

# Internal Control Review Checklist

Control	Control documentation reviewed	Reviewed by	Review date
<b>Control Environment – General</b>			
Conflict of Interest P&P			
Whistleblower Policy			
Code of Ethics/Integrity policy			
Board evaluation of CEO			
Board review of compensation & management capacity			
Board review of monthly financial statements			
Board audit committee/auditor discussions			
Board review of resolution of audit & monitoring findings			
Board review of programmatic accomplishments			
Other			
<b>General Risk Assessment</b>			
External risk review including funding environment, community perception, changing demand/need for services			
Review and update of internal risk identification			
Exposure analysis- ranking of risks by significance of potential losses and likelihood of occurrence			
<b>Contract Compliance Risk Assessment:</b>			
OMB A-110 requirements			
• Allowable activities			
• Allowable cost			
• Cash management			
• Davis Bacon act			
• Eligibility			
• Equip/Real Property management			
• Matching/level of effort			
• Period of availability of fed funds			
• Procurement, suspension & debarment			
• Program income			
• Real property acquisition			
• Reporting			
• Sub recipient monitoring			
• Special tests & provisions			

<b>Control</b>	<b>Control documentation reviewed</b>	<b>Reviewed by</b>	<b>Review date</b>
<ul style="list-style-type: none"> <li>Implement policies &amp; procedures to assure compliance with CFR requirements varying from OMB A-110</li> </ul>			
OMB A-122 requirements			
<ul style="list-style-type: none"> <li>Current approved federal indirect cost rate</li> </ul>			
<ul style="list-style-type: none"> <li>Written cost allocation plan</li> </ul>			
<ul style="list-style-type: none"> <li>Monitoring of actual indirect costs in comparison to budget</li> </ul>			
CSBG requirements			
<ul style="list-style-type: none"> <li>Review section from CAPLAW Legal Liability Audit attached as Appendix A</li> </ul>			
<b>Control Activities</b>			
Written fiscal and operational policies & procedures			
Top management review of financial & program activities			
Management reviews at program or functional level			
Controls over info processing/IT			
Physical controls over vulnerable assets			
Review of performance indicators			
Segregation of duties			
Proper execution of transactions & events			
Accurate & timely recording of events			
Access restrictions & accountability for resources & records			
Appropriate documentation of transactions & internal control			
<b>Information &amp; Communication</b>			
Monthly financial reporting at program and organization level			
Monthly program accomplishment reporting at program & organizational level			
Manager access to operational and financial data as needed for planning and oversight			
Structures, policies, and procedures to encourage open information flow among all levels of the organization			
<b>Monitoring</b>			
Monthly comparison of planned program and financial activity to actual reviewed by program managers, top management, & Board			

<b>Control</b>	<b>Control documentation reviewed</b>	<b>Reviewed by</b>	<b>Review date</b>
System for tracking all audit & monitoring findings and their correction or resolution			
Responsibility for achieving correction or resolution of all findings clearly assigned			
Authority to resolve/correct findings clearly assigned			
Progress resolving/correcting findings monitored regularly by CEO & Board			
Reconciliations to verify financial & program data reports routinely completed and reviewed by managers			

APPENDIX A

**IV. COMMUNITY SERVICES BLOCK GRANT PROGRAM**

Each agency should take steps to ensure compliance with both the federal Community Services Block Grant Act (CSBG) (42 U.S.C. 9904 et seq.) and regulations (42 CFR Part 96), and, to the extent that they exist in the agency’s state, state CSBG regulations and CSBG contracts. Because of the many variations in state CSBG regulations, this section covers only federal CSBG law. However, each agency should provide copies of the current state regulations, along with the federal materials listed below, to the Board of Directors and appropriate management staff.

Please review the checklist below to help determine whether federal CSBG requirements have been met. Each questions requires a “yes” or “no” response. A date may also be helpful for some questions.

1. \_\_\_\_\_ Do Board members and appropriate staff have copies of the CSBG Act, as amended in October 1998? The Act, 42 U.S.C. 9904 et seq., is available online at [http://128.253.22.246/uscode/42/usc\\_sup\\_01\\_42\\_10\\_106.html](http://128.253.22.246/uscode/42/usc_sup_01_42_10_106.html).

A. \_\_\_\_\_ Has amended CSBG Act been distributed to Board members?

B. \_\_\_\_\_ Has amended CSBG Act been distributed to appropriate agency staff?

- \_\_\_\_\_ Executive Director
- \_\_\_\_\_ Deputy Director
- \_\_\_\_\_ Fiscal Director
- \_\_\_\_\_ Legal Counsel
- \_\_\_\_\_ Program Directors
- \_\_\_\_\_ Human Resources
- \_\_\_\_\_ Planning Director
- \_\_\_\_\_ Others

C. \_\_\_\_\_ Have Board and staff received training on current CSBG Act and its relevance to your agency programs?

2. \_\_\_\_\_ Does agency staff have the most current figure for the “official poverty line,” as revised by the Secretary of Health and Human Services and in accordance with 42 U.S.C. 9902(2)? (Current guidelines available via the internet at <http://www.aspe.hhs.gov/poverty/01poverty.htm>.)

- \_\_\_\_\_ Is there an agency-wide policy and procedure for income qualification of CSBG program clients?
3. \_\_\_\_\_ Has agency staff, including the planning director, reviewed the amended CSBG Act to ensure that the agency's CSBG activities fit within those uses of CSBG funds prescribed in 42 U.S.C. 9908(b)(1)?
4. \_\_\_\_\_ Does the agency coordinate, and establish linkages between, governmental and other social services programs to ensure the effective delivery of services to low-income individuals and to avoid duplication of services? (42 U.S.C. 9908(b)(3))
5. \_\_\_\_\_ Does the agency provide emergency supplies, services, foods and related services necessary to prevent starvation and malnutrition? (42 U.S.C. 9908(b)(4))
6. \_\_\_\_\_ Does the agency have a procedure by which a low-income individual, a community or religious organization, or a representative of low-income individuals who consider themselves to be inadequately represented on the agency Board may petition for adequate representation? (42 U.S.C. 9908(b)(10))
7. \_\_\_\_\_ Is there a community action plan that includes a community-needs assessment? (42 U.S.C. 9908(b)(11))
8. \_\_\_\_\_ Does the agency participate in the Results Oriented Management and Accountability Systems (ROMA)? (42 U.S.C. 9908(b)(12))
9. \_\_\_\_\_ For **private** non-profit agencies: Does the Board of Directors comply with tripartite board requirements? (42 U.S.C. 9910(a))
- A. \_\_\_\_\_ Does the Board fully participate in the development, implementation, and evaluation of the program to serve low-income communities?
- i. \_\_\_\_\_ Is there a procedure to ensure Board review of key program components, such as CSBG Application and Community Action Plan?
- B. \_\_\_\_\_ Are a third of the Board members elected public officials, who held elected office on the date of Board selection, or their representatives?
- i. \_\_\_\_\_ If less than a third, were there not enough elected public officials available and willing to serve on the Board?

ii. \_\_\_\_\_ If so, is the balance of the third filled by appointive public officials or their representatives?

C. \_\_\_\_\_ Are at least a third of Board members chosen in accordance with democratic selection procedures adequate to assure that they are representative of low-income individuals and families in the neighborhood served?

i. \_\_\_\_\_ Is there a policy and procedure specifying the operation of the “democratic selection” procedure?

ii. \_\_\_\_\_ Does the “democratic selection” procedure assure that the Board members selected are representative of low-income individuals and families in the neighborhood served?

iii. \_\_\_\_\_ Does the agency, to the maximum extent possible, coordinate programs with other organizations serving low-income residents of the communities and members of the groups served by the state, including religious organizations, charitable groups, and community organizations?

iv. \_\_\_\_\_ Do these low-income-sector Board members who are selected to represent a particular neighborhood, reside in the neighborhood they represent?

D. \_\_\_\_\_ Are the balance of Board members officials or members of business, industry, labor, religious, law enforcement, education or other major groups and interests in the community served?

E. \_\_\_\_\_ Do By-Laws conform to the above requirements in the amended CSBG Act?

10. \_\_\_\_\_ For **public** agencies: Is CSBG program administered through **EITHER**:

A. \_\_\_\_\_ A board, of which at least a third of its members are chosen in accordance with democratic selection procedures, whose members:

i. \_\_\_\_\_ are representative of low-income individuals and families in the neighborhood served;

ii. \_\_\_\_\_ reside in the neighborhood served; and

iii. \_\_\_\_\_ are able to participate fully in the development, planning, implementation, and evaluation of CSBG programs?

**- OR -**

B. \_\_\_\_\_ Another mechanism specified by the state to assure decision making and participation by low-income individuals in the development, planning, implementation, and evaluation of CSBG programs? (42 U.S.C. 9910(b))

11. \_\_\_\_\_ Are fiscal procedures in place to ensure knowledge of and compliance with Office of Management and Budget (OMB) cost and accounting standards? (42 U.S.C. 9916(a)(1)(B))

A. \_\_\_\_\_ Does fiscal department have current copies of OMB Circulars A-122, A-110, A-133, A-87 (if a public agency)?

B. \_\_\_\_\_ Is management generally familiar with OMB standards and cost principles?

C. \_\_\_\_\_ Is training provided on significant OMB cost principle issues, such as restrictions on use of funds for lobbying, etc.?

12. \_\_\_\_\_ Are procedures in place to ensure that CSBG funds are not used for purchase or improvement of land or for purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or facility, UNLESS a waiver is received from HHS? (42 U.S.C. 9918(a)(2))

13. \_\_\_\_\_ Does the personnel policy ensure compliance with the Hatch Act? (42 U.S.C. 9918(b)(1) and 5 U.S.C. 1501 et seq.).

A. \_\_\_\_\_ Are individuals who are employed by the agency more than half of their working time and/or receive more than half of their income from the agency and who work in connection with programs receiving any CSBG or Head Start funding prohibited from:

i. \_\_\_\_\_ Running for public office in a partisan election;

ii. \_\_\_\_\_ Using official influence or authority to interfere with or affect the result of an election or nomination for office;

iii. \_\_\_\_\_ Directly or indirectly coercing, commanding or advising another agency employee covered by the Hatch Act or state or local employee covered by the Hatch Act to pay, lend, or contribute anything of value to a party, committee, organization, agency, or person for political purposes?

14. \_\_\_\_\_ Is there a policy to ensure that no CSBG or Head Start programs are affiliated or identified with, or use any CSBG or Head Start funds to support:

A. \_\_\_\_\_ Partisan or non-partisan political activity, or any political activity associated with a candidate or contending faction or group, in an election for public or party office;

B. \_\_\_\_\_ Voter registration activity; or

C. \_\_\_\_\_ Any activity to provide transportation to polls or similar assistance? (42 U.S.C. 9918(b)(2))?

15. \_\_\_\_\_ Is there a policy prohibiting discrimination in any CSBG program on the basis of race, color, national origin, sex, age or disability?

16. \_\_\_\_\_ Is there a policy requiring that all custodial parents in single-parent families who participate in CSBG programs be informed about the availability of child support services?

17. \_\_\_\_\_ Is there a policy requiring the referral of eligible parents to the child support offices of state and local government?

18. \_\_\_\_\_ Are there procedures for regular review of Information Memorandum issued by the Federal Office of Community Services?

19. \_\_\_\_\_ Are there procedures for regular review of CSBG grant terms and conditions?