

PRE-AWARD AUDIT QUESTIONNAIRE

Company Name: _____

Headquarters Address: _____

Location of Accounting Records: _____

Survey Completed By (Name and Title): _____

Date Completed: _____

BACKGROUND INFORMATION

1. What form of business entity is the organization?
Sole proprietorship Partnership Corporation Other _____
How many offices does the organization have? _____

2. When was the organization formed?

3. What type of services does the organization provide?

4. How many employees does the organization currently employ?
Full-time _____ Part-time _____
Independent Contractors _____

5. When does the organization's fiscal year end?

6. What basis of accounting does the organization use?
Cash Accrual

7. What type of accounting system software does your organization use?

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8. Is the firm familiar with Code of Federal Regulations 48, Chapter 1, Part 31?
YES NO

9. Does the firm have an indirect cost rate schedule? YES NO
If yes, is it prepared within the organization or by an outside organization?
Provide a copy of the schedule.

10. Has the firm been audited by any government agency? YES NO
If yes, which one?

11. What type of clients do you serve? (Percentage of revenue)
a. Private _____%
b. Federal _____%
c. State _____%
d. County _____%
e. Nonprofit _____%

12. How much experience does the firm have with the following types of contracts
(Percentage of revenue)?
a. Cost plus fixed fee _____%
b. Lump sum _____%
c. Cost per unit of work _____%
d. Specific rates of compensation _____%

13. Is the firm a subsidiary of another organization? YES NO
If yes, please explain.

14. Does the firm own or control any other organizations through common
ownership? If yes, please explain.
YES NO

15. Who is/are the principal owners, stockholders of the organization, and what is
their percentage of ownership?
_____ % _____ %

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_____ % _____ %
 _____ % _____ %

16. Are financial statements prepared? YES NO
 If yes, by whom?

Are the financial statements certified? YES NO

17. What written procedures does the firm maintain?

- | | | |
|--|-----|----|
| a. Accounting | YES | NO |
| b. Billing | YES | NO |
| c. Estimating | YES | NO |
| d. Recording direct vs. indirect costs | YES | NO |
| e. Recording time worked | YES | NO |
| f. Recording leave time | YES | NO |
| g. Recording overtime | YES | NO |
| h. Fringe Benefits | YES | NO |

ACCOUNTING SYSTEM-GENERAL

1. What accounting software do you use (if any)? Is it a project costing system?

2. Which of the following accounting records are maintained by the firm to support financial transactions?

- | | | |
|-------------------------------|-----|----|
| a. General ledger | YES | NO |
| b. Cash disbursements journal | YES | NO |
| c. Cash receipts journal | YES | NO |
| e. Project cost ledger | YES | NO |
| f. Employee earnings cards | YES | NO |

3. Are there separate direct and indirect accounts in the general ledger for:

Labor	YES	NO
Expenses	YES	NO

4. Does the firm use a payroll service? YES NO

If yes, name of provider: _____

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5. Does the payroll register indicate employee's gross pay, payroll deductions, net pay, and check amount?

- | | | |
|--------------------------------|-----|----|
| a. Gross pay | YES | NO |
| b. Payroll deductions | YES | NO |
| c. Net pay | YES | NO |
| d. Check amount | YES | NO |
| e. Hourly rate | YES | NO |
| f. Pay period | YES | NO |
| g. Normal hours for pay period | YES | NO |

6. What is the firm's canceled check retention policy? _____(time period)

7. When are pay periods? Weekly Biweekly Monthly 1st & 15th

LABOR COST ACCUMULATION

1. Does the firm maintain timesheets which indicates direct and indirect hours?
YES NO

2. How do employees code direct and indirect time on their timesheets?

3. Do principals and salaried personnel record all hours worked?
YES NO

a. Does this include hours worked in excess of the normal work day/week?
YES NO

b. If yes, are labor rates adjusted to the effective hourly rate rather than actual hourly rates when recording direct and indirect labor rates?
YES NO

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4. Is the firm able to segregate work under the basic agreement from work charged to contract changes or modifications?

YES NO

a. If yes, how?

5. Are timesheets completed in ink, signed and dated by employees?

YES NO

6. Does management review, sign and date timesheets?

YES NO

7. Is the principal's time certified?

YES NO

If yes, by whom?

LABOR BILLINGS

1. If the firm pays a principal or an employee at a rate in excess of the contract's maximum hourly rate, where will the difference be assigned?

2. Is it company policy to pay overtime at a premium? YES NO

If yes, what premium rate is paid and who is eligible for it?

3. Is premium ever billed directly to a job? YES NO

If yes, how is it determined which job gets charged premium?

4. Describe the accounting treatment for premium costs when the contract does not allow direct billing of premium time?

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5. Is premium time cost captured separately? YES NO

If yes, what is the accounting treatment?

EXPENSE ACCUMULATION AND BILLING

1. What type of direct expenses, besides labor, does your organization normally bills to its clients?

2. Does your firm maintain cost pools for in-house items or are they spread over various other accounts? Explain briefly.

a. Automobile	YES	VARIOUS (explain)
b. Computer	YES	VARIOUS (explain)
c. Printing/reproduction	YES	VARIOUS (explain)
d. Telephone	YES	VARIOUS (explain)
e. CADD	YES	VARIOUS (explain)
f. Postage	YES	VARIOUS (explain)
g. Other	YES	VARIOUS (explain)

3. Are these in-house costs included in the firm's overhead schedule?

YES NO

4. Are these in-house costs billed directly to all projects?

YES NO

5. Is the revenue received for direct costs offset when calculating the firm's indirect cost rate? If no, please explain.

YES NO

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6. Vehicle Expense

a. Does the firm provide vehicles to employees for business purposes?
YES NO

b. Are the vehicles Leased or owned ?

c. How many? _____

d. Are mileage logs maintained for all vehicles? YES NO
If no, please explain.

e. Are project numbers assigned to mileage? YES NO

f. Is mileage segregated by direct and indirect classifications?
YES NO
If no, please explain.

g. What rate does the firm use for company vehicle usage? _____

h. How was the rate developed?

7. Computer Costs.

a. Are the computer expenses incurred as a result of:
Outside services? Company ownership? Both?

b. If the computer is company owned, what is the rate? _____

c. How was this rate developed?

d. Is computer usage segregated by direct and indirect cost classifications?
YES NO

e. Are computer usage logs maintained and job coded?
YES NO

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f. Are in-house computer expenses billed directly to all projects?

YES NO

8. **Printing and Reproduction Costs.**

a. How are the printing and reproduction expenses billed?

Direct Cost Indirect Cost Combination of Both

b. For in-house services, are usage logs maintained and job coded?

YES NO

c. Is usage segregated by direct and indirect classifications?

YES NO

d. Are in-house print and reproduction expenses billed directly to all projects?

YES NO

e. If these costs are incurred through the use of an outside vendor, are the invoices job coded when received?

YES NO

9. **Telephone Costs.**

a. How is the telephone service expense billed?

Direct Cost Indirect Cost Combination of Both

b. Does the firm maintain a telephone log to record toll calls?

YES NO

c. Are the calls job coded by direct and indirect classifications?

YES NO

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10. Did your firm pay bonus costs last year? If yes, is it part of your overhead expenses?

YES NO

11. Does your firm have a written bonus plan? If yes, please provide a copy.

YES NO

12. If you are renting your facilities from another organization, are any of your owner/stockholders also owner/stockholders in the other organization? If yes, please explain.

YES NO

PROJECT COST ACCUMULATION AND BILLING

1. How does the firm accumulate and summarize project costs? (e.g., source documents to project cost ledger)

2. Are all project costs accumulated and summarized even if they cannot be billed directly?

YES NO

3. Describe the accounting treatment of variances resulting from actual job costs and billable costs.

4. Describe (short narrative or flowchart) the procedure for transmitting billable costs to an invoice?