Rev 7/1/08

Gave to Pat 8/26/08

DIVISION OF SOCIAL SERVICES
Subrecipient Self-Assessment of Internal Controls and Risks

Subrecipient Name Henderson County Department of Social Services Date Prepared 8/15/2008

Answer "Yes" if activity in question is performed by another county agency, i.e., County Finance office or the County Manager's office. Each "No" answer indicates a potential weakness of internal fiscal controls. All "No" answers require an explanation of mitigating controls or a note of planned changes.

I. CONTROL ENVIRONMENT

A. Management's Philosophy and Operating Style

Yes N/A No

☑ ☐ ☐ 1. Are periodic (monthly, quarterly) reports on the status of actual to budgeted performance prepared and reviewed by top management?

☑ ☐ ☐ 2. Are unusual variances between budgeted revenues and expenditures and actual expenditures and revenues examined?

☑ ☐ ☐ 3. Is the internal control structure supervised and reviewed by management to determine if it is operating as intended?

B. Organizational Structure

☑ ☐ ☐ 4. Is there a current organizational chart defining the lines of responsibility?

☑ ☐ ☐ 5. Has all management staff been sufficiently trained to perform their assigned duties?

C. Assignment of Authority and Responsibility

☑ ☐ ☐ 6. Are sufficient training opportunities to improve competency and update employees on Program, Fiscal and Personnel policies and procedures available?

☑ ☐ ☐ 7. Have managers been provided with clear goals and direction from the governing body or top management?

☑ ☐ ☐ 8. Is program information issued by the Division of Social Services and other State and Federal agencies distributed to appropriate staff?

D. Compliance with Applicable Civil Rights Laws

☑ ☐ ☐ 9. Are program staff aware of requirements to comply with civil rights laws including Civil Rights Act of 1964, and the Americans with Disabilities Act?

(Dear Director Letter FAEP-14-2004, Civil Rights Assurances; Dear Director Letter PM-PC-03 NC Title VI County Compliance Officers Workshop dated 9/22/06)

Yes N/A No

☑ ☐ ☐ 10. Is annual training provided to appropriate staff to review civil rights laws and expectations for providing benefits and services in a nondiscriminatory manner?
.....(*Dear Director Letter FAEP-14-2004, Civil Rights Assurances; FNS Certification Manual Section 120.02 B)*

☑ ☐ ☐ 11. Are required civil rights posters prominently displayed in the lobby/reception area(s) of the agency?
.....(*FNS Certification Manual Section 120.02 C; Dear Director Letter PM-PC-03)*

☑ ☐ ☐ 12. Are persons with Limited English Proficiency (LEP) provided the opportunity to obtain information from the agency both in person and by telephone?
.....(*Dear Director Letter PM-PC-02-2008)*

☑ ☐ ☐ 13. Does the agency have adequate staff and/or contracts in place to provide language interpretation to LEP customers when the need is identified?
.....(*Dear Director Letter PM-PC-02-2008)*

☑ ☐ ☐ 14. Does the agency have measures in place to communicate effectively with deaf or hard of hearing customers? (These may include sign language interpreters, access to a TTY machine or NC Relay telephone connectivity.)
.....(*Dear Director Letter PM-PC-02-2008)*

☑ ☐ ☐ 15. Does the agency have in place a Limited English Proficiency Plan?
.....(*Dear Director Letter PM-PC-02-2008*)

☑ ☐ ☐ 16. Does the agency have the required non-discrimination statement on each locally developed form intended for and used by customers?
.....(*Dear Director Letter PM-PC-01-2007)*

II. HUMAN RESOURCES

A. Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Are personnel policies in writing? (Can be agency, county or state)
.....

☑ ☐ ☐ 2. Are personnel files maintained for all employees?
.....

☑ ☐ ☐ 3. Are payroll costs accurately charged to federal and state grants using time spent in each program?
.....

☑ ☐ ☐ 4. Are accurate, up-to-date-position descriptions available?
.....

☑ ☐ ☐ 5. Do all supervisors and managers have at least a working knowledge of personnel policies and procedures?
.....

☑ ☐ ☐ 6. Does each supervisor and manager have a copy or access to a copy of personnel policies and procedures?
.....

☑ ☐ ☐

Yes N/A No

7. Does management ensure compliance with the agency's personnel policies and procedures manual concerning hiring, training, promoting, and compensating employees?

_____

8. Are the following duties generally performed by different people?

☑ ☐ ☐ a. Processing personnel action forms and processing payrolls?

☑ ☐ ☐ b. Supervising and timekeeping, payroll processing, disbursing, and making general ledger entries?

c. Personnel and:

☑ ☐ ☐ 1) Approving time reports?

☑ ☐ ☐ 2) Payroll preparation?

☑ ☐ ☐ d. Recording the payroll in the general ledger and the payroll processing function?

Comments: (8a-d) _____

☑ ☐ ☐ 9. Is access to payroll/personnel files limited to authorized individuals?

_____

☑ ☐ ☐ 10. Are procedures in place to ensure that all keys, equipment, credit cards, cell phones, pagers, etc. are returned by the terminating employee?

_____

☑ ☐ ☐ 11. Is information on employment applications verified and are references contacted?

III. ACCOUNTS PAYABLE

A. Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Has the agency established procedures to ensure that all voided checks are properly accounted for and effectively canceled?

_____

2. Do invoice-processing procedures provide for:

☑ ☐ ☐ a. Obtaining copies of requisitions, purchase orders and receiving reports?

☑ ☐ ☐ b. Comparison of invoice quantities, prices, and terms with those indicated on the purchase order?

☑ ☐ ☐ c. Comparison of invoice quantities with those indicated on the receiving reports?

☑ ☐ ☐ d. As appropriate, checking accuracy of calculations?

☑ ☐ ☐ e. Alteration/mutilation of extra copies of invoices to prevent duplicate payments?

☑ ☐ ☐ f. All file copies of invoices are stamped paid to prevent duplicate payments?

Comments: (2a-f) _____

☑ ☐ ☐ 3. Are payments made only on the basis of original invoices and to suppliers identified on supporting documentation?

_____

☑ ☐ ☐ 4. Is the accounting and purchasing departments promptly notified of returned purchases, and are such purchases correlated with vendor credit memos?

_____

5. Are monthly reconciliation's performed on the following:

☑ ☐ ☐ a. All petty cash accounts?

☑ ☐ ☐ b. All bank accounts? i.e. .Trust Accounts, GA accounts etc.

Comments: (5a-b) _____

Yes	N/A	No	
			6. Are the following duties generally performed by different people?
☑	☐	☐	a. Requisitioning, purchasing, and receiving functions and the invoice processing, accounts payable, and general ledger functions?
☑	☐	☐	b. Purchasing, requisitioning and receiving?
☑	☐	☐	c. Invoice processing and making entries to the general ledger?
☑	☐	☐	d. Preparation of cash disbursements, approval of them, and making entries to the general ledger?
☑	☐	☐	e. Making detail cash disbursement entries and entries to the general ledger?
			Comments: (6a-e) .....
☑	☐	☐	7. Is check signing limited to only authorized personnel? .....
☑	☐	☐	8. Are disbursements approved for payment only by properly designated officials? .....
☑	☐	☐	9. Is the individual responsible for approval or check signing furnished with invoices and supporting data to be reviewed prior to approval or check-signing? .....
☑	☐	☐	10. Are unused checks adequately controlled and safeguarded? .....
☑	☐	☐	11. Is it prohibited to sign blank checks in advance? .....
☑	☐	☐	12. Is it prohibited to make checks out to the order of "cash"? .....
☑	☐	☐	13. If facsimile signatures are used, are the signature plates adequately controlled and separated physically from blank checks? .....
☑	☐	☐	14. Are purchase orders prenumbered and issued in sequence? .....
☑	☐	☐	15. Are changes to contracts or purchase orders subject to the same controls and approvals as the original agreement? .....
☑	☐	☐	16. Are all records, checks and supporting documents retained according to the applicable (state or federal) record retention policy? .....

IV. COMPLIANCE SUPPLEMENT ELEMENTS

A/1: ACTIVITIES ALLOWED OR UNALLOWED

Each federal and State program has specific activities that are allowed or that may be unallowed. An example of a common unallowable activity under State or federal programs would be payments for lobbying activities designed to influence State or federal legislation. Activities allowed or unallowed from each funding source are identified in grant documents, allocation letters, contracts and State and federal legislation.

Control Activities / Information and Communication:

Rev 7/1/08

Yes N/A No

☑ ☐ ☐ 1. Before expenditures are made, does someone check that funds used for that service are allowable?

☑ ☐ ☐ 2. Are expenditure/ reimbursement reports reviewed to ensure adherence to funding limits?

B/2: ALLOWABLE COSTS/COST PRINCIPLES

All costs charged to State or federal funds must be reasonable and necessary for the operation and administration of the programs for which funding is received. Some funding sources limit the amount of funding available for administration.

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Does the agency have an approved indirect cost plan to allocate cost between federal programs or between federal and state programs?

☑ ☐ ☐ 2. Has the approved plan been submitted to the Controller's office?

☑ ☐ ☐ 3. Are systems or other means established to prevent overpayments or payments to unauthorized subrecipients or individuals?

☑ ☐ ☐ 4. Are contract payments reconciled to the general ledger monthly?

☑ ☐ ☐ 5. Are payments to subrecipients required to be supported by a properly authorized request for reimbursement or request for an advance from the subrecipient?

☑ ☐ ☐ 6. Are expenditures to state or federal programs reviewed and approved by a person with approval authority?

☑ ☐ ☐ 7. Are personnel responsible for coding expenditures to state or federal programs properly trained to determine expenditures which are allowable and allocable to the federal programs?

☑ ☐ ☐ 8. Is the method of allocating cost understood by persons responsible for coding expenditures to state or federal programs?

☑ ☐ ☐ 9. Are comparisons made between prior year allowable services and current year allowable services?

C/3: CASH MANAGEMENT

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Are requests for reimbursements (1571's) based on actual cash basis?

☑ ☐ ☐ 2. Are reimbursements to subrecipients/contractors of agency compared to contracts or agreements periodically?

☑ ☐ ☐ 3. Are reimbursements to sub recipients/contractors of the agency deferred until after the related expenditure is incurred?

4. Are the following duties generally performed by different people?

☑ ☐ ☐ a. Preparing the Request for Reimbursement (1571)?

☑ ☐ ☐ b. Reviewing and approving the Request for Reimbursement (1571)?

D: DAVIS-BACON ACT: This requirement is not applicable to DHHS subrecipients

E/5: ELIGIBILITY

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Is there an up to date manual available to staff performing eligibility functions?

☑ ☐ ☐ 2. Are staff performing eligibility functions adequately trained?

☑ ☐ ☐ 3. Are client records periodically updated and reviewed to determine continued eligibility?

F/6: EQUIPMENT AND REAL PROPERTY MANAGEMENT

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Are fixed asset records maintained that adequately classify and identify individual items, as well as detailing their location?

☑ ☐ ☐ 2. If there are any missing assets, is a missing asset form completed?

3. Does the individual responsible for fixed assets perform the following:

☑ ☐ ☐ a. Attach fixed asset tags?

☑ ☐ ☐ b. Track when assets are received?

☑ ☐ ☐ c. Track when assets are donated?

☑ ☐ ☐ d. Track when asset location changes are made?

☑ ☐ ☐ e. Track when assets are sold?

☑ ☐ ☐ f. Track when assets are stolen or vandalized?

☑ ☐ ☐ g. Track when assets are reassigned to a different organizational entity or to another agency? Comments: (3a-g)

☑ ☐ ☐ 4. Are all disposals of property approved by a designated person with proper authority?

Yes N/A No

☑ ☐ ☐ 5. Has agency management chosen and documented the threshold level for capitalization in an Internal Policy/Procedure Book?

☑ ☐ ☐ 6. Is someone assigned custodial responsibility by location for all assets?

☑ ☐ ☐ 7. Is access to the perpetual fixed asset records limited to authorized individuals?

☑ ☐ ☐ 8. Is there adequate physical security surrounding the fixed asset items?

☑ ☐ ☐ 9. Is there adequate insurance coverage of the fixed asset items?

☑ ☐ ☐ 10. Is insurance coverage independently reviewed periodically?

☑ ☐ ☐ 11. Is a fixed asset inventory taken annually?

☑ ☐ ☐ 12. Are missing items investigated and reasons for them documented?

G/7: MATCHING, LEVEL OF EFFORT, OR EARMARKING

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Is appropriate action taken when matching or level of effort requirements are not being met as scheduled?

☑ ☐ ☐ 2. Are matching or level of effort requirements budgeted for state or federal financial assistance programs?

☑ ☐ ☐ 3. Are "in-kind" contributions and volunteer services properly documented?

H/8: PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Does the accounting system prevent obligation or expenditure of State or Federal funds outside the availability period?

☑ ☐ ☐ 2. Is staff knowledgeable of grant cut-off dates?

☑ ☐ ☐ 3. Are unliquidated commitments cancelled at the end of the period of availability?

I/9: PROCUREMENT AND SUSPENSION AND DEBARMENT

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of $100,000 and all non-procurement transactions. http://www.epls.gov/ This website is provided by General Services Administration (GSA) for the purpose of disseminating information on parties that are

excluded from receiving Federal contracts, certain subcontracts, and certain Federal financial and nonfinancial assistance and benefits.

Control Activities / Information and Communication:

Yes	N/A	No		
☑	☐	☐	1.	Is there established segregation of duties between employees responsible for contracting; accounts payable and cash disbursing?
☑	☐	☐	2.	Is the contractor's performance including the terms, conditions, and specifications of the contract monitored and documented?
☑	☐	☐	3.	Do supervisors review procurement and contracting decisions for compliance with State and Federal procurement policies?
☑	☐	☐	4.	Are procedures established to verify that vendors providing goods and services under the award have not been suspended or debarred by the State or Federal Government?
			5.	Are there written policies for the procurement and contracts establishing:
☑	☐	☐	a.	contract files,
☑	☐	☐	b.	methods of procurement,
☑	☐	☐	c.	contractor rejection or selection,
☑	☐	☐	d.	basis of contract price,
☑	☐	☐	e.	verification of full and open competition,
☑	☐	☐	f.	requirements for cost or price analysis,
☑	☐	☐	g.	obtaining and reacting to suspension and debarment certifications,
☑	☐	☐	h.	other applicable requirements for Federal procurement,
☑	☐	☐	i.	conflict of interest.
			Comments: (5a-i.)	
☑	☐	☐	6.	Is there written policy addressing suspension and debarments of contractors?
☑	☐	☐	7.	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, program regulations, and Social Services Record Retention schedule?
☑	☐	☐	8.	Are there proper channels for communicating suspected procurement and contracting improprieties?
☑	☐	☐	9.	Does management perform periodic review of procurement and contracting activities to determine whether policies and procedures are being followed?

J/10: PROGRAM INCOME

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Are collection policies and procedures clearly documented and communicated to personnel responsible for program income?

☑ ☐ ☐ 2. Are policies and procedures in place to ensure program income is deposited in the bank and reported as collected?

☑ ☐ ☐ 3. Are there policies and procedures to provide for the correct use of program income as directed by State or Federal program requirements?

☑ ☐ ☐ 4. Does the accounting system properly identify program income?

☑ ☐ ☐ 5. Are there proper channels for communicating suspected improprieties in the collection or use of program income?

☑ ☐ ☐ 6. Does management compare actual program income to budget and investigate differences?

K/11: REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE: This requirement does not apply to DHHS.

L/12: REPORTING

Through periodic reporting subrecipients provide some assurance that funds are being managed efficiently and effectively to accomplish the objectives for which the funds were provided. State and federal program requirements call for a variety of financial, performance and special reporting.

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1. Are personnel responsible for submitting required reporting information adequately trained?

☑ ☐ ☐ 2. Is the DSS-1571 submitted to the Department of Health and Human Services Office of the Controller by the twentieth calendar day of the month? (or the first workday after if the twentieth is a non-business day).

☑ ☐ ☐ 3. Does the agency comply with proper record retention schedules issued by the N. C. Department of Cultural Resources, Division of Archives and History entitled "Records Retention and Disposition Schedule" for the Department of Social Services and DHHS Policy contained in the current revision of the following letters from the Office of the Controller "Records Retention And Disposition Schedule Memorandum and "Records Retention And Disposition Schedule Spreadsheet'?

☑ ☐ ☐ 4. Are salaries paid at the approved rate in accordance with the county pay plan?

☑ ☐ ☐ 5. Are salaries for all county DSS employees reported on the DSS-1571?

☑ ☐ ☐ 6. Are fringe benefits claimed at the authorized rate?

Yes N/A No

☑ ☐ ☐ 7. Are Day sheets maintained by all staff having direct client contact when mandated and performing client-related activities in more than one program? .....

M/13: SUBRECIPIENT MONITORING

If Federal or State funds are subgranted by the agency, the agency has the responsibility, as required by Federal and State regulations, to develop procedures to monitor that funds are appropriately spent by its subrecipient. The requirement to monitor applies only in instances where the subrecipient is granted the funds as financial assistance, and does not apply to purchase of service contracts and agreements. For example, an agreement where a subrecipient will determine eligibility for Crisis Intervention Program (CIP) payments must be monitored. An agreement where a contractor provides maintenance to computer systems does not require monitoring, even if Federal or State funds will be used to support the contract.

Control Activities / Information and Communication:

Yes N/A No

☑ ☐ ☐ 1 .Is a master list maintained of all contracts? .....

☐ ☑ ☐ 2. Is the master list of subrecipients/contracts updated as contracts are signed or terminated? .....

☐ ☑ ☐ 3. Do contracts specify that subrecipients obtain an audit in accordance with the "Single Audit Act" (Either OMB A-128, A-110 or A-133)? .....

☐ ☑ ☐ 4. Are findings identified in audit reports on subrecipients entered into a tracking system or otherwise identified for an audit resolution process? .....

☐ ☑ ☐ 5. Are responses from subrecipients/Contractors indicating action to be taken on findings entered into a tracking system or otherwise identified for an audit resolution process? .....

☐ ☑ ☐ 6. Are audit findings identified in audit reports for subrecipients assigned to appropriate personnel to resolve the findings? .....

☐ ☑ ☐ 7. Is the audit resolution process periodically reviewed to determine that audit findings have been resolved? .....

☐ ☑ ☐ 8. Is the monitoring guide up-to-date and does it cover all aspects of the program which would not be included in the compliance audit of the program? .....

☐ ☑ ☐ 9. Are monitors adequately trained to evaluate the programs administered by subrecipients/Contractors? .....

☐ ☑ ☐ 10. Do monitors use a monitoring guide? .....

☐ ☑ ☐ 11. Do monitors consider factors such as size of grants, prior monitor findings, compliance audit findings, the size of the organization receiving the grant, and the experience of the organization in administering the program in selecting subrecipients for monitoring visits? .....

☐ ☑ ☐ 12. Are monitor workpapers, findings, and resolutions reviewed by appropriately designated officials? .....

N/14: Special Tests and Provisions

The specific requirements for Special Tests and Provisions are unique to each Federal and State program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. For programs listed in the annual State Compliance Supplement, the compliance supplements specify the criteria for Special Tests and Provisions. Requirements that are in all programs are found in the annual crosscutting requirements document.

Control Activities / Information and Communication:

Yes	N/A	No		
☑	☐	☐	1.	Are compliance supplements reviewed annually by appropriate staff?
☑	☐	☐	2.	Are the crosscutting requirements reviewed annually by appropriate staff?

Rev 7/1/08

V. DAY SHEET TRAINING

Yes N/A No

☑ ☐ ☐ 1. The agency provided Day Sheet training for all appropriate staff during this past fiscal year.

If yes, indicate the total number of staff trained. - .....

VI. SINGLE AUDIT

Yes N/A No

☑ ☐ ☐ 1. The agency was audited by an objective public accounting firm this past fiscal year? .....

☑ ☐ ☐ 2. Appropriate agency staff reviewed the findings of the previous years' audit as preparation for current year audit. .....

☑ ☐ ☐ 3. All audit findings and questioned costs from previous years have been appropriately resolved. .....

VII. ADDITIONAL INFORMATION/ EXAMINATIONS OF AGENCY

Responses of "No" in this section do not signify internal control weaknesses to be considered in overall evaluation of subrecipient.

Yes N/A No

☑ ☐ ☐ 1. Has the agency undergone any other examination, monitoring, or investigation (either by an external entity or by internal audit staff) during the past year?

If yes, please indicate the name of the review. .....

Internal Case Review for IV-E Compliance 10/2007

☑ ☐ ☐ 2. Has the agency undergone any reviews by the Division of Social Services in the past year?

If so, please indicate the name of the review. .....

1) Child & Family Services Review Feb 5-7, 2008

2) Title IV-E foster care & adoption assistance monitoring May 22, 2008

VIII. CERTIFICATION

I hereby certify that the information presented in this self-assessment of internal controls and risk is true, accurate, and complete, to the best of my knowledge.

HENDERSON County Department of Social Services

Agency Name

Signature, **Agency Director (REQUIRED)**

August 18, 2008

Date