

ARE YOUR ASSETS SECURE? CHECKLIST FOR BRIEF TEST OF REASONABLE SAFETY!

(Ask the following questions and keep asking until you are sure!)

	<u>Yes</u>	<u>No</u>
1). Are the general ledger and subsidiary ledgers balanced and posted monthly?	[]	[]
2). Does the management company maintain adequate bonding (Fidelity Bonds) on all employees who handle the money, including the receptionist?	[]	[]
3). Does the association maintain its own fidelity bond covering the board, employees, manger & management employees, including principals of the company? ...	[]	[]
4). Are essential accounting records adequately safe-guarded from destruction or loss by fire?	[]	[]
5). Are all checks numbered and accounted for?	[]	[]
6). If using check stock, is it locked up and accounted for frequently?	[]	[]
7). Are all checks manually signed vs. using a prepared signature stamp?	[]	[]
8). Are invoices and supporting documentation examined by the check signer prior to signing checks?	[]	[]
9). Are checks mailed by someone other than the preparer of the checks?	[]	[]
10.) Is supporting documentation defaced to prevent reuse?	[]	[]
11.) Are voided checks retained and defaced?	[]	[]
12). Do bank reconciliation procedures include inspecting checks for signatures?	[]	[]
13). Do bank reconciliation procedures include inspecting checks for proper endorsements?	[]	[]
14). Do bank reconciliation procedures include examining checks for number, payee, date and amount?	[]	[]
15). Are bank reconciliations prepared promptly at the end of each month?	[]	[]
16). Is a separate bank account used for any payroll, and is it maintained on an imprest basis? (An advance or a loan of funds, especially for services rendered to a government).	[]	[]
17.) Are each day's receipts deposited intact and without delay?	[]	[]
18). Are banks notified immediately when an authorized check signer leaves the assn. or resigns from the board?	[]	[]
19) Are all investments registered in the association's name?	[]	[]
20). Are assessments revenues adequately controlled so that their non-receipt would be noted and investigated?	[]	[]
21). Is the practice of drawing checks to cash prohibited?	[]	[]
22). Is the practice of using cashiers checks prohibited or limited?	[]	[]
23). Is petty cash kept in a safe place?	[]	[]
24). Is petty cash reasonable in amount for the purpose of having it?.....	[]	[]
25.) Is petty cash controlled by one person and are they held accountable?	[]	[]
26). Is petty cash maintained on an imprest basis?	[]	[]
27. Is petty cash counted periodically by someone other than the person who controls the fund?	[]	[]
28). Are investments maintained in a safe place according to Nevada law?.....	[]	[]

- 29). Are the owners individual balances aged?[] []
- 30). Are write-offs of owner balances approved by the Board in accordance with the law and/ or the Association’s governing documents?[] []
- 31). Is an inventory of property assets maintained, and is each asset tagged?[] []
- 32). Are vendor invoices checked regarding quantities, prices, clerical accuracy, and duplication?[] []
- 33). Are purchase orders used?[] []
- 34). Are major contracts obtained through a bidding process using a prequalified list of contractors and in accordance with Nevada laws?[] []
- 35). Does the board authorize all reserve transactions?[] []
- 36). Does the board sign all reserve checks and transfers?.....[] []
- 37). Are appropriate payroll records maintained that include:
 - Detailed individual employee records?.....[] []
 - Adequate Time Records?[] []
 - Proper approval of pay rates and pay rate changes?[] []
 - Proper authorization for payroll deductions?.....[] []
 - Verification that payroll taxes have been paid?.....[] []
- 38). Is insurance coverage reviewed annually to ensure that coverage is appropriate?[] []
- 39). Can the manager, a member of the board or any employee of either transfer funds from the reserve account?[] []
- 40). Did the board cross off all blank spots on the signature card when it was filled out or modified?[] []

This list is not all inclusive, but a start for the board to fulfill their fiduciary duty in determining if the association’s financial interests are protected adequately.

SOME ISSUES YOU COULD ENCOUNTER IN RESEARCHING THE ABOVE

1. Association cash pledged as collateral on management company loans.
2. Nonexistent employees on the association payroll.
3. Nonexistent vendors
4. Employee increases his or her own pay.
5. Payroll taxes have not been paid for several years.
6. Unit-owner assessments are diverted
7. Manager taking kickbacks.
8. Checks made out to other individuals other than on fake invoices.
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