

# Tool 13

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## Self-Assessment of Internal Controls

The Self-Assessment of Internal Controls will assist in confirming the presence of a sound system of internal controls. A sound system provides reasonable assurance that the financial statements are fairly presented and that goals are being properly pursued. A sound system includes fully documented policies and procedures which accomplish, (a) transactions that are executed according to the authorization, (b) transactions that are recorded to prepare financial statements and account for assets, (c) access to assets is permitted only according to management's authorization, and (d) asset records are compared with the existing assets at reasonable intervals and action is taken to reconcile any differences.

### **Definition of Internal Controls:**

The routine actions surrounding certain transactions meant to ensure correctness and reduce risk of error and loss.

### **Preparing for SIG Fiscal Review:**

Use this self-assessment to assist your preparation for the SIG Fiscal Review. This tool is meant to prepare districts for on-site visits. It is not a mandatory document that will be collected. Its completion will only help to better prepare for the types of documents that will be reviewed and inform personnel who will be interviewed.

YES	NO	N/A	<b>1.0 Activities Allowed or Unallowed Allowable Cost/Cost Principles</b>
			Does the agency maintain written policies and procedures regarding expenditures eligible for Federal reimbursement (direct or indirect)?
			Are grant agreements, program regulations, and cost principles circulars available to staff responsible for determining allowable costs (direct and indirect)?
			Are costs allocated according to a plan that has been approved by MDE?
			Is the cost allocation plan reconciled to the agency's budget report(s) and the general ledger?
			Does the agency have a cost system which allocates cost?
			Are records maintained supporting the basis for allocating cost?
			Are costs treated consistently?
			Are the following duties performed by different people: Coding expenditures to Federal programs? Reviewing and approving expenditures?
			Is the method of allocating cost understood by staff responsible for coding expenditures?
			Are expenditures and supporting documents reviewed for allowable costs and approved by a person knowledgeable of the provisions of OMB Circular A-87?
			Are payments to vendors or sub-recipients compared to contracts, agreements or contract subsystems to ensure that payments do not exceed the contract or budgeted amount?
			Are comparisons made between budget and actual allowable costs?
			Is there a written policy that establishes responsibility and provides procedures for periodic monitoring, verification, and reporting of program progress and accomplishments?
			Is the staff responsible for reporting knowledgeable of the Federal requirements and due dates?
			Is a tracking system used to inform staff of report due dates?
			Is the correct accounting method used (cash or accrual)?
			Are reports compared to the general ledger or other accounting records?

YES	NO	N/A	<b>1.0 Activities Allowed or Unallowed Allowable Cost/Cost Principles</b>
			Does management review the reports to assure the accuracy and completeness of data included in the reports?
			Does information from the Federal agency flow to personnel responsible for determining if activities are allowable? Are supporting documents reviewed for allowable services information?
			Is there a process or procedures in place to document, monitor, and sign-off on PARS?
			Is there a process or procedures in place to document, monitor, and sign-off on Semi-Annual Certifications

YES	NO	N/A	<b>2.0 Cash Management</b>
			Is responsibility for requesting grant drawdowns assigned to a person knowledgeable of the cash management requirements?
			Are the following duties performed by different people: a. Estimating or determining cash requirements for the agency? b. Reviewing and approving the request for reimbursement?
			Does the agency have established procedures for estimating or determining cash requirements?
			Are requests for reimbursement reviewed and approved by persons with approval authority?
			Are requests for reimbursements based on actual cash outlays if required by the program?
			Is there a cash log or record showing expenditures and cash balances for federally financed programs?
			Is the Federal cash drawdown enough to prevent excess positive or negative cash balances from accumulating?
			Are grant funds accounted for separately in the accounting system?
			Are cash requirements for sub-recipients monitored to prevent excess cash transfers?

YES	NO	N/A	<b>3.0 Matching, Level of Effort, Earmarking Supplemental not Supplant</b>
			Are there written policies that outline the following:
			➤ Responsibilities for determining required amounts or limits for matching, level of effort, or earmarking?
			➤ Allowable costs that may be claimed for matching, level of effort, or earmarking?
			➤ Methods of accounting for and documenting amounts used to calculate amounts claimed for matching, level of effort, or earmarking?
			Are matching, level of effort and earmarking requirements considered when the budget is established?
			Is there a system in place to ensure that expenses/expenditures, refunds, and cash receipts or revenues are properly classified and recorded only once as to their effect on matching, level of effort, or earmarking?
			Does management review the source of funds for the budgeted amounts to ensure that they are allowable?
			Are budget reports reviewed periodically to determine that requirements are being met as scheduled?
			Is appropriate action taken when requirements are not being met as scheduled?

YES	NO	N/A	<b>4.0 Accounting and Internal Controls</b>
			Are there written policies that outline expenditure reconciliation?
			Is there one person or more assigned to reviewing budget amendments?
			Is there one person or more assigned to reviewing SIG application amendments?
			Is there one person or more trained and have access to MEGS+?
			Is staff knowledgeable of amendment windows?
			Are personnel assigned to maintain separate accounting records?

YES	NO	N/A	<b>5.0 Procurement and Suspension and Debarment</b>
			Are there written policies for the procurement and contracts establishing:
			➤ Maintenance of contract files?
			➤ Methods of procurement, contractor selection or rejection, basis of contract price?
			➤ Verification of full and open competition?
			➤ Requirements for cost or price analysis?
			➤ Obtaining and reacting to suspension and debarment certifications?
			➤ Other applicable requirements for Federal procurement?
			Is there established segregation of duties between employees responsible for contracting, accounts payable, and cash disbursing?
			Is the contractor's performance with the terms, conditions, and specifications of the contract monitored and documented?
			Are procedures established to verify that vendors providing goods and services under the award have not been suspended or debarred by the Federal Government?
			Does management perform periodic reviews of procurement and contracting activities to determine whether policies and procedures are being followed?

YES	NO	N/A	<b>6.0 Fixed Assets</b>
			Does the management have an established system for inventory?
			Is there policy or procedures for identifying SIG-purchased equipment?
			Are inventories maintained and periodically sampled to ensure identification and location are consistent?