



**Internal Controls Checklist**

This checklist should be used as an assessment and planning tool to assist you in reviewing and evaluating your internal control structures to determine if controls need to be implemented or if new controls are required. Also, this checklist is designed to help you gain a better understanding of your management needs and make improvements as needed.

	<b>Checklist</b>	<b>Meet</b>	<b>Needs Work</b>	<b>N/A</b>
	Does your chart of accounts provide the detailed information you want from your financial records?			
	Are there segregation of duties, such as the handling of cash and deposits, approval over spending and disbursements?			
	Do you have a policy identifying authorized check signers and the number of signatures required on checks in excess of specified dollar amounts?			
	Are all expenses of the clinic approved by designated person(s) before payment is made?			
	Are bank statements delivered in unopened envelopes <u>delivered directly to the owner's home address</u> directly to the person preparing the reconciliation?			
	Do you reconcile your monthly bank statement to the cancelled checks?			
	Are cancelled checks compared to the disbursement records			
	Do you account for the numerical sequence of checks used?			
	Does the payroll register list employees paid by name, check number, gross pay, withholdings, net pay?			
	Are the taxes (i.e., Social Security, Medicare) paid on the wages of each employee monitored? Are all such taxes paid when due?			
	Do you monitor cash on hand and perform cash flow analysis regularly?			
	Do you maintain a separate file for each contract you have?			
	Do you maintain a secure area for processing and safeguarding incoming cash receipts?			
	Is the cash protected by using locks and kept in areas of limited access?			
	Are restrictive endorsements placed on incoming checks as soon as received?			
	Are "not sufficient funds" checks delivered to someone independent of those processing and recording cash receipts - is there a process for follow up of NSF checks?			
	Are receipts accounted for and balanced to collections records daily?			
	Are pre-numbered forms accounted for, including a record of voided forms or checks?			
	Are invoices and supporting documents provided to the check signer prior to signing the check to assure funds are disbursed only for authorized purposes?			
	Do you prohibit writing checks to "cash" or "bearer"			



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	Are their controls in place to ensure that all payment are made on a timely basis and in accordance with all purchase orders and contract?			
	Are controls in place to ensure duplicate payments are not made? i.e. original invoices, no copies, totaling the amount of the disbursement used in preparation of all payments?			
	Do you maintain control over the supply of unused and voided checks?			
	Do you have controls and physical safeguards surrounding petty cash?			
	Does the clinic maintain adequate fidelity insurance coverage?			
	Is the person responsible for billing for services and fees <u>prevented from deleting or altering a patient invoice</u> ? different from the person responsible for collection and accounting for these services?			
	Are the responsibilities for maintaining detailed accounts receivable records adequately segregated from those for collection and general ledger posting?			
	Are accounts receivable reviewed periodically for credit balances			
	Does the clinic take physical inventory counts and reconcile their inventory?			
	Does the clinic have specific guidelines for purchases including who may authorize a transaction, amount that is authorized, vendors to be used			
	Are procedures clearly explained regarding non-routine purchases, authority and documentation of approval			
	Does the clinic account for each asset including description, serial number, date of purchase - is the property list compared to actual property periodically?			
	Are the responsibilities for the ordering, purchasing and receiving purchases segregated from those for the invoice processing, accounts payable and general ledger functions?			
	The person who places supplies and inventory orders should not be the person who receives the inventory and supplies and reconciles them to the purchase order.			
	The person who prepares the checks should not be the person who records the cash disbursements and records this in the general ledger			
	Does the clinic prohibit "split" orders to avoid higher levels of approval?			
	Are goods received accurately counted and examined to ensure that the order is complete and undamaged? Are claims filed for shortages?			
	Are their procedures to ensure that goods for which payment is made have been received; verification, by someone other than the individual approving payment?			
	Are all invoices paid timely to ensure that opportunities for discounts are taken and late fees are not assessed?			
	Are procedures in place for processing invoices that do not involve materials or supplies such as leases, utility payments, insurance payments etc.			
	Are procedures in place for submission and approval of reimbursement to employees for any expenses?			
	All payments should be made from original invoices only			



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	Any differences in invoice and purchase price from what is paid must be reviewed and approved			
	All invoices and supporting documents should be noted as paid at the time that the checks are signed (protect from paying twice for same invoice)			
	Are payroll records reviewed for completeness, hours worked, overtime			
	Is the person responsible for distributing payroll checks different from the person who prepared the payroll			
	Is the completed payroll register reviewed and approved before disbursements are made			
	Is there a policy prohibiting advances in pay?			
	Is there a policy prohibiting employees from picking up another employee's paycheck?			
	Are financial reports reviewed monthly			
	The person who prepares the daily deposit should not be the person who takes it to the bank.			
	Deposit slips and end of day reports are given to the practice owner to review daily			