



## Self-Assessment of Internal Controls

The Self-Assessment of Internal Control for Federal grant funds, commonly referred to as the Internal Control Questionnaire (ICQ) is a tool to be utilized by Kansas local health agencies to assist in confirming the presence of a sound system of internal controls over the expenditures of Federal funds.

The A-102 Common Rule and OMB Circular A-110 (2 CFR Part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

OMB Circular A-133 requires auditors to obtain an understanding of the non-Federal entity's internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and unless internal control is likely to be ineffective, perform testing of internal control as planned.

This self-assessment questionnaire is intended to assist local health departments and their auditors in complying with these requirements by describing, for each type of compliance requirement, the objectives of internal control, and certain characteristics of internal control that, when present and operating effectively, may ensure compliance with program requirements.

However, the categorizations reflected in this self-assessment questionnaire may not necessarily reflect how an entity considers and implements internal control. Also, this part is not a checklist of required internal control characteristics. Local health departments could have adequate internal control even though some or all of the characteristics included in self-assessment questionnaire are not present.

Further, local health departments could have other appropriate internal controls operating effectively that have not been included in this questionnaire. Local health departments and their auditors will need to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements.

The objectives of internal control pertaining to the compliance requirements for Federal programs (Internal Control Over Federal Programs), as found in §\_\_\_105 of OMB Circular A-133, are as follows:

1. Transactions are properly recorded and accounted for to:
  - Permit the preparation of reliable financial statements and Federal reports;
  - Maintain accountability over assets; and
  - Demonstrate compliance with laws, regulations, and other compliance requirements;
2. Transactions are executed in compliance with:
  - Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and
  - Any other laws and regulations that are identified in the compliance supplements; and
3. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

This questionnaire describes characteristics of internal control relating to each of the five components of internal control that should reasonably assure compliance with the requirements of Federal laws, regulations, and program compliance requirements. A description of the components of internal control and examples of characteristics common to the 14 types of compliance requirements are listed below.

## Self-Assessment of Internal Controls

Control Environment - Sets the tone of an organization influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.

- Sense of conducting operations ethically, as evidenced by a code of conduct or other verbal or written directive.
- If there is a governing Board, the Board has established an Audit Committee or equivalent that is responsible for engaging the auditor, receiving all reports and communication from the auditor, and ensuring that audit findings and recommendations are adequately addressed.
- Management's positive responsiveness to prior questioned costs and control recommendation.
- Management's respect for and adherence to program compliance requirements.
- Key managers' responsibilities clearly defined.

Risk Assessment - Is the entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed.

- Program managers and staff understand and have identified key compliance objectives.
- Organizational structure provides identification of risks of noncompliance:
  - Key managers have been given responsibility to identify and communicate changes.
  - Employees who require close supervision (e.g. inexperienced) are identified.
  - Management has identified and assessed complex operations, programs, or projects.
  - Management is aware of results of monitoring, audits, and reviews and considers related risk of noncompliance.
- Process established to implement changes in program objectives and procedures.

Control Activities - Are the policies and procedures that help ensure that management's directives are carried out.

- Operating policies and procedures clearly written and communicated.
- Procedures in place to implement changes in laws, regulations, guidance, and funding agreements affecting Federal awards.
- Management prohibition against intervention or overriding established controls.
- Adequate segregation of duties provided between performance, review, and recordkeeping of a task.
- Computer and program controls should include:
  - Data entry controls, e.g., edit checks
  - Exception reporting
  - Access controls
  - Reviews of input and output data
  - Computer general controls and security controls.
- Supervision of employees commensurate with their level of competence.
- Personnel with adequate knowledge and experience to discharge responsibilities.
- Equipment, inventories, cash and other assets secured physically and periodically counted and compared to recorded amounts.
- If there is a governing Board, the Board conducts regular meetings where financial information is reviewed and the results of program activities and accomplishments are discussed. Written documentation is maintained of the matters addressed at such meetings.

## Self-Assessment of Internal Controls

Information and Communication - Are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

- Accounting system provides for separate identification of Federal and non-Federal transactions and allocation of transactions applicable to both.
- Adequate source documentation exists to support amounts and items reported.
- Recordkeeping system is established to ensure that accounting records and documentation retained for the time period required by applicable requirements; such as the A-102 Common Rule (§\_\_\_\_.42), OMB Circular A-110 (2 CFR 215.53), and the provisions of laws, regulations, contracts or grant agreements applicable to the program.
- Reports provided timely to managers for review and appropriate action.
- Accurate information is accessible to those who need it.
- Reconciliations and reviews ensure accuracy of reports.
- Established internal and external communication channels.
  - Staff meetings.
  - Bulletin boards.
  - Memos, circulation files, e-mail.
  - Surveys, suggestion box.
- Employees' duties and control responsibilities effectively communicated.
- Channels of communication for people to report suspected improprieties established.
- Actions taken as a result of communications received.
- Established channels of communication between the pass-through entity and subrecipients.

Monitoring - Is a process that assesses the quality of internal control performance over time.

- Ongoing monitoring built-in through independent reconciliations, staff meeting feedback, rotating staff, supervisory review, and management review of reports.
- Periodic site visits performed at decentralized locations (including subrecipients) and checks performed to determine whether procedures are being followed as intended.
- Follow up on irregularities and deficiencies to determine the cause.
- Internal quality control reviews performed.
- Management meets with program monitors, auditors, and reviewers to evaluate the condition of the program and controls.
- Internal audit routinely tests for compliance with Federal requirements.
- If there is a governing Board, the Board reviews the results of all monitoring or audit reports and periodically assesses the adequacy of corrective action.



## Self-Assessment of Internal Controls

### Instructions:

1. Identify grant CFDA #.
2. Determine which of the 14 compliance requirements (CRs) are applicable by using the schedule of applicable CRs for common health department grants or the A-133 matrix.
3. Complete the questionnaire for each applicable compliance requirement.

Pursuant to federal regulations imposed on practitioners who render tax advice ("Circular 230"), we are required to inform you that any discussion of tax matters contained herein (including any attachments unless expressly stated otherwise) is not intended or written to be tax advice, and cannot be relied upon as such, nor can it be used for the purpose of: (i) avoiding tax penalties that may be imposed by the IRS or states, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. If you seek definitive tax advice on a matter, please request a written tax memorandum from your AGH tax advisor.



ENTITY \_\_\_\_\_

**SINGLE AUDIT**

DATE \_\_\_\_\_

**ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COST PRINCIPLES**

QUESTION	YES	NO	N/A	REMARKS
<p><b>Instructions: Complete the Single Audit questionnaire for only <u>major</u> programs.</b></p> <p><b>CONTROL OBJECTIVES: To provide reasonable assurance that federal awards are expended only for allowable activities and that the costs of goods and services charged to federal awards are allowable and in accordance with the applicable cost principles.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Does management set reasonable budgets for federal and non-federal programs so that no incentive exists to miscode expenditures?</li> <li>2. Does management enforce appropriate penalties for misappropriation or misuse of funds?</li> <li>3. Does the entity realize the need for separate identification of allowable federal costs?</li> <li>4. Does management provide a list of allowable and unallowable expenditures to personnel who approve and pre-audit expenditures?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Does the entity have a process for assessing risks resulting from changes to cost accounting systems?</li> <li>2. Does management have a sufficient understanding of staff, processes, and controls to identify where unallowable activities or costs could be charged to a federal program and not be detected?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Is there accountability for charges and costs between federal and non-federal activities?</li> <li>2. Is there a process in place for timely updating of procedures for changes in activities allowed and cost principles?</li> <li>3. Are computations checked for accuracy?</li> <li>4. Is supporting documentation compared to a list of allowable and unallowable expenditures?</li> <li>5. Are adjustments to unallowable costs made where appropriate and is follow-up action taken to determine the cause?</li> <li>6. Are there adequate segregation of duties in the review and authorization of costs?</li> <li>7. Is there an individual who is knowledgeable of the requirements for determining activities allowed and allowable costs?</li> </ol>				



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QUESTION	YES	NO	N/A	REMARKS
<p><b><u>Information and Communication</u></b></p>				
<p>1. Are reports, such as a comparison of budget to actual, provided to appropriate management for review on a timely basis?</p>				
<p>2. Have internal and external communication channels on activities and costs allowed been established?</p>				
<p>3. Do training programs, both formal and informal, provide knowledge and skills necessary to determine activities and costs allowed?</p>				
<p>4. Is there interaction between management and staff regarding questionable costs?</p>				
<p>5. Are grant agreements (including referenced program laws, regulations, handbooks, etc.) and cost principles circulars available to staff responsible for determining activities allowed and allowable costs under federal awards?</p>				
<p><b><u>Monitoring</u></b></p>				
<p>1. Does management review supporting documentation of allowable cost information?</p>				
<p>2. Does information flow from the federal agency to appropriate management personnel?</p>				
<p>3. Are comparisons made with budget and expectations of allowable costs?</p>				
<p>4. Are analytic reviews (e.g., comparison of budget to actual or prior year to current year) and audits performed?</p>				



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<p><b><u>CONTROL OBJECTIVES: To provide reasonable assurance that the draw down of federal cash is for immediate needs, reimbursement is requested after costs have been incurred, states comply with Treasury agreements and recipients limit payments to subrecipients to immediate cash needs.</u></b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Is there proper assignment of responsibility for approval of cash drawdowns, reimbursements, and payments to subrecipients?</li> <li>2. Are budgets for drawdowns consistent with realistic cash needs?</li> <li>3. Are reimbursements requested only after costs have been incurred?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Do procedures exist to anticipate, identify, and react to routine events that affect cash needs?</li> <li>2. Are there routine assessments of the adequacy of subrecipient cash needs?</li> <li>3. Has management identified programs which receive cash advances and/or reimbursements, and is management aware of cash management requirements?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Are cash flow statements by program prepared to determine essential cash flow needs?</li> <li>2. Is the accounting system capable of scheduling payments for accounts payable and requests for funds from Treasury to avoid time lapse between drawdown of funds and actual disbursement of funds?</li> <li>3. Is there an appropriate level of supervisory review of cash management activities?</li> <li>4. Is there a written policy that provides:               <ol style="list-style-type: none"> <li>a. Procedures for requesting cash advances are close as is administratively possible to actual cash outlays and reimbursement only after costs have been incurred?</li> <li>b. Monitoring of cash management activities?</li> <li>c. Repayment of excess interest earnings were required?</li> </ol> </li> </ol>				



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5. For state programs subject to a treasury-state agreement, is there a written policy that provides: <ul style="list-style-type: none"> <li>a. Procedures for determining check clearing patterns (if applicable to the funding)?</li> <li>b. Programs covered by the agreement?</li> <li>c. Methods used to calculate interest? Required?</li> </ul>				
<b><u>Information and Communication</u></b>				
1. Is variance reporting of expected, versus actual cash disbursements of federal awards and drawdowns of federal funds, being done?				
2. Is there an established channel of communication between the pass-through entity and the subrecipient regarding cash needs?				
<b><u>Monitoring</u></b>				
1. Is there periodic independent evaluation (e.g. by internal audit, top management) of the entity's cash management, budget and actual results, repayment of excess interest earnings, and federal drawdown activities?				
2. Are subrecipients' requests for federal funds evaluated?				
3. Is there a review of compliance with treasury-state agreements?				



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<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that contractors and subcontractors were notified of the Davis-Bacon Act requirements and the required certified payrolls were submitted to the Entity.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Does management understand and communicate to staff, contractors, and subcontractors, the requirements to pay wages in accordance with the Davis-Bacon Act?</li> <li>2. Does management understand its responsibility for monitoring compliance?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Are there mechanisms in place to identify contractors and subcontractors most at risk of not paying the prevailing wage rates?</li> <li>2. Has management identified how compliance will be monitored and the related risks of failure to monitor for compliance with the Davis-Bacon Act?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Are contractors informed in the procurement documents of the requirements for prevailing wage rates?</li> <li>2. Are contractors and subcontractors required to submit certifications and copies of payrolls?</li> <li>3. Are contractors' and subcontractors' payrolls monitored to ensure certified payrolls are submitted?</li> </ol> <p><b><u>Information and Communication</u></b></p> <ol style="list-style-type: none"> <li>1. Are prevailing wage rates appropriately communicated?</li> <li>2. Do reports provide sufficient information to determine if requirements are being met?</li> <li>3. Are channels established for staff, contractors, and workers to report misclassifications or failure to pay prevailing wages?</li> </ol> <p><b><u>Monitoring</u></b></p> <ol style="list-style-type: none"> <li>1. Does management review to ensure that contractors and subcontractors are properly notified of the Davis- Bacon requirements?</li> <li>2. Does management review to ensure that certified payrolls are properly received?</li> </ol>				



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<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that only eligible individuals and organizations received assistance under federal award programs, that subawards are made only to the eligible subrecipients, and that amounts provided to or on behalf of eligible individuals were calculated in accordance with program requirements.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Does staff size and competence provide for proper making of eligibility determinations?</li> <li>2. Are realistic caseload/performance targets established for eligibility determinations?</li> <li>3. Are lines of authority clear for determining eligibility?</li> <li>4. Is there adequate knowledge of and access to a computer system and/or database used for eligibility assessment and recording?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Does the entity realize the risk that eligibility information prepared internally or received from external sources could be incorrect?</li> <li>2. Are conflict-of-interest statements maintained for individuals who determine eligibility?</li> <li>3. Is there a process for assessing risks resulting from changes to eligibility determination systems?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Do written policies provide direction for making and documenting eligibility determinations?</li> <li>2. Are procedures to calculate eligibility amounts consistent with program requirements?</li> <li>3. Are eligibility objectives and procedures clearly communicated to employees?</li> <li>4. Are authorized signatures (manual or electronic) on eligibility documents periodically reviewed?</li> <li>5. Is the access to eligibility records limited to appropriate persons?</li> <li>6. Are manual criteria checklists or automated processes used in making eligibility determinations?</li> <li>7. Is the process for periodic eligibility re-determinations in accordance with program requirements?</li> </ol>				



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QUESTION	YES	NO	N/A	REMARKS
8. Is the accuracy of information used in eligibility determinations verified? 9. Are procedures used to ensure the accuracy and completeness of the data used to determine eligibility? 10. Is a process in place to ensure benefits were discontinued when eligibility requirements were no longer met or when the period of eligibility expired?				
<b><u>Information and Communication</u></b>				
1. Does the information system meet needs of eligibility decision-makers and program management? 2. Is the process of eligibility information subject to edit checks and balancing procedures? 3. Do training program inform employees of eligibility requirements? 4. Do channels of communication exist for people to report suspected eligibility improprieties? 5. Is management receptive to suggestions to strengthen the eligibility determination process? 6. Is the documentation of eligibility in accordance with program requirements?				
<b><u>Monitoring</u></b>				
1. Does management perform periodic analytical reviews of eligibility determinations? 2. Are eligibility determinations monitored by reviewers to ensure that overrides to determination process are appropriate? 3. Are program quality control procedures performed? 4. Are detailed transactions periodically audited?				



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<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that proper records are maintained for equipment acquired with federal awards, equipment is adequately safeguarded and maintained, disposition or encumbrances of any equipment or real property is in accordance with federal requirements, and the federal awarding agency is appropriately compensated for its share of any property sold or converted to non-federal use.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Is management committed to providing proper stewardship for property acquired with federal awards?</li> <li>2. Do incentives exist to not under-value assets at time of disposition?</li> <li>3. Does sufficient accountability exist to discourage misuse of federal assets?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Are there procedures in place to identify the risk of misappropriation or improper disposition of property acquired with federal awards?</li> <li>2. Does management understand the requirements and operations sufficiently to identify potential areas of non-compliance (e.g., decentralized locations, departments with budget constraints, transfers of assets between departments)?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Are accurate records maintained for all acquisitions and dispositions of property acquired with federal awards?</li> <li>2. Are property tags placed on equipment?</li> <li>3. Is a physical inventory of equipment periodically taken and compared to property records?</li> <li>4. Do property records contain a description (including serial number or other identification number), a source, who holds title, the acquisition date and cost, percentage of federal participation in the cost, location, condition, and disposition data?</li> <li>5. Are procedures established to ensure that the federal awarding agency is appropriately reimbursed for dispositions of property acquired with federal awards?</li> </ol>				



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<p><b><u>Information and Communication</u></b></p> <ol style="list-style-type: none"> <li>1. Does the accounting system provide for separate identification of property acquired wholly or partly with federal funds and with non-federal funds?</li> <li>2. Does a channel of communication exist for people to report suspected improprieties in the use or disposition of equipment?</li> <li>3. Are program managers provided with applicable requirements and guidelines?</li> </ol> <p><b><u>Monitoring</u></b></p> <ol style="list-style-type: none"> <li>1. Does management review the results of periodic inventories and follow up on inventory discrepancies?</li> <li>2. Does management review dispositions of property to ensure appropriate valuation and reimbursement to federal awarding agencies?</li> </ol>				



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<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that matching, level of effort, or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued.</b></p> <p><b><u>Control Environment</u></b></p> <p>1. Is there a commitment from management to meet matching, level of effort, and earmarking requirements (e.g., adequate budget resources to meet a specified matching requirement or maintain a required level of effort)?</p> <p>2 Does the budgeting process address/provide adequate resources to meet matching, level of effort, or earmarking goals?</p> <p>3 Does an official written policy exist outlining:</p> <ul style="list-style-type: none"> <li>a. responsibilities for determining required amounts or limits for matching, level of effort, or earmarking?</li> <li>b. methods of valuing matching requirements; e.g., "in-kind" contributions of property and services, calculations of levels of effort?</li> <li>c. allowable costs that may be claimed for matching, level of effort, or earmarking?</li> <li>d. methods of accounting for and documenting amounts used to calculate amounts claimed for matching, level of effort, or earmarking?</li> </ul> <p><b><u>Risk Assessment</u></b></p> <p>1. Have the areas where estimated values will be used for matching, level of effort, or earmarking been identified?</p> <p>2. Does management have sufficient understanding of the accounting system to identify potential recording problems?</p> <p><b><u>Control Activities</u></b></p> <p>1. Has evidence been obtained such as a certification from the donor or other procedures performed to identify whether matching contributions:</p> <ul style="list-style-type: none"> <li>a. are from non-federal sources?</li> <li>b. involve federal funding, directly or indirectly?</li> <li>c. were used for another federally-assisted program? (Note: Generally, matching contributions must be from a non-federal source and may not involve federal funding or be used for another federally-assisted program.)</li> </ul> <p>2. Has there been adequate review of monthly cost reports and adjusting entries?</p>				



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<p><b><u>Information and Communication</u></b></p>				
<p>1. Is the accounting system capable of separately accounting for data used to support matching, level of effort, or earmarking amounts or limits or calculations?</p> <p>2. Is the accounting system capable of ensuring that expenditures or expenses, refunds, and cash receipts or revenues are properly classified and recorded only once as to their effect on matching, level of effort, or earmarking?</p> <p>3. Is the accounting system capable of documenting the value of "in-kind" contributions of property or services, including:</p> <ul style="list-style-type: none"> <li>a. basis for local labor market rates for valuing volunteer services?</li> <li>b. payroll records or confirmation from other organizations for services provided by their employees?</li> <li>c. quotes, published prices, or independent appraisals used as the basis for donated equipment, supplies, land buildings, or use of space?</li> </ul>				
<p><b><u>Monitoring</u></b></p>				
<p>1. Is there a supervisory review of matching, level of effort, or earmarking activities performed to assess the accuracy and allowability of transactions and determinations, e.g., at the time reports on federal awards are prepared?</p>				



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<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that federal funds are used only during the authorized period of availability.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Does management understand and is management committed to complying with period of availability requirements?</li> <li>2. Are the entity's operations such that it is unlikely there will be federal funds remaining at the end of the period of availability?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Does the budgetary process consider period of availability of federal funds as to both obligation and disbursement?</li> <li>2. Is there identification and communication of the period of availability cut-off requirements as to both obligation and disbursement?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Does the accounting system prevent obligations or expenditures of federal funds outside of the period of availability?</li> <li>2. Are disbursements reviewed by persons knowledgeable of period of availability of funds?</li> <li>3. Are end of grant period cut-offs met by such mechanisms as advising program managers of impending cut-off dates and review of expenditures just before and after cut-off date?</li> <li>4. Are unliquidated commitments canceled at the end of the period of availability?</li> </ol> <p><b><u>Information and Communication</u></b></p> <ol style="list-style-type: none"> <li>1. Is there timely communication of period of availability requirements and expenditure deadlines to individuals responsible for program expenditure, including automated notifications of pending deadlines?</li> <li>2. Is there periodic reporting of unliquidated balances to appropriate levels of management and follow up?</li> </ol> <p><b><u>Monitoring</u></b></p> <ol style="list-style-type: none"> <li>1. Is there a periodic review of expenditures before and after cut-off date to ensure compliance with period of availability requirements?</li> <li>2. Does management review reports showing budget and actual for period?</li> </ol>				



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<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of the A-102 Common Rule or OMB Circular A-110, as applicable, and that no subaward, contract, or agreement for purchases of goods or services is made with any debarred or suspended party.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Do codes of conduct and other policies regarding acceptable practice, conflicts-of-interest, or expected standards of ethical and moral behavior for making procurements exist and have they been implemented?</li> <li>2. Is there a procurement manual that incorporates the federal requirements?</li> <li>3. Is there an absence of pressure to meet unrealistic procurement performance targets?</li> <li>4. Does management have policies against the intervention or overriding of established procurement controls?</li> <li>5. Is Board or governing body oversight required for high dollar, lengthy, or other sensitive procurement contracts?</li> <li>6. Do key procurement managers, in light of responsibilities for procurements for federal awards, have adequate knowledge and experience?</li> <li>7. Is there clear assignment of authority for issuing purchase orders and contracting for goods and services?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Are there procedures to identify risks arising from vendor inadequacy, e.g. quality of goods and services, delivery schedules, warranty assurances, user support?</li> <li>2. Are procedures established to identify risks arising from conflicts-of-interest, e.g., kickbacks, related party transactions, bribery?</li> <li>3. Does management understand the requirements for procurement and suspension and debarment? Has management identified where non-compliance could likely occur?</li> <li>4. Are conflict of interest statements maintained for individuals with responsibility for procurement of goods or services?</li> </ol>				



ENTITY \_\_\_\_\_

**SINGLE AUDIT**

DATE \_\_\_\_\_

**ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COST PRINCIPLES**

QUESTION	YES	NO	N/A	REMARKS
<p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Are there job descriptions or other means of defining tasks that comprise particular procurement jobs?</li> <li>2. Is the contractor's performance with the terms, conditions, and specifications of the contract monitored and documented?</li> <li>3. Have duties been segregated between employees responsible for contracting and accounts payable and cash disbursing?</li> <li>4. Are procurement actions appropriately documented in the procurement files?</li> <li>5. Do supervisors review procurement and contracting decisions for compliance with federal procurement policies?</li> <li>6. Have procedures been established to verify that vendors providing goods and services under the award have not been suspended or debarred by the federal government?</li> <li>7. Is there an official written policy for procurement and contracts establishing:               <ol style="list-style-type: none"> <li>a. that contract files document significant procurement history?</li> <li>b. the methods of procurement authorized, including selection of contract type, contractor selection or rejection, and the basis of contract price?</li> <li>c. verification that procurements provide full and open competition?</li> <li>d. the requirements for cost or price analysis, including for contract modifications?</li> <li>e. the obtaining and reacting to suspension and debarment certifications?</li> <li>f. any other applicable requirements for procurements under federal awards are followed?</li> </ol> </li> <li>8. Does the official written policy for suspension and debarment?               <ol style="list-style-type: none"> <li>a. contain or reference the federal requirements?</li> <li>b. prohibit the award of a subaward, covered contract, or any other covered agreement for program administration, goods, services, or any other program purpose with any suspended or debarred party?</li> <li>c. require staff to determine that entities receiving subawards of any value and procurement contracts equal to or exceeding \$25,000 and their principals are not suspended or debarred by checking the Excluded Parties Listing System (EPLS), which is maintained by the General Services Administration, or require inserting a clause in the agreement?</li> </ol> </li> </ol>				



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**ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COST PRINCIPLES**

QUESTION	YES	NO	N/A	REMARKS
<p><b><u>Information and Communication</u></b></p>				
<p>1. Is there a system in place to assure that procurement documentation is retained for the time period required by the A-102 Common Rule, OMB Circular A-110, award agreements, contracts, and program regulations?</p>				
<p>2. Does the documentation include:</p> <ul style="list-style-type: none"> <li>a. the basis for contractor selection?</li> <li>b. justification for lack of competition when competitive bids or offers are not obtained?</li> <li>c. the basis for award cost or price?</li> </ul>				
<p>3. Are the employees' procurement duties and control responsibilities effectively communicated?</p>				
<p>4. Are procurement staff provided a current Excluded Parties Listing System (EPLS), issued by the General Services Administration, or have on-line access?</p>				
<p>5. Are channels of communication provided for people to report suspected procurement and contracting improprieties?</p>				
<p><b><u>Monitoring</u></b></p>				
<p>1. Does management periodically conduct independent reviews of procurements and contracting activities to determine whether policies and procedures are being followed as intended?</p>				



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**ACTIVITIES ALLOWED OR UNALLOWED  
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QUESTION	YES	NO	N/A	REMARKS
<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with the program requirements.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Does management recognize its responsibilities for program income?</li> <li>2. Is management prohibited from having intervention or overriding controls over program income?</li> <li>3. Are there realistic performance targets for the generation of program income?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Are there mechanisms in place to identify the risk of unrecorded or miscoded program income?</li> <li>2. Are variances between expected and actual income analyzed?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Are pricing and collection policies and procedures clearly communicated to personnel responsible for program income?</li> <li>2. Are there procedures in place to ensure that program income is properly recorded as earned and deposited in the bank as collected?</li> <li>3. Do policies and procedures provide for correct use of program income in accordance with federal program requirements?</li> </ol> <p><b><u>Information and Communication</u></b></p> <ol style="list-style-type: none"> <li>1. Do information systems identify program income collections and usage?</li> <li>2. Are there channels of communication for people to report suspected improprieties in the collection or use of program income?</li> </ol> <p><b><u>Monitoring</u></b></p> <ol style="list-style-type: none"> <li>1. Is there an internal audit of program income?</li> <li>2. Does management compare program income to budget and investigate significant differences?</li> </ol>				



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**SINGLE AUDIT**

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**ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COST PRINCIPLES**

QUESTION	YES	NO	N/A	REMARKS
<p><b>CONTROL OBJECTIVES: To provide reasonable assurance of compliance with the real property acquisition, appraisal, negotiation, and relocation requirements.</b></p>				
<p><b><u>Control Environment</u></b>            1. Is management committed to ensuring compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA)?            2. Do written policies exist for handling relocation assistance and real property acquisition?</p>				
<p><b><u>Risk Assessment</u></b>            1. Has the risk that relocation will not be conducted in accordance with the URA been identified, e.g., improper payments will be made to individuals or businesses that relocate?</p>				
<p><b><u>Control Activities</u></b>            1. Have employees handling relocation assistance and real property acquisition been trained in the requirements of the URA?            2. Have expenditures pertaining to real property acquisition and relocation assistance been reviewed by employees knowledgeable in the URA?</p>				
<p><b><u>Information and Communication</u></b>            1. Is a system in place to adequately document relocation assistance and real property acquisition?</p>				
<p><b><u>Monitoring</u></b>            1. Does management monitor relocation assistance and real property acquisition for compliance with the URA?</p>				



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**ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COST PRINCIPLES**

QUESTION	YES	NO	N/A	REMARKS
<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that reports of federal awards submitted to the federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.</b></p> <p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Do persons preparing, reviewing, and approving the reports possess the required knowledge, skills, and abilities?</li> <li>2. Does management's attitude toward reporting promote accurate and fair presentation?</li> <li>3. Is there appropriate assignment of responsibility and delegation of authority for reporting decisions?</li> </ol> <p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Do procedures exist to identify risks of faulty reporting caused by such items as lack of current knowledge of, inconsistent application of, or carelessness or disregard for standards and reporting requirements of federal awards?</li> <li>2. Has underlying source data or analysis for performance or special reporting that may not be reliable been identified?</li> </ol> <p><b><u>Control Activities</u></b></p> <ol style="list-style-type: none"> <li>1. Do written policies exist that establish responsibility and provide the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments?</li> <li>2. Is there a tracking system which reminds staff when reports are due?</li> <li>3. Is the general ledger or other reliable records the basis for the reports?</li> <li>4. Are supervisory review of reports performed to assure accuracy and completeness of data and information included in the reports?</li> <li>5. Is the required accounting method used (e.g., cash or accrual)?</li> </ol> <p><b><u>Information and Communication</u></b></p> <ol style="list-style-type: none"> <li>1. Does an accounting or information system exist that provides for the reliable processing of financial and performance information for federal awards?</li> </ol> <p><b><u>Monitoring</u></b></p> <ol style="list-style-type: none"> <li>1. Do communications from external parties corroborate information included in the reports for federal awards?</li> </ol>				



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**SINGLE AUDIT**  
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**AND ALLOWABLE COST PRINCIPLES**

QUESTION	YES	NO	N/A	REMARKS
2. Are reports periodically compared with supporting records?				



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**SINGLE AUDIT**

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AND ALLOWABLE COST PRINCIPLES**

QUESTION	YES	NO	N/A	REMARKS
<p><b>CONTROL OBJECTIVES: To provide reasonable assurance that federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient non-compliance on the pass-through entity is evaluated. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient obtained required audits and takes appropriate corrective action on audit findings.</b></p>				
<p><b><u>Control Environment</u></b></p> <ol style="list-style-type: none"> <li>1. Has there been an establishment of management's commitment to monitoring subrecipients?</li> <li>2. Does management prohibit the overriding of established procedures to monitor subrecipients?</li> <li>3. Is the entity's organizational structure and its ability to provide the necessary information flow to monitor subrecipients adequate?</li> <li>4. Are there sufficient resources dedicated to subrecipient monitoring?</li> <li>5. Are the knowledge, skills, and abilities needed to accomplish subrecipient monitoring tasks defined?</li> <li>6. Do the individuals performing subrecipient monitoring possess the knowledge, skills and abilities required?</li> <li>7. Have the subrecipients demonstrated that:               <ol style="list-style-type: none"> <li>a. they are willing and able to comply with the requirements of the award?</li> <li>b. they have accounting systems, including the use of applicable cost principles, and internal control systems adequate to administer the award?</li> </ol> </li> <li>8. Have the appropriate sanctions been taken for subrecipient non-compliance?</li> </ol>				
<p><b><u>Risk Assessment</u></b></p> <ol style="list-style-type: none"> <li>1. Do key managers understand the subrecipient's environment, systems, and controls sufficient to identify the level and methods of monitoring required?</li> </ol>				



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**SINGLE AUDIT**

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QUESTION	YES	NO	N/A	REMARKS
<p>2. Do procedures exist to identify risks arising from external sources affecting subrecipients, such as risks related to:</p> <ul style="list-style-type: none"> <li>a. economic conditions?</li> <li>b. political conditions?</li> <li>c. regulatory changes?</li> <li>d. unreliable information?</li> </ul> <p>3. Do procedures exist to identify and react to changes in subrecipients, such as:</p> <ul style="list-style-type: none"> <li>a. financial problems that could lead to diversion of grant funds?</li> <li>b. loss of essential personnel?</li> <li>c. loss of license or accreditation to operate program?</li> <li>d. rapid growth?</li> <li>e. new activities, products, or services?</li> <li>f. organizational restructuring?</li> </ul>				
<p><b><u>Control Activities</u></b></p>				
<p>1. Has the federal award information (e.g., CFDA title and number, award name, name of federal agency, amount of award) and applicable compliance requirements been identified to subrecipients?</p> <p>2. Has the requirement to comply with the compliance requirements applicable to the federal program including the audit requirements of OMB Circular A-133 been included in agreements with subrecipients?</p> <p>3. Does the entity monitor subrecipients' compliance with audit requirements by:</p> <ul style="list-style-type: none"> <li>a. inquiring whether the subrecipient met the threshold requiring an audit under OMB Circular A-133?</li> <li>b. assuring that the subrecipient submits the report, report package or the documentation required by OMB Circulars and/or recipient's requirements?</li> <li>c. following up with the subrecipient when required to have an audit until the audit is completed or taking appropriate action until the subrecipient meets the audit requirements?</li> </ul> <p>4. Does the entity monitor compliance of the subrecipients by:</p> <ul style="list-style-type: none"> <li>a. issuing timely management decisions for audit and monitoring findings to inform the subrecipient whether the corrective action planned is acceptable?</li> <li>b. maintaining a system to track and follow up on reported deficiencies related to programs funded by the recipient and ensure that timely corrective action is taken?</li> </ul>				



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QUESTION	YES	NO	N/A	REMARKS
<ul style="list-style-type: none"> <li>c. regularly contacting the subrecipients and making appropriate inquiries concerning the federal program?</li> <li>d. reviewing subrecipient reports and following-up on areas of concern?</li> <li>e. monitoring subrecipient budgets?</li> <li>f. performing site visits to subrecipient to review financial and programmatic records and observe operations?</li> <li>g. offering subrecipients technical assistance where needed?</li> </ul> <p>5. Have official written policies and procedures been established:</p> <ul style="list-style-type: none"> <li>a. communicating federal award requirements to subrecipients?</li> <li>b. describing the responsibilities for monitoring subrecipients?</li> <li>c. defining the process and procedures for monitoring?</li> <li>d. describing the methodology for resolving findings of subrecipient non-compliance or weaknesses in internal control?</li> <li>e. listing the requirements for and processing of subrecipient audits, including appropriate adjustment of pass-through entity's accounts?</li> </ul>				
<p><b><u>Information and Communication</u></b></p> <p>1. Do standard award documents used by the non-federal entity contain:</p> <ul style="list-style-type: none"> <li>a. listing of federal requirements that the subrecipient must follow? (Items can be specifically listed in the award document, attached as an exhibit to the document or incorporated by reference to specific criteria.)</li> <li>b. the description and program number for each program as stated in the Catalog of Federal Domestic Assistance (CFDA)? (If the program funds include pass-through funds from another recipient, the pass-through program information should also be identified.)</li> <li>c. a statement signed by an official of the subrecipient stating that the subrecipient was informed of, understands, and agrees to comply with the applicable compliance requirements?</li> </ul> <p>2. Is a recordkeeping system in place to assure that documentation is retained for the time period required by the recipient?</p> <p>3. Are procedures in place to provide channels for subrecipients to communicate concerns to the pass-through entity?</p>				



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QUESTION	YES	NO	N/A	REMARKS
<p><b><u>Monitoring</u></b></p> <p>1. Has a tracking system been established to assure timely submission of required reporting, such as: financial reports, performance reports, audit reports, on-site monitoring reviews of subrecipients, and timely resolution of audit findings?</p> <p>2. Are supervisory reviews performed to determine the adequacy of subrecipient monitoring?</p>				



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QUESTION	YES	NO	N/A	REMARKS
<p><b><u>CONTROL OBJECTIVES: To provide reasonable assurance of compliance with special tests and provisions.</u></b></p> <p>Identify and list all material special provisions:</p> <p>1 _____</p> <p>2 _____</p> <p>3 _____</p> <p>4 _____</p> <p>5 _____</p> <p><b><u>Control Environment</u></b></p> <p>1. Is management committed to ensuring compliance with the special tests and provisions identified above?</p> <p><b><u>Risk Assessment</u></b></p> <p>1. Has management identified how compliance will be monitored and the related risks of failure to monitor compliance with the special tests and provisions identified above?</p> <p>2. Has management identified areas where non-compliance could likely occur?</p> <p><b><u>Control Activities</u></b></p> <p>1. Are there procedures in place to ensure that the special tests and provisions identified above are met?</p> <p>2. Is there an appropriate level of supervisory review of compliance with the special tests and provisions identified above?</p> <p><b><u>Information and Communication</u></b></p> <p>1. Are individuals who are responsible for determining compliance with the special tests and provisions identified above provided with applicable requirements?</p> <p>2. Do channels of communication exist for individuals to report instances of non-compliance?</p> <p><b><u>Monitoring</u></b></p> <p>1. Does management periodically review compliance with the special tests and provisions identified above?</p>				