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| CC Logo RGB OFFICE | Internal Control Structure Questionnaire for Cost Reimbursement Contracts | Form Number: ICSQ-001  Effective: 10/17/2018  Revision effective: |
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| **Grantee Name:** |  | **Fiscal Year Ends:** |  |

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| **SECTION I: FINANCIAL POSITION**  This section should be answered about your organization as a whole. | | |
| 1. | Please indicate the accounting system in place (e.g., accrual, cash, or modified accrual) | |
| 2. | Does your organization complete yearly financial statements (e.g., Balance Sheet, Income Statement, Cash Flow)?  *If yes:*  *a. Please list the name(s) of the person(s) responsible for preparing the annual financial statement(s):*    *b. Please attach a copy of your most current statements as* ***ATTACHMENT# I-2.***  If no, please provide any manual or automated information maintained regarding your current financial position (e.g., assets versus liabilities) as **ATTACHMENT #I-2.**  *c.**Does your organization file annual tax returns (e.g. Schedule C, Form 990, Form 1120, Subchapter S)?*  *If, yes, please include the tax return for the most recent year as* ***ATTACHMENT # 1-2C.***  If no, please explain why annual returns are not filed. | Yes  No  Yes  No |
| 3. | Are your accounting and financial system operations audited at regular intervals by an independent auditor (Certified Public Accountant)?  *If yes:*  *a. Please attach an original, bound audit report and management letter (if applicable) as provided by the independent auditor as* ***ATTACHMENT #I-3.***  *b. Please indicate the frequency with which your accounting records are audited by an independent auditor.*    *c. Please describe how independent audit results are shared with the governing body of your organization.* | Yes  No |
| 4. | Is your organization subject to the Single Audit requirement in accordance with §200.501 (b) of the [Uniform Grant Guidance (UGG)](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=e1550f3a6d8cd00367546fb278abba27&n=pt2.1.200&r=PART&ty=HTML)? | Yes  No |
| 5. | Does your organization certify that there are no contingencies, outstanding liabilities or litigation that could affect your organization’s financial position during the life cycle of the contract (e.g., outstanding audit exceptions or purchase of real property)?  If no, please explain. | Yes  No |
| 6. | Does your organization stay current with payment of its liabilities, loans, taxes, etc.?  If no, please provide a detailed description of any defaults on loans or violations of restricting covenants in loan agreements in the past year. | Yes  No |
| 7. | Is your organization able to obtain credit when needed?  If no, please explain any difficulty your organization has had in obtaining credit. | Yes  No |
| 8. | Has your organization been audited by the Internal Revenue Service (IRS) in the past two years?  *If yes:*   1. *Please submit a copy of the IRS audit report, all related correspondence received from the IRS, and all related correspondence submitted to the IRS from your organization* ***as ATTACHMENT #I-8A.*** 2. *Have all discrepancies cited in the audit been resolved?* 3. *If the IRS has placed any type of lien on the organization's resources, have the liens been released?* 4. *If all discrepancies have not been resolved or all liens have not been released, please submit a description of the discrepancies or liens and the impact of such on your financial position and include a copy of any repayment* *schedule that may be required by the IRS* ***as ATTACHMENT #I-8D.*** | Yes  No  Yes  No N/A  Yes  No N/A |

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| SECTION II: INTERNAL CONTROLS **II. A. GENERAL/ACCOUNTING CONTROLS**  This section should be answered about your organization as a whole. When a question mentions “contracts,” it is referring to any contract or grant you administer with funding received through any state or federal agency. | | |
| 1. | Does your organization allocate costs between contracts and/or programs?  *If yes, please attach a detailed cost allocation plan as* ***ATTACHMENT #II-1***. | Yes  No |
| 2. | *Please attach a list that identifies all your contracts with state agencies. For each contract include: state agency name, type of service provided, contract number, dollar amount, and payment method (e.g. cost reimbursement, fee for service) as* ***ATTACHMENT # II-2****.* |  |
| 3. | Does your financial management system contain provisions that would assure the organization is in compliance with §200.302 (financial management) of the [Uniform Grant Guidance (UGG)](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=e1550f3a6d8cd00367546fb278abba27&n=pt2.1.200&r=PART&ty=HTML), or the [Uniform Grant Management Standards](http://comptroller.texas.gov/procurement/catrad/ugms.pdf) (UGMS), as applicable? | Yes  No |
| 4. | Does your organization maintain a separate ledger account for:  a. Deposits for each source of funds?  b. Disbursement of each source of funds?  *Please provide a copy of your chart of accounts, and a description of how your accounting system identifies contract revenues and expenditures separately as* ***ATTACHMENT # II-4****.* | Yes  No  Yes  No |

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| 5. | Are costs and expenditures under budgetary control:  a. For total contract budget?  b. By budget category? | | Yes  No  Yes  No | | |
| 6. | Do all purchases require approval from an authorized individual in the requesting department? | | Yes  No | | |
| 7. | Indicate the name and title of individual(s) authorized to:   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | SIGN CHECKS OR AUTHORIZE PAYMENTS | APPROVE PURCHASES  (INCLUDING ON-LINE AND CREDIT CARD) | PREPARE PAYMENTS  (CHECKS AND ELECTRONIC FUND TRANSFERS) | RECONCILE ACCOUNTS  INTERNAL ACCOUNTS TO BANK RECORDS | CONTROL INVENTORY | RECEIVE CASH | | Name: | Name: | Name: | Name: | Name: | Name: | | Title: | Title: | Title: | Title: | Title: | Title: | | Name: | Name: | Name: | Name: | Name: | Name: | | Title: | Title: | Title: | Title: | Title: | Title: | | | | | |
| 8. | Are all expenditures reconciled with your general ledger?  If no, please explain | | Yes  No | | |
| 9. | How often are bank accounts reconciled to internal check registers?  Monthly Quarterly Other (please specify) | | | | |
| 10. | Is your accounting system automated?  **If no, please skip to question #18.** | | Yes  No | | |
| 11. | Please describe how your accounting system is secured and/or protected (e.g. location, the use of passwords, access limits, checks and balances). | | | | |
| 12. | Please specify the name(s) and title(s) for the individuals with access to the accounting system to perform the following functions:  Review Only:  Record Transactions:  Update/Change:  Delete: | | | | |
| 13. | | Please explain the process (e.g., initiation, review, approval) for making updates, changes, deletions, and year-end adjustments in the accounting system. | | | | |
| 14. | | Are there controls to provide reasonable assurance that transactions are not lost, duplicated, or added before and/or after data entry and editing? | | | Yes  No | |
| 15. | | Are there controls to provide reasonable assurance that transactions with errors are rejected from further processing (e.g., prevented from updating the files/database)? | | | Yes  No | |
| 16. | | Is the data entered into the accounting system verified?  *If yes, please specify whom (name and title) is/are responsible for verifying the data, and how the verification is done.* | | | Yes  No | |
| 17. | | What, if any, additional internal controls and approvals are in place within the organization to ensure payments made are valid and authorized? | | | | |
| 18. | | Are all checks pre-numbered and accounted for?  If no, please explain. | | Yes  No | | |
| 19. | | a. Are all disbursements (excluding petty cash) made by check?  If no, what other means does your organization use to make disbursements?    b. Is a check register (disbursement journal) used to record disbursements and maintain balances?  If no, how are disbursements and balances tracked? | | Yes  No  Yes  No | | |
| 20. | | Are all disbursements approved prior to payment?  If no, please explain. | | Yes  No | | |
| 21. | Is there any additional review or special approval required for payment transactions (check or electronic disbursement) that exceed a specific dollar amount?  *If yes, please specify the dollar limit(s), name(s) and title(s) of responsible staff.* | | Yes  No | | |

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| 22. | Does your organization have a system for tracking:  a. Voided checks?  b. Credit card transactions?  c. Other electronic transactions?  If no, please explain. | Yes  No  Yes  No  Yes  No N/A |
| 23. | Does your organization use a check**-**signing machine?  *If yes, please describe how facsimile signature plates are safeguarded from improper use.* | Yes  No |
| 24. | Are unused checks safeguarded and in the custody of a person who does not manually sign checks, control the use of facsimile signature plates or operate the facsimile signature machine?  Please indicate name and title of person who has custody of unused checks. | Yes  No |
| 25. | Are the following practices prohibited:  a. the drafting of checks to “CASH”?  b. the signing of blank checks?  c. the removal of blank checks from the checkbook?  If no, please explain. | Yes  No  Yes  No  Yes  No |
| 26. | Are purchase orders/requisitions controlled in such a way that they can all be accounted for (e.g., by sequential pre-numbering, by entry in a register)?  *If yes, please attach an explanation of your purchase order/requisition controls as* ***ATTACHMENT #II-26***. | Yes  No N/A |
| 27. | a. Does your organization have written policies and procedures for purchases?  *If yes, please attach your written policies and procedures as* ***ATTACHMENT # II-27****.*  b. Are your purchasing policies and procedures in compliance with §200.320 of the Uniform Grant Guidance (UGG), or Uniform Grant Management Standards (UGMS), as applicable?  *If no, please explain below: (you may attach additional sheets if needed)* | Yes  No  Yes  No |
| 28. | Are supporting documents (e.g., service authorizations, invoices, receipts, approvals, receiving reports, canceled checks) maintained with each disbursement and clearly referenced for easy location and retrieval?  *If yes, please attach an explanation as* ***ATTACHMENT # II-28****. The attachment should describe your process for maintaining supporting documentation, such as:*   * *How supporting records are kept and filed (e.g., filed by check number, month of payment),* * *How documents are marked when paid to prevent duplication of claims, and* * *How authorizations for service are registered internally.* | Yes  No |
| 29. | Do supporting documents accompany checks for the check signer’s signature? | Yes  No |
| 30. | Are invoices marked to identify allocation of payment? | Yes  No |
| 31. | If bank account balances (including Certificates of Deposit) are in excess of FDIC coverage, does your organization have a system to protect the excess amount?  If no, please explain: | Yes  No N/A |
| 32. | Does your organization have procedures to identify costs and expenditures not allowable under federal or state regulations?  *If yes, please attach an explanation of your system for identifying unallowable costs/expenditures as* ***ATTACHMENT # II-32.*** | Yes  No |
| 33. | Does your organization maintain a contract file for each contract?  *If yes, does each contract file contain:*  *a. The executed contract**with all attachments?*  *b. A copy of each contract amendment (as applicable)?*  *c. Billing documents?*  *d. Documentation of contract performance?*  *e. Related correspondence?*  *f. A copy of each subcontract agreement (as applicable)?*  If no to any of the above, please explain. | Yes  No  Yes  No  Yes  No  Yes  No  Yes  No  Yes  No  Yes  No N/A |
| 34. | a. Does your organization's internal control process comply with the standards of 'COSO' (Committee of Sponsoring Organizations of the Treadway Commission) or the 'Standards of Internal Control in the Federal Government', issued by the Comptroller General of the United States, as may be applicable under the Uniform Grant Guidance (UGG) or the Uniform Grant Management Standards (UGMS)?  *If yes, please attach an explanation of your system for following these internal control standards as* ***Attachment # II-34a****.*  b. Does your organization have a process to prevent unauthorized access to confidential information related to your contracts (e.g., sensitive client information or records - commonly referred to as Personally Protected Identifiable Information)?  *If yes, please attach a copy of your procedures as* ***ATTACHMENT #II-34b****.* | Yes  No    Yes  No |
| **II. B. PERSONNEL** | | |
| 35. | Does your organization have written personnel policies?  If no, please explain.    If yes, are the personnel policies distributed to all employees? | Yes  No  Yes  No |

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| 36. | Do the personnel policies include:  a. Hiring?  b. Performance evaluations?  c. Time and leave?  d. Conflict of interest?  e. Nepotism?  f. Related-party | | Yes  No  Yes  No  Yes  No  Yes  No  Yes  No  Yes  No |
| 37. | Does your organization require individual time or activity sheets to be prepared at least monthly for personnel (part-time, full-time, and/or in-kind volunteers)?  If no, please explain.    *If yes, please submit a blank time sheet or activity sheet and a copy of the related policy as* ***ATTACHMENT # II-37****.* | | Yes  No |
| 38. | Does your organization have on file an established rate of pay and withholding information for each employee?  If no, please explain. | | Yes  No |
| 39. | Does your organization have a written job description with a set salary level for each position?  If no, please explain. | | Yes  No |
| 40. | Is the amount being paid to each employee based on documentation of actual hours worked? | | Yes  No |
| 41. | a. Is your organization current with your payroll taxes?  b. Does your organization pay payroll taxes directly?  If no, please explain and indicate name of withholding agent. | | Yes  No  Yes  No |
| 42. | Does your organization conduct criminal background checks on your employees and volunteers?  *If yes, please attach a copy of your employee/volunteer background check policy and procedures as* ***ATTACHMENT # II-42****. The attachment should, at a minimum, include the following:*   * *When criminal background checks are conducted,* * *When criminal background checks are updated, and* * *Identify by title and/or position the employees and volunteers who are subject to criminal background checks.* | | Yes  No |
| **II. C. TRAVEL**  **Reimbursements for travel expenses will be paid according to the GSA travel rates in effect on the date of travel.** | | | |
| 43. | Are expenditures for travel substantiated by travel vouchers, travel logs or other supporting documentation?  If no, please explain.    *If yes, please submit a copy of your travel policy, a blank travel voucher, and a blank travel log as* ***ATTACHMENT # II C-43.*** | | Yes  No N/A |
| II. D. EQUIPMENT | | | |
| 44. | a. Please specify the level of capitalization (dollar amount) used by your organization.    b. Please provide your organization's definition of equipment: | | |
| 45. | Does your organization conduct a physical inventory of capital equipment purchased with federal funds?  If yes, how often? | Yes  No | |
| 47. | Are inventory records maintained that include: item description, serial number, funding source(s), acquisition cost, acquisition date and inventory number?  *Please attach a blank inventory form as* ***ATTACHMENT #II-47****.* | Yes  No | |
| 48. | Are all equipment items and controlled asset tagged for the purpose of internal tracking and inventory? | Yes  No | |
| 49. | Does your organization have a policy regarding the documentation required for equipment that has been disposed of?  *If yes, please attach a copy of your equipment disposal policy as* ***ATTACHMENT #II-49****.* | Yes  No | |

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| II. E. SUBCONTRACTORS **If your organization does not subcontract services, or does not intend to subcontract services, mark  N/A here and skip to section II.F. Related Party Transactions.** | | |
| 50. | Does your organization have written policies and procedures for subcontracted services?  *If yes, please submit a copy of your policy for subcontracted services as* ***ATTACHMENT # II-50****.*  b. Does your organization assess risk for subcontractor non-compliance with federal statutes or UGMS, as applicable?  *If yes, please provide a description of the process as* ***ATTACHMENT # II-50b****.* | Yes  No  Yes  No |
| 51. | Is your organization considered a pass-thru entity for any of Federal awards, funding, or state agreements?  If yes, does it make subrecipient/contractor determinations according to §200.330 of the Uniform Grant Guidance ([UGG)](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=e1550f3a6d8cd00367546fb278abba27&n=pt2.1.200&r=PART&ty=HTML), as applicable?  *If yes, please provide a copy of the policy and procedure for making this determination as* ***ATTACHMENT # II-51****.* | Yes  No  Yes  No |
| 53. | Does your organization conduct criminal background checks on your subcontractors? | Yes  No |

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| II. F. RELATED-PARTY TRANSACTIONSA related party could include a family member or relative, [stockholder](http://www.investorwords.com/4735/stockholder.html), or a [corporation](http://www.investorwords.com/1140/corporation.html) (individual or group) who is [related](http://www.investorwords.com/10870/related.html) in some way to the [initial](http://www.investorwords.com/10043/initial.html) [party](http://www.investorwords.com/13659/parties.html). | | |
| 54. | If your organization subcontracts with a related party to provide part or all of the program services, please attach a description of your selection process as **ATTACHMENT # II-54.** | |
| 55. | List name and position of any employee of your corporation who is also a principal stockholder, owning 5% or more stock or who has a controlling interest. | N/A |
| **The following questions relate to “doing business” with a related party. “Doing business” refers to business activities such as purchasing or leasing (e.g., a building, a computer, a vehicle), and/or providing a service (e.g., legal, accounting, or banking services), even if the purchase/lease/service is provided for free.** | | |
| 56. | List any member of your Board of Directors with whom you are “doing business”.  a. Board Member:                                                                        \_\_\_\_\_\_\_\_\_\_  b. Business relationship:                                                                                   \_\_\_\_\_ | N/A |

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| 57. | List anyone with whom you are “doing business” who is related by blood, adoption or marriage, to a member of your Board of Directors.  a. Board Member name/position:  b. Name/title of related party:  c. Relationship to Board Member:  d. Type of business transaction: | N/A |
| 58. | List anyone with whom you are “doing business” who is a principal stockholder of your organization.  a. Principle Stockholder:                                                         \_\_\_\_\_\_  b. Business relationship:                                                                  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | N/A |

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| 59. | List anyone with whom you are “doing business” who is related by blood, adoption or marriage, to a principal stockholder.  a. Stockholder name:                                                                          \_\_\_\_\_\_  b. Name of related party:                                                                                   \_\_\_\_\_\_  c. Relationship to Stockholder:                                                                                  \_\_  d. Business relationship:                                                                                   \_\_\_\_\_\_ | N/A |
| 60. | List any related party (e.g., a member of your Board of Directors, a principal stockholder, or anyone related by blood, adoption or marriage, to a principal stockholder or member of the Board of Directors) from whom the organization leases a building or property.  a. Board Member/Stockholder name/title:                                                        \_\_  b. Name of related party: :                                                                                  \_\_\_\_\_  *Please include a copy of the lease for each item as* ***ATTACHMENT #II-60****.* | N/A |
| **The following questions relate to “conflict of interest.” Key employees (e.g., executive director, president, chief executive officer, administrator) exert a degree of control.** | | |
| 61. | List any key employee with whom your organization is “doing business”.  a. Employee name/position:                                                                       \_\_\_\_  b. Business Relationship:                                                               \_\_\_\_\_\_ | N/A |
| 62. | List anyone with whom your organization is “doing business” who is related by blood, adoption or marriage, to any key employee.  a. Key employee name/position:  b. Name of related party:                                                                               \_  c. Relationship to key employee:  d. Please specify business relationship:                                                           \_\_\_ | N/A |
| 63. | List any key employee from whom the organization leases a building and/or property.  a. Employee name/position:  *Please submit a copy of each lease as* ***ATTACHMENT #II-63****.* | N/A |
| 64. | Does your organization maintain an appraisal of market value or market rental rates for each property resulting from a related-party transaction?  If no, please explain. | ☐Yes ☐No ☐N/A |
| 65. | List any key employee related by blood, adoption or marriage, to a member of your Board of Directors.  a. Board Member name/position:  b. Key Employee name/title of:  c. Relationship to Board Member: | N/A |
| 66. | List any key employee related by blood, adoption or marriage, to anyone related, by blood, adoption or marriage, to a member of your Board of Directors.  a. Board Member name/position:                                                                        \_  b. Key Employee name/title of:                                       \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  c. Relationship to Board Member: | N/A |
| 67. | List any key employee related by blood, adoption or marriage to a principal stockholder or to anyone related by blood, adoption or marriage to a principal stockholder.  a. Stockholder or related party:  b. Name/position of Key Employee or related party:                                    \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  c. Relationship to Stockholder: | N/A |
| 68. | List any employee related by blood, adoption or marriage to a key employee or to anyone related by blood, adoption or marriage to a key employee.  a. Key Employee name/title:                                                                         \_  b. Related Employee name/title:                                                                         \_  c. Relationship to Key Employee: | N/A |
| **CERTIFICATION**  Signed by an individual with documented authority as designated by the business entity.  I HEREBY CERTIFY, TO THE BEST OF MY KNOWLEDGE, THAT THE INFORMATION REPORTED HEREIN IS TRUE, CORRECT, AND COMPLETE. | | |

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| Authorized Signature |  | Date |
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| Printed/Typed Name |  | Title |