

Changes needed in the Internal Controls Questionnaire and Annual Report Template in order to finalize current OMB approval

Item	Document Location	Original	Comment	Modifications Made
1	ICQ, Section I "VHA Handbook 1200.17", question 6	"Does the NPC maintain and follow VA procedures for record filing, retention, and disposition of original Research and Development documents, IRS rules for administrative files"	Confusing as written.	<p>7. Does the NPC have a record retention policy that satisfies IRS requirements and standard practices for retaining and disposing of business records?</p> <p>8. If the NPC has in its custody documents that are subject to VA retention policies (e.g. completed case report forms or signed informed consent forms), does the NPC follow applicable VA requirements regarding storage, retention and disposition?</p>
2	ICQ, Section H "Computer Security", question 7	"On at least a test basis, does management balance control totals generated during computer processing with those originally established and reconcile all discrepancies?"	Confusing as to what is being asked.	<i>This question was deleted from the form.</i>
3	ICQ, Section H "Computer Security", question 1	"Is a formal security administration process in place to ensure that applications access, including restricted access to financial applications, is approved?"	Rewording for clarity	1. Is a formal documented security administration process in place to ensure that access to all applications, including restricted access to financial applications, is approved?
4	ICQ, Section H "Computer Security", question 3	"Do PCs under control of the NPC use a recognized anti-virus (A/V) program? Does the NPC run the A/V on a regular	Rewording for clarity	Do personal computers under control of the NPC use a recognized anti-virus (A/V) program and is it ran on a regular schedule?

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		schedule?”		
5	ICQ, Section H “Computer Security”, question 4	“Does the NPC have a firewall established for their LAN or for individual workstations?”	Rewording for clarity	Does the NPC have a security firewall established for their LAN or for individual workstations?
6	ICQ, Section H “Computer Security”, question 5	“Has the NPC taken steps to prevent and minimize potential damage and interruption through the use of data and program procedures including off-site storage of backup data as well as environmental....”	Rewording for clarity	Has the NPC taken steps to prevent and minimize potential damage and interruption through the use of backups, including off- site storage of backup data as well as environmental controls, staff training, and hardware maintenance and management?
7	ICQ, Section I “VHA Handbook 1200.17”, question 22	“Are all investments in United States government securities?”	The original wording does not accurately reflect Handbook 1200.17. 13. b. and implies that NPCs may only invest in Treasuries. Handbook 1200.17. 13.b. states: “NPCs may use idle funds to purchase instruments backed by the full faith and credit of the United States Government such as Treasury bills, notes, and bank certificates of deposit.” The key criteria are full faith and credit of the US government, not the vehicle.	Are all investments held in instruments backed by the full faith and credit of the United States government?
8	ICQ, Section I “VHA Handbook 1200.17”, question 23	Are there approved policies and procedures that document the purchase of investments and	Rewording for clarity	Are there approved written policies and procedures that document the purchase of investments and identify control procedures for these purchases?

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		that identify control procedures?		
9	ICQ, Section A "Control environment" question 3	Is there a written policy for managing real or perceived conflict of interest resulting from the hiring of subordinates with a financial, social, familial or romantic relationship?	Rewording for clarity	Is there a written policy and procedure for managing real or perceived conflicts of interest resulting from the hiring of subordinates with a financial, social, familial or romantic relationship?
10	ICQ, Section A "Control environment" question 33	If any project accounts are overdrawn are they reported in the monthly financial statement?	<p>1) Clinical trials and NIH grants are typically funded in arrears so it is common – and usually not problematic – for active project accounts to have a negative balance. This is only problematic when a study is near to closeout and there is little prospect of it coming into balance. It is the EDs job to track balances and anticipated revenues, and to notify PIs when steps must be taken to prevent a study from ending in a deficit situation. If a study will end with a deficit balance, then the ED should notify the board so it can decide how to manage the loss.</p> <p>2) Use of "monthly" implies that NPCs create – or should create - monthly financial statements. This is not usual practice nor is there a published requirement to this effect.</p>	Is the Board aware when accounts are overdrawn with no anticipated revenues?

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11	ICQ title page (version Sept 2011)	Abbreviated "ICF"	Typo	This change has been made throughout the document.
12	ICQ, Section I "VHA Handbook 1200.17" question 3	"Has the Medical Center Director concurred in the appointment of the Executive Director in writing?"	This requirement is not in the Handbook	
13	Annual Report template, Tab 12, questions 2 and 3	<p>2. As of the fiscal year-end, the estimated amount of unrestricted net assets available for meeting administrative expenses, also known as the administrative reserve fund amount. It is important that funds be set aside, if possible, in a reserve administrative fund to allow for administrative funding for closing out grants and meeting other business obligations if the NPC's operations, revenues, and assets suffer an unavoidable downturn.</p> <p>3. As of the fiscal year-end, the estimated number of months of administrative expense that the reserve fund represents. This can be estimated by dividing one-twelfth of the annual administrative expenses</p>	<p>Wording could be simplified.</p> <p>As worded, it implies that NPCs are required to have reserves when there is no such published requirement for nonprofits generally or for NPCs specifically.</p>	<p>#2. If applicable, the balance in the NPC's board-designated administrative reserve at the end of NPC's last completed fiscal year was \$___</p> <p>#3. If an amount is reported for #2 above, the number of months the reserve could sustain NPC administration: ___</p>

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		into the estimated reserve fund amount. Please round to the nearest whole month.		
14	Annual Report template, Tab 12, questions 4 to 6	Asks about number of full-time and part-time employees.	# of NPC employees is available from IRS form 990 Pat V 2a.	Number of unique employees at this fiscal year end?
15	Annual Report template, Tab 12, questions 7 to 6	Asks about number of PIs and protocols	NAVREF thinks this is available from ORD.	No change made.