

**South Dakota Department of Transportation
Internal Control Questionnaire**

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Consultant Name

Address

Phone

Fax #

E-mail

The Code of Federal Regulations, Title 48 (Federal Acquisition Regulations) Part 31.201, requires contracting agencies to assure that firms providing consultant services have acceptable accounting systems and adequate and proper justification for the rates charged in providing those services. **This information is important to adequately complete our work, so please answer all questions as completely as possible; however, if a question does not apply to your firm, please indicate and go on to the next questions.** This information is for audit purposes only and will be kept confidential.

Background Information

1. What form of business entity is the firm?

Sole proprietorship	Partnership
Corporation	Sub-Chapter S

In what state?

2. Is your accounting period on a calendar year or fiscal year basis?

If fiscal year, please identify the period.

3. Who is the contact person for accounting questions?

Title

Phone Number

E-mail Address

4.	Names of Principals	Audit Year	Annual Salary	Total Annual Compensation
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5. Who are the stockholders of the firm, and what percentage of the stock do they own?

6. How many employees do you have?

Of those, how many are salaried?

How many are hourly?
7. Does this firm own any other consulting firms, or is it a subsidiary of another firm?

If yes, who are they? Please identify relationships.

8. How many branch offices do you have and where are they located?

9. If your firm has more than one office, how is the overhead allocated?

Do you use an office overhead or a firm overhead?

Which overhead rate will be used on SDDOT projects? Please explain:

10. What percentage of your business is governmental vs. private?

11. What percentage of your business is lump sum, cost plus, etc.?

12. Do you have written accounting policies?

13. Do you have written personnel policies?

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14. Does your firm have a written bonus policy?

If yes, please provide the SDDOT with a copy.

General Accounting Information

1. Do you have an independent CPA or accountant? If yes, please provide the name and phone number:

Name	Phone
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2. Has an independent audit, review, or compilation been performed recently on any phase of your operation by a CPA firm or another governmental agency?

Who Performed

Financial Statement Audit
Overhead Rate Audit
Compilation
Review

3. What basis of accounting do you use?

Cash	Accrual	Modified Accrual
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4. Do you have a job cost accounting system?

5. a. Are your records manual or computerized?

b. If computerized, what software do you use?

Please provide a copy of your chart of accounts.

6. What reports do you generate and how often?

Reports	Monthly	Yearly	Reconciled (Frequency)
General Ledger			
Cash Disbursements			
Cash Receipts			
Payroll Register			
Project Cost			
Direct Labor Report			
Indirect Labor Report			

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7. Document who performs the following duties:

Reviews and reconciles above-generated reports

Receives mail

Opens mail

Prepares bank deposits

Makes bank deposits

Records cash receipts

Prepared accounts receivable

Records accounts payable

Prepares cash disbursements

Mails payments on accounts payable

Prepares bank reconciliation

Prepares billings

Prepares financial statements

Explain other major duties not covered above

If the same person or only a few people perform the duties above, please explain any owner involvement, or other procedures used to compensate for lack of segregation of duties.

Payroll Accounting

1. Are time sheets prepared by **all** company personnel?

Accounting/Administrative

Engineering

Part time

Principals

2. Are employees responsible for preparing and signing their own time sheets?

If not, who prepares and signs?

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3. Does the time sheet provide for identification of direct project related labor as well as nondirect labor, that is, vacation, sick, holiday and administrative time?
4. How do employees know the job number to be charged to?
5. What controls do you have to make sure time sheets can't be altered?
6. How are time sheets reviewed for accuracy and by whom?
7. Are the time sheets signed by a reviewer?
8. How does your firm charge labor to projects, that is, actual, average or standard hourly rates?
9. For **all** employees of the firm (hourly and salaried) is **all** time worked recorded?

If no, please explain:
10. Is **all** time (including overtime) spent working on projects accumulated as direct labor to that project, regardless of type or status of a contract?

If no, where is that portion of direct labor accumulated?
11. How are your salaried employees compensated for overtime?
12. How are hourly billing rates determined for salaried employees?
13. Is the premium portion of overtime charged to jobs, or is it included in overhead?

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14. Is there a system in place to segregate direct and indirect labor dollars? Do you have General Ledger accounts for direct and indirect labor? At what point is labor segregated?

15. Are payroll records (subsidiary ledgers) reconciled to the following?

	Biweekly	Monthly	Quarterly	Annually
General Ledger				
Cost Accounting System				
Financial Statements				
941 Reports				

Other Expenses

1. Does the company maintain some type of job-costing system to segregate costs to individual projects?

If yes, please explain how that system works.

2. Do you bill such items as mileage, computer time or miscellaneous costs (copies, telephone, etc.) to projects?

If no, skip questions 3 and 4 below.

3. Does your accounting system separate direct (project related) nonlabor costs from general overhead costs?

If yes, skip question 4.

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4. If you answered no to question 2, how does your firm identify direct (project related) nonlabor costs from general overhead?
5. Has your firm developed cost pools for groups of expenses such as vehicle, computer, GPS, etc.?

Please list all cost pools your company has established and the methodology used in developing these pools.

6. If yes to question 2, do you track these direct costs and revenues in direct expense and revenue accounts?

If no to question 6, do you reduce your overhead expense accounts by the amount of revenue received on nonlabor billed items?

7. Who in your firm decides which project related expenses are charged to projects?
8. How does your firm track the various direct (project related) nonlabor costs?
9. Who approves invoices for payment?
10. What types of costs are billed to projects? Please list.
11. What method is used to charge direct costs to projects?

Standard rates

Actual Cost

Other. Explain below.

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12. Are costs that are billed to jobs accumulated in separate accounts? If based on separate rates, how are rates developed and variances accumulated? What is the allocation basis for indirect costs (that is, direct labor)?
13. Where are contract overruns, both labor and nonlabor, charged?
14. What advertising expenses do you incur and to what accounts are these expenses charged?
15. What type of business promotional costs do you incur and to what accounts are these expenses charged?
16. Do you pay for life insurance for officers/principals of the company?

If yes, who is the beneficiary of the life insurance?
17. What type of pension or profit-sharing plan do you maintain? What are the funding percentage levels?
18. Describe any related party transactions of the firm.
19. Do you rent your office space or do you own the building(s)? If you rent, are any of the shareholders of your firm shareholders of the firm that you rent from?
20. Do you rent your office equipment, other equipment or company vehicles? If you rent, are any of the shareholders of your firm shareholders of the firm that you rent from?

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- 21. Is there personal usage of company vehicles? If so, describe you the overhead pool of expenses is adjusted.

- 22. How are gains and losses on disposition of depreciable assets handled?

I certify that to the best of my knowledge and belief this questionnaire is a complete and accurate representation of the above-named organization's cost accounting practices.

Signature

Title

Date