

Early Learning Coalition of Southwest Florida

Accounting & Financial Policies and Procedures Manual



EARLY LEARNING COALITION OF

SOUTHWEST

F L O R I D A

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Introduction

In 1999, the Florida Legislature enacted the School Readiness Act (s. 411.01, F.S.), which consolidated each of the early childhood education and childcare programs into one integrated program of school readiness services. This act created the Florida Partnership for School Readiness to coordinate school readiness programs administered by local school readiness coalitions at the county or multi-county level. School readiness programs include, but are not limited to the following elements:

- Developmentally appropriate curriculum;
- Appropriate staff-to-children-ratio; and
- Parents making an informed choice of child care providers

The actual system of delivery for school readiness services is through child care providers and school-based sites operated by public and nonpublic schools. School readiness programs are funded through a mixture of state and federal funds which come to the community Early Learning Coalitions through the Florida Partnership.

Then in January 2005, new legislation created the mandated Voluntary Pre-kindergarten Education Program (VPK). The Voluntary Pre-kindergarten Education Program provides that each child residing in the state who will have attained 4 years of age on or before September 1 of the school year is eligible for free early childhood development and education program.

This legislation also revised the governance structure of the school readiness system by abolishing the Florida Partnership for School Readiness and directing the Agency for Workforce Innovation (AWI) to govern state-level policy and provide statewide coordination of school readiness programs, with early learning coalitions administering the school readiness programs at the county or regional level. The delivery system for the VPK program is comprised of private Pre-kindergarten providers and of school-based sites operated by public and nonpublic schools. The VPK program is funded fully with state funds.

The Agency for Workforce Innovation, Office of Early Learning now manages Florida's statewide system of early learning coalitions. Through this network, the Office of Early Learning helps families' access early learning opportunities for their children ages birth to five to increase their chances for education success and prepare them for school.

The Early Learning Coalition of Southwest Florida (ELC-SWFL) is responsible for the management of the School Readiness, Resource and Referral, and Voluntary Pre-kindergarten programs for Collier, Glades, Hendry and Lee counties. The Coalition Board oversees the School Readiness funds associated federal requirements in 45CFR98 and Chapter 411, F.S.; and state funds of the Voluntary PreKindergarten services pursuant to Chapter 1002.51-79 Florida Statute; and Resource and Referral services pursuant to Chapter 402.27, F.S.

The Early Learning Coalition of Southwest Florida is incorporated in the state of Florida and registered pursuant to the Fictitious Name Act, 865.09 F.S. with the Division of Corporations, Florida Department of State. The corporation is exempt from federal income taxes under IRC Section [501(c)(3)] as a nonprofit corporation.

The Corporation has been formed to coordinate and improve the service delivery of school readiness and voluntary prekindergarten opportunities for the children and families of Collier, Glades, Hendry and Lee Counties in Florida.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for the staff and to document internal controls.

The contents of this manual were approved as official policy of the organization by the Executive Director, Director of Operations and the Coalition Board. All Coalition staff are bound by the policies herein, and any deviation from established policy is prohibited.

Note:

Effective Date(s) of Policies

The effective date of all accounting policies described in this manual is July 2006. If a policy is added or modified subsequent to this date, the effective date of the new/revised policy will be indicated parenthetically immediately following the policy heading.

GENERAL POLICIES

ORGANIZATIONAL STRUCTURE

The Role of the Board of Directors

The Coalition is governed by its Board of Directors, which is responsible for the oversight of the organization by:

1. Planning for the future
2. Establishing broad policies
3. Identifying and proactively dealing with emerging issues
4. Interpreting the organization's mission to the public
5. Soliciting prospective contributors
6. Hiring the Executive Director
7. Establishing and maintaining programs and systems designed to assure compliance with terms of contracts and grants

The board is responsible for hiring and periodically evaluating the organization's Executive Director, who shall be responsible for the day-to-day oversight and management of the Early Learning Coalition of Southwest Florida.

Committee Structure

The board of directors shall form committees in order to assist the board in fulfilling its responsibilities. These committees represent vehicles for parceling out the board's work to smaller groups, thereby removing the responsibility for evaluating all of the details of particular issues from the full board's consideration. Standing board-level committees of the Early Learning Coalition consist of the following:

1. Executive Committee
2. Finance/Audit Committee
3. Service Delivery Committee
4. Quality Enhancement Committee
5. Health Services Advisory Committee
6. Nominating Committee

Specific guidelines regarding the composition and election of the board of directors and committees are described in the organization's by-laws. However, roles of committees with direct responsibilities for the financial affairs of the organization are further described in this manual. These committees shall be referred to in appropriate sections of this manual.

Finance/Audit Committee Responsibilities

The Finance/Audit Committee is responsible for direction and oversight regarding the overall financial management of the Early Learning Coalition of Southwest Florida. Functions of the Finance Committee include:

1. Review and recommendation of the organization's annual budget (prepared by the staff) for final approval by the full board
2. Long-term financial planning
3. Establishment of investment policy and monitoring investment performance
4. Evaluation and approval of facilities decisions (i.e. leasing, purchasing property)
5. Monitoring actual vs. budgeted financial performance
6. Oversight of reserve funds

The review of the organization's financial statements shall not be limited to the finance/audit committee, but shall involve the entire board of directors.

The Finance/Audit Committee is responsible for recommending the hiring of an independent CPA firm and for directly communicating with the CPA firm to fulfill the requirement for an annual audit. The Finance/Audit Committee shall also review and approve the final audited financial statements, as well as any communications received from the auditor regarding internal controls, illegal acts, or fraud.

The Finance/Audit Committee also serves as the primary point of contact for any employee who suspects that fraud has been committed against the organization or by one of its employees or board members.

The Finance/Audit Committee's role in the annual audit is more fully explained in the section of this manual covering the annual audit.

The Roles of the Executive Director and Staff

The Executive Director reports directly to the board of directors. The Executive Director is responsible for hiring all employees. All employees shall report directly to the Executive Director, who shall be responsible for managing and evaluating all employees within the department.

ACCOUNTING SERVICES

Organization

Accounting services are outsourced to Southwest Florida Workforce Development Board, which processes financial information for The Early Learning Coalition of Southwest Florida.

Officers and employees of the Early Learning Coalition who have financial responsibilities, and the abbreviations of each position used throughout this manual, are as follows:

- Executive Director
- Director of Operations
- Fiscal Director
- Treasurer – Board-Level (TR)
- Audit Committee (AC)
- Executive Committee (EC)
- Full Board of Directors (BOD)

Responsibilities

The financial services provided by the Southwest Florida Workforce Development Board consist of:

- General Ledger
- Accounts Receivable and Billing
- Cash Receipts
- Accounts Payable
- Cash Disbursements
- Payroll and Benefits
- Financial Statement Processing
- Bank Reconciliation
- Reconciliation of Sub-Ledgers
- Cash and Investment Management
- Asset Management
- External Reporting of Financial Information

The Director of Operations is responsible for:

- Budgeting
- Grants and Contracts Administration
- Purchasing
- Compliance with Government Reporting Requirements
- Annual Audit
- Leases
- Insurance

BUSINESS CONDUCT

Practice of Ethical Behavior

Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The policies and reputation of The Early Learning Coalition depend to a very large extent on the following considerations.

Each employee must apply her/his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. It is each employee's responsibility to apply common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with the Agency's policy?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the Agency or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each Director, Manager and supervisor is responsible for the ethical business behavior of her/his subordinates. Directors, Managers and supervisors must weigh carefully all courses of action suggested in ethical as well as economic terms, and base their final decisions on the guidelines provided by this policy as well as their personal sense of right and wrong.

Conflicts of Interest

In addition, no employee, officer, or agent of the Early Learning Coalition of Southwest Florida shall participate in the selection, award, or administration of a contract involving the Coalition if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of her or his immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected.

Compliance With Laws, Regulations and Organization Policies

The Early Learning Coalition does not tolerate the willful violation or circumvention of any federal, state, local, or foreign law by an employee during the course of that person's employment; nor does the Organization tolerate the disregard or circumvention of the Early Learning Coalition policy or engagement in unscrupulous dealings. Employees should not

attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

Implementation of the provisions of this policy is one of the standards by which the performance of all levels of employees will be measured.

Disciplinary Action

Failure to comply with the standards contained in this policy will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Organization or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation of this policy will be afforded an opportunity to explain her/his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy.
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
3. Against any Director, Manager or supervisor who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

FRAUD POLICY

Scope

This policy applies to any fraud or suspected fraud involving employees, officers or directors, as well as members, vendors, consultants, contractors, funding sources and/or any other parties with a business relationship with the Agency. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with the Early Learning Coalition of Southwest Florida.

Policy

Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

Any fraud that is detected or suspected must be reported immediately to the Executive Director or, alternatively, to the Chair of the Early Learning Coalition's Finance/Audit Committee, who coordinates all investigations.

Actions Constituting Fraud

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to the agency
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of the agency
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the Early Learning Coalition of Southwest Florida.
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity

Other Irregularities

Irregularities concerning an employee's moral, ethical, or behavioral conduct should be resolved by the Executive Director and the Director of Operations.

If there is a question as to whether an action constitutes fraud, contact the Chair of the Finance/Audit Committee for guidance.

Investigation Responsibilities

The Finance/Audit Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Finance/Audit Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Finance/Audit Committee will issue reports to appropriate designated personnel and, if appropriate, to the Coalition's Board of Directors and/or the Executive Committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final dispositions of the case.

If suspected fraud or other wrongdoing involves programs funded in whole or in part with federal funds, additional responsibilities, such as special reporting and disclosure to the awarding agency, may apply to the organization. It is the policy of the Early Learning Coalition of Southwest Florida to fully comply with all additional reporting, disclosure and other requirements pertaining to suspected acts of fraud as described in award documents.

Confidentiality

The Audit Committee and the senior management shall treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director or the Finance/Audit Committee Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see **Reporting Procedures** section below).

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Early Learning Coalition from potential civil liability.

Authority for Investigation of Suspected Fraud

Members of the Early Learning Coalition of Southwest Florida's Finance/Audit Committee will have:

1. Free and unrestricted access to all records and premises of the Early Learning Coalition of Southwest Florida, whether owned or rented; and
2. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

An employee who discovers or suspects fraudulent activity will contact the Executive Director or the Chair of the Finance/Audit Committee immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the Finance/Audit Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the agency's legal counsel or the Finance/Audit Committee.

Storage of Back-Up Files

It is the policy of the Early Learning Coalition to maintain back-up copies of electronic data files off-site in a secure, fire-protected environment. Access to back-up files shall be limited to individuals authorized by management.

General Office Security

During normal business hours, all visitors are required to check in with the receptionist. After hours, a security key is required for access to the offices of the Early Learning Coalition. Keys are issued only to employees of the agency.

TECHNOLOGY AND ELECTRONIC COMMUNICATIONS

Purpose and Scope

The purpose of this policy is to identify guidelines for the use of the Agency's technologies and communications systems. This policy establishes a minimum standard that must be upheld and enforced by users of the organization's technologies and communications systems.

The term "user" as used in these policies refers to employees (whether full-time, part-time or limited-term), independent contractors, consultants, and any other user having authorized access to, and using any of, the organization's computers or electronic communications resources.

Computer and electronic communications resources include, but are not limited to, host computers, file servers, stand alone computers, laptops, printers, fax machines, phones, on-line services, E-mail systems, bulletin board systems, and all software that is owned, licensed or operated by the Agency

Acceptable Use of Organization Property

Use of the organization's computers and electronic communications technologies is for programmatic and business activities of the Agency. All use of such resources shall be in an honest, ethical, and legal manner that conforms to applicable license agreements, contracts, and policies regarding their intended use. Although incidental and occasional personal use of the organization's communications systems are permitted, users automatically waive any rights to privacy.

In addition, the information, ideas, concepts and knowledge described, documented or contained in the organization's electronic systems are the intellectual property of the Agency. The copying or use of the organization's intellectual property for personal use or benefit during or after employment (or period of contract) with the Agency is prohibited unless approved in advance by the Chief Executive Officer.

All hardware (laptops, computers, monitors, mice, keyboards, printers, telephones, fax machines, etc) issued by the Early Learning Coalition of Southwest Florida is the property of the organization and should be treated as such. Users may not physically alter or attempt repairs on any hardware at any time. Users must report any problems with hardware to the Director of Operations.

Password Security

Users are responsible for safeguarding their login passwords. Passwords may not be shared, nor should they be printed or stored on-line. Users should not leave their computers unattended without logging off.

Confidentiality

All information about individuals, families or organizations served by the Early Learning Coalition is confidential. No information may be shared with any person or organization outside the Early Learning Coalition without the prior written approval of the individual, family or organization and the Executive Director.

Copyrighted Information

Use of Early Learning Coalition's electronic communication systems to copy, modify, or transmit documents, software, information or other materials protected by copyright, trademark, patent or trade secrecy laws, without obtaining prior written permission from the owner of such rights in such materials, is prohibited.

Installation of Software

The installation of new software on the computers of the Early Learning Coalition without the prior approval of Chief Executive Officer is prohibited.

Other Prohibited Uses

Other prohibited uses of the organization's communication systems include, but are not limited to:

1. Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, sexist or that evidences religious bias, or is otherwise of a derogatory nature toward any specific person, or toward any race, nationality, gender, marital status, sexual orientation, religion, disability, physical characteristic, or age group.

2. Browsing or downloading and/or forwarding and/or printing pornographic, profane, discriminatory, threatening or otherwise offensive material from any source including, but not limited to, the Internet.
3. Engaging in any communication that is in violation of federal, state or local laws.
4. Proselytizing or promoting any religious belief or tenet.
5. Campaigning for or against any candidate for political office or any ballot proposal or issue.
6. Unauthorized use of passwords to gain access to another user's information or communications on the organization's system or elsewhere.
7. Advertising, solicitation or other commercial, non-programmatic use.
8. Knowingly introducing a computer virus into the organization's communication system or otherwise knowingly causing damage to the organization's systems.
9. Using the organization's systems in a manner that interferes with normal business functions in any way, including but not limited to, streaming audio from the Internet during business hours, stock tickers, installing unauthorized software, etc.
10. Excessive personal use of the organization's technologies that preempts any business activity or interferes with organizational productivity.
11. Sending E-mail messages under an assumed name or obscuring the origin of an E-mail message sent or received.

Disciplinary Action for Violations

The Early Learning Coalition of Southwest Florida requires all users to adhere to this policy. Violations of this policy will result in disciplinary action, which could include termination of employment or cancellation of contracts.

Reporting of Suspected Violations

Suspected violations of these policies should be immediately and confidentially reported to your immediate supervisor. If you prefer not to discuss it with your supervisor, you may contact the Executive Director or any member of the Executive Committee.

The Early Learning Coalition of Southwest Florida reserves the right to install programs that monitor employee use of the Internet and electronic communication systems and to act on any violations of these policies found through use of such programs. The Early Learning

Coalition further reserves the right to examine any and all electronic communications sent or received by employees via the organization's electronic communications systems.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is defined as a group of accounts that supports the information shown in the major financial statements. The general ledger is used to accumulate all financial transactions of the organization, and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for the accumulation of data and reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system, and therefore the basis for the Early Learning Coalition's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account.

The Early Learning Coalition's chart of accounts is comprised of six types of accounts:

1. Assets
2. Liabilities
3. Net Assets
4. Revenues
5. Expenses
6. Gains and Losses

Distribution of Chart of Accounts

All ELC-SWFL employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts. As the chart of accounts is revised, an updated copy of the chart of accounts shall be distributed to these individuals promptly.

Control of Chart of Accounts

The Coalition's chart of accounts is monitored and controlled by the Fiscal Director. Responsibilities include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the Fiscal Director, who ensures that the chart of accounts is consistent with the organizational structure of the ELC and meets the needs of the organization.

Account Definitions

General Ledger

Category Definition

Assets

Assets are probable future economic benefits obtained or controlled by the organization as a result of past transactions or events. Assets of the ELC are classified as current assets, fixed assets, contra-assets, and other assets.

Current assets are assets that are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash, temporary investments, and receivables that will be collected within one year of the statement of financial position date.

Fixed assets are tangible assets with a useful life of more than one year that are acquired for use in the operation of the organization and are not held for resale.

Contra-assets are accounts that reduce asset accounts, such as accumulated depreciation and reserves for uncollectible accounts receivable

Other assets include long-term assets that are assets acquired without the intention of disposing them in the near future. Some examples are security deposits, property and long-term investments.

Liabilities and Net Assets

Liabilities are probable future sacrifices of economic benefits arising from present obligations of the organization to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities of the ELC are classified as current or long-term.

Current liabilities are probable sacrifices of economic benefits that will likely occur within one year of the date of the financial statements or which have a due date of one year or less. Common examples of current liabilities include accounts payable, accrued liabilities, short-term notes payable, and deferred revenue.

Long-Term Liabilities are probable sacrifices of economic benefits that will likely occur more than one year from the date of the

financial statements. An example would be the non-current portion of a mortgage loan.

Net Assets is the difference between total assets and total liabilities. See the next section for the ELC's policies on classifying net assets.

Revenues

Revenues are inflows or other enhancements of assets, or settlements of liabilities, from delivering or producing goods, rendering services, or other activities that constitute an organization's ongoing major or central operations.

Revenues of the ELC include contributions received from donors and grants received from government agencies, private foundations and corporations.

Expenses

Expenses are outflows or other using up of assets or incurrences of liabilities from delivering or producing goods, rendering services, or carrying out other activities that constitute the ELC's ongoing major or central operations.

Gains and Losses

Gains are increases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the organization except those that result from revenues or contributions.

Losses are decreases in net assets from peripheral or incidental transactions and from all other transactions and other events and circumstances affecting the organization except those that result from expenses.

Gains or losses occur when the ELC sells a fixed asset or writes off as worthless a fixed asset with remaining book value.

Classification of Net Assets

Net assets of the Organization shall be classified based upon the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that the Organization permanently maintain certain contributed assets. Generally, donors of such assets permit the Organization to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes.

Net assets accumulated by the ELC that are not subject to donor imposed restrictions, but which the board of directors of the Organization has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.

Changes to the Chart of Accounts

Additions to, deletions from, or any other changes to ELC-SWFL's standard chart of accounts shall only be done with the approval of the Fiscal Director.

Fiscal Year of Organization

The Early Learning Coalition shall operate on a fiscal year that begins on July 1 and ends on June 30. Any changes to the fiscal year of the organization must be ratified by majority vote of the ELC's board of directors.

Journal Entries

All general ledgers entries that do not originate from a subsidiary ledger shall be supported by journal vouchers, which shall include a reasonable explanation of each such entry. Examples of such journal entries include:

1. Recording of noncash transactions
2. Corrections of posting errors
3. Non-recurring accruals of income and expenses

Certain journal entries, called recurring journal entries, occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accretion of discounts on promises to give
4. Accruals of recurring expenses
5. Amortization of deferred revenue

Support for recurring journal entries shall be in the form of a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, in the form of a journal voucher.

It is the policy of the Early Learning Coalition of Southwest Florida that all journal entries not originating from subsidiary ledgers shall be authorized in writing by the Fiscal Director by initialing or signing the entries.

POLICIES ASSOCIATED WITH REVENUES AND CASH RECEIPTS

REVENUE

Revenue Recognition Policies

The ELC receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of the organization in the following manner:

1. **Grant income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards)
2. **Conference and seminar revenue** – Deferred as received, reclassified to income at close of the month in which the conference or seminar is held
3. **Contributions** - Recognized as income when received, unless accompanied by restrictions or conditions (see the next section on contribution income)

Immaterial categories of revenue may be recorded on the cash basis of accounting (i.e. recorded as revenue when received) as deemed appropriate by the Fiscal Director.

CONTRIBUTIONS RECEIVED

Definitions

The following definitions shall apply with respect to the policies described in this section:

Contribution - An unconditional transfer of cash or other assets to the Organization, or a settlement or cancellation of the Organization's liabilities, in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Condition - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promisor a right of return of the assets it has transferred to the Organization or releases the promisor from its obligation to transfer its assets.

Restriction - A donor-imposed stipulation that specifies a use for the contributed asset that is more specific than broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in Early Learning Coalition's articles of incorporation and bylaws. Restrictions on the ELC-SWFL's use of an asset may be temporary or permanent.

Nonreciprocal Transfer - A transaction in which an entity incurs a liability or transfers assets to the ELC without directly receiving value from the ELC in exchange.

Promise to Give - A written or oral agreement to contribute cash or other assets to ELC-SWFL.

Exchange Transaction - A reciprocal transaction in which ELC-SWFL and another entity each receive and sacrifice something of approximately equal value.

Accounting for Contributions

The ELC shall recognize contribution income in the period in which the Organization receives restricted or unrestricted assets in nonreciprocal transfers, or unconditional promises of future nonreciprocal asset transfers, from donors. Contribution income shall be classified as increases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence or absence of such restrictions.

Unconditional promises to give shall be recorded as assets and increases in temporarily restricted net assets (contribution income) of the ELC in the period that the ELC receives evidence that a promise to support the Organization has been made. Unconditional promises to give that are to be collected within one year shall be recorded at their face value, less any reserve for uncollectible promises, as estimated by management. Unconditional promises to give that are collectible over time periods in excess of one year shall be recorded at their discounted net present value. Accretion of discount on such promises to give shall be recorded as contribution income in each period leading up to the due date of the promise to give. The interest rate that shall be used in calculating net present values of unconditional promises to give is the risk-free rate of return available to the ELC at the time the Organization receives a promise from a donor.

When the final time or use restriction associated with a contributed asset has been met, a reclassification between temporarily restricted and unrestricted net assets shall be recorded.

When it receives support in the form of volunteer labor, the ELC shall record contribution income and assets or expenses if one of the following two criteria is met:

1. The contributed service creates or enhances a nonfinancial asset (such as a building or equipment), or
2. The contributed service possesses all three of the following characteristics:

- a. It is the type of service that would typically need to be purchased by the ELC if it had not been contributed,
- b. It requires specialized skills (i.e. formal training in a trade or profession), and
- c. It is provided by an individual possessing those specialized skills.

Examples of contributed services received and recorded as income and expense by the ELC may include:

Contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered.

Receipts and Disclosures

The ELC and its donors are subject to certain disclosure and reporting requirements imposed under the Internal Revenue Code and the underlying Regulations. To comply with those rules, the ELC shall adhere to the following guidelines with respect to contributions received by the Organization.

For any separate contribution received ELC-SWFL shall provide a receipt to the donor. The receipt shall be prepared by the ELC-SWFL accounting firm. All receipts prepared by ELC-SWFL shall include the following information:

1. The amount of cash received and/or a description (but not an assessment of the value) of any noncash property received;
2. A statement of whether the ELC provided any goods or services to the donor in consideration, in whole or in part, for any of the cash or property received by the Organization from the donor, and
3. If any goods or services were provided to the donor by the ELC-SWFL, a description and good faith estimate of the value of those goods or services.

When the ELC-SWFL receives cash in excess of \$75, or noncash property with a value in excess of \$75, as part of a quid pro quo transaction, the Organization shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo" transaction is one in which ELC-SWFL receives cash or property in a transaction that is part contribution and part exchange transaction (i.e. the value of the goods or services provided to the donor by ELC-SWFL is less than the value of cash or property provided by the donor). In such instances, ELC-SWFL shall provide to the donor a receipt stating that only the amount contributed in excess of the fair market value of the goods or services provided by the ELC may be deducted as a charitable contribution. The receipt shall also include a good-faith estimate of the fair market value of the goods or services provided to the donor by the ELC-SWFL.

IRS rules provide for certain exceptions to the preceding disclosure rules applicable to quid pro quo transactions. As such, the ELC-SWFL shall not provide receipts when it receives cash or property in excess of \$75 in any of the following circumstances:

1. The goods provided to the donor during 2005 bear ELC-SWFL name or logo and have an aggregate cost of \$7.60 or less;
2. The goods provided to the donor in 2005 have a fair market value equal to no more than 2% of the contribution or \$76, whichever is less; or
3. The gift received by ELC-SWFL resulted from the Organization's 2005 fundraising appeal that included articles worth no more than \$7.60, as well as a request for contributions and a statement that the recipient may keep the article even if a contribution is not made.

The preceding thresholds are adjusted for inflation by the IRS on an annual basis. Inflation adjustments subsequent to 2005 are incorporated into this policy manual by reference.

All estimates of the fair market value of goods or services provided by ELC-SWFL shall be prepared by the organization's accounting firm

It is the policy of the ELC-SWFL to comply with all current federal and state rules regarding solicitation and collection of charitable contributions, whether specifically addressed in this manual or not, as well as all future revisions to those rules.

BILLING/INVOICING POLICIES

Overview

The following is a list of items billed and/or accrued and received by ELC-SWFL and the frequency with which each is billed:

Annual Billings

1. None

Quarterly Billings

1. None

Monthly Billings

1. Grants and contracts (See separate section on "Policies Associated with Federal Awards" for billing policies associated with federal grant agreements)

Daily ("as needed") Billing

1. None

Responsibilities for Billing and Collection

The ELC-SWFL's accounting firm is responsible for the invoicing of goods and services as well as the collection of outstanding receivables.

Accounts Receivable Entry Policies

Posting of customer invoices to the accounts receivable subsidiary ledger shall be performed by individuals independent of the cash receipts function.

Posting of credit memos and other adjustments to customer accounts receivable shall also be performed by an individual independent of the cash receipts function.

Classification of Income and Net Assets

All income received by the ELC is classified as "unrestricted", with the exception of the following:

1. Grants and other awards received from government agencies or other grantors, which are classified as temporarily restricted
2. Special endowments received from donors requesting that these funds be permanently restricted for specific purposes

From time to time, the ELC may raise other forms of contribution income which carry stipulations that the ELC utilize the funds for a specific purpose or within a specified time period identified by the donor of the funds. When this form of contribution income is received, the ELC shall classify this income as Temporarily Restricted income.

As with all Temporarily Restricted net assets, when the restriction associated with a contribution has been met (due to the passing of time or the use of the resource for the purpose designated by the donor), the ELC will reclassify the related net assets from "Temporarily Restricted" to "Unrestricted" in its Statement of Financial Position and reflect this reclassification as an activity in its Statement of Activities.

From time to time, the ELC's Board of Directors may determine that it is appropriate to set funds aside for specific projects. To the extent these set-asides result from a Board action, rather than a donor-imposed requirement, the resulting set-aside shall be classified as "unrestricted". However, to identify these funds as being set aside for special projects, such set-asides shall be labeled "Board-Designated" funds within the unrestricted net assets of the ELC, and shall be reported as a separate component of unrestricted net assets on the ELC's financial statements.

CASH RECEIPTS

Overview

Cash (including checks payable to the organization) is the most liquid asset an organization has. Therefore, it is the objective of the ELC to establish and follow the strongest possible internal controls in this area.

Processing of Checks and Cash Received in the Mail

For funds that are received directly at the ELC cash receipts are centralized to ensure that cash received is appropriately directed, recorded and deposited on a timely basis.

Mail is opened and a listing of cash/checks received shall be prepared in an open area, in the presence of other employees, and under the supervision of a senior accounting department representative. The individual preparing the daily list of receipts shall be someone that is not involved in the accounts receivable or accounts payable process.

A deposit slip is prepared from the cash/checks received and compared to the daily receipts listing for discrepancies. Deposits are prepared and taken to the bank by an individual other than the employee who prepared the daily cash receipts listing.

Endorsement of Checks

It is the policy of the ELC that all checks received that are payable to the Organization shall immediately be restrictively endorsed by the individual who prepares the daily receipts listing. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. Early Learning Coalition of Southwest Florida
3. The bank name
4. The bank account number of the ELC

Timeliness of Bank Deposits

It is the policy of Example NPO that bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$500. In no event shall deposits be made less frequently than weekly.

Reconciliation of Deposits

On a periodic basis, a fiscal staff, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately investigated.

On-Site Collections at Conferences and Seminars

Cash, check and credit card payments may be accepted at conferences and seminars for payment of registration fees. The following policies apply to the processing of on-site payments:

1. Cashier duties are segregated from the processing of registrations
2. A special, multi-part, on-site registration form is utilized; these forms shall be pre-numbered and accounted for
3. One part of the registration form is returned to the registrant as a receipt for payment
4. At the end of each day, a reconciliation of collections to the registration database and pre-numbered receipts shall be performed
5. All documentation associated with these transactions is brought back and turned in to the accounting department immediately following the conference or seminar. This documentation will include the actual checks collected, and any credit card charge slips. Thereafter, deposits are processed as described earlier in this section.

ACCOUNTS RECEIVABLE MANAGEMENT

Monitoring and Reconciliations

On a monthly basis, a detailed accounts receivable report (showing aged, outstanding invoices by customer) is generated and reconciled to the general ledger by the accounting department. All differences are immediately investigated and resolved, and the reconciliation is reviewed by the Budget Services Coordinator.

POLICIES ASSOCIATED WITH EXPENDITURES AND DISBURSEMENTS

PURCHASING POLICIES AND PROCEDURES

Overview

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY THE EARLY LEARNING COALITION OF SOUTHWEST FLORIDA.

ADDITIONAL POLICIES APPLICABLE ONLY TO THOSE PURCHASES MADE UNDER FEDERAL AWARDS ARE DESCRIBED IN THE SECTION "POLICIES ASSOCIATED WITH FEDERAL AWARDS."

It is the policy of ELC-SWFL to follow a practice of ethical, responsible and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

Responsibility for Purchasing

The Executive Director shall have the authority to initiate purchases on behalf of the Agency, within the guidelines described in this policies manual. In addition, the Executive Director may delegate purchasing authority to responsible individuals within the Agency department. The Executive Director shall inform the Fiscal Director of all individuals that may initiate purchases or prepare purchase orders.

The Fiscal Director shall be responsible for processing purchase orders. The Executive Director or his/her designee has approval authority over all purchases and contractual commitments as defined in this policy. The Executive Director or his/her designee shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

Non-Discrimination Policy

All vendors/contractors who are the recipients of Agency funds, or who propose to perform any work or furnish any goods under agreements with ELC-SWFL shall agree to these important principles:

1. Vendors/Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. Notices, advertisement and solicitations placed in accordance with Federal law, rule or regulation shall be deemed sufficient for meeting the intent of this section.

Use of Purchase Orders

It is the policy of ELC-SWFL to utilize an electronic purchase order system. A properly completed purchase order shall be required for each purchase decision. In addition, travel advances and expense reimbursements require the preparation of a separate form described elsewhere in this manual. A properly completed Purchase Order shall contain the following information, at a minimum:

1. Specifications or statement of services required

2. Vendor name, address, point of contact and phone number
3. Source of funding (if applicable)
4. Special conditions (if applicable)
5. Catalog number, page number, etc. (if applicable)
6. Net price per unit, less discount, if any
7. Total amount of order
8. Electronic authorization
11. Date PO prepared

Authorizations and Purchasing Limits

All completed purchase orders must be approved by the Executive Director.

Solicitations for goods and services (requests for proposals) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features, which unduly restrict competition.
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals (see the next section entitled "Evaluation of Alternative Vendors" for required criteria)
3. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
5. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
6. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

7. A description of the proper format, if any, in which proposals must be submitted, including the name of the Example NPO person to whom proposals should be sent.
8. The date by which proposals are due.
9. Required delivery or performance dates/schedules.
10. Clear indications of the quantity(ies) requested and unit(s) of measure.

Extensions of Due Dates and Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, in the event that a prospective offeror requests an extension to a due date specified in a solicitation, and such an extension is both justified and compatible with the requirements of Example NPO, an extension may be granted by the purchasing representative.

Vendor proposals are considered late if received after the due date and time specified in the solicitation. All such late proposals shall be marked "Late Proposal" on the outside of the envelope and retained, unopened, in the procurement folder. Vendors that submit late proposals shall be sent a letter notifying them that their proposal was late and could not be considered for award.

Evaluation of Alternative Vendors

Alternative vendors shall be evaluated on a weighted scale that considers the following criteria:

1. Adequacy of the proposed methodology of the vendor
2. Skill and experience of key personnel
3. Demonstrated company experience
4. Other technical specifications (designated by department requesting proposals)
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
6. Vendor's financial stability
7. Vendor's demonstrated commitment to the nonprofit sector
8. Results of communications with references supplied by vendor
9. Ability/commitment to meeting time deadlines
10. Cost
11. Minority- or women-owned business status of vendor
12. Other criteria (to be specified by department requesting proposal)

Not all of the preceding criteria may apply in each purchasing scenario. However, in each situation requiring consideration of alternative vendors, the department responsible for the purchase shall establish the relative importance of each criterion prior to requesting proposals

and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a vendor has been selected and approved by the department director, the final selection shall be approved by the Executive Director prior to entering into a contract.

Affirmative Consideration of Minority, Small Business and Women-Owned Businesses

Positive efforts shall be made by Example NPO to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. The following steps shall be taken in furtherance of this goal:

1. Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms and women's business enterprises.
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms and women's business enterprises.
4. Encourage contracting with consortiums of small businesses, minority owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises.

PROCUREMENT PROCEDURES.

Records Maintenance.

- Records will be maintained for a five year period to trace each service provider procurement process. These records shall include documentation to explain the rationale for the method of procurement, contractor selection or rejection, cost/price analysis, and the basis for the contract price.
- *Rationale for Procurement Method.* For competitive procurement, the Request for Proposals, which describes the procurement process, will be kept on file for each procurement. Rationale for all non-competitive procurement will be documented according to regulations.

- *Contractor Rejection or Selection.* The evaluation criteria will be kept on file for each procurement, including the individual evaluation forms completed for each proposal submitted. Also kept on file will be copies of any correspondence sent to service providers regarding the procurement.
- *Basis for Contract Price.* The service provider proposal and contract will serve as the basis for documentation of the contract price. Any miscellaneous correspondence regarding proposed costs will also be maintained in the appropriate file. A cost/price analysis will be conducted on each proposal recommended for funding by Board.

Contract Signature Authority.

The Chairman of the Early Learning Coalition of Southwest Florida, Inc. Board is the only official authorized to sign and execute contractual agreements and modifications. The Executive Director is also authorized to terminate any contractual agreement.

Code of Conduct.

No employee or authorized agent, board member or officer, shall participate in or cast a vote in the selection of or in the award of a contract if a conflict of interest real or apparent is involved. Such a conflict would arise when the individual (employee, agent, board member or officer), any member of the individual's immediate family, the individual's partner, or an organization which employs or is about to employ any of the above, has a financial or other interest in the firm or organization selected for award.

No employee or authorized agent, board member or officer, shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to any subagreement.

Control for conflict of interest is exercised through the ELC-SWFL funding process. Proposals are evaluated by staff using a point system based on evaluation criteria published in each Request for Proposals. Final funding decisions are made by the Executive Director in consultation with the Early Learning Coalition of Southwest Florida Board. No one single staff or board member controls the selection or administration process.

Purchase Thresholds.

The following monetary thresholds have been established by the ELC-SWFL Board for procurement of goods and services:

- (1) unit price up to \$2,500; no bid required;
- (2) unit price between \$2,500 and \$5,000: three telephone bids;
- (3) unit price between \$5,000 and \$25,000: three written bids; and
- (4) unit price over \$25,000: advertisement for competitive proposals or bids.

The ELC-SWFL capitalization threshold is \$5000.

Sole source procurement will only be used under the following circumstances: (1) emergency situations where time constraints do not allow a competitive solicitation; (2) when only one supplier has the unique capacity to provide the goods or services required; or (3) when solicitation results in inadequate competition. These situations will be justified in writing and approved by the Executive Director.

Method of Procurement.

To the extent practicable, service providers will be selected competitively. Non-competitive, or sole source procurement shall be minimized, but may be authorized if justified and documented.

When procuring services by a competitive solicitation over \$25,000, the ELC-SWFL will use a Request for Proposal (RFP) process. Public notice of the RFP will be provided through newspaper advertising, and a notice will be mailed to all agencies on the bidders list, including minority organizations.

Contracts for all programs will generally be Performance based Cost Reimbursement, with supporting documentation required for each cost element. Profit may be proposed by private "for-profit" service providers; but in no event may profit exceed 10%. Cost plus a percentage of cost contracting shall not be used. Where possible, the ELC-SWFL will utilize state approved contracts for the purchase of equipment, goods, and services.

Selection of Service Providers.

In accordance with Federal regulations, the ELC-SWFL will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible; including dividing total requirements of the procurement action, when economically feasible, into smaller tasks or quantities to permit maximum participation, and establishing delivery schedules, where the requirements permit, which encourage participation by small and minority business and women's business enterprises.

The primary consideration in the selection of service providers shall be the effectiveness of the agency or organization in delivering comparable or related services based on demonstrated performance, in terms of the likelihood of meeting performance goals, cost, quality of training, and characteristics of participants. In addition, consideration shall be given to demonstrated performance in making available appropriate supportive services including child care. Total proposed cost shall also be an important consideration in the selection of service providers.

Special consideration shall be given to proposals submitted by public educational agencies and community based and minority organizations; however, this consideration shall in no way prevent the ELC-SWFL from choosing alternative organizations to provide services.

Upon receipt of programmatic proposals by the published deadline, ELC-SWFL staff provide the proposals to an Evaluation Committee, which is comprised of 3-to-5 members of the

Board. Cost analysis information is provided to the Committee during the review process. After the Evaluation Committee has initially reviewed the proposals a meeting will be held with ELC-SWFL staff in order to resolve questions and formulate recommendations. The Evaluation Committee may invite prospective providers to explain their proposals as needed. The Evaluation Committee completes the RFP rating sheets and determines final recommendations for providers(s). Rating sheet totals do not necessarily determine the outcome but serve as a tool for reviewers to formulate ideas for discussion. These recommendations are forwarded to the Executive Committee. Final award and funding level will be approved by the Board of Directors. However, due to the bi-monthly Board meeting schedule, the Executive Committee may receive authority by the Board to approve providers in order for contract negotiations to commence, contingent upon final Board approval required at the next scheduled meeting.

Requirements and other factors used in the proposal evaluation process for submitting a bid will be outlined in each Request for Proposal. The ELC-SWFL reserves the right to waive minor irregularities in proposals submitted. Factors used in the proposal evaluation process will include, but not be limited to:

- Demonstrated ability to deliver high quality related or comparable goods or services, including consideration as to whether the organization has adequate financial resources or the ability to obtain them. A satisfactory record of integrity, business ethics and fiscal accountability. Necessary organizational experience, accounting, and operational controls. The quality of the programmatic design. Reasonableness of proposed cost and ability to meet specifications of the program and applicable performance goals.
- *Ability to Perform.* A determination will be made the Evaluation Committee and Executive Committee of whether a potential service provider has the means and resources to operate the proposed program. This determination is based on the number of staff in the project and their abilities and experience to operate programs. The Evaluation Committee and Executive Committee members and the procurement staff will review information provided concerning the program operations statement, qualifications of personnel, experience of the officer(s), facilities and equipment needed, management and administration ability and experience.
- *Record of Performance.* Requests for Proposals include a questionnaire, which must be completed with each proposal, on the agency background and administrative ability. In the evaluation of proposals, points are awarded based on previous experience and success in operating the same or similar employment and training activities.
- *Technical and Financial Resources.* The procurement staff and members of the Evaluation Committee and Executive Committee will analyze service provider technical and financial resources. A fiscal review form is completed for those proposing organizations who have not contracted with the ELC-SWFL or demonstrated satisfactory performance within the past 2 years. This form provides

information which includes the size of the company, how many facilities it maintains, the type of funding the company receives, whether the company depends on ELC-SWFL funds alone, and the experience level of staff who would operate the local program, as well as any corporate staff who would provide training and technical assistance to the local program staff.

- *Controls for Avoiding Duplication of Services.* The ELC-SWFL will not use funds provided to duplicate facilities or services available in the area, unless it is demonstrated that the ELC-SWFL-funded alternative would be more effective or more likely to achieve performance goals.
- *Additional Control Concerning Contract Price.* The senior official of the service provider shall certify that to the best of his/her knowledge and belief, the cost data are accurate, complete and current at the time of agreement on price and must agree to a negative price adjustment if the certification is subsequently found to be inaccurate (i.e. defective pricing).
- *Controls for Avoiding Unnecessary Services.* The Requests for Proposals will contain detailed specifications for program activities to be funded. The ELC-SWFL will evaluate service provider proposals based on criteria which include the feasibility, value, and appropriateness of proposed activities to customers. A contract will be executed with each service provider approved by the Board Chair for funding and who have successfully completed contract negotiations. Each contract will include a statement of work detailing services to be provided under the contract.
- *Control on Award Prohibition.* No recipient or subrecipient shall make any subgrants or permit any contract or subcontract at any tier to any party which is disbarred, suspended, or ineligible for participation in Federal Assistance programs.

Reasonableness of Cost.

The reasonableness of the proposed cost is determined by criteria such as:

- Comparison of competitive price quotations.
- Comparison of prior quotations and contracts with current quotations for the same or similar training.
- Analysis of dollars per placement, price per instruction hours, or price per training hour.
- Comparison of prices on published price lists with published market prices of commodities, together with discount schedules.
- Comparison of proposed prices with independent estimates of cost developed within the Region.

As part of the proposal review, the procurement staff will evaluate the reasonableness of the proposed cost/price for the program. This analysis is accomplished using a cost and price

analysis worksheet which analyzes each cost element based on units, amounts, rates, or other. Items impacting program cost may include, but is not limited to, such factors as complexity of the service to be performed, the risk borne by the service provider, the target population to be served, and length of training. Cost reasonableness is determined prior to presenting the program to the Executive Director and Board. The Executive Committee, makes the final determination if the cost/price is reasonable.

A cost or price analysis will be performed with every service provider procurement action exceeding \$25,000 including appropriate cost/price modifications to existing contracts.

In case of small purchases (e.g. where items are routinely procured from one vendor on the basis of catalog prices) a written determination should be maintained on file stating the vendor's are the most reasonable in comparison to other vendors prices and quality. The catalog prices of the vendor's should be reviewed at least annually.

Procurement Files.

All documentation detailing the historical process of a specific procurement action will be maintained in a procurement file, and maintained for a minimum of three years. Procurement files will contain, at a minimum, the following documentation for each individual procurement:

- Copy of public notice announcing solicitation/request for proposals
- List of bidders mailed copies of public notice
- Request for proposals
- Copies of proposals received
- Record of proposal evaluations/ratings
- Record of formal approval/disapproval of proposals
- Cost estimate and cost/price analysis of accepted proposals
- Record of price negotiations/basis for final agreement price
- Record of all written communications between those considering or submitting proposals and staff during the procurement process.

Protest Procedures.

Each Request for Proposal specifies the appeal procedure for bidders whose proposals are not funded. Within 72 hours of the posting of the bid tabulation or after receipt of the notice of the agency decision, the unsuccessful bidder must submit, in writing, a notice of protest to the Executive Director of the Early Learning Coalition of Southwest Florida, Inc. Within 10 days after filing the notice of protest, the unsuccessful bidder shall file a formal written protest detailing the reason for the protest. If the bidder is not satisfied with the response of the Board, the bidder may present a written appeal to the Director of the Agency for Workforce Innovation.

Contract Management.

A staff member is assigned as the contract manager to each executed contract. The contract manager will provide ongoing oversight, technical assistance, and quality assurance. Each contractual agreement requires the contractor to submit monthly contract participant reports and monthly requests for payment, with supporting documentation. The contract manager will review these reports, to determine if the contractor is performing in accordance with the contractual agreement, and to identify any necessary corrective measures.

Contract Program Status Report. Each monthly contract program status report will provide a narrative/summary describing all contract activities and expenditures during the reporting period. The contract manager will compare program performance against contract goals. The contract manager will also initiate any required Technical Assistance Training.

Monthly Request for Payment. Each monthly request for payment will include a summary of line item costs expended during the reporting period. The report, at a minimum, will include an accounting ledger, and may include supporting documentation to justify expenditures, such as copies of payroll registers reflecting allocation of staff time, salary, and benefit payments; copies of paid invoices, receipts for equipment, supply and service purchases; and other justifications supporting cost allocations within the line item budget. Each contractor is required to maintain all supporting documentation on file for easy access by the contract manager, monitor, or other authorized parties.

Contract Files.

A separate contract file will be maintained for each individual awarded contract, and will contain documentation of all actions relating to the administration of the contract. Contract files will be maintained for a minimum of three years after the close out of the contract. Each contract file will contain, at a minimum, the following documentation:

- Original signed and executed copy of the contractual agreement, to include statement of work and all attachments.
- Original signed and executed copy of all approved contract modifications.
- Copy of initial proposal submitted by the awarded contractor.
- Copies of monthly requests for payments, program status reports and records of staff review/actions.
- Records of all written communications between contractor and staff during the life of the contract.
- Contract close-out report, upon completion of the contract.

Contract Close-Out Report.

Each contractual agreement requires contractors to provide the Board with a contract close-out report and program income report, if applicable, within 45 days after expiration of contract. The close-out report will summarize all contract expenditures during the contract, as well as provide an inventory of all property purchased under the contract which is valued at

\$1000 or more. The report will be reviewed by the Fiscal Director before final payment is issued to contractor.

Vendor Files and Required Documentation

The fiscal staff shall create a vendor folder for each new vendor from whom ELC-SWFL purchases goods or services.

Upon making the initial purchase from any vendor (regardless of whether a contract is involved), the Accounts Payable Clerk shall mail a blank Form W-9 to that vendor, along with a request for the vendor to complete and sign the W-9 or provide equivalent, substitute information and return it in the postage-paid envelope provided. Completed, signed Forms W-9 or substitute documentation shall be filed in each vendor's folder. Vendors who do not return a completed, signed Form W-9 or provide equivalent documentation shall be issued a Form 1099 at the end of each calendar year in accordance with the policies described in the section of this manual on "Government Returns."

See the section on "Payroll and Related Policies" for guidance on determining whether a vendor should be treated as an employee.

Ethical Conduct in Purchasing

Ethical conduct in managing the Organization's purchasing activities is an absolute essential. Staff must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general membership.

Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services. Staff shall notify their immediate supervisor if they are offered such gifts.

Conflicts of Interest Prohibited

No officer, board member, employee, or agent of the Early Learning Coalition of Southwest Florida shall participate in the selection or administration of a vendor if a real or apparent conflict of interest would be involved. Such a conflict would arise if an officer, board member, employee or agent, or any member of his/her immediate family, his/her spouse/partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.

Officers, board members, employees and agents of ELC-SWFL shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements. However, unsolicited gifts of a nominal value of \$25 or less may be accepted with the approval of the Executive Director.

Receipt and Acceptance of Goods

The Office Manager or designated individual shall inspect all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point
2. Verify the quantity of boxes/containers with the bill of lading
3. Examine boxes/containers for exterior damage
4. Note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
5. Sign and date the bill of lading
6. Retain a copy of the bill of lading

The following inspection procedures shall be performed:

1. Remove the packing slip from each box/container
2. Compare the description and quantity of goods per the purchase order to the packing slip
3. Examine goods for physical damage
4. Count or weigh items, if appropriate
5. Record an indication of counts on the purchase order

It is the policy of ELC-SWFL to perform the preceding inspection procedures in a timely manner in order to facilitate prompt return of goods and/or communication with vendors.

POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under the Internal Revenue Code, it is the policy of ELC-SWFL that the Agency shall not incur any expenditure for political intervention. For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the federal, state or local level. Political intervention does not include lobbying activities, defined as the direct or indirect support or opposition for legislation, which is not prohibited under the Internal Revenue Code for ELC-SWFL. Examples of prohibited political expenditures include, but are not limited to, the following:

1. Contributions to political action committees
2. Contributions to the campaigns of individual candidates for public office
3. Contributions to political parties
4. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
5. Expenditures for the placement of political advertisements in periodicals

Endorsements of Candidates

It is the policy of ELC-SWFL not to endorse any candidates for public office in any manner, either verbally or in writing. This policy extends to the actions of management and other representatives of ELC-SWFL, when these individuals are acting on behalf of, or are otherwise representing, the Organization.

Prohibited Use of Organization Assets and Resources

It is the policy of the Agency that no assets or human resources of the organization shall be utilized for political activities, as defined above. This prohibition extends to the use of ELC-SWFL assets or human resources in support of political activities that are engaged in personally by board members, members of management, employees, or any other representatives of the Agency. While there is no prohibition against these individuals engaging in political activities personally (on their own time, and without representing that they are acting on behalf of the Agency), these individuals must at all times be aware that Agency resources cannot at any time be utilized in support of political activities.

ACCOUNTS PAYABLE MANAGEMENT

Overview

ELC-SWFL strives to maintain efficient business practices and good cost control. A well managed accounts payable function can assist in accomplishing this goal from the purchasing decision through payment and check reconciliation.

It is the policy of the Agency that the recording of assets or expenses and the related liability is performed by an employee independent of ordering and receiving. The amounts recorded are based on the vendor invoice for the related goods or services. The vendor invoice should be supported by an approved purchase order where necessary, and should be reviewed and approved by the Office Manager and fiscal staff prior to being processed for payment. Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits

Recording of Accounts Payable

All valid accounts payable transactions, properly supported with the required documentation, shall be recorded as accounts payable in a timely manner.

Accounts payable are processed on a daily basis. Information is entered into the system from approved invoices or disbursement vouchers with appropriate documentation attached.

It is the policy of the Agency that only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. No vendor statements shall be processed for payment.

Accounts Payable Cut-Off

For purposes of the preparation of the Agency's monthly financial statements, all vendor invoices that are received, approved and supported with proper documentation by the tenth day of the following month shall be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services delivered by month-end.

Establishment of Control Devices

Control of invoices is established by the Office Manager as soon as invoices are received. Vendors will be instructed to mail all invoices directly to the Office Manager.

Upon receipt of invoices, each invoice shall be recorded on a log of invoices received, "date received" stamped, and distributed to the appropriate personnel for approval. The log is to be reviewed daily to determine which, if any, invoices have not been returned.

Preparation of a Voucher Package

Prior to any account payable being submitted for payment, a package called a "voucher package" shall be assembled. Each voucher package shall contain the following documents:

1. Vendor invoice (or employee expense report)
2. Packing slip (where appropriate)
3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
4. Purchase order
5. Any other supporting documentation deemed appropriate

Processing of Voucher Packages

The following procedures shall be applied to each voucher package by the accounts payable clerk:

1. Check the mathematical accuracy of the vendor invoice.
2. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report
3. Document the general ledger distribution, using the Organization's current chart of accounts

4. Obtain the review and approval of the department director (or their designee) associated with the goods or services purchased

Approvals by department directors indicate their acknowledgement of satisfactory receipt of the goods or services invoiced, agreement with all terms appearing on the vendor invoice, agreement with general ledger account codings, and agreement to pay vendor in full. Approvals shall be documented with initials or signatures of the approving individual.

Payment Discounts

To the extent practical, it is the policy of ELC-SWFL to take advantage of all prompt payment discounts offered by vendors. When availability of such discounts is noted, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

Employee Expense Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form (see further policies under "Travel and Business Entertainment"). All receipts must be attached, and a brief description of the business purpose of trip or meeting must be noted on the form. Expense reports will be processed for payment in the next vendor payment cycle if received within two business days of the deadline.

TRAVEL AND BUSINESS ENTERTAINMENT

Travel Advances

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Travel advances are generally limited to \$300 unless there is an extraordinary need for additional funds. Travel advances are to be used only for the purpose intended. Travel expenses are to be made in accordance with the Agency's travel policies as explained later in this section.

Employees receiving travel advances are required to sign for the advance signifying their acknowledgement of, and agreement to, these policies. Employees receiving travel advances must submit an expense report within 30 days of returning from travel.

Employee and Director Business Travel

At the conclusion of a business trip, an employee or member of the board of directors that has incurred business-related expenses should complete an Expense Report in accordance with the following policies:

1. Identify each separately incurred business expense (i.e. do not group all expenses associated with one trip together)

2. With the exception of tolls, meals, and reimbursed mileage, all business expenses must be supported with invoices/receipts.
3. For all lodging and any expenditure other than meals, vendor receipts/invoices must be submitted. Credit card charge slips do not represent adequate supporting documentation – a hotel receipt must be obtained to substantiate all lodging expenditures.
4. For airfare, airline-issued receipts should be obtained. If a traveler fails to obtain a receipt, other evidence must be submitted indicating that a trip was taken and the amount paid (for example, a combination of an itinerary, a credit card receipt, and boarding passes).
5. Mileage may be reimbursed at the standard federal rates currently in effect, as published each year by the IRS or limitation imposed by ELC-SWFL's funding sources.
6. The business purpose of each trip must be adequately explained on each report.
7. Project/function codes must be identified for all expenditures.
8. For all meals and other business expenditures, the following must be clearly identified:
 - a. Names, titles, organizations, and business relationships of all persons entertained
 - b. The business purpose of the meal or other business event (topics discussed, etc.)
9. All expense reports must be signed and dated by the employee.
10. All expense reports must be approved by the employee's Department Director.
11. Only one expense report form should be prepared for each trip.

An employee will not be reimbursed for expense reports not meeting the preceding criteria. If the Expense Report results in a balance due to ELC-SWFL (as a result of receiving a travel advance greater than actual business expenditures), the employee must attach a check.

No further travel advances will be issued to any employee who has an outstanding balance due from previous business trips.

Reasonableness of Travel Costs

The Early Learning Coalition of Southwest Florida shall reimburse travelers only for those business-related costs that are reasonably incurred. Accordingly, the following guidelines shall apply:

1. Suites and other upgraded rooms at hotels shall not be allowed; Travelers should stay in standard rooms
2. When utilizing rental cars, travelers should rent midsize or smaller vehicles; Share rental cars whenever possible
3. Business-related long-distance telephone calls while away on business travel are permitted, but should be kept to a minimum; Expense reports should explain long-distance charges
4. Personal long-distance calls while away on business are reimbursable if kept to a minimum, such as one nightly call home to family; Personal calls in excess of this shall not be reimbursed

5. Whenever possible, travelers should utilize long-distance calling cards when placing calls while away on travel; Avoid using the hotel's long-distance service if possible
6. Reasonable tips for baggage handling shall be reimbursed; No receipts are required

Special Rules Pertaining to Air Travel

The following additional rules apply to air travel:

1. Air travel should be at coach class; First class air travel shall not be reimbursed unless there is a documented medical reason
2. Memberships in airline flight clubs is not reimbursable
3. Cost of flight insurance is not reimbursable
4. When airfare is \$500 or more, two quotes from a travel agency and/or an airline should be obtained and attached to the expense report
5. When returning on a Sunday or departing on a Saturday in order to obtain a cost savings in airfare due to the Saturday-night stayover, travelers should provide a total cost comparison (showing that the lower airfare plus an extra night lodging, meals & incidentals is less costly than airfare without the Saturday night stayover)
6. Cost of upgrade certificates is not reimbursable
7. Cost of canceling and rebooking flights is not reimbursable, unless it can be shown that it was necessary or required for legitimate business reasons (such as changed meeting dates, etc.)
8. Travelers must identify and pay for all personal flights, even if such flights are incorporated into a flight schedule that serves business purposes (i.e. ELC-SWFL will not reimburse for the personal legs of a trip)

Spouse/Partner Travel

It is the policy of the Early Learning Coalition of Southwest Florida not to reimburse any employee or board member for separate travel costs (air fare, etc.) associated with his/her spouse or partner. The cost of a shared hotel room need not be allocated between employee/director and spouse/partner for purposes of this policy.

CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

Check Preparation

It is the policy of the Agency to print vendor checks and expense reimbursement checks on a weekly basis. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All vendor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies described in this manual

2. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors
3. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services
4. Total cash requirements associated with each check run is monitored in conjunction with available cash balance in bank prior to the release of any checks
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer
6. Checks shall be utilized in numerical order (unused checks are stored in a locked safe in the accounting department)
7. Checks shall never be made payable to "bearer" or "cash"
8. Checks shall never be signed prior to being prepared
9. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

Check Signing

Signature plates will be utilized on checks of less than \$75,000. Checks in excess of \$75,000 require a minimum of one "live" signature. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks).

It is the policy of ELC-SWFL that members of the Board of Directors will be the only authorized signatures on agency checks. Check signing authority will vest with the Chairperson of the Board and the Executive Director.

Check signers should examine all original supporting documentation to ensure that each item has been properly checked prior to signing a check. Checks should not be signed if supporting documentation appears to be missing or there are any questions about a disbursement.

Mailing of Checks

After signature, checks shall be given to the Office Manager or designated fiscal staff who then mails checks immediately. Checks shall not be mailed by individuals who authorize expenditures.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID". All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written authorization to the bank by accounting personnel with this authority. A journal entry is made to record the stop payment and any related bank fees.

Record-Keeping Associated with Independent Contractors

ELC-SWFL shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made. A record shall be maintained of all vendors to whom a Form 1099 is required to be issued at year-end. Payments to such vendors shall be accumulated over the course of a calendar year.

PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

It is the policy of ELC-SWFL to consider all relevant facts and circumstances regarding the relationship between Example NPO and the individual in making determinations about the classification of workers as independent contractors or employees. This determination is based on the degree of control and independence associated with the relationship between Example NPO and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

1. Behavioral control
2. Financial control
3. The type of relationship of the parties

Facts associated with each of these categories that will be considered by ELC-SWFL in making employee/contractor determinations shall include:

1. Behavioral control:
 - a. Instructions given by ELC-SWFL to the worker that indicate control over the worker (suggesting an employee relationship), such as:
 - (1) When and where to work
 - (2) What tools or equipment to use
 - (3) What workers to hire or to assist with the work
 - (4) Where to purchase supplies and services
 - (5) What work must be performed by a specified individual
 - (6) What order or sequence to follow
 - b. Training provided by ELC-SWFL to the worker (i.e. employees typically are trained by their employer, whereas contractors typically provide their own training)
2. Financial control:

- a. The extent to which the worker has unreimbursed business expenses (i.e. employees are more likely to be fully reimbursed for their expenses than is a contractor)
 - b. The extent of the worker's investment in the facilities/assets used in performing services for ELC-SWFL (greater investment associated with contractors)
 - c. The extent to which the worker makes services available to the relevant market
 - d. How ELC-SWFL pays the worker (i.e. guaranteed regular wage for employees vs. flat fee paid to some contractors)
 - e. The extent to which the worker can realize a profit or loss.
3. Type of Relationship:
- a. Written contracts describing the relationship that ELC-SWFL and the individual intend to create
 - b. Whether ELC-SWFL provides the worker with employee-type benefits, such as insurance, paid leave, etc.
 - c. The permanency of the relationship
 - d. The extent to which services performed by the worker are a key aspect of the regular business of ELC-SWFL

If an individual qualifies for independent contractor status, the individual will be sent a Form 1099 if total compensation paid to that individual for any calendar year, on the cash basis, is \$600 or more. The amount reported on a Form 1099 is equal to the compensation paid to that person during a calendar year (on the cash basis). Excluded from "compensation" are reimbursements of business expenses that have been accounted for by the contractor by supplying receipts and business explanations.

If an individual qualifies as an employee, a personnel file will be created for that individual and all documentation required by the personnel policies shall be obtained. The policies described in the remainder of this section shall apply to all workers classified as employees.

Payroll Administration

The ELC-SWFL operates on a bi-weekly payroll. For all ELC-SWFL staff, a personnel file is established and maintained with current documentation, as described in the ELC-SWFL Personnel Manual.

The following forms, documents and information shall be obtained and included in the personnel files of all new employees:

1. Civil Service Employment Application (and resume, if applicable)
2. Applicant references (work & personal)
3. Interview questions and notes
4. Form W-4 Employee Federal Withholding Certificate
5. Form I-9 Employment Eligibility Verification
6. Copy of driver's license
7. Copy of Social Security card issued by the Social Security Administration
8. Starting date and scheduled hours
9. Job title and starting salary
10. Authorization for direct deposit of paycheck, along with a voided check or deposit slip

For employees without a current, valid driver's license, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Voter's registration card
4. U.S. Military card
5. ID card issued by a federal, state or local government, provided it contains a photo
6. School record or report card (for persons under age 18 only)

Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

Payroll Taxes

RWDB is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid.

Preparation of Timesheets

Each employee must submit a signed and approved timesheet as established by RWDB. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not
2. Timesheets shall be prepared in ink
3. Errors shall be corrected by crossing through the incorrect entry, filling in the correct entry, and placing the employee's initials next to the change (i.e. employees shall not use "white out" or correction tape)
4. Employees shall identify and record hours worked based on the nature of the work performed;

5. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such;
6. Timesheets shall be signed by the employee prior to submission.

After preparation, timesheets shall be approved by Department Directors or their designees, prior to submission to the accounting department. Corrections identified by an employee's supervisor shall be authorized by the employee by placing the employee's initials next to the change.

An employee who is on leave, on travel, or is ill on the day that timesheets are due may telephone or e-mail timesheet information to his or her supervisor (or designated alternate). Time so submitted must reflect the actual time worked and the appropriate classifications. The employee must initial a timesheet submitted in this manner immediately upon his/her return to the office. Timesheets submitted in this manner shall bear the notation, "Time reported by telephone or e-mail by (employee) to (supervisor or designated alternate)." The timesheet shall be signed by the supervisor or the designated alternate.

Additionally all ELC-SWFL staff are required to submit a Personal Activity Report (PAR) to document time spent on local, state and federal grant activities. The PAR must be signed by the employee and his/her supervisor.

POLICIES PERTAINING TO SPECIFIC ASSET AND LIABILITY ACCOUNTS

CASH AND CASH MANAGEMENT

Cash Accounts

General Checking Account (operating account):

The primary operating account provides for routine business check disbursements. All deposits are made to this account. Cash transfers are done on an as needed basis to cover disbursements. Excess funds in this account may be transferred into short-term investments or higher interest-bearing cash equivalents.

Bank Reconciliations

Bank account statements are received each month and forwarded unopened to a Director-level employee who is not involved in the accounting department. This individual shall open the statement and review its contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. Unusual or unexplained items shall be reported immediately to the audit committee.

After this review is complete, the entire bank statement is forwarded to the accounting department, where a reconciliation between the bank balance and general ledger balance is prepared by someone who is not an authorized check signer.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed by the Executive Director on a monthly basis.

Bank reconciliations and copies of resulting journal entries are filed in the current year's accounting files. All canceled checks returned with bank statements shall be filed in numerical order by bank account and month.

Stale Checks

It is the policy of ELC-SWFL to write off checks of \$500 or less that are more than 6 months old that have not cleared the Organization's bank. For uncashed checks that are more than 6 months old and that exceed \$500, contact will be made with the payee to resolve the issue.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written, or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, the credit shall be to miscellaneous income.

Wire Transfers

The Fiscal Director and Executive Director shall be the only employees authorized to transact wire transfers from ELC-SWFL's bank accounts. To prevent anyone other than the Fiscal Director and Executive from transacting wire transfers, a system shall be employed that requires the use of passcodes and the calculation of a test-key for each wire transfer. All wire transfers must be authorized in writing by the ELC-SWFL's Executive Director.

PREPAID EXPENSES

Accounting Treatment

It is the policy of the Agency to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses and to amortize these items over the corresponding time period. For purposes of this policy, payments of less than \$500 shall be expensed as paid and not treated as prepaid expenses, regardless of the existence of a future benefit.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as non-current assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The accounting department shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the monthly closeout process.

INVESTMENT POLICIES

Introduction

It is the policy of ELC-SWFL to treat all assets of the organization, including those funds that are legally unrestricted, as though they are held by ELC-SWFL in a fiduciary capacity for the purpose of accomplishing the organization's tax-exempt mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards of the Agency shall be those of a prudent investor.

Delegation of Authority

The Board of Directors of ELC-SWFL has delegated supervisory authority over its investing activities to the Finance Committee of the board. The Finance Committee is responsible for regularly reporting on the organization's investments to the full Board of Directors.

The Finance Committee is authorized to retain one or more Investment Counselors to assume the investment management function. In that regard, the Finance Committee may enter into agreements with, delegate investment authority to, pay compensation to, and receive reports from one or more Investment Counselors.

Investment Objectives

The Early Learning Coalition of Southwest Florida's investment objectives are the preservation and protection of the organization's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments.

FIXED ASSET MANAGEMENT

Capitalization Policy

Physical assets acquired with unit costs in excess of \$5,000 are capitalized as fixed assets on the financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Contributed Assets

Assets with fair market values in excess of \$500 (per unit) that are contributed to the Agency shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized fixed assets shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number)
4. Location of asset
5. Depreciation method
6. Estimated useful life

A physical inventory of all assets capitalized under the preceding policies will be taken on an annual basis. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Director of Operations.

Receipt of Newly-Purchased Equipment and Furniture

At the time of arrival, all newly-purchased equipment and furniture shall be "eyeballed" for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.

Depreciation and Useful Lives

All capitalized assets are maintained in the special fixed assets account group and are not to be included as an operating expense. Fixed assets are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month shall have 8 full months of depreciation (eight-twelfths of one year) recorded for that year).

The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture, and fixtures	Up to 10 yrs
General office equipment	5 yrs
Computer hardware and peripherals	3-5 yrs
Computer software	2-3 yrs
Leased assets	life of lease
Leasehold Improvements	remaining lease term

For accounting and interim financial reporting purposes, depreciation expense will be recorded on a monthly basis.

Repairs of Fixed Assets

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Fixed Assets

In the event a non-expendable asset is sold, scrapped, donated or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the money received and the "book value" (purchase price less

depreciation) of the asset will be recorded as a loss if the money received is less than the book value and a gain if the money received is more than the book value.

Write-Offs of Fixed Assets

The Executive Director approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Director of Operations. If not located, this property will be written off the books with the proper notation specifying the reason.

ACCRUED LIABILITIES

Identification of Liabilities

The accounting department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by ELC-SWFL at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Vacation pay (see policy below)
- Rent
- Interest on notes payable

In addition, ELC-SWFL shall record a liability for deferred revenue (revenue received but not yet earned) in accordance with the revenue recognition policies described elsewhere in this manual. Adjustments to deferred revenue accounts shall be made monthly.

POLICIES ASSOCIATED WITH FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Organization

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

The basic financial statements of the Agency that are maintained on an organization-wide basis shall include:

1. **Statement of Financial Position** - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term
2. **Statement of Activities** - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted)
3. **Statement of Cash Flows** - reports the cash inflows and outflows of the organization in three categories: operating activities, investing activities, and financing activities
- [4. **Statement of Functional Expenses** – presents the expenses of the organization in both a natural, or objective, format and by function (i.e. which program or supporting service was served)]

Frequency of Preparation

The objective of the ELC-SWFL's accounting firm is to prepare accurate financial statements in accordance with generally accepted accounting principles and distribute them in a timely and cost-effective manner. In meeting this responsibility, the following policies shall apply:

A standard set of financial statements described in the preceding section shall be produced on a monthly basis, by the 20th of each month. The standard set of financial statements described in the preceding section shall be supplemented by the following schedules:

1. Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
2. Comparisons of actual year-to-date revenues and expenses with year-to-date budgeted amounts

The monthly set of financial statements shall be prepared on the accrual method of accounting, including all receivables, accounts payable received by the 20th of the month, and actual depreciation expense.

Review and Distribution

All financial statements and supporting schedules shall be reviewed and approved by the Fiscal Director prior to being issued.

After approval a complete set of monthly financial statements, including the supplemental schedules described above, shall be distributed to the following individuals:

1. Treasurer and all members of the Finance Committee
2. Executive Director
3. Any other employee with budget-monitoring responsibilities

Financial statements may include an additional supplemental schedule prepared or compiled. The purpose of this schedule is to provide known explanations for material budget variances in accordance with the Agency's budget monitoring policies described later in this manual (under the "Financial Management Policies" section).

Annual Financial Statements

A formal presentation of the Agency's annual financial statements shall be provided by the Independent Auditor to the full Board of Directors. This presentation will be preceded by a meeting with ELC-SWFL's Audit Committee, at which the Audit Committee will vote to accept or reject the annual financial statements. See separate policies regarding the annual audit under "Financial Management Policies."

GOVERNMENT RETURNS

Overview

To legitimately conduct business, the Early learning Coalition of Southwest Florida must be aware of its tax and information return filing obligations and comply with all such requirements of federal, state and local jurisdictions. Filing requirements include, but are not limited to, filing annual information returns with IRS, state charitable solicitation reports and annual reports for corporations.

Filing of Returns

It is the policy of ELC-SWFL to become familiar with the obligations in each jurisdiction and to comply with all known filing requirements. The Fiscal Director shall be responsible for identifying all filing requirements and assuring that the Agency is in compliance with all such requirements.

It is also the policy of the Agency to file complete and accurate returns with all authorities. ELC-SWFL shall make all efforts to avoid filing misleading, inaccurate or incomplete returns.

Filings made by ELC-SWFL include, but are not limited to, the following returns:

1. **Form 990** - Annual information return of tax-exempt organizations, filed with IRS. Form 990 for Example NPO is due on the fifteenth day of the fifth month following year-end. An automatic 3-month extension of time to file Form 990 may be obtained filing Form 8868. Upon expiration of the first 3-month extension, a second 3-month extension may be requested using Form 8868.

Public Access to Information Returns

Under regulations that became effective in 1999, Example ELC-SWFL is subject to federal requirements to make the following forms "widely available" to all members of the general public:

1. The three most recent annual information returns (Form 990), [excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A], and
2. The Early Learning Coalition's original application for recognition of its tax-exempt status filed with IRS, and all accompanying schedules and attachments.

It is the policy of the Agency to adhere to the following guidelines in order to comply with the preceding public disclosure requirements:

1. Anyone appearing in person at the offices of ELC-SWFL during normal working hours making a request to inspect the forms will be granted access to a file copy of the forms. The Office Manager shall be responsible for maintaining this copy of each form and for making it available to all requesters.
2. For all written requests for copies of forms received by ELC-SWFL, the Agency shall require pre-payment of all copying and shipping charges. For requests for copies that are received without pre-payment, ELC-SWFL will notify the requester of this policy via phone call or by letter within 7 days of receipt of the original request.
3. The copying cost charged by ELC-SWFL for providing copies of requested forms shall be \$1.00 for the first page copies and \$0.15 for each subsequent page. All copies shall be shipped to requesters via Priority Mail, thus, shipping charges will be a standard \$3.00 per shipment.
4. After payment is received by ELC-SWFL, all requested copies shall be shipped to requesters within 30 days. Making of all copies and shipping within the 30-day time period shall be the responsibility of the accounting department.
5. For requests for copies made in person during normal business hours, copies shall be provided while the requester waits.
6. ELC-SWFL shall accept certified checks and money orders for requests for copies made in person. ELC-SWFL shall accept certified checks, money orders or personal checks as payment for copies of forms requested in writing.

FINANCIAL MANAGEMENT POLICIES

BUDGETING

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the organization's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the organization's programs and activities simultaneously in light of the available resources.

Preparation and Adoption

It is the policy of ELC-SWFL to prepare an annual budget. To prepare the Organization budget, the Director of Operations shall gather proposed budget information from all staff with budgetary responsibilities and prepares the first draft of the budget. Budgets proposed and submitted by each program should be accompanied by a narrative explanation of the sources and uses of funds and explaining all material fluctuations in budgeted amounts from prior years.

After appropriate revisions and a compilation of all department budgets by the Director of Operations, a draft of the organization-wide budget, as well as individual department budgets, is presented to the Executive Director for discussion, revision, and initial approval.

The revised draft is then submitted to the Finance Committee of the Board of Directors, and finally to the entire Board of Directors for adoption.

It is the policy of ELC-SWFL to adopt a final budget at least 30 days before the beginning of the Organization's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Fiscal Director to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities and comparison of budget versus actual once the year begins.

Monitoring Performance

It is the policy of ELC-SWFL to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the accounting department and distributed to each employee with budgetary responsibilities. These individuals shall be responsible for responding with a written explanation of all budget variances in excess of five percent on a quarterly basis

Budget Modifications

After a budget has been approved by the board of directors and adopted by the Organization, reclassifications of budgeted expense amounts of less than \$10,000 within a single program may be made by the Executive Director

Reclassifications in excess of the preceding threshold, and any budget modification resulting in an increase in budgeted expenses or decrease in budgeted revenues shall be made only with approval of the Finance Committee.

ANNUAL AUDIT

Role of the Independent Auditor

It is the policy of ELC-SWFL to arrange for an annual audit of the Organization's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by ELC-SWFL will be required to communicate directly with the Organization's Finance/Audit Committee upon the completion of their audit. In addition, members of the Audit Committee and Executive Committee are authorized to initiate communication directly with the independent accounting firm.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm after the financial statements have been reviewed and approved by the Audit Committee.

How Often to Review the Selection of the Auditor

ELC-SWFL shall review the selection of its independent auditor in the following circumstances:

1. Anytime there is dissatisfaction with the service of the current firm
2. When a fresh perspective and new ideas are desired
3. Every 3 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years; simply to re-evaluate the selection)

Selecting an Auditor

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by ELC-SWFL in selecting an accounting firm:

1. The firm's reputation in the nonprofit community
2. The depth of the firm's understanding of and experience with not-for-profit organizations and federal reporting requirements under OMB Circular A-133
3. The firm's demonstrated ability to provide the services requested in a timely manner
4. The ability of firm personnel to communicate with Organization personnel in a professional and congenial manner

The following information shall be included in any Request for Proposal (RFP) to be sent to prospective audit firms:

1. Period of services required
2. Type of contract to be awarded (fixed fee, cost basis, etc.)
3. Complete description of the services requested (audit, management letter, tax returns, etc.)
4. Identification of meetings requiring their attendance, such as staff or Board of Director meetings
5. Organization chart of ELC-SWFL
6. Chart of account information
7. Financial information about the organization
8. Copy of prior year reports (financial statements, management letters, etc.)
9. Identification of need to perform audit in accordance with OMB Circular A-133
10. Other information considered appropriate
11. Description of proposal and format requirements
12. Due date of proposals
13. Overview of selection process (i.e. whether finalists will be interviewed, when a decision shall be made, etc.)
14. Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background
2. Biographical information (resumes) of key firm member who will serve Example NPO
3. Client references
4. Information about the firm's capabilities
5. Firm's approach to performing an audit
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
7. Other resources available with the firm
8. Expected timing and completion of the audit
9. Expected delivery of reports
10. Cost estimate including estimated number of hours per staff member
11. Rate per hour for each auditor
12. Other information as appropriate

Copies of all proposals shall be forwarded to each member of the Finance/Audit Committee. The Finance/Audit Committee will make the final recommendation to the board of directors for approval.

Preparation for the Annual Audit

ELC-SWFL shall be actively involved in planning for and assisting with the Organization's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the accounting department shall provide assistance to the independent auditors in the following areas:

Planning - The Director of Operations is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent accounting firm.

Involvement - Organization staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Interim Procedures - To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Organization's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Organization staff will as much as possible in order to provide requested schedules and documents and to otherwise assist the auditors during any interim audit fieldwork that is performed.

Throughout the audit process, it shall be the policy of ELC-SWFL to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a draft of the audited financial statements of ELC-SWFL from its independent auditor, the Director of Operations shall perform a detailed review of the draft, consisting of the following procedures:

1. Carefully read the entire report for typographical errors
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of ELC-SWFL
3. Review each footnote for accuracy and completeness

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Director of Operations.

It shall also be the responsibility of the Director of Operations to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

Audit Committee Responsibilities

The Finance/Audit Committee's responsibilities include, but shall not be limited to, the following:

1. Appointment of, and communication with, the Organization's independent auditors
2. Review and approval of the annual, audited financial statements
3. Discussion of internal control matters with the independent auditor
4. Responding to any reported instances of fraud involving ELC-SWFL or its employees
5. Conducting a quarterly analysis of the Organization's financial statements
6. Making policy and other recommendations to the ELC-SWFL board of directors regarding matters arising out of the audit

In fulfilling these duties and responsibilities, the Finance/Audit Committee is entitled to examine any and all documents within the control of ELC-SWFL and its employees. In addition, the Finance/Audit Committee shall have the authority to contract with independent contractors in the fulfillment of the committee's responsibilities.

INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of ELC-SWFL.

It is the policy of ELC-SWFL to maintain adequate insurance against general liability, as well as coverage for buildings, contents, computers, fine arts, equipment, machinery and other items of value.

Coverage Guidelines

As a guideline, ELC-SWFL will arrange for the following types and levels of insurance as a minimum:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Comprehensive Liability	\$1,000,000
Automobiles for Employees, Volunteers, or Escorts	\$1,000,000
Employee dishonesty/bonding	\$1,000,000 for all accounting department employees and the Executive Director
Fire and Water Damage	Coverage for all items with acquisition cost greater than \$1,000

Directors and Officers \$1,000,000 (with an appropriate deductible level)

Theft Coverage for all items with acquisition cost greater than \$1,000

ELC-SWFL shall maintain a detailed listing of all insurance policies in effect. This listing shall include the following information, at a minimum:

1. Description (type of insurance)
2. Agent and insurance company, including all contact information
3. Coverage and deductibles
4. Premium amounts and frequency of payment
5. Policy effective dates
6. Date(s) premiums paid and check numbers

Insurance Definitions

Fidelity Bond

For all personnel handling cash, preparing or signing checks, ELC-SWFL shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the organization will determine the dollar limit of this coverage.

Comprehensive Liability

This type of coverage may include directors, officers and employee general liability insurance, buildings, contents, computers, fine arts, boilers and machinery.

RECORD RETENTION

Policy

It is the policy of ELC-SWFL to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved by the Executive Director, and logged into the Organization's Destroyed Records Log. The formal records retention policy of ELC-SWFL is as follows:

Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Audit reports	Permanently
Bank reconciliations	3 Years
Bank Statements	3 Years
Chart of Accounts	Permanently
Cancelled Checks	7 Years
Contracts, mortgages, notes and leases:	

Expired	7 Years
Still in effect	Permanently
Correspondence:	
General	2 Years
Legal and important matters only	Permanently
Routine with customers and/or vendors	2 Years
Deeds, mortgages and bills of sales	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	3 Years
Employment applications	3 Years
Expense analyses/expense distribution schedule	7 Years
Financial statements:	
Year end	Permanently
Other	Optional
Garnishments	7 Years
General ledgers/year end trial balance	Permanently
Insurance policies (expired)	3 Years
Insurance records (policies, claims, etc.)	Permanently
Internal audit reports	3 Years +
Internal reports	3 Years
Journals	Permanently
Minute books of directors, bylaws and charters	Permanently
Notes receivable ledgers and schedules	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Petty cash vouchers	3 Years
Physical inventory tags	3 Years
Property records (incl. depreciation schedules)	Permanently
Purchase orders:	
Purchasing department copy	7 Years
Other copies	1 Year
Receiving sheets	1 Year
Retirement and pension records	Permanently
Requisitions	1 Year
Sales records	7 Years
Subsidiary ledgers	7 Years
Tax returns and worksheets, examination reports and other documents relating to determination of income tax liability	Permanently
Time sheets/cards	7 Years
Trademark registrations and copyrights	Permanently
Training manuals	Permanently
Voucher register and schedules	7 Years
Withholding tax statements	7 Years

FUNCTIONAL EXPENSE ALLOCATIONS

Overview

As one of its financial management objectives, ELC-SWFL strives to determine the actual costs of carrying out each of its program service and supporting activities. In this regard, it is the policy of ELC-SWFL to charge expenses to the appropriate category of program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible.

Program and supporting service functions of Example NPO are:

Programs:

1. School Readiness Program
2. Voluntary Prekindergarten Program

Supporting Services:

1. Management and general

POLICIES PERTAINING TO FEDERAL AWARDS

ADMINISTRATION OF FEDERAL AWARDS

Definitions

There are several types of agreements through which ELC-SWFL may receive financial assistance from a donor/grantor agency:

Grant: A financial assistance award given to the organization to carry out its programmatic purpose.

Contract: A mutually binding legal agreement where the organization agrees to provide supplies or services and the donor agrees to pay for them.

Cooperative Agreement: A legal agreement where the organization implements a program with the direct involvement of the donor.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal "award."

Preparation and Review of Proposals

Program staff are responsible for preparing proposals for projects that the Agency intends to pursue. However, all proposals shall be reviewed by the Director of Operations prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved by the Executive Director.

Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Director of Operations shall review the terms, time periods, award amounts and expected expenditures associated with the award. A CFDA (*Catalog of Federal Domestic Assistance*) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers. New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document and all reports submitted to the funding sources.

Compliance with Laws, Regulations and Provisions of Awards

ELC-SWFL recognizes that as a recipient of Federal funds, the Organization is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Organization meets this responsibility, the following policies apply with respect to every grant or contract received directly or indirectly from a Federal agency:

1. For each Federal award, an ELC-SWFL employee within the department responsible for administering the award will be designated as "Grant/Project Manager" (GPM).
2. Each GPM shall attend a class on grant management prior to beginning their role as a GPM (or as early in their functioning as a GPM as practical).
3. The GPM shall take the following steps to identify all applicable laws, regulations, and provisions of each grant and contract:
 - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.

- b. Review the "OMB Circular A-133 Compliance Supplement" (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all Federal awards.
 - c. Review the section of the Catalog of Federal Domestic Assistance applicable to the award.
4. The GPM shall identify and communicate any special changes in policies and procedures necessitated by Federal awards as a result of the review of each award.
 6. The GPM shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to the "OMB Circular A-133 Compliance Supplement", and communications with Federal awarding agency personnel.
 7. The GPM shall cooperate with the Organization's Independent Auditors by informing the CPA firm as to applicable laws, regulations, and provisions of contracts and grants and communicating known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Billing and Financial Reporting

ELC-SWFL strives to provide management, staff and funding sources with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

ELC-SWFL shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the Fiscal Director, subject to review and approval by the Director of Operations

The following policies shall apply to the preparation and submission of billings to federal agencies under awards made to ELC-SWFL:

1. It is the policy of ELC-SWFL to request reimbursement after expenditures have been incurred, unless an award specifies another method.
2. Each award normally specifies a particular billing cycle; Therefore, a schedule is established for each grant and contract to ensure that reimbursement is made on a timely basis along with any other reporting that is required in addition to the financial reports.
3. Requests for reimbursement of award expenditures will use the actual amounts as posted to the general ledger as the source for all invoice amounts.

4. All financial reports required by each federal award will be prepared and filed on a timely basis. To the extent ELC-SWFL's year-end audit results in adjustments to amounts previously reported to federal agencies, revised reports shall be prepared and filed in accordance with the terms of each federal award.

ELC-SWFL shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded on the books of ELC-SWFL.

If a federal award authorizes the payment of cash advances to ELC-SWFL, the Executive Director may request that a request for such an advance be made. Upon receipt of a cash advance from a federal agency, ELC-SWFL shall reflect a liability equal to the advance. As part of the monthly close-out and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Procurement Under Federal Awards

Procurement of goods and services whose costs are charged to federal awards received by Example NPO are subject to all of the specific Example NPO purchasing policies described earlier, under "Purchasing Policies and Procedures." In addition, procurements associated with Federal awards are subject to the following supplemental policies:

1. ELC-SWFL shall avoid purchasing items that are not necessary for the performance of the activities required by a Federal award.
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal government.
3. Documentation of the cost and price analysis associated with each procurement decision shall be retained in the procurement files pertaining to each Federal award.
4. For all procurements in excess of the small purchase acquisition threshold (currently \$100,000), procurement records and files shall be maintained that include all of the following:
 - a. The basis for contractor selection.
 - b. Justification for lack of competition when competitive bids or offers are not obtained.
 - c. The basis for award cost or price.

5. ELC-SWFL shall make all procurement files available for inspection upon request by a Federal Awarding Agency.
6. All contracts with vendors shall require the vendor to certify in writing that it has not been suspended or disbarred from doing business with any federal agency.

In addition, no employee, officer, or agent of ELC-SWFL shall participate in the selection, award or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of her or his immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.

Solicitations of Bids from Vendors (Federal Awards Only)

All purchases in excess of \$500 but less than \$5,000 shall be made by obtaining oral or written quotations from at least three responsible vendors.

All purchases of at least \$5,000 but less than \$100,000, shall be made by obtaining written quotations from at least three responsible vendors.

All purchases of \$100,000 or more shall be made by obtaining competitive proposals from at least three responsible vendors. Sealed bids shall be utilized when required by the Federal awarding agency.

ELC-SWFL shall not utilize the "cost-plus-a-percentage-of-cost" method of contracting with vendors.

All other policies and procedures associated with procurement under Federal awards shall be governed by the policies applicable to all purchases of ELC-SWFL, described in the section of this manual on "Policies Associated With Expenditures and Disbursements."

Provisions Included in all Contracts

It is the policy of ELC-SWFL to include all of the following provisions, as applicable, in all contracts (including small purchases) with vendors and sub-grants to grantees:

1. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
2. **Copeland "Anti-Kickback" Act (18 U.S.C. 874 and 40 U.S.C. 276c):** All contracts and subgrants in excess of \$2,000 for construction or repair awarded by ELC-SWFL and its subrecipients shall contain a provision for compliance with the Copeland "Anti-

Kickback” Act (18 U.S.C. 874), as supplemented by Department of Labor regulations 29 CFR part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States.” This Act provides that each contractor or subrecipient shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. It is the policy of ELC-SWFL to report all suspected or reported violations to the Federal awarding agency.

3. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** If included in the federal agency’s grant program legislation, all construction contracts of more than \$2,000 awarded by ELC-SWFL and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). Under this Act, contractors are required to pay wages to laborers and mechanics at a rate not less than the minimum wages specified in a wage determination made by the Secretary of Labor. In addition, contractors shall be required to pay wages not less than once a week.
4. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** All contracts awarded by ELC-SWFL in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 102 and 107 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by Department of Labor regulations (29 CFR part 5). Under Section 102 of the Act, each contractor is required to compute wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the work week. Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
5. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and ELC-SWFL in any resulting invention in accordance with 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
6. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to

comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

7. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or sub-grants of \$100,000 or more, ELC-SWFL shall obtain from the contractor or sub-grantee a certification that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Likewise, since each tier provides such certifications to the tier above it, ELC-SWFL shall provide such certifications in all situations in which it acts as a sub-recipient of a sub-grant of \$100,000 or more.
8. **Debarment and Suspension (E.O.s 12549 and 12689):** For all contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000), ELC-SWFL shall obtain from the contractor a certification that neither the contractor nor any of its principal employees are listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs.
9. **Remedies:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000) shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.
10. **Termination:** All contracts in excess of the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$100,000) shall contain suitable provisions for termination by ELC-SWFL, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated due to circumstances beyond the control of the contractor.

Making of Subawards

From time to time, ELC-SWFL may find it practical to make subawards of federal funds to other organizations. All sub-awards in excess of \$5,000 shall be subject to the same procurement policies described in the preceding section. In addition, all sub-recipients must be approved in writing by the federal awarding agency and agree to the subrecipient monitoring provisions described in the next section.

With respect to subrecipients with whom ELC-SWFL has not recently had a subaward relationship, the Director of Operations shall determine an appropriate level of pre-award inquiry that shall be performed. The purpose of such inquiry, which may involve a site visit to a potential subrecipient, is to gain assurance that a potential subrecipient has adequate policies and procedures in place to provide reasonable assurance that it is capable complying

with all applicable laws, regulations and award provisions. In addition, ELC-SWFL shall obtain the following documents from all new subrecipients:

1. Articles of incorporation
2. By-laws or other governing documents
3. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3))
4. Last 3 years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last 3 years' audit reports and management letters received from subrecipient's independent auditor (including all reports associated with audits performed in accordance with OMB Circular A-133, if applicable)
6. Copy of the most recent internally-prepared financial statement and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations or monitoring procedures performed in the last three years

Monitoring of Subrecipients

When ELC-SWFL utilizes Federal funds to make sub-awards to subrecipients, ELC-SWFL is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following policies apply to all sub-awards of federal funds made by ELC-SWFL to subrecipients:

1. Subaward agreements shall include all information necessary to identify the funds as federal funding. This information shall include:
 - a. The applicable Catalog of Federal Domestic Assistance (CFDA) title and number
 - b. Award name
 - c. Name of Federal agency
 - d. Amount of award
2. Subaward agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with OMB Circular A-133, if the subrecipient meets the criteria for having to undergo such an audit.
3. Subawards shall include a listing of all applicable Federal requirements that each subrecipient must follow.
4. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.

5. Subawards shall require that subrecipients submit financial and program reports to ELC-SWFL on a basis no less frequently than quarterly.
6. ELC-SWFL will follow up with all subrecipients to determine whether all required audits have been completed. ELC-SWFL will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with OMB Circular A-133. For subrecipients that properly obtain an audit in accordance with OMB Circular A-133, ELC-SWFL shall obtain and review the resulting audit reports for possible effects on ELC-SWFL's accounting records or audit.
7. ELC-SWFL shall assign one of its employees the responsibility of monitoring of each subrecipient on an ongoing basis, during the period of performance by the subrecipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.
8. Ongoing monitoring of subrecipients by ELC-SWFL will inherently vary from subrecipient to subrecipient, based on the nature of work assigned to each subrecipient. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with subrecipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
 - c. Monitoring subrecipient budgets.
 - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
 - e. Offering subrecipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to assure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.
9. Documentation shall be maintained in support of all efforts associated with ELC-SWFL's monitoring of subrecipients.

Equipment and Furniture Purchased With Federal Funds

ELC-SWFL may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to Federal awards will be subject to certain additional policies as described below.

For purposes of Federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by ELC-SWFL, described under Asset Management.

All purchases of "equipment" with federal funds shall be approved in advance in writing by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Any equipment that is owned by the Federal government and given to ELC-SWFL for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
3. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of \$5,000 or less at the conclusion of the award, ELC-SWFL shall retain the equipment without any requirement for notifying the federal agency. If the remaining per unit fair market value is \$5,000 or more, ELC-SWFL shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the federal agency.
4. The ELC-SWFL Grant Manager shall determine whether a specific award with a Federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with federal funds shall be performed at least once every two years. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by ELC-SWFL.

Standards for Financial Management Systems

In accordance with OMB Circular A-110, it is the policy of ELC-SWFL to maintain a financial management system that provides for the following:

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of Circular A-110 and/or the award.
2. Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

3. Effective control over and accountability for all funds, property and other assets. Example NPO shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
4. Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
5. Procedures to minimize the time elapsing between the transfer of funds to ELC-SWFL from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient.
6. Procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
7. Accounting records including cost accounting records that are supported by source documentation.

Budget and Program Revisions

It is the policy of ELC-SWFL to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (project director, etc.) specified in the application or award document.
3. The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The need for additional Federal funding.
5. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.
6. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Circular A-122.
7. The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
7. Unless described in the application and funded in the approved awards, the subaward, transfer or contracting out of any work under an award (However, this provision does not apply to purchases of supplies, materials, equipment or general support services).

Close Out of Federal Awards

ELC-SWFL shall follow the close out procedures described in OMB Circular A-110 and in the grant agreements as specified by the granting agency.

ELC-SWFL and all subrecipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

CHARGING OF COSTS TO FEDERAL AWARDS

Overview

It is the policy of ELC-SWFL that only costs that are reasonable, allowable and allocable to a Federal award shall be charged to that award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

Segregating Unallowable From Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of costs provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations", particularly:
 - a. The list of specifically unallowable costs found in Attachment B (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with Attachment B, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or OMB Circular A-122.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of ELC-SWFL to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant

accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

Criteria for Allowability

It is the policy of ELC-SWFL that all costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be "reasonable" for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the organization or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with prudence in the circumstances;
 - d. Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be "allocable" to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a Federal award;
 - b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the Organization, but, where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of OMB Circular A-122 or the Federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both Federally financed activities and other activities of the Organization.
5. Costs must be consistently treated over time.

6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other Federally financed program in the current or prior periods.
8. The cost must be adequately documented.

Direct Costs

Direct costs include those costs that are incurred specifically for one award or non-Federal function. ELC-SWFL identifies and charges these cost exclusively to each award or program.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate project director and reviewed by the Director of Operations

Time sheets or personnel activity reports, described earlier, are also submitted on a regular basis reflecting employees' work and which programs directly benefited from their effort. Time sheets or personnel activity reports shall serve as the basis for charging salaries directly to Federal awards and non-Federal functions.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e. such equipment shall not be capitalized and depreciated).

Cost Sharing and Matching

It is the policy of the Early Learning Coalition of Southwest Florida to value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used.

ELC-SWFL shall claim contributions as meeting a cost sharing or matching requirement of a Federal award only if all of the following criteria are met:

1. They are verifiable from Example ELC-SWFL records
2. They are not included as contributions for any other federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under OMB Circular A-122.

5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the Federal awarding agency.
7. They conform to all provisions of OMB Circular A-110.
8. In the case of donated space, the space is subject to an independent appraisal to establish its value.

Contributed services used for cost sharing or matching purposes shall be valued at rates consistent with those rates paid for similar work in the Organization (match up experience and skill level), including an estimate of reasonable fringe benefits. In cases in which the required skills are not found in the Organization, rates used shall be consistent with those paid for similar work in the labor market in which ELC-SWFL competes.

It is the policy of ELC-SWFL to require volunteers to document and account for their contributed time in a manner similar to the time-keeping system followed by ELC-SWFL employees.

PROPERTY MANAGEMENT

Tangible property items previously purchased by ELC-SWFL with Program funds that are valued in excess of \$1000 are recorded in the ELC-SWFL'S property records. All ELC-SWFL procurement of property and services will be made in accordance with Federal and State policy.

The ELC-SWFL will adhere to the procurement standards in OMB Circular 110. The ELC-SWFL'S property records are maintained in accordance with OMB Circular 110. The ELC-SWFL will retain title to any property acquired or produced by a subrecipient with an individual price or value of \$1000 or more. Physical safeguards will be maintained for all tangible personal property. The ELC-SWFL will retain all property records (non-expendable) for a period of three (3) years after final disposition of the property. Adequate maintenance procedures will be performed to keep the property in good condition.

When tangible personal property is acquired which has a unit cost of \$1000 or more, a property tag is affixed to it and it is recorded on the Board's inventory listing. The inventory listing includes the property tag number, a description of the item, the condition of the item (excellent, good, bad) the serial number, the location of the item, the resident custodian, the acquisition date, and the funding source with the cost of the item. A physical inventory of the property is conducted annually, and the results are compared with property records. If any discrepancies are found, they are traced and reconciled. A statement of general fixed assets is filed with the State annually.

An annual inventory of property will be completed prior to August 15th each year. The annual inventory shall be conducted by the custodians delegate (Fiscal Director) and inventory agents (Office Manager and/or Contracts Manager).

DISPUTE AND GRIEVANCE PROCEDURES

The Early Learning Coalition of Southwest Florida, Inc. ensures that all school readiness and voluntary prekindergarten participants, early learning providers, contract providers, ELC-SWFL employees and board members are aware of procedures to file a formal complaint or grievance, in accordance with ELC-SWFL Policies ELCSWF-EL0013-06 (Complaint and Dispute Resolution) and ELCSWF-EL0019-06 (Coalition Board and Staff Grievance Policy).

Each request for proposal and contractual agreement specifies dispute resolution, appeal and grievance procedures available to service providers arising from audit disallowances or sanctions imposed as a result of audit findings, investigations, or monitoring reports.

MONITORING, OVERSIGHT AND EVALUATION PLAN

Monitoring of Service Providers.

- The Early Learning Coalition of Southwest Florida, Inc. is responsible for monitoring all service provider contractors and programs. Monitoring services are accomplished by a ELC-SWFL staff who conduct site visits and evaluations on an as needed basis.
- The ELC-SWFL monitoring staff will monitor each service provider at least once during the Fiscal Year. Initial monitoring visits will be made within four months of the start date of each service provider contract. Monitoring reports identifying findings, observations, and recommendations will be generated at the completion of each monitoring visit. The Early Learning Coalition of Southwest Florida Inc. and its monitoring staff develop monitoring tools which meet the expectations of each contract. Monitoring visits to service providers will include a full compliance review of all contractual requirements, as well as a review of programmatic and fiscal procedures and records, training quality, performance/outcomes, cost effectiveness, and value of program to the community. Monitors will also conduct interviews with clients and providers. Eligibility, assessment, performance, and other case management documentation will also be reviewed during the monitoring visit.
- A monitoring schedule will be developed which specifies areas to be monitored and their frequency. The monitoring schedule will be updated and expanded as new programs/contracts are added during future planning cycles. This schedule does not contain corrective action and follow-up visits or periodic spot checks. These are completed as the situation dictates and may be performed by ELC-SWFL monitoring staff.
- Each service provider is also contractually required to provide a monthly and/or quarterly status report and a monthly request for payment, with supporting

documentation, for ELC-SWFL review to ensure program expenses, quality, and outcomes meet the objectives of School Readiness/VPK programs and the contractual agreement.

Corrective Action Plans.

- Monitoring reports filed by the ELC-SWFL Director of Operations will be reviewed by the Executive Director. Every effort will be made to submit reports to each contractor within 20 working days of the monitoring visit. The report will outline the results of the monitoring review and any corrective action necessary. Contractors will be required to respond in writing to the findings and/or observations with a Corrective Action Plan, which must be provided within 30 days of receipt of the report.
- The Executive Director and Director of Operations will review all service provider responses and internal Corrective Action Plans to ensure that appropriate corrective actions have been planned and/or taken and are in compliance with all contract agreements. The final Corrective Action Plan will then be provided to the Board's Executive Committee for review. The monitoring staff will complete a follow-up visit within the following quarter to ensure that corrective actions have been implemented and a follow-up report of their findings will be issued to the Executive Director.
- A copy of all monitoring reports, corrective action plans, and related correspondence will be maintained in file for three years.

Technical Assistance/Guidance to Service Providers.

- Each service provider will be provided an initial training session which will include laws/requirements, local policies, and other technical assistance to ensure that the service provider fully understands the procedures for accomplishing service requirements identified in the contractual agreement.
- Technical Assistance Training may be provided on an as needed basis to service providers upon their request, or as a result of deficiencies identified during monitoring visits.

Withdrawing Obligation of Funds/Cancellation of Contracts.

Service Providers who are not in compliance with contractual agreements, and who have failed to take necessary corrective action, will be referred to the Executive Director for appropriate action. On individual cases, the Executive Director and Director of Operations will work with the provider to resolve the issues and may recommend to the Board appropriate corrective action or sanctions up to and including cancellation of the contractual agreement.

Procedures for withdrawing the obligation of funds or cancellation of contract are included in each executed contractual agreement.

Monitoring of Early Learning Coalition of Southwest Florida, Inc.

Membership. The Early Learning Coalition of Southwest Florida will be monitored at least once during the year to ensure compliance regarding composition of the Board and the membership appointment process.

Fiscal Activities. Monitoring of fiscal activities is performed by the Contract Monitor and Fiscal Director. Financial reports are reviewed each month and compared to sub-recipient billing. Monthly financial reports are produced by the Fiscal Director. These include the budget balances for all titles and by contract. The administrative cost limitation and training cost requirement are closely monitored.

Monitoring and Evaluation of Program Performance.

Program evaluation is completed quarterly by the staff. The quarterly report includes School Readiness eligibility activities, VPK program activities, program outcomes (both positive and negative), projected outcomes, and expenditure rates. Significant requirements are also tracked. This includes developmental screening, creative curriculum.net status, etc. Quarterly analysis is used as a planning tool for improvement. The reports are also used by the monitoring staff when reviewing service providers.

The Early Learning Coalition of Southwest Florida Board provides the oversight role for ensuring ELC-SWFL program performance. The Executive Committee reviews program status bi-monthly. The full Board meets bi-monthly to review the monthly and quarterly program reports.

Debt Collection.

The monitoring/auditing system within the administrative office detects most errors in billing prior to the time funds are disbursed to subrecipients/vendors. If a discrepancy is found after disbursement has been made, it is deducted from the next billing. If a contract has already expired when the discrepancy is discovered or if a debt is established after an audit, a certified letter is sent to the subrecipient requesting reimbursement within 30 days. If the funds have not been repaid at the end of the 30-day period, another certified letter is sent advising the subrecipient that the Board's attorney will begin debt collection procedures at the end of the next 30-day period. If the funds are not received by the end of the second 30-day period, the Board's attorney is notified and legal proceedings are requested and initiated. Board's fiscal office will monitor the progress of the legal efforts.