

## Internal Control Structure Questionnaire (ICSQ) for Title IV-E County ≥ \$25,000

**Contractor Name:** El Paso County

**Fiscal Year:** 2020

**Agency Account ID:** 24722873

Please refer to instructions at end of this questionnaire.

### 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). <u>Modified Accrual</u>	
2.	<p>Does your organization complete yearly financial statements (e.g., Balance Sheet, Income Statement, Cash Flow)?</p> <p><i>If yes:</i></p> <p>a. Please list the name(s) of the person(s) responsible for preparing the annual financial statements: <u>Edward A. Dion</u></p> <p>b. Please attach copy of your most current statements as <b>ATTACHMENT# I-2</b>.</p> <p><i>If no, please provide any manual or automated information maintained regarding your current financial position as <b>ATTACHMENT #I-2</b>.</i></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3.	<p>Are your accounting and financial system operations audited at regular intervals by an independent auditor (Certified Public Accountant)? Note that this is not referring to compliance monitoring performed by State Contract Managers.</p> <p><i>If yes:</i></p> <p>a. Attach an original, bound audit report and management letter (if applicable) as provided by the independent auditor as <b>ATTACHMENT #I-3</b>.</p> <p>b. Please indicate the frequency with which your accounting records are audited by an independent auditor. <u>Annually</u></p> <p>c. Please describe how independent audit results are shared with the governing body of your organization. <u>The audits are presented to the Commissioners and the County Judge in Commissioners Court. They are also available on the County Auditor website.</u></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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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 DFPS or any other state or federal agency.)

1.	Has the county submitted a cost allocation plan to DFPS for review? <i>If no, please attach a description of your allocation process as ATTACHMENT #II-1.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A																														
2.	Please attach a list of all of your contracts with state agencies, including DFPS. 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 <b>ATTACHMENT #II-2.</b>																															
3.	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 <b>ATTACHMENT #II-3.</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																														
4.	Are costs and expenditures under budgetary control for:  a. Total contract budget? .....  b. By budget category? .....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																														
5.	Do all purchases require approval from an authorized individual in the requesting department?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																														
6.	Indicate the name and title of individual(s) authorized to:																															
	<table border="1"> <thead> <tr> <th>SIGN CHECKS OR AUTHORIZE PAYMENTS</th> <th>APPROVE PURCHASES <small>(INCLUDING ON-LINE AND CREDIT CARD)</small></th> <th>PREPARE PAYMENTS <small>(CHECKS AND ELECTRONIC FUND TRANSFERS)</small></th> <th>RECONCILE ACCOUNTS <small>(INTERNAL ACCOUNTS TO BANK RECORDS)</small></th> <th>CONTROL INVENTORY</th> <th>RECEIVE CASH</th> </tr> </thead> <tbody> <tr> <td>Name: Edward A. Dion</td> <td>Name: Debra Carrejo</td> <td>Name: Luis Martinez</td> <td>Name: Raymond Gomez</td> <td>Name: Debra Carrejo</td> <td>Name: Raymond Gomez</td> </tr> <tr> <td>Title: County Auditor</td> <td>Title: Purchasing Agent</td> <td>Title: Manager, Senior, GL &amp; Disbursements</td> <td>Title: Audit Manager</td> <td>Title: Purchasing agent</td> <td>Title: Audit Manager</td> </tr> <tr> <td>Name: Barbara Franco</td> <td>Name: Jose Lopez</td> <td>Name: Staff throughout Auditors Office</td> <td>Name: Sandra Gonzalez</td> <td>Name: Jose Lopez</td> <td>Name: Sandra Gonzalez</td> </tr> <tr> <td>Title: First Assistant County Auditor</td> <td>Title: Assistant Purchasing Agent</td> <td>Title:</td> <td>Title: Accountant Senior</td> <td>Title: Assistant Purchasing Agent</td> <td>Title: Accountant Senior</td> </tr> </tbody> </table>		SIGN CHECKS OR AUTHORIZE PAYMENTS	APPROVE PURCHASES <small>(INCLUDING ON-LINE AND CREDIT CARD)</small>	PREPARE PAYMENTS <small>(CHECKS AND ELECTRONIC FUND TRANSFERS)</small>	RECONCILE ACCOUNTS <small>(INTERNAL ACCOUNTS TO BANK RECORDS)</small>	CONTROL INVENTORY	RECEIVE CASH	Name: Edward A. Dion	Name: Debra Carrejo	Name: Luis Martinez	Name: Raymond Gomez	Name: Debra Carrejo	Name: Raymond Gomez	Title: County Auditor	Title: Purchasing Agent	Title: Manager, Senior, GL & Disbursements	Title: Audit Manager	Title: Purchasing agent	Title: Audit Manager	Name: Barbara Franco	Name: Jose Lopez	Name: Staff throughout Auditors Office	Name: Sandra Gonzalez	Name: Jose Lopez	Name: Sandra Gonzalez	Title: First Assistant County Auditor	Title: Assistant Purchasing Agent	Title:	Title: Accountant Senior	Title: Assistant Purchasing Agent	Title: Accountant Senior
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7.	Are all expenditures reconciled with your general ledger?  If no, please explain.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																														

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8.	<p>How often are bank accounts reconciled to internal check registers?</p> <p><input checked="" type="checkbox"/> Monthly   <input type="checkbox"/> Quarterly   <input type="checkbox"/> Other (please specify) _____</p>	
9.	<p>Is your accounting system automated?</p> <p><b>If no, please skip to Question #17.</b></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
10.	<p>Please describe how your accounting system is secured and/or protected (e.g. location, the use of passwords, access limits, checks and balances).</p> <p><u>User identifications and individual passwords.</u></p>	
11.	<p>Please specify the name(s) and title(s) for the individuals with access to the accounting system to perform the following functions:</p> <p>Review Only: <u>Read only throughout the County</u></p> <p>Record Transactions: <u>County Auditor's Office</u></p> <p>Update/Change: <u>Edward A. Dion, County Auditor, Barbara Franco, 1st Assistant County Auditor, Victor Perez, Operations Manager</u></p> <p>Delete: <u>None</u></p>	
12.	<p>Please explain the process (initiation, review, approval, etc.) for making updates, changes, deletions, and year end adjustments to the accounting system.</p> <p><u>The Accountant initiates and releases transaction in the accounting system into workflow. The manager of the department reviews and approves transaction, and finally the County Auditor, 1st Assistant, or Operations Manager approves and posts transaction.</u></p>	
13.	<p>Are there controls to provide reasonable assurance that transactions are not lost, duplicated, or added before and/or after data entry and editing?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
14.	<p>Are there controls to provide reasonable assurance that transactions with errors are rejected from further processing (e.g., prevented from updating the files/database)?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
15.	<p>Is the data entered into the accounting system verified?</p> <p><i>If yes, please specify whom (name and title) is/are responsible for verifying the data, and how the verification is done.</i></p> <p><u>See answer to question #12</u></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
16.	<p>What, if any, additional internal controls and approvals are in place within the organization to ensure payments made are valid and authorized?</p> <p><u>All payments are reviewed by supervisors and/or managers. The financial system has a control system to</u></p>	



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23.	<p>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?</p> <p>Please indicate name and title of person who has custody of unused checks.  <u>Luis Martinez, Senior Manager, GL &amp; Disbursements</u></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
24.	<p>Are the following practices prohibited:</p> <p>a. The drafting of checks to "CASH"? .....</p> <p>b. The signing of blank checks? .....</p> <p>c. The removal of blank checks from the checkbook? .....</p> <p>If no, please explain.          _____</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
25.	<p>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)?</p> <p><i>If yes, please attach an explanation of your purchase orders/requisition controls as <b>ATTACHMENT #II-25</b>.</i></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
26.	<p>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?</p> <p><i>If yes, please attach an explanation as <b>ATTACHMENT #II-26</b>. The attachment should describe your process for maintaining supporting documentation, such as:</i></p> <ul style="list-style-type: none"> <li><i>How supporting records are kept and filed (e.g., filed by check number, month of payment)?</i></li> <li><i>How documents are marked when paid to prevent duplication of claims?</i></li> <li><i>How authorizations are maintained internally?</i></li> </ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
27.	<p>Do supporting documents accompany checks for the check signer's signature?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
28.	<p>Are invoices marked to identify allocation of payment?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
29.	<p>Does your organization have procedures to identify costs and expenditures not allowable under federal and/or state regulations?</p> <p><i>If yes, please attach an explanation of your system for identifying unallowable costs/expenditures as <b>ATTACHMENT #II-29</b>.</i></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
30.	<p>Does your organization have a contract file for each contract?</p> <p><i>If yes, does each contract file contain:</i></p> <p>a. The executed contract with all attachments? .....</p> <p>b. A copy of each contract amendment (as applicable)? .....</p> <p>c. Billing documents? .....</p> <p>d. Documentation of contract performance? .....</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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	<p><i>e. Related correspondence? .....</i></p> <p><i>f. A copy of each subcontract agreement (as applicable)? .....</i></p> <p>If no to any of the above, please explain.</p> <p>_____</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA</p>
31.	<p>Does your organization have a process to prevent unauthorized access to confidential information related to your contracts (for example, sensitive client information or records)?</p> <p><i>If yes, please attach a copy of your procedures for safeguarding contract information as ATTACHMENT #II-31.</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<b>II. B. PERSONNEL</b>		
32.	<p>Does your organization have written personnel policies?</p> <p>If no, please explain.</p> <p>_____</p> <p>If yes, are personnel policies distributed to all employees?.....</p> <p>Do the personnel policies include:</p> <p>a. Hiring? .....</p> <p>b. Performance evaluations? .....</p> <p>c. Time and leave? .....</p> <p>d. Conflict of interest? .....</p> <p>e. Nepotism? .....</p> <p>f. Related-party transactions? .....</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
33.	<p>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)?</p> <p>If no, please explain.</p> <p>_____</p> <p><i>If yes, please submit a blank time sheet and/or activity sheet and a copy of the related policy as ATTACHMENT II-33.</i></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
34.	<p>Does your organization have on file an established rate of pay and withholding information for each employee?</p> <p>If no, please explain.</p> <p>_____</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

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35.	Does your organization have a written job description with a set salary level for each position? If no, please explain.  <hr style="border: 0; border-top: 1px solid black; margin-top: 10px;"/>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
36.	Is the amount being paid to each employee based on documentation of actual hours worked?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
37.	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.  <hr style="border: 0; border-top: 1px solid black; margin-top: 10px;"/>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

### **II. C. TRAVEL**

**Reimbursements for travel expenses will be paid according to the State of Texas travel rates in effect on the date of travel as approved by the Office of the Comptroller of Public Accounts.**

38.	Are travel expenditures substantiated by travel vouchers, travel logs or other supporting documentation? If no, please explain.  <hr style="border: 0; border-top: 1px solid black; margin-top: 10px;"/>  <i>If yes, please submit a copy of your travel policy, a blank travel voucher and a blank travel log as <b>ATTACHMENT II-38</b>.</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
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### **II. D. EQUIPMENT**

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39.	<p>a. Please specify the level of capitalization (dollar amount) used by your organization.  <u>\$ 5,000</u></p> <p>b. Please provide your organization's definition of equipment:  <u><b>A fixed asset is a tangible asset having a useful life expectancy of more than one year and having a monetary value large enough to justify maintenance of the associated custodial records. For control purposes, the purchasing agent may tag any item as deemed appropriate.</b></u></p>	
40.	<p>Does your organization conduct a physical inventory of capital equipment purchased with federal funds?</p> <p>If yes, how often?</p> <p><u>Yearly Departmental Inventory/ every 2 years for grants.</u></p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
41.	<p>Has DFPS funds been used (in whole or in part) to purchase equipment or controlled assets (e.g., computers, furniture, cameras, camcorders, laser disc (DVD) players, TVs)?</p> <p><b>Note:</b> Contractors should review the Comptroller's State Property Accounting User Manual at <a href="https://fm.xcpa.state.tx.us/fmx/spa/classcodes/control.php">https://fm.xcpa.state.tx.us/fmx/spa/classcodes/control.php</a> for the most current listing of controlled assets. Contractors must add these items classified as controlled assets to their inventory list based on the noted acquisition costs.</p> <p><b>If no, please skip to Section II.E. Subcontractors.</b></p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
42.	<p>Are inventory records maintained that include: item description, serial number, funding source(s), acquisition cost, acquisition date and inventory number?</p> <p><i>Please attach a blank inventory form as <b>ATTACHMENT #II-42</b></i></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
43.	<p>Are all equipment items and controlled assets tagged for the purpose of internal tracking and inventory?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
44.	<p>Does your organization have policies regarding the documentation required for equipment that has been disposed of?</p> <p>If yes, please attach a copy of your equipment disposal policy as <b>ATTACHMENT #II-44.</b></p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p><b><u>II. E. SUBCONTRACTORS</u></b></p> <p><b>If your organization does not subcontract DFPS services, or does not intend to subcontract DFPS services, mark N/A <input checked="" type="checkbox"/> here and skip to Section II.F. Title IV-E Child Welfare Services Contract Information.</b></p>		
45.	<p>Does your organization have written policies and procedures for subcontracted services?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
46.	<p>Does your organization have a state contract of \$100,000 or greater?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No



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### **SECTION II. F: TITLE IV-E CHILD WELFARE SERVICES CONTRACT INFORMATION**

This section pertains only to any **County Title IV-E Child Welfare Services Contracts** with DFPS and does not pertain to any **Title IV-E County Legal Services Contract** with DFPS. For purposes of this Section, the terms County and County Child Welfare Board are synonymous.

47.	If administrative costs will be claimed, has the county submitted an administrative budget to DFPS for review and approval?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
48.	Does the County Child Welfare Board have a process that Caseworkers must follow in order to obtain assistance from the County Child Welfare Board for a Foster Child?  If yes, is the above policy a written (published) policy?  <i>If yes, please attach a description of the process or a copy of the written policy as <b>ATTACHMENT #II-48</b></i>	<input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Yes <input type="checkbox"/> No
49.	Has/have the county Title IV-E contract(s) been audited by county internal or external auditors?  If yes, please enter date of last audit. _____	<input type="checkbox"/> Yes <input type="checkbox"/> No
50.	Do the region and the county conduct an annual review of the county Title IV-E contracts?  If yes, please enter date of last review. _____  <b>Note:</b> An annual review of the contract is specified in the contract.	<input type="checkbox"/> Yes <input type="checkbox"/> No
51.	How does the Child Welfare Board pay for supplemental child-care expenses?  <i>Please provide a description of the process used to pay supplemental child care expenses, including the name and/or position of responsible person/staff as <b>ATTACHMENT #II-51</b>.</i>	

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52.	What back-up documentation does the county maintain to support Title IV-E reimbursements? <i>Please provide a description of the required documentation as <b>ATTACHMENT #II-52.</b></i>	
53.	Who maintains the documentation within the county (e.g., Child Welfare Board, County Auditor)? Please provide the name of the county Department or name and/or position of responsible person/staff.  _____	
54.	Who, within the county, signs the County Title IV-E Claims Voucher (Form 4116 – State of Texas Purchase Voucher Quarterly Billing)?  Please provide the name and/or position of the responsible person/staff.  _____	
55.	How does the county ensure the County Title IV-E Claims Voucher is reconciled with the county's general ledger?  _____	
56.	Does the county have a process to ensure that all expenditures claimed are allowable? <i>If yes, please attach a description of the process as <b>ATTACHMENT #II-56.</b></i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
57.	Does the county have a process to ensure that all raised or donated funds used as certified match for the County Title IV-E Claims Voucher are unrestricted funds? <i>If yes, please attach a description of the process as <b>ATTACHMENT #II-57.</b></i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
58.	How does the county know which children are IV-E eligible? Please provide a description of the process and the name and/or position of responsible person/staff as <b>ATTACHMENT #II-58.</b>	

### 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.



Signature

Edward A. Dion

Printed/Typed Name

08/16/2020

Date

County Auditor

Title

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## ICSQ Instructions

Every business entity should have internal controls. Internal controls consist of the policies and procedures that a business entity develops and implements to ensure that assets (such as cash and equipment) are safeguarded, that expenditure transactions (such as purchases) are authorized, and that financial data are accurately recorded. Another way of saying this is that a system of internal controls helps to ensure that assets that belong to the business entity are used only for authorized business purposes.

A system of internal controls is not designed primarily to detect errors but rather to reduce the opportunity for errors or dishonesty to occur. In an effective system of internal controls, no one person should carry out all phases of a business transaction from beginning to end. For example, if one person were permitted to order supplies, receive the supplies, write a check to pay for the supplies, and record the transaction in the accounting records, then there would be no protection against either fraud or errors.

A system of internal controls frequently may be improved by physical safeguards (acting as compensatory controls). Computers help to improve the efficiency and accuracy of record keeping functions. Cash registers, safes, and pre-numbered business forms are very helpful in safeguarding cash and establishing responsibility for it. Any system of internal controls must be supervised with care if it is to function effectively.

The Internal Control Structure Questionnaire (ICSQ) consists of a series of questions related to the processes and procedures for handling cash receipts, cash disbursements, physical inventory, file maintenance, etc. Responses to the questions included in the ICSQ allow for an assessment of the effectiveness of the procedures described as compared to best practices and/or specific state and federal guidelines.

## Instructions for Submitting the ICSQ

An up- to-date ICSQ is required to be submitted with each new proposal to contract with DFPS. ***Please use the ICSQ that appropriately reflects the entire contract amount for Title IV-E funds, not just the DFPS drawdown amount.***

No two-sided copies will be accepted. No pamphlets or books will be accepted (except for required financial reports and/or audits). Responses must be typed or printed. All attachments must be clearly numbered.

## Instructions for Completing the ICSQ

The ICSQ has been divided into several sections, as follows:

### SECTION I: FINANCIAL POSITION

This section requests background information about the organization, including the financial system used to maintain the accounting records, preparation of financial statements and the frequency with which financial information is audited.

### SECTION II: INTERNAL CONTROLS

This section addresses Internal Controls as described below:

#### II. A. GENERAL/ ACCOUNTING CONTROLS

The general accounting section addresses file maintenance and the contractor's responsibility to meet contract terms and/or state/federal regulations.

Accounting controls assist with the safeguarding of assets (cash and fixed assets) and the reliability of financial records. The objective sought in the control of cash receipts is to ensure that all cash that is receivable by the business entity is collected and recorded without loss. The system of controlling cash payments should be designed to ensure that no unauthorized payments are made. Control is accomplished by division of responsibility to achieve independent verification of transactions without duplication of effort.

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## **Question 1:**

Cost allocation ensures that costs are properly allocated to a specific funding source and that all costs are properly identified.

Cost allocation is required when a cost will benefit more than one contract or funding source. If cost allocation is necessary, contractors must use reasonable methods of allocating costs consistently. Any cost allocation method used should be a reasonable reflection of actual business operations.

## **Questions 5 - 6:**

It is a good business practice to require authorized individuals to approve purchases or electronic transactions made on behalf of their department. Designating separate individuals to sign checks or authorize payments, approve purchases, prepare payments, reconcile internal accounts to the general ledger, control assets, and receive cash is also a good business practice. For smaller staffs, it may be necessary to identify compensating controls where adequate separation of duties is not possible.

## **Questions 7 - 8:**

All costs that are reported and/or billed to a funding source should be reconciled with the general ledger (the book or file that contains all of the organization's accounts) as well as bank account transaction records.

## **Questions 9 - 16:**

If the business entity's accounting system is automated, please complete questions 9 - 16 to provide detail as to who has access to the accounting system and how the system is protected.

## **Questions 17 - 25:**

These are examples of internal controls that act as safeguards against unauthorized expenditures and/or check disbursement.

## **Questions 26 - 27:**

It is a best practice to maintain supporting documents with each disbursement. Alternatively, supporting documents should be numbered, clearly referenced, and filed for easy retrieval.

## **Question 28:**

If more than one funding source is to be used to reimburse a cost, then it is extremely important that the invoice documents how the cost is to be allocated.

## **Question 29:**

Contractors should reference the applicable Texas Administrative Code (TAC) or Office of Management and Budget (OMB) Circulars to identify costs and expenditures that are not allowable.

## **Question 30:**

An element of a good file maintenance process is having a systematic approach to filing the numerous contract documents that flow through a business entity. A systematic filing approach decreases the risk of lost documents, and provides a central place for documents that pertain to a specific contract.

## **Question 31:**

An important protective measure to safeguard sensitive information is controlling physical access to the information or records related to your contracts. All contract information must be cared for with the appropriate level of physical and electronic security. Procedural safeguards ensure adequate controls against unauthorized access, fraudulent activity, disclosure, loss or damage, whether accidental or deliberate, as well as to ensure the availability, integrity, authenticity, and confidentiality of information. Procedural safeguards may include adequate separation of duties, limiting physical access (e.g., storing information in a safe or fireproof filing cabinet, locks on doors or filing cabinets, passwords) or computer-related controls dealing with access privilege.

## **II. B. PERSONNEL**

## **Question 32:**

Each business entity should have written personnel policies that are made available to all employees. The policies need to be consistently applied and should include all federally mandated policies related to human resource issues.

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### Questions 33 - 37:

OMB Circular A-122, Attachment B, Paragraph 8, subparagraph "m" (revised May 2004) and OMB Circular A-87, Attachment B, Paragraph 8, subparagraph "h" (revised May 2004) address documentation necessary to support salaries and wages. These circulars further state that the allocation of direct service delivery staff salaries between programs and/or contracts must be documented.

### II. C. TRAVEL (Travel Costs Paid with DFPS Funds)

#### Question 38:

Travel expenses for which reimbursement will be requested from DFPS must conform to the current state travel requirements and rates for lodging, meals, and personal vehicle mileage. Supporting documentation for travel expenses must include receipts for the following expenses: parking fees, hotel lodging, taxis, and airfare.

### II. D. EQUIPMENT

#### Questions 39 - 44:

Equipment is defined in 45 Code of Federal Regulations (CFR) Part 74.2 and the Office of Federal Financial Management, Office of Management and Budget (OMB) Circulars.

It is a federal requirement that a physical inventory be taken at least once every two years for equipment acquired with federal funds (including DFPS funds).

The disposition of all equipment purchased with federal funds must be made according to appropriate regulations and departmental policies, as per OMB Circular A-110, Section 34 (G). Equipment purchased using DFPS contract funds is subject to an equitable claim by the state (DFPS) at contract termination. No disposition should take place without prior notification to DFPS contract management.

### II. E. SUBCONTRACTORS

This section must be completed if DFPS funds are or will be provided to subcontractors.

#### Question 45:

Subcontracting policies and procedures should, at minimum, address contractor selection and monitoring.

Subcontractor selection procedures should reflect a system in which the best subcontractor is fairly and objectively selected. Procedures should clearly identify the method of contractor selection utilized (e.g., competitive selection or bidding, negotiation with individual). (OMB Circular A-110, Sections 40-48.) The subcontractor selection process should also include established criteria to evaluate potential subcontractors, ranking method, and the consideration of past performance factors.

Subcontractor monitoring procedures should be sufficient to ensure that subcontractors consistently provide quality services by measuring performance against well-documented outcome expectations. The monitoring function should focus on the outcomes of services provided with an appropriate emphasis on contract monitoring in proportion to the amount/extent of the contracted services. Procedures should adequately describe who is responsible for monitoring, how often monitoring occurs, the monitoring process to include follow-up procedures when corrective action is required. It is also a good business practice to include an ongoing system for ensuring that funds are spent appropriately.

#### Question 46:

DFPS is committed to encouraging participation and increased opportunities for any minority and women-owned business that is certified as a Historically Underutilized Business (HUB). DFPS requires contractors who have contracts of \$100,000 or more to do the same.

A good faith effort requires that contractors maintain documentation in purchase and contract files of their efforts to utilize HUBs. When HUB bidders are not solicited or selected, documentation should clearly state the reason. Contractors who have contracts of \$100,000 or more may be required to have a HUB Subcontracting Plan that documents either:

## Internal Control Structure Questionnaire (ICSQ) for Title IV-E County $\geq$ \$25,000

- a) That contractor does not plan to subcontract any component of the DFPS contract, or
- b) That contractor does plan to subcontract and includes at minimum the contractor's written policy/procedures for subcontracting and contractor's methods for soliciting and selecting subcontractors. In this case, a [HUB Subcontracting Form](#) must be on file.

### **II. F. TITLE IV-E CHILD WELFARE SERVICES CONTRACT INFORMATION**

#### **Questions 47 - 58:**

This section captures county policy and procedures specific to any Title IV-E Child Welfare Services contract and is used in the determination of appropriate monitoring efforts.