**Universal Service Fund**

**Schools and Libraries Program**

**Internal Control Questionnaire (ICQ)**

Please ensure your responses are applicable and effective as of **Funding Year 2011.** Please return this questionnaire and all supporting documentation requested to USAC on or before **May 3, 2017.**

**Instructions:** Please complete the internal controls questionnaire. This questionnaire will assist us in understanding your company’s internal control environment and in assessing our audit approach. Any unanswered question will result in a follow-up question which may reduce the efficiency of the audit. Please provide comments to any question in which you feel additional information would be useful in our assessment. Specifically, comments to any answers of No, Unsure, or to questions you feel are not applicable would be appreciated.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Questions**  | **Yes** | **No** | **Unsure or N/A** | **Comments** |
| **CONTROL ENVIRONMENT** |
|  | Did the person(s) reviewing and approving discount rates, beneficiary eligibility determinations, service provider evaluation criteria, etc. possess the required knowledge, skills, and abilities to complete those tasks? | X |  |  | XXXX– had a knowledgeable person to determine the service provider evaluation criteria.All other were provided by our contractor.  |
|  | Did the person(s) calculating discount rates, determining eligibility, and reconciling service provider invoices possess the required knowledge, skills, and abilities to complete those tasks? | x |  |  | XXXX – had a knowledgeable person to determine eligibility and reconciling service provider invoices.The contractor was responsible calculating discount rates.  |
|  | Did the person(s) preparing, reviewing, and approving all FCC Forms possess the required knowledge, skills, and abilities to complete those tasks? | X |  |  | These were all the responsibility of the contractor. |
|  | Was there appropriate assignment of responsibility and delegation of authority for reporting decisions? | X |  |  | XXXX employee reported directly to the Director of Technology.The contract specified the responsibilities of the contractor. |
|  | Did management promote an environment of integrity and high values? | x |  |  |  |
|  | Were deviations from acceptable practices and violations from policies and procedures addressed in a timely manner and disciplinary actions taken? |  |  | x | No issues with XXXX or the contractor. |
|  | Did management decisions and actions portray an attitude that compliance with laws, rules and regulations affecting the organizations are of the utmost importance? | x |  |  |  |
|  | Was there a code of conduct / code of ethics in place? | x |  |  |  |
|  | Was management aware that they are responsible for identifying and mitigating fraud risks? | x |  |  |  |
| **RISK ASSESSMENT** |
|  | Management identified risk that information (including those used in calculating discounts or evaluating bids/proposals) prepared internally or received from external sources could be incorrect? | x |  |  |  |
|  | If the answer to number 10 is yes, did management adopt policies to mitigate those risks? |  | x |  | XXXX has internal controls in place to monitor discrepancies. |
|  | Mechanisms existed to identify risks of faulty reporting caused by such items as lack of current knowledge of, inconsistent application of, or carelessness or disregard for standards and reporting requirements of the Schools & Libraries program? | x |  |  | XXXX has internal controls in place to monitor discrepancies. |
|  | Management identified risk that underlying source data used to compile the FCC Forms may not be reliable? |  | x |  | XXXX relied on the expertise of the contractor. |
|  | Management provided staff the appropriate level of authority and resources to accomplish my goals? | X |  |  |  |
|  | Did management provide training to its employees on FCC rules and schools and libraries program regulations, reporting, E-rate processes, etc.? | X |  |  |  |
|  | Management did not apply unreasonable pressure to meet goals, objectives, and timelines that could encourage deviation from approved or acceptable business practice? | X |  |  |  |
| **CONTROL ACTIVITIES** |
|  | Manual criteria checklists or automated processes were used in calculating discounts, evaluating potential service providers, tracking inventory, and in ensuring compliance with other SLP Rules? | x |  |  | XXXX – used a spreadsheet to evaluate potential service providers and tracking inventory.The contractor was responsible for calculating discounts. |
|  | Written policy existed that established responsibility and provided procedures for periodically verifying the accuracy of information? | x |  |  | XXXX has internal controls in place to monitor discrepancies. |
|  | Supervisory review of FCC Form submissions were performed to assure accuracy and completeness of data and information included? | x |  |  |  |
|  | If the company had a formal fraud policy that defined fraud and appropriate actions to be taken with respect to instances of fraud, was such a policy formally communicated to all employees? If so, when and how?If yes, was the policy and procedure practiced as designed in the policy? | x |  |  | XXXX Internal Auditor is responsible for communicating fraud policy to all XXXX employees, including a manner for employees to report fraud. There is a fraud poster in all locations of the school system as well as a fraud hotline. |
|  | A whistleblower program was in place and was periodically reviewed to ensure it was designed and operating effectively? | x |  |  | XXXX Internal Auditor is responsible for communicating fraud policy to all XXXX employees, including a manner for employees to report fraud. There is a fraud poster in all locations of the school system as well as a fraud hotline. |
|  | Segregation of duties existed between duties in which one individual should not be responsible for both completion and review (e.g., the individual who compiles discount data and service provider selection criteria did not make the approval)? | x |  |  |  |
|  | Management established procedures to prevent i.) Unauthorized access to; ii.) Inadequate retention of; or iii.) Improper destruction of records.  If yes, was the policy and procedure in current practice?  | x |  |  | XXXX followed the USAC guidelines for record retention as well as state laws on fiscal record retention. Files were maintained in a locked office with limited access. |
| 1. 24.
 | A formal conflict of interest policy existed regarding independence between employees and service providers? Potential violations of this policy were investigated? If yes, was the policy and procedure in current practice? | x |  |  | In August of 2011 XXXX Board of Education officially adopted an Employee Conflict of Interest Policy. Pertaining to Erate, no violations were noted. |
| 1. 25.
 | Did you have a process in place for maintaining all E-rate related documents for 10 years, consistent with E-rate rules? | x |  |  |  |
| **INFORMATION & COMMUNICATION** |
|  | Information system met needs of decision-makers and program management? | x |  |  |  |
|  | Processing of information (such as discount calculations) was subject to edit checks? | x |  |  |  |
|  | Channels of communication existed for people to report suspected improprieties? | X |  |  |  |
|  | Management clearly communicated the behavior that was expected?  | X |  |  |  |
|  | Employees who report suspected improprieties were protected from reprisal? | X |  |  |  |
| **MONITORING** |
|  | Periodic analytical reviews of discount calculations, service provider solutions, and other program compliance determinations were performed by management? | X |  |  |  |
|  | Comparison of FCC Forms to supporting records was conducted by management, whether in every instance or on a sample basis? | x |  |  |  |
|  | Turnover in management or supervisory personnel was monitored and the reasons for significant turnover were evaluated? | x |  |  |  |
|  | Did management perform background checks on job applicants? | x |  |  | XXXX performs background checks on all employees. |
|  | Information Technology (IT) application controls and general controls were periodically reviewed to ensure it was designed and operating effectively? | x |  |  |  |
|  | Actual losses arising from violations of laws and regulations were regularly identified, measured, and reported to the board of directors, or audit committee?  |  |  | x | No losses from violations of laws and regulations were identified. |