

Greytown District Trust Lands Trust

Internal control questionnaire

31 March 2019

Please complete the attached questionnaire.

If you need more space, please feel free to add extra pages.

As this is a standard questionnaire, please mark n/a to items not applicable to your organisation.

Thank you for completing this questionnaire.

Completed by : Kevin Murphy, General Manager

Date : 17 May 2019

Accounting system

Question	Answer
1. What computerised accounting package (if any) does your organisation use?	Xero (cloud-based)
2. Who is responsible for the day to day operation of your organisation's accounting system?	Admin Assistant (Helga Perry)
3. Does one person have overall responsibility for the operation of the accounting/computer system?	Trust's accountant (Daniel Murphy, Rightway Ltd)
4. Does your governing body review the performance of this person on a regular basis?	Monthly via presentation of monthly financial spotlight and management reports
5. Who has access to the accounting package? (Names/ Titles) And what access rights do they have?	See Appendix 1 for access rights
6. Who can prepare and post journals?	Rightway Ltd staff
7. Has there been any inappropriate or unusual activity relating to the processing of journal entries and other adjustments?	No
8. How is access to the accounting records or software controlled?	Each user has unique password protected access tailored to their specific need/role
9. How often are backups taken?	Not required with a cloud-based system
10. Where are backups stored?	In the "cloud"
11. What tests are made to ensure backups are able to be restored?	N/A
12. How long are backups retained?	N/A
13. Who prepared this year's financial statements? Have they been reviewed by someone other than the preparer? If so, by whom?	Trust's accountant (Daniel Murphy, Rightway Ltd), reviewed by the General Manager (Kevin Murphy)
Additional Comments:	

Bank reconciliations

Question	Answer
1. Are regular Bank Reconciliations performed? How often?	Yes, daily
2. Who prepares the bank reconciliations? Name and title.	Admin Assistant (Helga Perry)
3. Who reviews the bank reconciliations? Name and title.	Trust's accountant (Daniel Murphy)
Additional Comments:	

Budgets

Question	Answer
1. Is an annual budget prepared?	Yes
2. Is this approved by the governing body?	Yes
3. Do the financial reports provided to your governing body include comparisons to budgeted amounts?	Yes
Additional Comments:	

Mail

Question	Answer
1. Who collects/receives the mail?	Admin Assistant, occasionally General Manager in her absence
2. Is the mail-opening and initial data entry performed by a different person to that who does the banking?	No but it is rare for cash/cheques to be received by mail
3. Is mail opening duty rotated between different people?	See above
4. How is money received by mail kept physically secure until banked?	If necessary in a locked filing cabinet
Additional Comments:	

Revenue

Question	Answer
1. Is revenue regularly reviewed against expectations? If not, why not?	Yes, monthly
2. Does your organisation use pre-numbered receipts for all funds received?	Yes but only for cash/cheques received
3. Is a list of receipts reconciled with the cash banked? Who does this?	No
Cash/Cheque income	
4. Does the organisation receive cash/cheques?	Rarely
5. Is all cash/cheques received receipted at the time it is received?	Yes
6. Is cash received kept separate from petty cash?	N/A (no petty cash)
7. What controls are in place to ensure that all cash received by your organisation are deposited intact to the bank account?	Cash is very rarely received but is receipted and banked the same day if possible
8. How often is the banking typically done?	As required
9. How are incoming cheques that are open or made out to cash treated on receipt so that they are kept safe?	Reliance placed on pre-crossed cheques
10. Describe how cash/cheques is kept physically secure until banked.	If necessary in a locked filing cabinet
11. Are tills linked to the General Ledger or point of sale software?	N/A (no till)
Credit card or direct credit receipts	
12. Does the organisation receive credit card or direct credit receipts?	Credit card – no, direct credits – yes.
13. What controls exist over credit card receipts to ensure these are reconciled to debtors ledger and general ledger accounts and that funds are transferred completely and regularly to bank account?	N/A
14. Is a third party provider used for credit card payments? Provide details.	N/A
15. What controls exist over direct credit receipts to ensure these are reconciled to debtors ledger and general ledger accounts?	Xero requirements for matching of receipts with debtor invoices
Additional Comments:	

Debtors/Receivables

Question	Answer
1. What is the policy for initially recording trade receivables?	The setting up of new tenant details in the Trust's property management system (Re-leased) generates automatic billing
2. Are discounts given? If so, what is the policy for accounting for discounts?	No
3. How are slow paying debtors identified?	Monthly via aged receivables report
4. Is there an allowance for doubtful debts and how is this set?	No
5. Have any receivables been: <ul style="list-style-type: none"> • pledged (A pledge is a promise, either written or verbal, to make a contribution at a later date.), • factored (Factoring is a financial transaction whereby a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount in exchange for immediate money with which to finance continued business.), or • discounted (Discounting is a financial mechanism in which a debtor obtains the right to delay payments to a creditor, for a defined period of time, in exchange for a charge or fee. Essentially, the party that owes money in the present purchases the right to delay the payment until some future date. The discount, or charge, is simply the difference between the original amount owed in the present and the amount that has to be paid in the future to settle the debt.)? 	No
6. What procedures are applied to ensure that a proper cut-off of sales/income transactions and sales returns (if any) has been achieved?	A cut-off process is initiated by the Trust's accountant which temporarily closes off transaction updates in Xero while the month-end accounts are being finalised.
7. Does accounts receivable represent final sales?	No
8. Does accounts receivable include deposits for goods shipped on consignment? If so, have appropriate adjustments been made?	N/A
9. Have any large credit notes related to revenue been issued after balance date? If so, has a provision been made for such amounts?	No
10. What is the policy for recording prepayments?	Prepayment of rent is recorded according to period for which rent has been demanded eg. in the case of rent payable six monthly, a prepayment for the five months claimed in advance is recorded and then reduced month by month until the end of the six month period
11. What is the policy for recording accrued revenue, including accrued interest?	This is a rare occurrence and would be dealt with on a case by case basis
Additional Comments:	

Expenditure

Question	Answer
Purchase orders	
12. Are purchase orders used for all purchases?	No
13. What sort of purchases are purchase orders required for and what controls are in place to ensure that are being used?	N/A
14. Who approves the purchase of goods and services? (Name/ title, i.e.: who approves purchase orders?)	N/A
15. Does your organisation keep a copy of all orders?	N/A
16. Does your organisation use pre-numbered purchase orders?	N/A
17. Are the goods/services checked to the purchase order on receipt?	N/A
Purchase orders not used	
18. If purchase orders are not used describe how the entity ensures that only approved purchases are being made? (eg Per pre-approved budget spending, Informal agreement of key officers, No formal process)	Purchases can be made under delegated financial authority by the General Manager and Admin Assistant for certain types of transaction within specified dollar limits (see Appendix 2). Otherwise prior approval is sought from the Board of Trustees. Regular standing purchases payable by direct debit are pre-approved by the Board.
Accounts payable	
19. Does the entity have suppliers that provide credit (monthly accounts payable)?	Yes
20. Are creditor balances reconciled regularly with suppliers' statements?	No
21. What evidence is there that invoices are reconciled regularly with suppliers' statements? (eg Statements attached to invoices and initialled by accounts person, No evidence, Not necessary)	N/A
22. What sort of system is used for compiling a monthly list of accounts payable? (eg manual list, or included in accounting package)	Listing of accumulated outstanding invoices due for payment prepared by the Admin Assistant.
Payments to suppliers	
23. Are the goods checked to the packing slip on receipt?	Generally not applicable
24. Are the invoices checked for computational accuracy?	Yes
25. Are the invoices checked to see that the anticipated prices were charged?	Yes
26. When payments are checked to supporting documentation how is this evidenced? (eg Signed/initialled by person checking, Evidenced as approved in accounting software, No formal approval)	All payments are checked to supporting documentation and signed as approved by the Chairman or Deputy Chairman prior to presentation to the full Board for approval
27. How are invoices/payment vouchers retained and filed?	By month, according to date of Board approval of payments

Question	Answer
28. How is supporting documentation cancelled when paid to prevent double payment?	Paid invoices are stamped "Posted"
Cash payments	
29. Does the entity make payments by cash?	No
30. What is the standard petty cash level?	N/A (no petty cash)
31. Who authorises petty cash expenditure?	N/A
32. Are petty cash book and vouchers reviewed before the fund is reimbursed (e.g. by use of an imprest system)?	N/A
Cheque payments	
33. Does the entity make payments by cheque?	Very rarely (never in 2018/19)
34. Who are the cheque signatories? (Names/Titles)	Trustees (see Appendix 2 for mandate report)
35. How many are required to sign each cheque?	Two
36. Are the cheque signing rules applicable to all bank accounts?	There is only one cheque account
37. Are cash or blank cheques used on any occasions?	No
38. Are all cheques immediately sent out after being drawn? If not why?	Yes
39. Are cheques always filled in before being signed by anyone? If not add comment as to why?	Yes
Authorisation	
40. If payments are authorised by your governing body, is this evidenced in the minutes as a matter of course?	Yes
41. If payments are authorised by an individual, is there evidence on the invoice?	Yes (signature of person approving – GM if under DFA, otherwise Chairman or Deputy Chairman)
Additional Comments:	

Electronic banking

Question	Answer
1. Does the entity make payments using Internet Banking or other electronic payments system?	Yes
2. What electronic banking system does the entity use?	Direct debit via BNZ
3. Who are the 'administrators' or 'super users'?	Admin Assistant
4. What edit/exception reports are generated and reviewed?	Bank account detail changes
5. Who has access to the electronic banking system (Names/Titles)?	See Appendix 2 for user report
6. Who is authorised to initiate transactions?	Admin Assistant (Helga Perry)
7. How many people are required to authorise/approve transactions? Who are they?	Two. The General Manager, Chairman or Deputy Chairman can perform this role.
8. Who transmits the transactions?	This occurs automatically from the Trust's BNZ account on completion of the authorisation process
9. Are passwords changed regularly? How often?	At the discretion of the BNZ netguard "token" holders
10. Are two passwords/authorisations required for all transactions?	Yes
11. How is the electronic banking system linked with the accounting system?	Automatically
12. How are new creditors or staff details entered into the electronic banking system and how are these details tested?	Entered by the Admin Assistant. Details not tested (new review procedure to be implemented)
13. How are new payee details entered into the system verified as being correct?	Ditto
14. Are random checks ever performed on creditors or staff bank account details?	No
15. Is an independent check carried out after a batch is paid that the final amount has been correctly posted to the ledger?	No need due to the automatic posting link between BNZ and Xero
16. How are complaints for non or late payments handled? Is this done by someone other than the one responsible for payments?	Generally by the Admin. Assistant, occasionally by the GM
17. Are batch payments always supported by original documentation for the second approver to check?	Yes
18. When were users and user rights last reviewed with the bank to ensure that correct users only have access to system?	Following an October 2017 Board resolution resulting in a change in Chairman and Deputy Chairman
19. Who can set up automatic payments and what is the process?	Admin. Assistant initiates but two Trustees authorise
20. Can an administrator set up another administrator account?	Presume not possible without Bank receiving authorisation
Additional Comments:	

Insurance

Question	Answer
1. Is your organisation adequately insured? (Consider contents, directors/officers liability, public and general liability, buildings and equipment, loss of profits).	Yes
2. Over what areas is your organisation insured?	Public liability, buildings and business interruption
3. Is the adequacy of your organisations insurance cover and security of assets regularly reviewed? How often?	Annually
4. Have any claims been made in the current year? If so, please detail.	Yes re. accidental damage to glass entrance door at 246 Main Street leased to Nitram Enterprises (t/a Stihl Shop). Claim has been settled in year by reimbursement of repair cost less deductible.
Additional Comments:	

Payroll

Question	Answer
1. Does your organisation administer the payroll for any staff?	Yes
2. Are timesheets prepared by each employee?	Yes, by Helga Perry in respect of meeting hours not covered by her base salary
3. Are these timesheets reviewed by an appropriate official, and the hours worked approved?	By Chairman
4. Who authorises the pay rates for these staff?	Board of Trustees
5. Are amendments to pay rates, tax codes, etc approved by the governing body? If not, by who?	Pay rates, bonuses, other emoluments – yes, tax codes – no.
6. What payroll system do you use?	SMART payroll
7. Who has access to this system?	GM, Admin Assistant and Rightway
8. Are the wage records reviewed before the cheque is signed or automatic payment approved?	Yes, by Chairman
9. Are cheques/ direct payments drawn for the exact amount of wages?	Yes
10. Are allowances for travel etc based on actual mileage and are there signed claim forms for these payments?	Yes but these are paid via the creditor payment system
11. Are payments for deductions agreed to wages records?	Yes, performed automatically by SMART payroll
12. Are any fringe benefits given? If so who prepares, checks and authorises fringe benefit returns?	No
13. Is liability for FBT reviewed on a regular basis? If so, by who?	No FBT liability
14. Are there any “staff” who do not have PAYE deducted but are paid in other ways? Please provide details.	No
15. Are expense claims made by employees? If yes what is the procedure for logging and approving and what controls exist around this process?	Occasionally for mileage reimbursement and purchases requiring payment by personal credit card (cards have not been issued by the Trust). Proof of payment is required to be produced and is sighted by the Chairman or Deputy Chairman before the Board approves reimbursement via the creditor payment system.
Additional Comments:	

Fixed assets

Question	Answer
1. Does the entity own fixed assets (vehicles, land, buildings, equipment etc)?	Yes
2. Who maintains the asset register?	Rightway Ltd
3. Have all additions and disposals been accounted in the financial statements and the asset register?	Yes
4. Does the asset register agree to the financial statements?	Yes
5. Does the asset register record all assets on an individual basis?	Yes
6. Does the asset register depreciate all assets on an individual basis?	Yes (not land and buildings)
7. Is the asset register regularly updated for all additions and disposals?	Yes
8. Is the asset register regularly updated to agree to the ledger?	Annually
9. Is a backup or recent copy of the asset register kept offsite?	No
10. Have there been any donated assets? If so, have donated assets been included in both the asset register and financial statements?	No
11. Does your governing body verify the existence of assets on the register?	No
12. What precautions are taken to safeguard assets over holiday periods and other unsupervised times?	Office assets protected by building alarm outside working hours (offices also kept locked)
13. What policy is there regarding write off of low value assets?	No policy as such but assets with a value <\$250 are generally expensed
14. Are assets depreciated at tax rates in all cases? If not, what is the basis of depreciation?	Per accounting policy
Additional Comments:	

GST

Question	Answer
1. Is the entity required to collect/claim GST?	Yes
2. Is the ledger regularly updated to reconcile with GST returns?	Yes
3. Are GST returns completed and filed on time?	Yes
4. Are GST returns reconciled with the IRD assessments?	Yes (where received)
5. Have you had a GST audit performed by the IRD? If so please note the results.	No
6. Do you obtain proper tax invoices for everything which you claim GST on?	Yes
Additional Comments:	

Borrowings

Question	Answer
1. Does the entity have borrowing (banks etc)?	Yes
2. Is borrowing reviewed on a regular basis to assess whether the best terms are being obtained?	Yes
Additional Comments:	

Taxation Status

Question	Answer
1. Is your organisation required to file tax returns? If so please provide a copy and copies of IRD assessments and statements of account.	No
2. Is your organisation registered with the Charities Commission? If so, please provide the registration number.	Yes, CC22127
3. If organisation does have charitable status does it have business income which still may be taxable?	No
4. Has your organisation obtained a Certificate of Exemption on the payment of resident withholding tax on interest or dividends received? If so, provide IRD certificate.	Yes (certificate previously provided)
Additional Comments:	