

INTERNAL CONTROL QUESTIONNAIRE

Complete the matrix by performing the following:

- 1) The Executive Director is responsible for the accuracy and approval of the completed Internal Control Questionnaire (ICQ) matrix.
As evidence of the Executive Directors approval, the Executive Director must e-mail the completed ICQ matrix to veroncia.higgins@tcada.state.tx.us
- 2) Fill in the name of each employee who has a position or similar position identified below. (Not needed for board members)
- 3) Check the column of the person responsible for each internal control task. If not applicable write "NA" in the "Yes, No, or N/A" column.
- 4) For answers requiring a yes or no answer, write yes or no in the "Yes, No, or N/A" column.
- 5) For questions which require an explanation, fill in the information in the space provided and if more space is needed, expand the size of the row.
Or, you may write the answer on additional paper.
- 6) Add additional rows for more employees or additional columns for more staff or board member titles, as necessary.
- 7) In the Comments section provide any additional information.

Organization Name

	Board Member	Executive Director	CFO	Treasurer	Accounting Assistant, A/P or A/R Clerk	Accounting Assistant, A/P or A/R Clerk	Program Administrator	Other Personnel	Yes, No, or N/A	Comments
Name of each employee below:										
A Segregation of Duties IC Questions										
1 Who signs payroll checks?										
2 Who signs expenditure checks?										
3 Who can post transactions to the GL?										
4 Who has access to blank checks?										
5 Who prepares bank statement reconciliations?										
6 Who has access to cancelled checks?										
7 Who authorizes/approves purchases?										
8 Who prepares checks?										
B General internal Controls										
1 Are cost centers established in the accounting system for each program?										
2 Who approves/reviews bank reconciliations?										
3 Who approves monthly financials/P&Ls?										
4 Who has a password to access the financial system?										
5 Who has custody of blank checks?										
6 Are offices with sensitive information locked during non-business hours?										
7 Who tracks voided checks?										

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8 Who posts monthly/year end accruals?										
9 Who reviews monthly/year end accruals?										
10 Who reviews monthly budgets to actual monthly expenditures?										
11 Are key employees required to take annual leave?										
12 Is a staff person responsible for reviewing policies and procedures for compliance with Commission rules?										

13 Who conducts the review of policies and procedures for compliance with Commission rules? How often?

C Control Over Expenditures

1 Who approves purchase requests?										
2 Who approves payments?										
3 Are invoices stamped with received date?										
4 Are invoices stamped with the date posted?										
5 Are invoices stamped with the date paid?										
6 Are invoice numbers entered into the accounting system?										
7 Does the audit trail function remain turned on in the accounting software?										
8 Are purchase requests matched to invoices when paid?										
9 Is the due date of invoices entered in the accounting system?										
10 Who reviews expenditures for compliance with grant requirements?										
11 Who performs and maintains the FSR reconciliation to the GL?										
12 Who reviews the FSR reconciliation?										

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13 How does the person posting the expenditure know which program a particular expenditure benefited?										
14 What documents are reviewed when approving payments?										
15 Describe the process of how supplies, services, and equipment are procured and paid for.										
D <u>Control Over Payroll</u>										
1 Who conducts the review of policies and procedures for compliance with Commission rules? How often?										
2 Are time sheets approved by supervisors?										
3 Who approves the executive directors' timesheets?										
4 Who approves the executive directors' bonuses?										
5 Is the payroll processing contracted out?										
6 Who ties the payroll register to the general ledger?										
7 Who has custody of unclaimed payroll checks?										
8 Who reviews the validity of payroll expenditures?										
9 Who prepares the 941 payroll tax returns?										
10 Who reviews the payment of payroll taxes?										
11 Describe how payroll is processed, documented, and paid.										

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E <u>Controls over Cost Allocation</u>										
1 Who calculates allocation percentages?										
2 Do time sheets identify each program an employee could work for and other non-billable activities?										
3 Who approves allocation/distribution percentages?										
4 Describe the process used to ensure that the methodologies utilized in the cost allocation spreadsheets adhere to the methodologies in the CAP.										
5 For which allocation methodologies are cost pools established?										
F <u>Controls Over Billing</u>										
1 Who enters the FSRs and RFAs into BHIPS?										
2 Who reconciles the FSRs to the RFAs?										
3 Who approves/reviews FSRs and RFAs?										
4 Who reviews the information entered into BHIPS?										
5 Who approves and submits BHIPS unit rate billings?										
6 Who reconciles the BHIPS unit rate payments to the billing reports and the client attendance rosters for group sessions?										

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G <u>Control Environment Controls</u>										
1 What type of oversight does board provide to management and staff regarding integrity and ethical values?										
2 Has the board adopted formal codes of conduct for the organization?										
3 What are the penalties or disciplinary actions for violation of the formal codes of conduct?										
4 What mechanisms are in place to encourage employees to report suspected violations of the codes of conduct?										
H <u>Commitment to Competence</u>										
1 Are there formal job descriptions for each position?										
I <u>Board Direction</u>										
1 How often does the board meet?										
2 Does the organization do business with any board members or board members' relatives?										
3 Are there employees that are board members?										
4 Is there a board sub-committee on finance?										
J <u>Management's Philosophy and Operating Style</u>										
1 Does management hold formal meetings with staff to discuss policies and procedures?										
2 How often are the formal meetings held with staff to discuss policies and procedures? How is the meeting documented?										
3 How often does management meet with employees?										
4 How does management solicit input from employees?										

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5 What types of financial and other management reports does management review and how often?										
6 What is the turnover of key management? Identify turnover during the past 12 months.										
K <u>Organizational Structure</u>										
1 What is the hierarchy for the communication process within the organization and with the board?										
L <u>Assignment of Authority and Responsibility</u>										
1 Are there formal procurement processes and written procedures?										
2 Does management have procedures to identify/monitor agency goals and objectives and determine if they are met?										
3 Describe the procedures used to monitor if goals and objectives are being met?										
4 Do the written procurement procedures meet Commission requirements?										
5 What are the checks and balances in place regarding procurement?										
M <u>Human Resources Policies and Practices</u>										
1 What type of internal controls are in place to ensure that the CEO, CFO, key managers, and staff meet education, experience, and/or credentialing requirements as set forth by the Commission or have the experience and/or education to maintain effective programmatic and financial controls?										

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N Risk Assessment Controls										
1 Do the policies and procedures address the safeguarding of assets?										
2 Do polices and procedures address preventing fraud and intentional errors?										
3 Has the provider attempted to identify the processes, controls, and other procedures needed to mitigate fraud risk?										
4 What procedure or system has been used to identify the processes, controls, and other procedures needed to mitigate fraud risk?										
5 What training is provided to accounting staff to ensure that they have an understanding of the accounting and reporting processes?										
6 Are policies and procedures approved by the board, reviewed annually, and revised as needed? In the comments section note the last date of review and approval.										
O Communication Controls										
1 Are the polices and procedures made available to staff?										
2 What financial and management reports are provided to management and the board? How often are the reports provided to management and the board?										
3 Is there a process in place for communicating changes in accounting methods, regulations, and rules to										
4 Describe the process for communicating changes in accounting methods, regulations, and rules to staff.										
5 Are there established internal and external communication channels?										
6 Describe the internal and external communication channels?										

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P <u>Monitoring</u>										
1 Does management periodically review the accounting processes to recommend changes needed for improvement?										
2 Does management periodically compare operating results with the budget?										
3 Does management review the internal control process to recommend changes to ensure compliance?										
4 Describe how and when the review of internal control processes takes place?										
Q <u>Information System Controls</u>										
1 Are there formal written IT policies and procedures?										
2 Is the financial system password protected?										