



**Internal Controls Over Financial Reporting  
Self-assessment Tool**



**Billing and Receivables**

Legend:

= Meets standard

= Does not meet standard, but making satisfactory progress toward attainment

= Does not meet standard; underlying issues have not been addressed

N/A = Not applicable

Assessment For Period Ending: \_\_\_\_\_

\_\_\_\_\_  
Reviewer's Signature

Date: \_\_\_\_\_

**Control Objectives**

As public servants, it is our responsibility to use taxpayers' dollars in the most effective and efficient way possible while adhering to applicable laws and regulations. This document does not address all possible circumstances that need to be considered when establishing internal controls or assessing risk. Each government is responsible for reviewing its business practices and processes to determine where risks exist and where and how controls can be established to mitigate them.

Financial reporting control objectives are as follows:

1. Recorded transactions are valid (existence).
2. All valid transactions are recorded; none are omitted (completeness).
3. Transactions are recorded in the proper fiscal period (cut-off).
4. Transactions are in compliance with applicable laws and policies (rights & obligations).
5. Transaction amounts are accurately valued or calculated (valuation).
6. Transactions are properly classified to the correct fund and account (classification).

Description of Control				N/A	Comments / Responsible Individual
<b>Segregation of Duties</b>					
1. Are responsibilities for billing for services and fees segregated from those for collection and accounting?					
2. Are responsibilities for maintaining detailed accounts receivable records segregated from those for collection and general ledger posting?					
3. Are responsibilities for collection, control, credit issuance, and deposit of funds activities segregated from those for maintaining accounting records?					
4. Are tax assessment rolls, etc., maintained by individuals not engaged in any accounting or collection function?					

Description of Control				N/A	Comments / Responsible Individual
5. Are responsibilities for entries in the cash receipts records segregated from those for general ledger entries?					
6. Are pre-numbered receipts, mail logs and cash register readings independently controlled, accounted for, and compared to validated deposit documentation by an individual with no cash-handling responsibilities?					
7. Are all copies of voided receipt forms and cash register voids retained and accounted for and/or approved and documented by someone other than the individual who made the void?					
8. Is mail opened and distributed by an individual other than accounting personnel?					
9. Does the entity use computer software to account for receipts/revenues/receivables?					
10. If computer software is being used to account for receipt/revenues/receivables, is access to programs, and functions within programs, limited to those who have a legitimate need?					
11. If computer software is being used to account for receipt/revenues/receivables, are there procedures established for the recording of receipts on bank wire transfers?					
12. If computer software is being used to account for receipt/revenues/receivables, are rates entered into the computer for calculation of receivables (e.g. utility rates)?					
13. Does the entity have an independent person entering the rates on the computer (e.g. utility rates)?					
14. Is the entity testing rates to ensure that the proper calculations are being made by the computer (e.g. utility rates)?					
15. Is the entity saving the testing of the new/updated rates (e.g. utility rates)?					
<b>Procedural Controls</b>					
16. Do procedures for sales, income, and other taxes include cross-referencing returns filed against a database of previous taxpayers?					
17. Do procedures for sales, income, and other taxes include a process to organize records so that probable taxpayers are identified as a result of reporting of other governmental activities, such as licensing?					

Description of Control				N/A	Comments / Responsible Individual
18. When annual payments are involved, do procedures for licenses, fees, and permits ensure previous year's records are properly updated for new registrants and withdrawals?					
19. Do procedures for license, fees, and permits include use of the updated records as the basis for billing persons subject to payment?					
20. Do procedures for fines, forfeitures, and court fees include maintaining and using court and other records of payments due as a basis for collections?					
21. Do procedures for fines, forfeitures, and court fees include control of issuance and disposition of fee notices, to ensure amounts due are assessed and collected?					
22. Do procedures for enterprise and other service revenues include controls to ensure usage records are accurately maintained, and amounts due are billed?					
23. Are reviews completed to ensure amounts due are actually being collected?					
<b>Verification</b>					
24. Do general ledger procedures include timely and direct notification to the accounting department of billings and collection activity?					
25. Do general ledger procedures include a periodic review of aged accounts receivable balances by supervisory personnel?					
26. Do general ledger procedures include regular preparation of trial balances for individual receivable accounts?					
27. Do general ledger procedures include reconciliation of trial balances with general ledger control accounts and investigation of reconciling items by other than accounts receivable clerks?					
28. Do general procedures include monthly balancing of control accounts with detailed ledgers?					
29. Are there controls in the system to ensure individual receivable records are posted only from authorized source documents?					
30. Do general procedures include providing and accounting for pre-numbered credit memorandum forms?					
31. Are there procedures and controls to provide assurance of compliance with grant requirements?					

Description of Control				N/A	Comments / Responsible Individual
32. Do procedures for sales, income, and other taxes include reviewing returns for mathematical accuracy?					
33. Do procedures for sales, income, and other taxes include correlating current year's taxpayer returns with prior year's returns and accounting for and reviewing differences?					
34. Do procedures for sales, income, and other taxes include separately reviewing and approving claims for refund?					
35. Do procedures for sales, income, and other taxes include auditing returns filed, to provide reasonable assurance taxable income is properly recorded?					
36. Do procedures for licenses, fees, and permits include comparing current year receipts to those for prior years?					
37. Do procedures for licenses, fees, and permits include having senior officials review explanations of variation?					
38. Do procedures for fines, forfeitures, and court fees include sequentially numbering and satisfactorily accounting for all fine/fee assessment documents?					
39. Do general procedures include periodic review and approval by the legislative body of the rates for taxes, fines, fees, and services?					
40. Do general procedures include authorization by the legislative body of utility rate schedules, as applicable?					
41. Do procedures for enterprise and other service revenues include periodically rotating service-measurement readers?					
42. Do general procedures include periodic review and approval by the legislative body for programs of tax exemption or relief?					
<b>Billing</b>					
43. Do general procedures prompt billing of service fees, taxes, etc?					
44. Do general procedures include providing for an independent verification of quantities, prices, and clerical accuracy of billing invoices?					
45. Where appropriate (for example, in enterprise funds), are statements of account balance mailed on a timely basis?					

Description of Control				N/A	Comments / Responsible Individual
46. Are there procedures providing for timely notification to the accounting department at the time billings or claims are prepared and rendered?					
47. At a minimum, do invoices contain: a unique identification number; company name, address, and contact information; description of charges; the amount being charged; the total owed; an invoice date; and a supply date?					
48. Do general procedures include numerical processing controls over billings?					
49. Do general procedures include controls over the billing of miscellaneous revenues?					
50. Are there procedures to prevent interception or alteration by unauthorized persons of billings or statements after preparation, but before mailing?					
51. Do general procedures prompt investigation of disputes with billing amounts, reported by taxpayers or service recipients, by an individual independent of receivables record keeping?					
52. Do general procedures include protecting records of receivables from destruction and unauthorized access?					
53. Do procedures for enterprise and other service revenues include service readings performed in a timely fashion, if billing is based on usage?					
54. Do procedures for enterprise and other service revenues include billing procedures providing for identification and investigation of unusual patterns of use?					
55. Do general procedures describe how receivables are to be established?					
<b>Collecting</b>					
56. Do collection procedures include having the mail opener prepare a list of receipts?					
57. Do collection procedures include having the mail opener give the receipts to accounting personnel responsible for deposit preparation?					
58. Do collection procedures include placing a restrictive endorsement on incoming checks upon receipt?					
59. Do collection procedures include controls providing reasonable assurances interest and penalties are properly charged on delinquent taxes, fees, or charges for service?					





Description of Control				N/A	Comments / Responsible Individual
60. Do collection procedures include controls surrounding the collection, timely deposit, and recording of collections in the accounting records at each collection location?					
61. If payments are made in person, do collection procedures include the use of pre-numbered receipts for payment; and accounting for and balancing such receipts to collections?					
62. Do collection procedures include timely notice of cash receipts from separate collection centers to the general accounting department?					
63. Do collection procedures include performing an independent reconciliation of recorded receipts to the initial listing?					
64. Do collection procedures include segregation and timely remittance of amounts collected on behalf of other governments or other governmental units?					
65. Do collection procedures include monitoring taxes and fees collected by another governmental unit to assure timely receipt and reviewing amounts received for reasonableness?					
66. Are receivable amounts aged monthly?					
67. Is aging of monthly receivables reviewed by authorized personnel?					
68. Are procedures provided for executing all possible legal remedies to collect charged-off or non-collectable accounts, including tax, sale of property, liens, etc?					
69. Do senior officials not involved in the collection function formally approve write-offs or other reductions of receivables?					
70. Do collection procedures include a review of delinquent accounts, and take prompt action to collect or consider them for charge-off, on a timely basis?					
71. Do procedures for fines, forfeitures, and court fees include correlating amounts collected with records of court proceedings?					
72. Do accounts receivable record-keeping procedures include reconciling the aggregate collections on accounts receivable against postings to individual receivable accounts?					
73. Do accounts receivable record keeping procedures include periodic review of receivable accounts for credit balances?					

Description of Control				N/A	Comments / Responsible Individual
74. Are penalties and interest assessed where allowable by law on late filing and/or late payments?					
75. Do accounts receivable record keeping procedures exist to revoke licenses, deny permits, etc. if fees are not paid when due?					
76. Do accounts receivable record-keeping procedures exist to ensure that overpayments are subsequently refunded and underpayments are collected?					
77. Is upper management promptly notified when accounts are deemed non-collectable?					
78. Are procedures designed for other revenue areas ensuring timely payment of amounts due?					
79. Are cash and checks stored safely until deposited?					