**(Company’s Letterhead Must be the Legal Name of Company)**

**MANAGEMENT’S REPORT ON**

**INTERNAL CONTROL AND COMPLIANCE**

Texas Department of Transportation

125 E 11th Street

Austin, Texas 78701

In accordance with Section 9.34 (b) of Title 43 in the Texas Administrative Code, ***Legal Company Name*** have prepared a Statement of Direct Labor, Fringe Benefits, and General Overhead of the Company for the fiscal year ended December 31, 20      and have issued our Self-Certified Overhead Direct and Indirect Cost Report thereon dated      . The report was prepared on a basis of accounting practices prescribed by Part 31 of the Federal Acquisition Regulations (FAR) and certain other Federal and State regulations. The report was prepared in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting:**

Management is responsible for establishing and maintaining internal control over its financial reporting. In fulfilling this responsible, Management has established internal controls within the Company and has written policy to support its internal controls and procedures. The objectives of internal control over financial reporting are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with Part 31 of the Federal Acquisition Regulations. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of charges in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Company’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with Part 31 of the Federal Acquisition Regulations such that there is more than a remote likelihood that a misstatement of the Company’s overhead schedule that is more than inconsequential will not be prevented or detected by the Company’s internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company’s overhead schedule will not be prevented or detected, or corrected, on a timely basis. Management consideration of internal control over financial reporting is reviewed annually for any deficiencies and/or material weaknesses.

**Compliance and Other Matters**

For Management to obtain reasonable assurance that the Company’s overhead schedule is free from material misstatement, Management reviews Company’s policies and procedures to assure that the Company is in compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of the applicable sections of Part 31 of the Federal Acquisition Regulations. Management recognizes that noncompliance could have a direct and material effect on the determination of the amounts reported on the overhead schedule.

This report is intended solely for the use and information of the Company and the Texas Department of Transportation. This report should not be used for any other purpose.

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(Signature of Official Representative of Firm)

­­­­­­­­­­***Legal Name of Firm***

DATE:

STATE OF TEXAS

COUNTY OF

SUBSCRIBED AND SWORN BEFORE ME ON THIS THE       DAY OF      , 20

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Notary Public:Print Name (NOTARY SEAL)

My Commission Expires