

SUBRECIPIENT RISK AND INTERNAL CONTROL QUESTIONNAIRE

North Dakota Department of Transportation, Executive Office
SFN 62655 (9-2025)

Subrecipient	UEI (Unique Entity Identifier)
Entity Type	FYE (month/day)
Please return completed questionnaire to	Return by

Per 2 CFR 200.332(c), pass-through entities are required to evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring.

Instructions: Answer each question to the best of your knowledge. This questionnaire is to be completed by the chief administrative officer, chief financial officer, or equivalent.

Policies	Yes	No	N/A
1. Does your organization have written policy manuals? a. If yes, do your manuals include policies on the following? If no, skip to question 2. Accounting (revenue recognition, expense recognition, cash vs. accrual, etc.) Conflict of Interest Cost allocation (process of assigning costs to projects, departments, etc.) Employment (human resources, payroll, code of conduct, etc.) Fixed assets and inventories IT including cybersecurity Procurement (key activities in purchasing goods and services) Whistleblowing			
2. Does your organization have a process for identifying and managing risks?			
3. Are there written job descriptions that clearly set out duties and responsibilities for each position?			
4. Does your organization have a process to identify and correct outdated and/or ineffective policies and procedures?			
5. Are all employees required to confirm that they read and understand applicable written policies? a. If yes, how often?			
6. Is ongoing fraud awareness training carried out?			
7. Have cyber security controls per 2 CFR 200.303(e) been implemented and tested?			

Financial	Yes	No	N/A
8. Have the same key management staff been in place all year?			
9. Do you have an adequate number of staff to manage the grant resources?			
10. Did your organization engage in any related party transactions?			
11. Does your financial management system track and record the source and use of federal funds in enough detail to tie transactions to a specific grant?			
12. Does your financial management system track and record employee time in enough detail to account for 100% of each employee's time and allocate their time to specific activities/projects?			
13. How often does your organization prepare financial statements?			
14. Are the financial statements reviewed and approved by your governing body?			
15. How often are budget vs. actual reports prepared and then reviewed by your governing body?			
16. Does your organization receive funding directly from the federal government?			
17. Is management aware of any material instances of fraud, illegal acts, or violations of regulations?			

Federal Grant Experience	Yes	No	N/A
18. Has your organization successfully managed federal funds as a direct recipient or subrecipient? If yes, answer the following questions. If no, skip to question 19. a. What percentage of your organization's funding came from federal grants? b. Has your organization had any disallowed costs? c. Has your organization had any difficulty meeting cost sharing requirements? d. Has your organization passed through federal funds to subrecipients or contractors?			
19. Has your organization attended any grant management training in the last year?			

Audit	Yes	No	N/A
20. Is your organization subject to the Single Audit requirement? a. If no, has your organization had an independent audit or review? b. If an audit or review was conducted, were there any findings? c. If there were findings, were there any repeat findings?			

Control Environment

Yes No N/A

21. Does the organization have clear mission and vision statements?
22. Are there minimum qualifications for those serving on the governing body? If elected officials, select N/A.
23. Does at least one member of the governing body have: <ul style="list-style-type: none"> a. financial and/or accounting knowledge? b. relevant industry knowledge? c. grant management experience?
24. Does the governing body take an active role in overseeing the organization's policies and practices?
25. How often does the governing body meet?
26. Does the governing body approve compensation and benefits of key employees?
27. Does the governing body approve the budget?
28. Does the organization's policy manual include a structured process for engaging employees and implementing their suggestions?
29. Are employees cross trained on key financial and accounting duties?

General Control Activities

Yes No N/A

30. Does the organization have a documented system for maintaining complete and accurate financial and accounting records?
31. If credit cards are used, are monthly statements reviewed and charges verified by someone without access to the cards?
32. Are budget variances (revenue shortfalls, cost overruns) investigated and explained?
33. Does the organization have a training budget to support employee development?
34. Are unique, strong, and confidential passwords or multifactor authentication required to access IT systems?
35. Are passwords required to be changed at regular intervals?
36. Do individuals have access to only those programs or files necessary to perform their duties?
37. Are access permissions removed for employees who leave the organization?
38. Are there documented procedures for backup and storage of programs and data files?
39. Does your organization have a retention policy for supporting documentation?

Cash Management

Yes No N/A

40. Is the person who records the deposits separate from the person who makes the deposits?
41. Is a restrictive endorsement, such as for deposit only, placed on all checks received?
42. Is the bank statement reconciled monthly by someone who doesn't make deposits, sign checks, or is responsible for recordkeeping?
43. Are all cash disbursements made by check or EFT, except for petty cash transactions?
44. Are dual signatures required on checks over a pre-determined amount?
45. Does the person recording the disbursements have check signing authority?
46. Are supporting documents provided to the check signer along with the unsigned checks?
47. Is there a policy that checks may not be made payable to cash?

Federal Grant Procedures

Yes No N/A

If your organization has not managed federal funds as either a direct recipient or a subrecipient in the past, select N/A for questions 48-53.
48. Does the governing body of the organization approve capital grant expenditures?
49. Does the governing body of the organization review or approve grant reimbursement requests?
50. Are cost allocations between cost categories (for example, direct vs. indirect, administrative vs. program) reviewed for reasonableness and adjusted if needed?
51. Is there a process to determine cost allowability prior to incurring a grant expenditure?
52. Are supporting documents for grant expenditures clearly identifiable and readily accessible?
53. If your organization uses your own employees to work on grant funded capital projects, is an approved force account plan in place?

Payroll

Yes No N/A

54. Are changes to payroll information such as pay rates, positions, benefits, etc. authorized by someone who does not prepare the payroll?
55. Is additional pay such as bonuses and overtime, authorized in advance and reviewed for compliance with organizational policy?
56. Does a supervisor review and approve each employee's timecard?
57. Are sick leave, vacation, and holiday pay reviewed for compliance with organizational policy?
58. Are leave requests reviewed and approved by the employee's supervisor?
59. Are all hours of salaried employees tracked and documented?
60. Is job performance periodically evaluated and reviewed with employees?
61. Are controls in place to safeguard employees' personally identifiable information?

Procurement

Yes No N/A

62. Does your policy manual include procedures for purchases involving formal quotes or bids?
63. Does your policy manual include thresholds for informal and formal purchases?
64. Are informal purchases reviewed to ensure that formal procurement procedures are not being circumvented?
65. Does your organization maintain procurement records for all purchases?
66. Does your organization have policies regarding tracking assets from acquisition through disposal?

Certification

I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812.

Signature	Title
Printed Name	Date

Additional Guidance

Policies

1. Policy manuals must be available upon request.
- 1a. 2 CFR 200.318 requires "written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts".
"An employee, officer, agent, and board member of the recipient or subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors. However, the recipient or subrecipient may set standards for situations where the financial interest is not substantial or a gift is an unsolicited item of nominal value".
2. It is important to identify potential threats, analyze their impact, and determine how to address them.
6. Training may be conducted through employee meetings, webinars, conferences, etc.
7. Cybersecurity controls safeguard systems against both accidental and deliberate threats. These controls may include firewalls, antivirus software, data encryption, and employee training. Regular testing is essential to ensure they remain effective and up to date.

Financial

8. Changes in key staffing may impact the effectiveness of grant and subrecipient compliance. The key staff responsible for compliance include your financial staff. Key staff responsible for performance may include administrators or program managers.
9. The duties of authorization/approval, recordkeeping, and custody of assets should be separate.
10. Related party transactions may occur when an employee is related to another employee or to a vendor and there is a risk that the transaction is in the employee's self-interest rather than the organization's interest.
11. Your financial management system must be able to track federal funds clearly and consistently. This includes recording important details such as:
 - Where the funding came from (like the FAIN or subaward number)
 - What the money was used for (tied to the approved budget categories (such as salaries, supplies, etc.)
 - How each expense supports the specific program or project
 These elements should be reflected in your chart of accounts or supporting system structure, so every federal dollar is traceable from source to purpose.
12. The financial management system must be able to accurately allocate an employee's time to specific grant activities/projects and other duties, capturing 100% of each employee's time.
The governing body may be a city or county commission, a board of directors, or board of trustees, etc.
14. The official minutes of the governing body must reflect the review and/or approval of the financial statements.
15. A budget vs. actual report compares estimated results to actual results. The official minutes of the governing body should reflect the review of the report and any variances identified.
17. Subrecipients are required to report matters related to recipient integrity and performance. Subrecipients must also report any commission of fraud in connection with a federal award, if credible evidence exists (2 CFR 200.113).

Federal Grant Experience

18. Did your organization complete all performance requirements and expend funds in compliance with federal requirements?
 - a. Estimate the percentage of federal grant funding and select the appropriate range.
 - b. This includes any federal funding, not just funding from NDDOT. It includes items that were disallowed before reimbursement or were disallowed and had to be paid back.

Audit

19. 2 CFR 200 Part F requires organizations that spend \$1 million or more in federal funds from all sources during their fiscal year to have a single audit done.

Control Environment

- 22. When a position on the governing body is to be filled, written qualifications are compared to the applicant's background to determine if the applicant should be appointed. If members of the governing body are elected rather than appointed, select N/A.
- 23a. The ability to understand basic terminology, review and understand the financial statements, and ask insightful questions about the financial health of the organization.
- 23b. Includes hands-on knowledge, skills, and insights gained through exposure to a particular industry or field of work.
- 23c. Examples of grant management experience may include developing and implementing grant proposals to secure funding, developing grant budgets, and/or managing grant funds to ensure compliance with grant agreements.
- 24. An active role may include providing guidance and ensuring decisions align with the organization's mission and strategic goals and monitoring financial performance.
- 29. Examples of key financial and accounting duties may include budgeting, financial statement preparation, financial transaction documentation, cost allocations, regulatory compliance, and financial analysis.

Control Activities

- 30. A system should maintain digital and physical records efficiently, streamline workflows, enhance data security, ensure compliance with regulatory standards, help store, organize, retrieve and manage records.
- 39. The retention policy must help ensure that legal and regulatory compliance requirements are met.

Cash Management

Segregation of duties in the handling of cash (including checks) is one of the most effective ways to gain control over this asset. No one individual's duties should include the actual handling of money, recording receipt of money, and the reconciliation of bank accounts.

- 43. Electronic Funds Transfer (EFT) includes debit cards, direct deposit, wire transfers, and ACH transfers from a bank account.
- 45. Check signing authority includes access to a signature stamp of a bank authorized signer.
- 46. Common examples of supporting documentation include itemized receipts, invoices, credit card statements, and pay statements.

Federal Grant Procedures

- 48. Per 2 CFR 200.1 capital expenditures mean expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, re-installations, renovations, or alterations to capital assets that materially increase their value or useful life. Capital assets are typically property and equipment.
- 50. Cost allocations can change over time. For example, the program manager's salary may have been allocated based on a certain percentage to the meals program and the rest to a transit program. The allocation should be reviewed annually to determine if it still accurately reflects the time spent on each activity.
- 53. Examples of force account work include design, construction, refurbishment, inspection, and construction management activities involving capital projects, if conducted by the organization's own workforce and is eligible for reimbursement under the grant.

Payroll

- 59. 100% of an employee's time must be documented if all or partially reimbursed with federal funding. This includes uncompensated overtime, which are hours worked beyond the standard 40-hour workweek by employees who are exempt from the Fair Labor Standards Act (FLSA) and do not receive additional pay for those extra hours.
- 61. 2 CFR 200.303(e) requires that subrecipients "take reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information. This also includes information the Federal agency or pass-through entity designates as sensitive or other information the recipient or subrecipient considers sensitive and is consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality."

Procurement

2 CFR 200.320 defines informal and formal procurement methods.

Informal procurement methods "expedite the completion of transactions, minimize administrative burdens, and reduce costs. Informal procurement methods may be used when the value of the procurement transaction under the Federal award does not exceed the simplified acquisition threshold as defined in § 200.1. Recipients and subrecipients may also establish a lower threshold."

"Formal procurement methods are required when the value of the procurement transaction under a Federal award exceeds the simplified acquisition threshold of the recipient or subrecipient. Formal procurement methods are competitive and require public notice."

- 64. For example, circumvention may involve the intentional breaking down of a larger purchase that would be subject to the formal procurement requirements in order to avoid needing formal bids or quotes.
- 65. Purchases include not only long-term assets but also items such as supplies and services such as conference fees, travel costs, etc. All purchases must be adequately documented.