties between the purchasing, receiving and cash disbursement functions? *Due to size.*

	YES	☐ YES ☒ NO
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9. Are total accounts payable balances verified with the accounts payable control periodically?

	YES	☒ YES ☐ NO
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Payroll

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|----|--|--------------------------------------|-------------------------------------|
| 1. | Are the functions of payroll preparation and distribution separated? | ☒ YES | NO |
| 2. | Are names added to and deleted from payroll and rates of pay changed only upon written authorization? | ☒ YES | NO |
| 3. | Are new employees, employee promotions and rates of pay approved by the governing body? | ☒ YES | NO |
| 4. | Are payroll deductions promptly paid to the proper agencies? | ☒ YES | NO |
| 5. | Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated? | ☒ YES | NO |
| 6. | Are all employees paid by check or direct deposit? | ☒ YES | NO |
| 7. | Is there a separate bank account for payroll disbursements? <i>Due to size.</i> | YES | ☒ 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 | ☒ NO |
| 8. | Are all payroll deductions supported by signed authorizations on file? | ☒ YES | NO |
| 9. | Are payroll check endorsements and employee account authorizations scrutinized? | ☒ YES | NO |

Property, Plant and Equipment

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|----|---|--------------------------------------|-------------------------------------|
| 1. | Are detailed fixed asset records maintained? | ☒ YES | NO |
| | Are fixed assets properly identified with the fixed asset records? | ☒ YES | NO |
| | Are additions and deletions properly authorized and promptly recorded? | ☒ YES | NO |
| 2. | Is the documentation substantiating the cost of fixed assets permanently filed? | YES | ☒ 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? | <u>YES</u> | NO |
| 2. | Were the adopted budgets and amendments recorded in the minutes? | <u>YES</u> | NO |
| 3. | Are there sufficient controls to monitor expenses and revenues against budgeted amounts? | <u>YES</u> | NO |
| 4. | Is a budget status report periodically furnished to the governing body? | <u>YES</u> | NO |
| 5. | Are appropriations encumbered when purchase orders are issued? <i>N/A</i> | YES | NO |
| 6. | Are fixed assets acquired through budget appropriations properly | <u>YES</u> | NO |

Grant Management *N/A*

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

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

Electronic Funds Transfers

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|----|--|---------------------------|--------------------------|
| 1. | Has the governing body adopted a resolution establishing policies and procedures governing electronic funds transfers? | YES | ☐ 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 | ☐ NO |
| 3. | Are initiation and authorization roles segregated and password restricted? | ☐ YES | 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 | ☐ 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? | ☐ YES | NO |
| 6. | Have financial institution providers of electronic funds transfer technologies submitted to the fire district proof of satisfactory internal control? | YES | ☐ 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? | ☐ YES | NO |
| 8. | For electronic fund transfer conducted through an automated clearing house transfer (ACH): N/A | | |
| 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 | 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 | 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 | NO |
| D. | Are plain text ACH files not stored on a local computer past the time the file is transmitted to a bank? | YES | 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? | ☐ YES | NO |
| B. | Is the charge card or account limited to use with a specific vendor? | ☐ YES | NO |
| C. | Are outstanding balances paid in full each month? | ☐ YES | NO |

D.	Has the authority adopted policies and procedures for use of charge cards/charges accounts?	YES	☐ NO
E.	Are individuals authorized to utilize charge card/accounts		
	i. trained on the policies and procedures governing their use?	☐ YES	☐ NO
	ii. signatories to a contract of understanding that includes financial responsibility for misuse?	☐ YES	☐ NO
	iii. covered by a bond or blanket honesty policy?	☐ YES	☐ NO
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	☐ NO
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?	☐ YES	☐ NO
	ii. signatories to a contract of understanding that includes financial responsibility for misuse?	☐ YES	☐ NO
	iii. covered by a bond or blanket honesty policy?	☐ YES	☐ NO
B.	If procurement cards are being utilized, does a Qualified Purchasing Agent serve as program manager?	☐ YES	☐ NO
C.	Have individuals responsible for activity reconciliations and supervisory review been trained in the policies and procedures governing the use of procurement cards?	☐ YES	☐ 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.