

Early Learning Coalition of Southwest Florida

Accounting & Financial Policy and Procedures Manual



EARLY LEARNING
COALITION
OF SOUTHWEST FLORIDA

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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:

1. Developmentally appropriate curriculum;
2. Appropriate staff-to-children-ratio; and
3. 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 came to the community Early Learning Coalitions through the Florida Partnership for School Readiness..

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 (OEL) now manages Florida's statewide system of early learning coalitions. This network 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 (COALITION) 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 and Resource and Referral funds associated with federal and state requirements in 45CFR98, Chapter 411, F.S. and Chapter 402.27 Florida Statutes (F.S.); and the Voluntary Pre-Kindergarten services pursuant to Chapter 1002.51-79 Florida Statutes.

The Early Learning Coalition of Southwest Florida (AKA COALITION) is incorporated in the state of Florida and registered 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.

This manual shall document the financial operations of the COALITION. 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 COALITION by the Chief Executive Officer, Director of Fiscal Operations and the COALITION Board. All COALITION staff is bound by the policies herein, and any deviation from established policy is prohibited.

Note:

Effective Date(s) of Policies:

The new effective date of all accounting policies described in this manual is July 2007. 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.

Chapter 1 - General Responsibilities

A. Management of School Readiness and VPK Funds

The COALITION is charged with fiduciary responsibility for all School Readiness and VPK funds. Therefore, the COALITION must track monthly all fiscal activity related to the expenditure of these funds.

The COALITION will implement an accountability system that tracks the enrollment in, and expenditures for, the COALITION'S school readiness program. As part of its accountability system, the COALITION will perform a monthly analysis that:

- Estimates annual expenditures through the end of a fiscal year based on current enrollment, current expenditures of school readiness funds, and the recurring trends and conditions anticipated to affect enrollment and expenditures;
- Forecasts a budgetary surplus or deficit through the end of the fiscal year; and
- Estimates the number of children to be served in its school readiness program through the end of the fiscal year.

B. Fund Management Strategies

The COALITION is responsible for establishing a strategy for managing school readiness funds and preventing a budgetary deficit. Strategies may include, but are not limited to, the following:

- Transferring school readiness funds from non-direct services to direct services within the earmarks and restrictions of the COALITION'S grant award;
- Leveraging resources through partnerships (e.g., local government, Head Start, Boys and Girls Clubs);
- Delaying the enrollment of a child in a non-priority eligibility group;
- Suspending automatic enrollments in non-priority eligibility groups of those children previously enrolled in a priority eligibility group but no longer eligible for the priority eligibility group (commonly called "rollovers");
- Reducing payment rates for school readiness providers;
- Amending its school readiness plan to increase parent co-payments and remain in compliance with Rule 60BB-4.400, *Florida Administrative Code*, and OEL Program Guidance 400.01; and
- Increasing the frequency of eligibility determinations.
- Should disenrollment of school readiness children be necessary, procedures in policy # ELCSWF-SR0011A-07 will be followed.

C. Deobligation and Reobligation of School Readiness Funds

The COALITION will request an increase in its allocation of school readiness funds (i.e., reobligate) if the COALITION forecasts a deficit for the fiscal year. If a surplus is forecasted through the end of the fiscal year, the COALITION will decrease its allocation (i.e., deobligate).

Requests to increase or decrease the allocations must be submitted in writing to the Deputy Director for Early Learning. The request will:

- Be submitted only once, between the last Friday in January and the first Friday in May of a grant award period;
- Specify the amount of the requested increase or decrease, not to exceed the amount of the forecasted budgetary deficit or surplus; and
- Include a hard copy of the two most recent monthly use analyses.

A COALITION whose grant is increased or decreased will receive a revised notice of grant award. A COALITION'S reallocation of school readiness funds will not affect the COALITION'S allocation of funds for the next fiscal year.

D. Organizational Structure

1) Roles of the Board of Directors

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

- a. Planning for the future
- b. Establishing broad policies
- c. Identifying and proactively dealing with emerging issues
- d. Interpreting the COALITION'S mission to the public
- e. Soliciting prospective contributors
- f. Hiring the Chief Executive Officer
- g. 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 COALITION'S Chief Executive Officer, who shall be responsible for the day-to-day oversight and management of the Early Learning COALITION of Southwest Florida.

2) 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 Chief Executive Officer is also authorized to terminate any contractual agreement.

3) 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:

- a. Executive Committee
- b. Finance Committee
- c. Integrated Service Delivery Committee (Linking Services)
- d. Quality Enhancement/Professional Development Committee
- e. Health and Developmental Services Committee
- f. ByLaws/Nominating Committee

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

4) Finance Committee

The Finance 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:

- a. Review and recommendation of the COALITION'S annual budget (prepared by the staff) for final approval by the full Board
- b. Long-term financial planning
- c. Establishment of investment policy and monitoring investment performance
- d. Evaluation and approval of facilities decisions (i.e. leasing, purchasing property)
- e. Monitoring actual vs. budgeted financial performance
- f. Oversight of reserve funds

The review of the COALITION'S financial statements shall not be limited to the Finance committee, but shall involve the entire Board of Directors.

The Finance 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. Although the Executive Committee has the primary responsibility to review and approve the final audited financial statements, the Finance Committee shall also review the final financial statements, as well as any communications received from the auditor regarding internal controls, illegal acts, or fraud.

The Finance Committee also serves as the primary point of contact for any employee who suspects that fraud has been committed against the COALITION or by one of its employees or Board members. The Finance Committee's role in the annual audit is more fully explained in the section of this manual covering the annual audit.

5) Roles of the Chief Executive Officer and Staff

The Chief Executive Officer reports directly to the Board of Directors. The Chief Executive Officer is responsible for hiring, managing and evaluating all COALITION employees performing functions for the organization.

Staff members with primary responsibility for fiscal control may be asked to utilize a minimum of two weeks of personal leave, in a given fiscal year, in which the two weeks are taken in five consecutive business days. This will provide an opportunity to ensure fiscal responsibilities are being conducted appropriately.

Chapter 2 - Business Conduct

A. Practice of Ethical Behavior

The COALITION recognizes and accepts the Code of Ethic adopted by Agency for Workforce Innovations on November 2005. In addition, the COALITION requires all board members, employees or agents (subcontracted business entities) of the Early Learning COALITION of Southwest Florida, shall abide by the law and applicable rules, policies and procedures governing standards of conduct as it relates to their duties and responsibilities in the provision and disbursement of school readiness and voluntary pre-kindergarten funds and services.

Such Standards of Conduct include, but are not limited to, the following:

- **Performance:** - All parties must strive to perform their responsibilities at the highest level of efficiency and effectiveness. Each are expected to be reliable and dependable; demonstrate willingness and ability to make decisions and exercise sound judgment; accept responsibility for their actions and decisions; to adapt to changes in assignments, procedures and technology; and to be committed to improving individual performance.
- **Negligence:** All parties shall exercise due care and reasonable diligence in the performance of job duties.
- **Conduct Unbecoming the COALITION:** At all times, each party shall conduct themselves in a manner that will not bring discredit or embarrassment to the COALITION. Employees and sub-contractors are expected to be courteous, respectful and prompt in dealing with and serving the public.
- **Public Interest:** All parties are expected to maintain a high standard of honesty, integrity and impartiality. The interest of the public should be ahead of personal interests. No party shall use, or attempt to use, their official position for personal gain or confidential information for personal advantage.
- **Misconduct:** Each party must refrain from conduct, which though not illegal, is inappropriate for a person in their particular position within the COALITION structure. No party, acting in his or her official capacity shall either directly or indirectly provide funds or benefits; or purchase, rent, lease or sell any realty, goods, or services for his or her own personal gain, or the gain of their spouse, children, relative, friend, co-worker or, gain of their business entity party or the party's spouse, relatives, friends, co-workers.
- **Substance Abuse:** The COALITION will not tolerate the use of mood or mind-altering substances, including alcohol and prescription medications by any member, employee or subcontractor personnel.

B. Conflict of Interest

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 COALITION that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.

Furthermore, 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 a COALITION that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected.

Officers, Board members, employees and agents of COALITION shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors, contractors or parties to sub-contracts or agreements. However, unsolicited gifts of a nominal value of \$50 or less may be accepted with the approval of the Chief Executive Officer.

C. Code of Conduct

Ethical conduct in managing the COALITION'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.

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 a COALITION which employs or is about to employ any of the above, has a financial or other interest in the firm or COALITION 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 sub-agreement.

Control for conflict of interest is exercised through the COALITION funding process. Proposals are evaluated by staff using a point system based on evaluation criteria

published in each Request for Proposals (RFP). Final funding decisions are made by the Chief Executive Officer in consultation with the Early Learning COALITION of Southwest Florida Board. No one single staff or Board member controls the selection or administration process.

D. Compliance with Laws, Regulations and COALITION 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 COALITION 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.

E. 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 COALITION 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. Unless otherwise warranted, 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:

- Against any employee who authorizes or participates directly in actions that are a violation of this policy.
- Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy.
- 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.

F. Sarbanes-Oxley Act (2002)

- a. It is illegal for any COALITION'S board members or managing staff to punish whistleblowers or retaliate against any COALITION'S employee who reports suspected cases of fraud or abuse (SOX, Section 1107, Section 1513 of Title 18, USC.)
- b. It is a crime for any COALITION'S board members or managing staff or any staff to direct any COALITION'S employee to alter, cover up, falsify, or destroy any document that may be relevant to an official investigation (SOX, Section 1102, section 1512 of Title 18, USC.)

G. Fraudulent Activity

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 COALITION. 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.

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 Chief Executive Officer or, alternatively, to the Chairs of the Early Learning COALITION Board and the Finance Committee, who coordinates all investigations.

1) Actions Constituting Fraud

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

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

2) Other Irregularities

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

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

3) Reporting Procedures:

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 Chief Executive Officer or the Chair of the Finance 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 Executive Committee, Finance 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:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the COALITION'S legal counsel or the Executive or Finance Committee.

4) Confidentiality:

Any employee who suspects dishonest or fraudulent activity will notify the Chief Executive Officer immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act. The Executive Committee, Finance Committee and/or the senior management shall treat all information received in a confidential manner.

If there is a question as to whether an action constitutes fraud, contact the Chair of the Finance Committee for guidance. The allegations and investigation activities 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 only suspected of an impropriety.

5) Investigation Responsibilities:

The Executive or Finance Committee has the initial primary responsibility for the investigation of all suspected fraudulent acts. These Committees may utilize whatever internal and/or external resources it considers necessary in conducting an investigation.

Members of the Early Learning COALITION of Southwest Florida's Finance Committees will have:

- Free and unrestricted access to all records and premises of the Early Learning COALITION of Southwest Florida, whether owned or rented; and
- 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.

6) Investigative Outcome

If an investigation substantiates that a supported suspicion of fraudulent activities has occurred, the Executive or Finance Committee will follow the policy requirements of ELCSWF-EL0014-06 (*Administrative Sanctions: Overpayments, Misrepresentations, Fraudulent Activity & Provider Non-Compliance*) and the AWI Office of the Inspector General directive. In addition, the committee will issue reports to appropriate designated personnel and, if appropriate, to the COALITION'S Board of Directors and/or the Executive Committee.

Decisions for final disposition and/or legal action will be made in conjunction with legal counsel, the Chief Executive Officer and the Board's executive committee.

Note: 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 COALITION, may apply to the COALITION. 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.

H. **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.

1) Prohibited Expenditures:

COALITION shall not incur any expenditure for political intervention, which is consistent with its tax-exempt status under the Internal Revenue Code. Examples of prohibited political expenditures include, but are not limited to, the following:

- a. Contributions to political action committees
- b. Contributions to the campaigns of individual candidates for public office
- c. Contributions to political parties
- d. Expenditures to produce printed materials (including materials included in periodicals) that support or oppose candidates for public office
- e. Expenditures for the placement of political advertisements in periodicals

2) Endorsements of Candidates:

COALITION will not 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 COALITION, when these individuals are acting on behalf of, or are otherwise representing, the COALITION.

3) Prohibited Use of COALITION Assets and Resources:

No assets or human resources of the COALITION shall be utilized for political activities, as defined above. This prohibition extends to the use of COALITION 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 COALITION. 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 COALITION), these individuals must at all times be aware that COALITION resources cannot at any time be utilized in support of political activities.

I. Equal Opportunity Procedures

The Early Learning COALITION of Southwest Florida, Inc. is committed to the principle and practice of equal opportunity and affirmative action in all terms and conditions of employment. The Board intends to comply with the letter and spirit of federal, state and local laws and regulations prohibiting discrimination based on race, color, religion, national origin, veteran status, sex, disability, age, marital status, or political affiliation or belief. Further, participation in programs and activities shall be open to citizens and nationals of the United States, lawfully admitted permanent resident aliens, lawfully admitted refugees and parolees, and other individuals authorized by the Attorney General to work in the United States.

All individuals involved in the personnel process, including any persons having authority to hire and promote, will be responsible for making decisions consistent with this Board policy.

Any applicant or employee who believes that he or she has been discriminated against may contact the Board's Chair for procedures to file a complaint. Complaints shall be treated in accordance with the procedures set forth by Board policy.

The COALITION will comply with requirements for Equal Opportunity as specified in the following:

45CFR, Part 80

No person in the United States shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program to which this part applies.

- Specific discriminatory actions prohibited. (1) A recipient under any program to which this part applies may not, directly or through contractual or other arrangements, on ground of race, color, or national origin:
- Deny an individual any service, financial aid, or other benefit provided under the program;
- Provide any service, financial aid, or other benefit to an individual which is different, or is provided in a different manner, from that provided to others under the program;

The Age Discrimination Act of 1975 prohibits discrimination on the basis of age in programs and activities receiving federal financial assistance. The Act, which applies to all ages, permits the use of certain age distinctions and factors other than age that meet the Act's requirements. The Age Discrimination Act is enforced by the Civil Rights Center. The Age Discrimination in Employment Act of 1967 (ADEA) protects certain applicants and employees 40 years of age and older from discrimination on the basis of age in hiring, promotion, discharge, compensation, or terms, conditions or privileges of employment. The ADEA is enforced by the Equal Employment Opportunity Commission (EEOC).

Section 188 of the Workforce Investment Act of 1998 (WIA) prohibits discrimination against applicants, employees and participants in WIA Title I-financially assisted programs and activities, and programs that are part of the One-Stop system, on the ground of age. In addition, WIA prohibits discrimination on the grounds of race, color, religion, sex, national origin, disability, political affiliation or belief, and for beneficiaries only, citizenship or participation in a WIA Title I-financially assisted program or activity. Section 188 of WIA is enforced by the Civil Rights Center.

Title IX of the Education Amendments of 1972 In June 1972, the President signed Title IX of the Education Amendments of 1972, 20 U.S.C. §1681 *et seq.*, into law. Title IX is a comprehensive federal law that prohibits discrimination on the basis of sex in any federally funded education program or activity. The principle objective of Title IX is to avoid the use of federal money to support sexually discriminatory practices in education programs such as sexual harassment and employment discrimination, and to provide individual citizens effective protection against those practices. Title IX applies, with a few specific exceptions, to all aspects of federally funded education programs or activities. In addition to traditional educational institutions such as colleges, universities, and elementary and secondary schools, Title IX also applies to any education or training program operated by a recipient of federal financial assistance. Many of these education program providers/recipients became subject to Title IX regulations when the Title IX final common rule was published on August 30, 2000.

The COALITION will comply with requirements for Equal Opportunity as specified in the following:

- AWI FG 05046
- OMB Circulars A-87 and A-122

Chapter 3 - Policies Pertaining to Federal Awards

A. Types of Awards

There are several types of agreements through which COALITION may receive financial assistance from a donor/grantor COALITION:

- Grant: A financial assistance award given to the COALITION to carry out its programmatic purpose.
- Contract: A mutually binding legal agreement where the COALITION agrees to provide supplies or services and the donor agrees to pay for them.
- Cooperative Agreement: A legal agreement where the COALITION 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.”

B. Preparation and Review of Proposals

Program staff is responsible for preparing proposals for projects that the COALITION intends to pursue. However, all proposals shall be reviewed by the Director of Fiscal Operation (aka Fiscal Director) and Contracts Manager prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved by the Chief Executive Officer.

C. 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 Fiscal Operation (aka Fiscal Director) and Contracts Manager 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.

D. Compliance with Laws, Regulations and Provisions of Awards

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

1. For each Federal award, a COALITION 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.
5. 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 COALITION personnel.
6. The GPM shall cooperate with the COALITION'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.

E. Billing and Financial Reporting

COALITION 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.

COALITION 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 Chief Executive Officer.

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

1. It is the policy of the COALITION 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 the COALITION'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.

The COALITION 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 the COALITION.

If a federal award authorizes the payment of cash advances to the COALITION, the Chief Executive Officer may request that a request for such an advance be made. Upon receipt of a cash advance from a federal award, the COALITION 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.

F. Procurement under Federal Awards

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

1. The COALITION 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 unit cost or fixed price.
5. The COALITION 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 the COALITION 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 a COALITION 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.

G. 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.
- The COALITION 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 the COALITION, described in the section of this manual on “Policies Associated with Expenditures and Disbursements.”

H. Provisions Included in all Contracts

It is the policy of COALITION to include all of the following provisions, as applicable, in all contracts (including small purchases) with vendors and subgrants to AWI:

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, and 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 COALITION 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 the COALITION 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 grant program legislation, all construction contracts of more than \$2,000 awarded by the COALITION 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 the COALITION 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 the COALITION 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, the COALITION shall obtain from the contractor or sub-AWI a certification that it will not and has not used Federal appropriated funds to pay any person or COALITION for influencing or attempting to influence an officer or employee of any COALITION, 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, the COALITION 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), the COALITION 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 Non-Procurement 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 the COALITION, 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.

I. Subawards

1. Making of Subawards

The COALITION may choose 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 the COALITION has not recently had a subaward relationship, the Chief Executive Officer 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 of complying with all applicable laws, regulations and award provisions. In addition, the COALITION shall obtain the following documents from all new subrecipients:

- a. Articles of incorporation.
- b. By-laws or other governing documents.
- c. Determination letter from the IRS (recognizing the subrecipient as exempt from income taxes under IRC section 501(c)(3).
- d. Last 3 years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable).
- e. 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).
- f. Copy of the most recent internally prepared financial statement and current budget.

- g. 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.

2. Provisions in Subaward Agreements:

When COALITION utilizes Federal funds to make sub-awards to subrecipients, the COALITION 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.

The following policies apply to all subawards of federal funds made by the COALITION to subrecipients. 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.
- e. 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.
- f. Subawards shall include a listing of all applicable Federal requirements that each subrecipient must follow.
- g. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
- h. Subawards shall require that subrecipients submit financial and program reports to the COALITION on a basis no less frequently than quarterly.
- i. The COALITION will follow up with all subrecipients to determine whether all required audits have been completed. The COALITION 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, the COALITION shall obtain and review the resulting audit reports for possible effects on the COALITION'S accounting records or audit.
- j. The COALITION shall assign the Contracts Manager 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.

- k. Ongoing monitoring of subrecipients by the COALITION 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:
- l. Regular contacts with subrecipients and appropriate inquiries regarding the program.
- m. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern.
- n. Monitoring subrecipient budgets.
- o. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward.
- p. Offering subrecipients technical assistance where needed.
- q. Maintaining a system to track and follow up on deficiencies noted at the subrecipient in order to assure that appropriate corrective action is taken.
- r. Establishing and maintaining a tracking system to assure timely submission of all reports required of the subrecipient.
- s. Documentation shall be maintained in support of all efforts associated with the COALITION'S monitoring of subrecipients.

3. Equipment and Furniture Purchased With Federal Funds:

The COALITION may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal award. 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 the COALITION, 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:

- a. Any equipment that is owned by the Federal government and given to the COALITION for use in a program shall be marked as such.
- b. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
- c. 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, the COALITION shall retain the equipment without any requirement for notifying the federal agency. If the remaining per unit fair market value is \$5,000 or

- d. The COALITION 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.
- e. 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 COALITION.

J. Standards for Financial Management Systems

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

- 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.
- 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, un-obligated balances, assets, outlays, income and interest.
- Effective control over and accountability for all funds, property and other assets. COALITION shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- Comparison of outlays with budget amounts for each award. Whenever possible, financial information shall be related to performance and unit cost data.
- Procedures to minimize the time elapsing between the transfer of funds to COALITION from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient.
- Procedures for determining the reasonableness, allocable and allowable of costs in accordance with the provisions of the applicable Federal Cost Principles and the terms and conditions of the award.
- Accounting records including cost accounting records that are supported by source documentation.

K. Budget and Program Revisions:

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

- Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
- Change in a key person (project director, etc.) specified in the application or award document.
- The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director.
- The need for additional Federal funding.
- 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.
- The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Circular A-122.
- The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
- 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).

L. Close Out of Federal Awards:

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

M. Charging Of Costs to Federal Awards:

It is the policy of the COALITION 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.

1. 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:

- a. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.

- b. Accounting personnel shall be familiar with the allowable of costs provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations", particularly:
 - 1. 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.
 - 2. 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.
- c. 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.
- d. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of the COALITION to reflect the categories of allowable costs identified in the award or the award budget.
- e. All items of miscellaneous income or credits, including the subsequent write-offs of un-cashed 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.)

2. Criteria for Allowable Costs:

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

- a. The cost must be "reasonable" for the performance of the award, considering the following factors:
 - 1. Whether the cost is of a type that is generally considered as being necessary for the operation of the COALITION or the performance of the award;
 - 2. 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;
 - 3. Whether the individuals concerned acted with prudence in the circumstances;
 - 4. Consistency with established policies and procedures of the COALITION, deviations from which could unjustifiably increase the costs of the award.
- b. The cost must be "allocable" to an award by meeting one of the following criteria:
 - 1. The cost is incurred specifically for a Federal award;
 - 2. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received;
 or

3. The cost is necessary to the overall operation of the COALITION, but, where a direct relationship to any particular program or group of programs cannot be demonstrated.
 - c. The cost must conform to any limitations or exclusions of OMB Circular A-122 or the Federal award itself.
 - d. Treatment of costs must be consistent with policies and procedures that apply to both Federal financed activities and other activities of the COALITION.
 - e. Costs must be consistently treated over time.
 - f. The cost must be determined in accordance with generally accepted accounting principles.
 - g. Costs may not be included as a cost of any other Federal financed program in the current or prior periods.
 - h. The cost must be adequately documented.
3. Direct Costs:
- Direct costs include those costs that are incurred specifically for one award or non-Federal function. The COALITION 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 Fiscal Operation (aka Fiscal Director).
 - 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).

N. 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.

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

- They are verifiable from COALITION records.
- They are not included as contributions for any other federally-assisted project or program.

- They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- They are allowable under OMB Circular A-122.
- 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.
- They are provided for in the approved budget when required by the Federal awarding agency.
- They conform to all provisions of OMB Circular A-110.
- 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 by the COALITION (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 COALITION, rates used shall be consistent with those paid for similar work in the labor market in which the COALITION competes.

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

O. Dispute and Grievance Procedures

The Early Learning COALITION of Southwest Florida, Inc. ensures that all School Readiness and Voluntary Pre-Kindergarten participants, early learning providers, contract providers, COALITION employees and Board members are aware of procedures to file a formal complaint or grievance, in accordance with COALITION 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.

P. Debt Collection

1. General Procedures- 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, the following actions will occur:
 - a) Wherever possible, for any discrepancy found after disbursement has been made, the some will be deducted from the next billing, or added if warranted.

- b) 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 repayment within 30 days.
- c) If the amount of the repayment is such that the debtor cannot make payment within the 30 day request, the COALITION has the option to enter into an agreement with the debtor to make the repayment in monthly installments; however, the agreement cannot extend beyond 6 month period of time without Board approval.

2. Delinquent Account -The status of repayment becomes delinquent when the debtor fails to repay in full the amount that the debtor owes by the repayment date specified in the COALITION'S request for repayment. If however, the COALITION entered into a repayment schedule, the account becomes delinquent when the debtor fails to submit partial payment in the amount, and by the date, specified in the repayment schedule, or repay the account in full within 6 month after the repayment date specified in the request for repayment.

Once an account becomes delinquent, the COALITION will, within 10 days, will send a demand letter by certified, return receipt requested and regular US mail. The first demand letter will include the following:

- Full amount that the debtor owes;
- Reason that the debtor's account is delinquent;
- Demand for immediate repayment of the full amount within 30 calendar days;
- Description of the collection efforts that the COALITION will use if the debtor fails to repay;
- Debtor's right to dispute the delinquent account by submitting a written dispute to the COALITION within 30 days after issuance of the demand letter.

If the debtor fails to make payment within the time period specified in the letter, the Board's attorney is notified and a second demand letter will be sent within 10 days by certified, return receipt requested and regular US mail. The second demand letter must include:

- Full amount that the debtor owes;
- Reason that the debtor's account is delinquent;
- Demand for immediate repayment of the full amount within 10 calendar day;
- Debtor's right to dispute the delinquent account by submitting a written dispute to the COALITION within 30 days after issuance of the previously sent first demand letter;
- Notice that the debtor may not receive further state or federal funds unless full payment is made.
- Notice that the delinquent report may be referred to Department of Financial Services (DFS).

At the end of the 10-day period identified in the 2nd demand letter, the Board's attorney will assist in determining the final action to be taken which may include,

but is not limited to, legal proceedings, use of a collection agency or referral to DFS as per AWI Fiscal Guidance Policy 240.03. The Finance Committee will monitor the progress of recoupment efforts.

3. Contract Requirement for Debt Collection: Each request for proposal and contractual agreement will require that diligent efforts be made by the subrecipient to collect monies from child care providers or clients, which was paid in error or as a result of incorrect representation.

Chapter 4 – Procurement and Contract Management

A. General Guidelines:

An early learning COALITION must comply with Section 287.057, Florida Statutes and OMB Circular A-110.43-48 (2 CFR Part 215) for the procurement of commodities or contractual services. The period of a contract for purchase of contracted services and commodities, together with the renewal of the initial contract, may not exceed 3 years, pursuant to Section 411.01 (5) (e)1, Florida Statutes.

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.

B. 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.

C. 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.

D. Purchase Thresholds:

The following monetary thresholds have been established by the COALITION 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 COALITION capitalization threshold is \$5,000.

E. 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 COALITION will use a Request for Proposal (RFP) or Intent to Negotiate (ITN) process. Public

notice of the RFP or ITN will be provided at a minimum through newspaper advertising and the COALITION website. Notices will be mailed to all agencies on the bidders list.

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 COALITION will utilize state approved contracts for the purchase of equipment, goods, and services.

Sole source procurement will only be used under one or more of 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 must be justified in writing and approved by the Chief Executive Officer.

F. Selection of Service Providers

In accordance with Federal regulations, the COALITION 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 entity 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 COALITION from choosing alternative agencies to provide services.

Upon receipt of proposals by the published deadline, the Contracts Manager will verify that each proposal has met the fatal criteria. Once determined eligible for consideration, the proposals are provided to an Evaluation Committee, which is generally comprised of designated board members, but may include other participant's familiar with the mission of the COALITION. Cost analysis information is provided to the Committee during the review process.

After the Evaluation Committee has reviewed the proposals, a meeting will be held in order to rank the proposals and complete the RFP/ITN rating sheets. The Evaluation Committee makes a recommendation to the Executive Committee of the COALITION Board. The Executive Committee accepts or rejects the Evaluation Committee's recommendation, and then determines final recommendations for the Board.

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 COALITION Board. 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 RFP or ITN. The COALITION reserves the right to waive minor irregularities in proposals submitted. Factors used in the proposal evaluation process will include, but not be limited to

- Demonstration of ability to deliver high quality related or comparable goods or services, including consideration as to whether the COALITION has adequate financial resources or the ability to obtain them.
- A satisfactory record of integrity, business ethics and fiscal accountability
- Experience with Coalitions, 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 Proposer's 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 an entity who have not contracted with the COALITION 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

G. Controls for Avoiding Duplication of Services:

The COALITION will not use funds provided to duplicate facilities or services available in the area, unless it is demonstrated that the COALITION-funded alternative would be more effective or more likely to achieve performance goals.

H. 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).

I. Controls for Avoiding Unnecessary Services:

The Requests for Proposals will contain detailed specifications for program activities to be funded. The COALITION 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.

J. 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.

K. 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 Chief Executive Officer 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.

L. 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 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.

M. 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 COALITION decision, the unsuccessful bidder must submit, in writing, a notice of protest to the Chief Executive Officer 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. Representatives selected by the COALITION Board will meet with the unsuccessful bidder within 10 business days of receipt the written protest, to consider the reasons for the protest. If the bidder is not satisfied with the response of the COALITION Board, the bidder may present a written appeal to the Agency Clerk of the Agency for Workforce Innovation within 10 days following the final decision of the COALITION.

N. 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.

1. 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.

2. 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.

3. 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.

O. 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.

P. Oversight and Monitoring

1. 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 COALITION staff who will conduct site visits and evaluations on an as needed basis.

The COALITION 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 COALITION 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 COALITION review to ensure program expenses, quality, and outcomes meet the objectives of School Readiness/VPK programs and the contractual agreement.

2. Corrective Action Plans:

Monitoring reports filed by the Contracts Manager will be reviewed by the Chief Executive Officer. 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 Chief Executive Officer and Director of Fiscal 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 Chief Executive Officer.

A copy of all monitoring reports, corrective action plans, and related correspondence will be maintained in file for three years.

3. 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.

4. 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 Chief Executive Officer for appropriate action. On individual cases, the Chief Executive Officer and Director of Fiscal 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.

5. Monitoring of Early Learning COALITION of Southwest Florida, Inc.

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

a.) Board 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.

b.) Fiscal Activities:

Monitoring of fiscal activities is performed by the Contracts Manager 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.

c.) 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.

Chapter 5 – Fiscal Management

A. Fiscal Year

The Early Learning COALITION shall operate on a fiscal year that begins on July 1st and ends on June 30. Any changes to the fiscal year of the COALITION must be ratified by majority vote of the COALITION’S Board of Directors.

B. Accounting Terms and Explanations:

1) Assets

- Assets are probable future economic benefits obtained or controlled by the COALITION as a result of past transactions or events. Assets of the COALITION 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 COALITION 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.

2) Contributions - are a transfer of cash or other assets to the COALITION, or a settlement or cancellation of the COALITION’S liabilities, in a voluntary nonreciprocal transfer by entity acting other than as an owner. Contributions may be given unconditionally, or with a “condition” or “restriction”.

- *Condition* - A donor-imposed stipulation that specifies a future and uncertain event whose occurrence or failure to occur gives the promissor a right of return of the assets it has transferred to the COALITION or releases the promissor 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 COALITION, the environment in which it operates, and the purposes specified in Early Learning COALITION'S articles of incorporation and bylaws. Restrictions on the COALITION'S use of an asset may be temporary or permanent.
 - Non-reciprocal Transfer - A transaction in which an entity incurs a liability or transfers assets to the COALITION without directly receiving value from the COALITION in exchange.
 - Promise to Give - a written or oral agreement to contribute cash or other assets to the COALITION.
 - Exchange Transaction - A reciprocal transaction in which COALITION and another entity each receive and sacrifice something of approximately equal value.

3) Cost Allocation

- Cost allocation means the process of assigning to two or more programs the costs of an item shared by the programs. The goal is to ensure that each program bears its fair share, and only its fair share, of the total cost of the item.

The requirement to allocate the costs of shared resources can be met by using logical and rational methods to ensure that each program is paying only its fair share of the cost of an item used in common, and that no program is subsidizing another. Generally, the methods used to allocate a shared cost should be the simplest, most straightforward way of allocating this type of cost fairly. Complex, highly detailed methods should be avoided when a simple one will achieve the objective.

- Cost allocation plan means a written account of the methods used by the COALITION to allocate costs to its various funding sources.
- The COALITION must develop a cost allocation plan each fiscal year, which must be approved by the COALITION Board and AWI.
- Cost allocation will be determined using OMB Circular A-122 and OMB Circular A-87. Cost allocation is based on the premise that each federally funded program should bear only its appropriate proportion of costs based on the benefit received and derived by each program.
- When developing the ELC-SWF COALITION Cost Allocation plan, the "AWI Fiscal Guidance for ELC Cost Allocation Plans- August 17, 2005" will be utilized.

4) Liabilities and Net Assets:

- Liabilities are probable future sacrifices of economic benefits arising from present obligations of the COALITION to transfer assets or provide services to other entities in the future as a result of past transactions or events. Liabilities of the COALITION 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.
- Classification of Net Assets:

Net assets of the COALITION 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 COALITION and/or the passage of time.
- Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that the COALITION permanently maintain certain contributed assets. Generally, donors of such assets permit the COALITION 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 COALITION that are not subject to donor imposed restrictions, but which the Board of Directors of the COALITION has earmarked for specific uses, shall be segregated in the accounting records as "Board-designated" funds within the unrestricted category of net assets.

5) 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 a COALITION'S ongoing major or central operations. Revenues of the COALITION include contributions received from donors and grants received from government agencies, private foundations and corporations.

6) Prior Approval

- Prior approval means securing AWI's permission in advance of incurring cost (see page 59 for procedures).

7) General Ledger

- 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 COALITION, 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.

8) Expenses:

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

9) 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 COALITION 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 COALITION except those that result from expenses.

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

C. Internal Controls

Each year, the COALITION will perform a self–assessment of the Internal Controls within the organization. The self assessment form will be provided by AWI beginning grant period 2007-08. The self assessment form will help document the achievement of primary control objectives as defined in OMB Circular A-133, section 105. These objectives pertain to the compliance requirements for federal programs. In addition, the COALITION will submit an annual internal control certification form that attests to the self-assessment, no later than September 30th of each year.

The COALITION has established the following to comply with the internal controls requirements:

- All ledgers are posted timely
- All financial reports are posted by the fifteenth (15th) day after the month ends
- Accrual basis ledgers are maintained consisting of general ledgers; journals cash receipts, general journals, cash receipts, payroll journals, purchase journals, and cash disbursements.
- Payroll data, sick time, personal leave, vacation and leave without pay is recorded by Fiscal Director.
- Expenditures are charged to proper accounts.
- Taxes are paid in a timely manner through the payroll service.
- Checks are prepared and issued with approval of Chief Executive Officer after receipt of bill and matching with purchase order.
- A trial balance is extracted each month.
- Required/Monthly & Quarterly reports are prepared.
- Books are closed and accounts are balanced at the end of each month.
- A monthly financial report which includes a year to date accounting is completed by the Fiscal Director and submitted to the Chief Executive Officer, Finance Committee and the ELC Board.
- Bank statements are reconciled on a monthly basis and canceled checks filed accordingly.
- Required yearly reports are prepared.
- Books and records are kept up-to-date and available for annual audit.
- All funds received and disbursements made are allocated as to source of funds (i.e. School Readiness and VPK) and recorded in ledgers when received or disbursed.
- Adequate records are maintained to ensure an effective system of control for accountability of funds and a detailed running inventory is maintained for all equipment purchase.
- Chief Executive Officer, Finance Committee and Board receive a monthly report showing budget expended to date and balance in each line item category; Non-Federal as well as Federal Share. At beginning of program year, areas of the program will be advised as to total budgeted amount and amount to be expended for program operation on a monthly basis.
- Upon receipt of funds from AWI, all obligations are liquidated within thirty (30) days.

- All required Federal and State payroll tax deposits are paid within three (3) working days of the payroll period.
- All deposits are made the same day funds are received.
- All invoices - checks are prepared and issued with approval of Chief Executive Officer and checks are signed by the Chief Executive Officer or designated signer.
- All supplies and equipment are made on the purchase order (PO) system.
- All requests to purchase supplies or equipment are entered into the Purchase Order (PO) system to determine availability of funds; then submitted to Chief Executive Officer with justification for expenditures and determination of needs. Purchase orders are typed in triplicate:
 - copy for vendor
 - copy for Program Coordinator
 - copy kept by office to check against delivery

D. Standard Financial Statements of the COALITION:

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 COALITION. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

1. The basic financial statements of the COALITION that are maintained on a COALITION-wide basis shall include:

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

2. Frequency of Preparation: The objective of the COALITION'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 and shall be supplemented by the following schedules:

- a. Individual statements of activities on a departmental and functional basis (and/or program/grant basis)
- b. 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 a accrual method of accounting, including all receivables, accounts payable, and actual depreciation expense.

3. Review and Distribution: All financial statements and supporting schedules shall be reviewed and approved by the Chief Executive Officer prior to being issued. A program progress report must be submitted to the finance committee. A complete set of monthly statements must be kept to support the program progress report.

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

- o Treasurer and all members of the Finance Committee
- o Chief Executive Officer
- o 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 COALITION'S budget monitoring policies described later in this manual (under the "Financial Management Policies" section).

4. Annual Financial Statements:

A formal presentation of the COALITION'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 COALITION'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."

5. Government Returns:

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.

6. Filing of Returns:

It is the policy of COALITION 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 COALITION is in compliance with all such requirements.

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

7. Filings made by COALITION include, but are not limited to, the following returns:

Form 990 - Annual information return of tax-exempt COALITION'S, filed with IRS. Form 990 for COALITION 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.

8. Public Access to Information Returns:

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

- a. 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
- b. The Early Learning COALITION'S original application for recognition of its tax-exempt status filed with IRS, and all accompanying schedules and attachments.

E. 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:

- Recording of non-cash transactions
- Corrections of posting errors
- 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:

- Depreciation of fixed assets
- Amortization of prepaid expenses
- Accretion of discounts on promises to give
- Accruals of recurring expenses
- Amortization of deferred revenue
- Payroll

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 imitated in writing by the Fiscal Director and approved by the Chief Executive Officer.

F. Revenue Recognition

The COALITION receives revenue from several types of transactions. Revenue from each of these types of transactions is recognized in the financial statements of the COALITION 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)
 - a. Conference and seminar revenue – Deferred as received, reclassified to income at close of the month in which the conference or seminar is held
 - b. 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.

2. Contributions:

The COALITION shall recognize contribution income in the period in which the COALITION 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 COALITION in the period that the COALITION receives evidence that a promise to support the COALITION 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 COALITION at the time the COALITION 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 COALITION shall record contribution income and assets or expenses if one of the following two criteria is met:

- a. The contributed service creates or enhances a non-financial asset (such as a building or equipment), or
- b. The contributed service possesses all three of the following characteristics:
 1. It is the type of service that would typically need to be purchased by the COALITION if it had not been contributed,
 2. It requires specialized skills (i.e. formal training in a trade or profession), and
 3. It is provided by an individual possessing those specialized skills.

Examples of contributed services received and recorded as income and expense by the COALITION may include contributed services that meet one of the two preceding criteria shall be recorded at the fair market value of the service rendered.

3. Receipts and Disclosures

The COALITION 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 COALITION shall adhere to the following guidelines with respect to contributions received:

- a.) For any separate contribution received, the COALITION shall provide a receipt to the donor. The receipt shall be prepared by the COALITION accounting firm. All receipts prepared by the COALITION shall include the following information:
 1. The amount of cash received and/or a description (but not an assessment of the value) of any non-cash property received;
 2. A statement of whether the COALITION 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 COALITION from the donor, and
 3. If any goods or services were provided to the donor by the COALITION, a description and good faith estimate of the value of those goods or services.

b.) When the COALITION receives cash in excess of \$75, or non-cash property with a value in excess of \$75, as part of a quid pro quo transaction, the COALITION shall follow additional disclosure procedures. For purposes of this paragraph, a "quid pro quo" transaction is one in which COALITION 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 COALITION is less than the value of cash or property provided by the donor). In such instances, COALITION 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 COALITION 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 COALITION.

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

- The goods provided to the donor during a fiscal year bear COALITION name or logo and have an aggregate cost of \$7.60 or less;
- The goods provided to the donor in a fiscal year have a fair market value equal to no more than 2% of the contribution or \$76, whichever is less; or

All estimates of the fair market value of goods or services provided by the COALITION shall be prepared by the COALITION'S accounting firm.

It is the policy of the COALITION 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.

G. Prior Approval

Prior approval means securing AWT's permission in advance to incur cost for those items that are designated as requiring prior approval by the OMB Circular. Generally this permission will be in writing. Where an item of cost requiring prior approval is specified in the budget of an award, approval of the budget constitutes approval of that cost.

On an annual basis only capital expenditures with a unit cost more than the COALITION'S established capitalization threshold of \$1,000 but less than \$5,000 that are to be charged to formula grant funds, may be included in the annual approval request.

1. Annual Approval for Selected Cost Items:

By June 15th of each year, each ELC will complete the “Annual Approval Request Form.” Cost estimates based on the data available to the ELC at this time should be used to complete the approval request form for the upcoming grant period. Once the cost items are identified, the ELC will submit the completed form to AWI for review and approval. A list of the selected cost items and administrative requirements that are currently eligible for annual approval are disclosed on the Annual Approval Form included in AWI Guidance Paper AWI FG 05046. Each ELC should follow the procedures described as follows:

- Complete the Annual Approval Request Form. An appropriate member of the ELC management team should review, approve and authorize the request prior to its submission to AWI. Submit the completed request form. An electronic version of the Approval Request packet should be submitted to the following address: priorapprovalrequestOEL@awi.state.fl.us Electronic signature(s) have been deemed acceptable documentation to initiate this process. In place of an electronic signature, an e-mail transmittal will be accepted.
- AWI will establish a 5 working-day window to respond to submitted Prior Approval Request Forms from the date all information is received by AWI. AWI’s response will be (1) YES; (2) NO; or (3) Additional research is required. Note: An exception to the proposed response time will be made for requests requiring substantial research by the agency or where Federal approval may be required. You will be notified by e-mail if additional processing time is required. If an initial submission is incomplete, AWI will return it to the ELC with a request list for the missing information. You will be notified by e-mail if additional information is required to process your approval request.
- Notification by e-mail or letter will be provided to you once a final decision (APPROVE/DECLINE) is reached.

2. Prior Approval Requests (PARs) All Other Specified Cost Items:

For the remaining OMB circular items that require prior approval all entities must complete and submit the “Prior Approval Request and Response Form for Individual Cost Items” prior to incurring any of these cost items. Each ELC should follow the procedures described as follows:

- Complete the Prior Approval Request and Response Form for Individual Cost Items. An appropriate member of the ELC management team should review, approve and authorize the request prior to its submission to AWI.
- Submit the completed request form. An electronic version of the Approval Request packet should be submitted to the following address: priorapprovalrequestOEL@awi.state.fl.us

- Electronic signature(s) have been deemed acceptable documentation to initiate this process. In place of an electronic signature, an e-mail transmittal will be accepted.
- AWI will establish a 5 working-day window to respond to submitted Prior Approval Request Forms from the date all information is received by AWI. AWI's response will be (1) YES; (2) NO; or (3) Additional research is required. Note: An exception to the proposed response time will be made for requests requiring substantial research by the agency or where Federal approval may be required. You will be notified by e-mail if additional processing time is required. If an initial submission is incomplete, AWI will return it to the ELC with a request list for the missing information. You will be notified by e-mail if additional information is required to process your approval request.
- Notification by e-mail or letter will be provided to you once a final decision (APPROVE/DECLINE) is reached.

H. Accounting Procedures

1. Chart of Accounts:

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:

- Assets
- Liabilities
- Net Assets
- Revenues
- Expenses
- Gains and Losses

A. Distribution of Chart of Accounts: All COALITION 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.

B. 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 COALITION structure and meets the needs of the COALITION.

C. Changes to the Chart of Accounts

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

2. Billing/Invoicing

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

- Annual Billings - None
- Quarterly Billings - None
- Monthly Billings - Grants and contracts (See separate section on "Policies Associated with Federal Awards" for billing policies associated with federal grant agreements)
- Daily ("as needed") Billing: - None

a. Responsibilities for Billing and Collection: The COALITION'S accounting firm is responsible for the invoicing of goods and services as well as the collection of outstanding receivables.

b. Accounts Receivable Entry Policies:

Accounting 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.

3. Classification of Income and Net Assets:

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

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

From time to time, the COALITION may raise other forms of contribution income which carry stipulations that the COALITION 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 COALITION 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 COALITION 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 COALITION'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 COALITION, and shall be reported as a separate component of unrestricted net assets on the COALITION'S financial statements.

4. Cash Receipts

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

A. Processing of Checks and Cash Received in the Mail:

- For funds that are received directly at the COALITION 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 administrative assistant or designee 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.

B. Endorsement of Checks:

It is the policy of the COALITION that all checks received that are payable to the COALITION 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:

- For Deposit Only
- Early Learning COALITION of Southwest Florida
- The bank name
- The bank account number of the COALITION

C. Timeliness of Bank Deposits:

It is the policy of COALITION 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.

D. 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.

E. 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 for accounting purposes.
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.

5. Check Disbursement Request (CDR)

- a. The CDR provides information required to issue a check to a vendor in instances where the vendor requires payment prior to delivering goods and/or services. Additionally CDR's are used for the payment of "emergency orders" as defined later, and for the request for payments of unforeseen expenditures. The Chief Executive Officer will determine if the goods/services required are emergencies and the maximum amount is \$500.00.

- b. Cash advances may be requested using the CDR and with an amount not to exceed \$300.00. Receipts are required for all CDRs.

6. Credit Card Usage –

Usage of the credit card must be documented with receipts detailing the purchases and purchase and travel policies must be followed. Any purchases made which were not pre-approved, may be disallowed and will be the responsibility of the employee. Credit Card Usage should only be used in the following situations:

- a. An emergency situation where the vendor will not accept a check (must justify the reason why vendor will not accept a check from the COALITION);
- b. An on-line purchase from the Internet for items that cannot be purchased through placing an order with a vendor and/or timeliness is more advantageous through purchasing on-line.
- c. Hotel room reservation, air fares, registration;
- d. Miscellaneous to be determined by the Fiscal Director.

7. Petty Cash

The Office Manager/designee is the custodian for the petty cash fund. The petty cash funds are maintained on an impromptu basis. Petty cash funds are segregated from other cash. The maximum for an impromptu purchase is \$50.00 to expedite the purchasing process. Receipts are required within one week of request for all purchases. Current outstanding petty cash receipt must be cleared before the next one can be issued.

Pre-numbered petty cash vouchers are used for all disbursements and completed in full in ink or otherwise in such manner that would make alterations difficult. Vouchers are approved by the Fiscal Director/designee other than the custodian. The amounts of vouchers are spelled as well as written in numerals. Vouchers are properly supported by invoices (receipts) and all items contained in the petty cash fund are of current and usual nature.

Reimbursements are made after there is an adequate review of the reimbursement vouchers. Checks for reimbursement are made out to the order of the custodian. Vouchers and receipts are canceled at, or immediately following, the signing of the reimbursement check, so that they cannot be reused.

Periodically and without notice, the Fiscal Director/designee will count the petty cash fund with the petty cash custodian for audit compliance. Personal use or cashing of employee checks out of the petty cash fund is prohibited.

I. Accounts Receivable

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 Fiscal Director or designee.

J. Purchasing

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 the COALITION 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.

1. Responsibility for Purchasing:

The Chief Executive Officer shall have the authority to initiate purchases on behalf of the COALITION, within the guidelines described in this policies manual. In addition, the Chief Executive Officer may delegate purchasing authority to responsible individuals within the COALITION department. The Chief Executive Officer 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 Chief Executive Officer or his/her designee has approval authority over all purchases and contractual commitments as defined in this policy. The Chief Executive Officer or his/her designee shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

2. Non-Discrimination Policy:

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

- a. 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.

- b. 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.

3. Use of Purchase Orders:

It is the policy of the COALITION 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 pre-numbered Purchase Order shall contain the following information, at a minimum:

- a. Specifications or statement of services required
- b. Vendor name, address, point of contact and phone number
- c. Source of funding (if applicable)
- d. Special conditions (if applicable)
- e. Catalog number, page number, etc. (if applicable)
- f. Net price per unit, less discount, if any
- g. Total amount of order
- h. Electronic authorization
- i. Date PO prepared
- j. Approved signature for Chief Executive Officer or designee.

4. Authorizations and Purchasing Limits:

All completed purchase orders must be approved by the Chief Executive Officer.

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

- a. 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.
- b. 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)
- c. 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.
- d. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitations.
- e. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

- f. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
- g. A description of the proper format, if any, in which proposals must be submitted, including the name of the COALITION person to whom proposals should be sent.
- h. The date by which proposals are due.
- i. Required delivery or performance dates/schedules.
- j. Clear indications of the quantity requested and unit(s) of measure.

5. 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 the COALITION, 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.

6. Evaluation of Alternative Vendors:

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

- a. Adequacy of the proposed methodology of the vendor
- b. Skill and experience of key personnel
- c. Demonstrated company experience
- d. Other technical specifications (designated by department requesting proposals)
- e. Compliance with administrative requirements of the request for proposal (format, due date, etc.)
- f. Vendor's financial stability
- g. Vendor's demonstrated commitment to the nonprofit sector
- h. Results of communications with references supplied by vendor
- i. Ability/commitment to meeting time deadlines
- j. Cost
- k. Minority- or women-owned business status of vendor
- l. Other criteria (to be specified by department requesting proposal)
- m. New vendor form must be completed and approved by Fiscal Director prior to engaging their services.

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 Chief Executive Officer prior to entering into a contract.

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

Positive efforts shall be made by the COALITION 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:

- a. Ensure that small business, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
- b. 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.
- c. 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.
- d. 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.
- e. Use the services and assistance, as appropriate, of such agencies as the Small Business Administration and the Department of Commerce's Minority Business Development in the minority-owned firms and women's business enterprises.

8. Receipt and Acceptance of Goods:

a) The Office Manager/designee shall inspect all goods received. Upon receipt of delivered goods from a vendor, the following actions shall immediately be taken:

- Review packing slip for correct delivery point
- Verify the quantity of boxes/containers with the packing slip
- Examine boxes/containers for exterior damage
- Note on the any discrepancies (missing or damaged boxes/containers, etc.)
- Sign and date the packing slip.
- Retain a copy of the packing slip.

b) The following inspection procedures shall be performed:

- Remove the packing slip from each box/container
- Compare the description and quantity of goods per the purchase order to the packing slip
- Examine goods for physical damage

- Count or weigh items, if appropriate
- Record an indication of counts on the purchase order

c) It is the policy of COALITION to perform the preceding inspection procedures in a timely manner in order to facilitate prompt return of goods and/or communication with vendors

K. Accounts Payable

The COALITION 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 COALITION 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.

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

- a. Disbursements are properly authorized
- b. Invoices are processed in a timely manner
- c. Vendor credit terms and operating cash are managed for maximum benefits

2. 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 COALITION 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.

3. Accounts Payable Cut-Off:

For purposes of the preparation of the COALITION'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.

4. 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 stamped with the “date received” and distributed to the appropriate personnel for approval. The Office Manager or designee will collect the signed invoices and submit to the Chief Executive Officer for approval to be paid.

5. 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:

- a. Vendor invoice (or employee expense report)
- b. Packing slip (where appropriate)
- c. Purchase order
- d. Any other supporting documentation deemed appropriate

6. Processing of Voucher Packages:

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

- a. Check the mathematical accuracy of the vendor invoice.
- b. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the purchase order, packing slip and receiving report
- c. Document the general ledger distribution, using the COALITION’S current chart of accounts
- d. Ensure that all authorizing signatures are on invoices, packing slips and purchase orders.

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 coding, and agreement to pay vendor in full. Approvals shall be documented with initials or signatures of the approving individual.

7. Payment Discounts:

To the extent practical, it is the policy of COALITION 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.

8. 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.

9. Vendor Files and Required Documentation:

The fiscal staff shall create a vendor folder for each new approved vendor from whom the COALITION 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.

L. Cash Disbursements (Check-writing)

1. Check Preparation:

It is the policy of the COALITION to print vendor checks and expense reimbursement checks on a bi-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:

- a. Expenditures must be supported in conformity with the purchasing, accounts payable, and travel and business entertainment policies described in this manual
- b. Timing of disbursements should generally be made to take advantage of all early-payment discounts offered by vendors
- c. Generally, all vendors shall be paid within 30 days of submitting a proper invoice upon delivery of the requested goods or services
- d. 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
- e. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer

- f. Checks shall be utilized in numerical order (unused checks are stored in a locked safe in the accounting department)
- g. Checks shall never be made payable to “bearer” or “cash”
- h. Checks shall never be signed prior to being prepared
- i. Upon the preparation of a check, vendor invoices and other supporting documentation shall immediately be canceled in order to prevent subsequent reuse.

2. Check Signing:

All checks issued will 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).

Check signing authority will vest with the Chairperson of the Board and/or Chief Executive Officer.

Checks and voucher packages must be audited for all original supporting documentation 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.

3. Mailing of Checks:

After signature, checks shall be given to the Office Manager/designee who then mails checks immediately. Checks shall not be mailed by individuals who authorize expenditures.

4. 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.

5. Record-Keeping Associated with Independent Contractors:

COALITION 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.

M. Payroll

1. Classification of Workers as Independent Contractors or Employees:

It is the policy of COALITION to consider all relevant facts and circumstances regarding the relationship between COALITION 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 COALITION and the individual. Facts that provide evidence of the degree of control and independence fall into three categories:

- Behavioral control
- Financial control
- The type of relationship of the parties

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

A. Behavioral control -Instructions given by the COALITION to the worker that indicate control over the worker (suggesting an employee relationship), such as:

- When and where to work
- What tools or equipment to use
- What workers to hire or to assist with the work
- Where to purchase supplies and services
- What work must be performed by a specified individual
- What order or sequence to follow

Training provided by the COALITION to the worker (i.e. employees typically are trained by their employer, whereas contractors typically provide their own training)

B. Financial control:

- (1) 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);
- (2) The extent of the worker's investment in the facilities/assets used in performing services for COALITION (greater investment associated with contractors);
- (3) The extent to which the worker makes services available to the relevant market;
- (4) How COALITION pays the worker (i.e. guaranteed regular wage for employees vs. flat fee paid to some contractors);
- (5) The extent to which the worker can realize a profit or loss.

C. Type of Relationship:

- (1) Written contracts describing the relationship that COALITION and the individual intend to create.
- (2) Whether the COALITION provides the worker with employee-type benefits, such as insurance, paid leave, etc.
- (3) The permanency of the relationship.
- (4) The extent to which services performed by the worker are a key aspect of the regular business of the COALITION.

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.

2. Payroll Administration:

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

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

- a. Employment Application (and resume, if applicable)
- b. Applicant references (work & personal)
- c. Interview questions and notes
- d. Form W-4 Employee Federal Withholding Certificate
- e. Form I-9 Employment Eligibility Verification
- f. Copy of driver's license
- g. Copy of Social Security card issued by the Social Security Administration
- h. Starting date and scheduled hours
- i. Job title and starting salary
- j. 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:

- a. U.S. Passport
- b. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
- c. Voter's registration card
- d. U.S. Military card
- e. ID card issued by a federal, state or local government, provided it contains a photo
- f. 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.

3. Payroll Taxes:

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

4. Preparation of Timesheets:

Each employee must submit a signed and approved timesheet (PAR) as established by ELC-SWFL. Timesheets shall be prepared in accordance with the following guidelines:

- a. Each timesheet shall reflect all hours worked during the pay period. Timesheets shall be prepared in ink.
- b. 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)
- c. Employees shall identify and record hours worked based on the nature of the work performed;
- d. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such;
- e. Timesheets shall be signed by the employee prior to submission.

After preparation, timesheets shall be approved by the employees' supervisor 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.

N. Cash Management

1. 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.

2. Bank Reconciliations:

Bank account statements are received each month and forwarded unopened to a senior-level employee who is not involved in the accounting responsibilities. 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 Chief Executive Officer.

After this review is complete, the entire bank statement is forwarded to the fiscal director, where 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 Chief Executive Officer 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.

3. Stale Checks:

It is the policy of COALITION to write off checks of \$500 or less that are more than 6 months old that have not cleared the COALITION'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.

4. Wire Transfers:

The Fiscal Director and Chief Executive Officer shall be the only employees authorized to transact wire transfers from COALITION'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 pass codes and the calculation of a test-key for each wire transfer. All wire transfers must be authorized in writing by the COALITION'S Chief Executive Officer.

5. Prepaid Expenses:

Accounting Treatment:

It is the policy of the COALITION 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.

6. 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.

O. Investment

It is the policy of the COALITION to treat all assets of the COALITION, including those funds that are legally unrestricted, as though they are held by COALITION in a fiduciary capacity for the purpose of accomplishing the COALITION'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 COALITION shall be those of a prudent investor.

1. Delegation of Authority:

The Board of Directors of the COALITION 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 COALITION'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.

2. Investment Objectives:

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

P. Fixed Assets

1. 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.

2. Contributed Assets:

Assets with fair market values in excess of \$500 (per unit) that are contributed to the COALITION 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.

3. 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:

- Date of acquisition
- Cost
- Description (including color, model, and serial number)
- Location of asset
- Depreciation method
- Estimated useful life
- Funding source and award number

Q. Property Management

OMB Circular A-110, 2 CFR 215.30-37 and 45CFR Part 74.30-37 provide requirements for disposal of property purchased with state and federal funds. OEL Policy # 240.02 “Inventory and Disposal of Property” provides ELC-SWF guidance on compliance with the federal requirements and is incorporated by reference.

In addition, Chapter 273.02, Florida Statutes requires the state to follow directives of the Department of Financial Services and therefore EL- adopts the “Rules of the Auditor General Chapter 10.300 – State-Owned Tangible Personal Property” which was effective May 1, 2002.

1. Tangible property items previously purchased by COALITION with Program funds that are valued in excess of \$1000 are recorded in the COALITION’S

property records. All COALITION procurement of property and services will be made in accordance with Federal and State policy.

In addition, property such as equipment, fixtures and other tangible personal property of a non-consumable and non-expendable nature, with a value of \$500 or more, and/or a normal life expectancy of one (1) year or more; and certain books in excess of \$25.00 or more, will be inventoried and accounted for on the inventory lists.

- The COALITION will adhere to the procurement standards in OMB Circular 110. The COALITION'S property records are maintained in accordance with OMB Circular 110.
- The COALITION will retain title to any property acquired or produced by a subrecipient with an individual price or value of \$500 or more, and/or a normal life expectancy of one (1) year or more; as well as pre-determined books in excess of \$25.00 or more.
- Physical safeguards will be maintained for all tangible personal property.
- The COALITION 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).

2. Intangible Property

Any intangible property, such as inventions, discoveries or copyrightable materials developed with federal or state funds, will be managed pursuant to Section 286.021-229, Florida Statutes

3. Inventory

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 Fiscal Operations.

Inventory records will be maintained on all equipment (items with a purchase price of \$5,000 or more) and non-consumable supplies (items costing from \$500 to \$4,999.99). In addition, the COALITION and all contractors will maintain records on all major electronic and office items purchased with COALITION funds such as file cabinets, desks and chairs that cost under \$500.

Inventory records will contain the following information:

- Location of item: address and room location
- Purchase price (if known)
- Current inventory tag number (if any)
- Complete description Including model numbers & serial numbers
- Type of equipment-i.e. office, medical, kitchen, janitorial etc.
- Condition of equipment

Staff members are cautioned to lock doors and storage cabinets when leaving the building.

Damaged equipment is reported to supervisor immediately. Staff will follow directions for use of all equipment to eliminate unnecessary damage of equipment.

Staff will safeguard against theft by keeping doors locked from the outside during non-working hours. All doors will be secured and where there are alarm systems, the alarm will be put on each time staff leaves the building for a period of time.

Upon receiving any new equipment, it must be marked with the code of the ELC and the number (i.e. next number in line on inventory sheets). All equipment and supplies received are checked against the receipt slip before signing, indicating that we are in receipt of the number of packages stated.

In-house inventory will be checked at least annually. Office Manager will check this inventory against the master inventory list.

Inventories are taken again the last week in June and returned to the Fiscal Director by June 30th.

4) Procedure for Safeguarding Equipment (Non-Expendable Property)

In the event that theft occurs, staff will report the theft to the Office Manager immediately. If this occurs on the weekend this will be reported to the Chief Executive Officer at home. If staff is able to get in touch with the Office Manager, staff will report theft to the Police Precinct in the area where the theft occurred. If staff is unable to contact the Office Manager or the Chief Executive Officer at home, staff will contact the Police Precinct directly and report the time theft was discovered, by whom and what was taken. Staff will then conduct a physical inventory using the property marked with the COALITION'S identification number as soon as it is purchased, in case equipment is retrieved, so it will be easier to determine who it belongs to. The following must also be done in order to recuperate the loss:

- A report will be made to the insurance company.
- A copy of these actions will be kept on file.
- A service contract will be kept on all equipment and will be checked every three (3) months to insure equipment is in good working condition.

5. Procedure for Disposing Equipment:

In the event that equipment is damaged or worn-out beyond repair and it is necessary to dispose of this equipment, we will do the following:

- Request will be made to the AWI indicating the date equipment was purchased, present condition and in some cases a written statement from the service provider indicating the condition of equipment (repairing vs. replacing)
- After receiving written consent from the AWI, equipment will be disposed of in the appropriate way.
- Equipment will be removed from the inventory indicating the date of disposition.

6. 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.

7. 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.

8. 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.

9. 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.

10. Write-Offs of Fixed Assets:

The Chief Executive Officer 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 Fiscal Operations. If not located, this property will be written off the books with the proper notation specifying the reason.

R. Accrued 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 COALITION 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, COALITION 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.

S. Budget Preparation

Budgeting is an integral part of managing any COALITION in that it is concerned with the translation of COALITION 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 COALITION'S financial and human resources. A budget is a management commitment of a plan for present and future COALITION activities that will ensure survival. It provides an opportunity to examine the composition and viability of the COALITION'S programs and activities simultaneously in light of the available resources.

1. Preparation and Adoption:

It is the policy of COALITION to prepare an annual budget. To prepare the COALITION budget, the Director of Fiscal 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 Fiscal Operations, a draft of the COALITION-wide budget, as well as individual department budgets, is presented to the Chief Executive Officer 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 the COALITION to adopt a final budget at least 30 days before the beginning of the COALITION'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.

2. Monitoring Performance:

It is the policy of the COALITION 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 (5%) on a quarterly basis

3. Budget Modifications:

After a budget has been approved by the Board of Directors and adopted by the COALITION, reclassifications of budgeted expense amounts of less than \$10,000 within a single program may be made by the Chief Executive Officer

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.

T. Auditing

1. Role of the Independent Auditor:

It is the policy of the COALITION to arrange for an annual audit of the COALITION'S financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by COALITION will be required to communicate directly with the COALITION'S Finance Committee upon the completion of their audit. In addition, members of the 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.

2. How Often to Review the Selection of the Auditor:

COALITION shall review the selection of its independent auditor in the following circumstances:

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

3. 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 COALITION in selecting an accounting firm:

- The firm's reputation in the nonprofit community
- The depth of the firm's understanding of and experience with not-for-profit organizations and federal reporting requirements under OMB Circular A-133
- The firm's demonstrated ability to provide the services requested in a timely manner

- The ability of firm personnel to communicate with COALITION 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:

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

4. Minimum Proposal Requirements from prospective CPA firms shall be:

- Firm background
- Biographical information (resumes) of key firm member who will serve the COALITION
- Client references
- Information about the firm's capabilities
- Firm's approach to performing an audit
- Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
- Other resources available with the firm
- Expected timing and completion of the audit
- Expected delivery of reports
- Cost estimate including estimated number of hours per staff member
- Rate per hour for each auditor
- Other information as appropriate

Copies of all proposals shall be forwarded to each member of the Finance Committee. The Finance Committee will make the final recommendation to the Board of Directors for approval.

5. Preparation for the Annual Audit

The COALITION shall be actively involved in planning for and assisting with the COALITION'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 Fiscal 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 - COALITION 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 COALITION'S year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. COALITION staff will do 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 the COALITION to make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

6. Concluding the Audit:

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

- Carefully read the entire report for typographical errors
- Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of COALITION
- 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 Fiscal Operations.

It shall also be the responsibility of the Director of Fiscal 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.

7. Finance Committee Responsibilities:

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

- a. Appointment of, and communication with, the COALITION'S independent auditors;
- b. Review and approval of the annual, audited financial statements;
- c. Discussion of internal control matters with the independent auditor;
- d. Responding to any reported instances of fraud involving COALITION or its employees;
- e. Conducting a quarterly analysis of the COALITION'S financial statements;
- f. Making policy and other recommendations to the COALITION Board of Directors regarding matters arising out of the audit.

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

U. Insurance

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 the COALITION.

It is the policy of the COALITION 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, the COALITION will arrange for the following types and levels of insurance as a minimum:

- Comprehensive Liability
- Automobiles
- Employee dishonesty/bonding
- Directors and Officers
- Theft

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

- Description (type of insurance)
- Agent and insurance company, including all contact information
- Coverage and deductibles
- Premium amounts and frequency of payment
- Policy effective dates

- Date(s) premiums paid and check numbers

Fidelity Bond:

For all personnel handling cash, preparing or signing checks, COALITION shall obtain insurance that provides coverage in a blanket fidelity bond. The specific needs of the COALITION 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.

V. Non-Federal Share Requirements

The compliance with non-federal share requirements are compiled with documentation for all services rendered and goods received. The in-kind is documented and verified by center staff personnel.

- The value of in-kind contribution is based on allowable costs in this area.
- The value and composition of the items recorded in the non-federal share is changed to the appropriate categories and the applicable budget period.
- Items acquired with project funds in previous years will not be used as part of the non-federal contribution in any subsequent budget period.
- Proper source documents for non-federal share contribution are supported by time sheets, utility statements, documentation from professionals, i.e. doctors, lawyers, consultants, etc.
- Services of all volunteers are accounted for and valued at allowable rates.
- No employee volunteers are used in fulfilling volunteer requirements.

In-Kind Procedures:

Staff will receive an introduction to the procedure of keeping in-kind documentation. The following steps are to be followed:

- In-kind documentation will be recorded by the person contributing the in-kind service.
- The staff person or designee negotiating, coordinating or receiving this in-kind service will be responsible for seeing that the recording takes place.
- All records for in-kind services will be reported to the Fiscal Director/designee at the end of each month.
- The Fiscal Director/designee will review the documentation for completion and submit to the Chief Executive Officer for approval.
- The Chief Executive Officer will return the documentation to the Fiscal Director/designee for computation and records the amount to the general ledger.
- Totals are compared to the amounts needed; any amount under the required amount is reported to the Chief Executive Officer.
- Other income donations, supplies and merchandise, extra services, gifts for the children, computers, and staff trainings are documented and recorded on the thank you letters sent to the donor. Copies of

- After receiving reports from the Fiscal Director, the Chief Executive Officer will notify staff of the status of in-kind received for the month (i.e. if we are under, on target or over, what is required).
- Every effort will be made to generate the in-kind needed to off set the deficiency.
- Any donated supplies or merchandise received will be acknowledged in writing to the donor.
- The value of the in-kind will be recorded on the letter and submitted to the Fiscal Director.

W. Travel

1. Local Travel:

Employees using their personal vehicles on COALITION business for local travel shall be reimbursed in accordance with the current mileage rates specified under the Federal Travel Regulations issued by the General Services Administration. Mileage Reimbursement Report showing one trip covering several calls will be computed on a portal-to-portal basis. The Chief Executive Officer reserves the right to determine use of employee-owned automobiles for out-of-town travel.

In cases where more than one employee is traveling to the same destination, and using employee-owned automobiles, the Chief Executive Officer reserves the right to determine the number of employee-owned automobiles may be used, if reimbursement for travel costs is expected.

Employees who are involved in an accident while traveling on business must promptly report the incident to their immediate supervisor. Vehicles owned, leased or rented by COALITION may not be used for personal use.

The Mileage Reimbursement Report must be submitted to the Chief Executive Officer for approval five (5) days after the end of the period. The first and the end of the month are considered one period. Failure to submit the Mileage Reimbursement Report within the five days may be disapproved; therefore no reimbursement will be made.

2. Out of Town Travel:

Steps for staff to follow:

- Identify training/conference/seminar that they would like to attend (must be in their budget).
- Submit a travel request (should be submitted within four (4) weeks or longer)
- Travel request must be approved in advance of travel. (The training/conference/seminar must be budgeted for the fiscal year.)
- Original travel requests must be approved by the Chief Executive Officer prior to submission to the fiscal director for processing.

- Fiscal director will process travel request (70% of per diem, mileage and miscellaneous will be advanced, checks will be issued to hotel and registration fees).
- One week before the conference, staff will received the advance check and hotel check (registration check would have been mailed unless otherwise requested by traveler).
- Staff should only use ELC's credit card to secure the room. Any personal charges should NOT be charged to ELC's credit card.
- Staff should clear their travel within two weeks after the conference.

3. Travel Advances:

Funds will be advanced for upcoming travel only upon receipt of a completed and properly approved request for travel advance. Seventy percent (70%) of the travel advance requested will be issued one week prior to the travel 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 COALITION'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 15 days of returning from travel.

4. Employee 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:

- a. Identify each separately incurred business expense (i.e. do not group all expenses associated with one trip together)
- b. With the exception of tolls, meals, and reimbursed mileage, all business expenses must be supported with invoices/receipts.
- c. 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.
- d. 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).
- e. Mileage may be reimbursed at the standard federal rates currently in effect, as published each year by the IRS or limitation imposed by COALITION'S funding sources.
- f. The business purpose of each trip must be adequately explained on each report.
- g. Project/function codes must be identified for all expenditures.
- h. For all meals and other business expenditures, the following must be clearly identified:

- i. Names, titles and business relationships of all persons entertained
- j. The business purpose of the meal or other business event (topics discussed, etc.)
- k. All expense reports must be signed and dated by the employee.
- l. All expense reports must be approved by the employee's Department Director.
- m. Only one expense report form should be prepared for each trip.
- n. An employee will not be reimbursed for expense reports not meeting the preceding criteria.

If the Expense Report results in a balance due to COALITION (as a result of receiving a travel advance greater than actual business expenditures), the employee must assume financially responsible for any personal or unauthorized expenditures.

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

5. 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:

- a. Suites and other upgraded rooms at hotels shall not be allowed; Travelers should stay in standard rooms
- b. When utilizing rental cars, travelers should rent midsize or smaller vehicles; Share rental cars whenever possible
- c. Regular parking is allowed. Valet parking is not allowed.
- d. 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
- e. 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
- f. 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
- g. Reasonable tips for baggage handling shall be reimbursed; No receipts are required.

6. Special Rules Pertaining to Air Travel:

The following additional rules apply to air travel:

- a. Air travel should be at coach class; First class air travel shall not be reimbursed unless there is a documented medical reason
- b. Memberships in airline flight clubs is not reimbursable
- c. Cost of flight insurance is not reimbursable
- d. When airfare is \$500 or more, two quotes from a travel COALITION and/or an airline should be obtained and attached to the expense report

- e. When returning on a Sunday or departing on a Saturday in order to obtain a cost savings in airfare due to the Saturday-night stay over, 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 stay over)
- f. Cost of upgrade certificates is not reimbursable
- g. 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.)
- h. 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. COALITION will not reimburse for the personal legs of a trip)

7. 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.

Chapter 6 – Records Management

A. Public Records

"Public records" means all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of the physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency.

All records produced by the COALITION and their subcontractors, are considered public records pursuant to Chapter 119, Florida Statutes. However, specific information contained within those records is subject to confidentiality laws. It is the COALITION'S responsibility to ensure that any information protected by law as confidential be held as confidential and removed or redacted in such a way as to protect the client, staff or provider.

A parent, guardian, or individual acting as a parent in the absence of a parent or guardian has the right to inspect and review the individual school readiness and/or VPK record of his or her child at any.

1. Confidentiality restrictions:

- a. Children's and Family Records for children enrolled in the School Readiness (SR) and the voluntary prekindergarten programs (VPK) are subject to confidentiality restrictions pursuant to the Sections 39.202, 411.011, 409.175 (15), 408.821 and 1002.72, of the Florida Statutes. In addition, other laws apply such as the Privacy Act of 1974 and Section 119.071 (5) (a) 3 F.S. (social security numbers); 29 CFR 37.7 (b) (2) and (c), and 20 CFR 653.110 (d) (information related to demographic and medical data, migrant and seasonal farm workers status and related information; 45CFR 205.50 and Section 414.295 F.S.) (Welfare/TANF records), etc. (See also AWI Policy # 1.02 relating to Confidentiality of records)

Confidential information includes but may not be limited to the following:

- Personal identifying information of children and family members;
- Demographic data
- Social security numbers of all family members
- Assessment data
- Health and/or medical data, including developmental screening or kidcare application.
- Records of teacher observations
- Photographs of child
- Any information relating to the child welfare ("at risk") status of the child, and any identifying information related to their parents, foster parents or court-ordered guardians.

- b. Provider Records are subject to restrictions in Chapter 119, and Section 402.308 (3) (a) and Chapter 435 F.S. which include:
- Social security numbers,
 - Federal Tax ID numbers,
 - Bank account information
 - Home addresses, telephone numbers, photographs and identifying information of child care personnel or family child care providers protected under Chapter 119.71 F.S.

c. Exceptions for Release of Records:

Pursuant to Sections 411.011 and 1002.72, Florida Statutes, confidential and exempt school readiness and VPK information may be released to:

- (1.) The United States Secretary of Education, the United States Secretary of Health and Human Services, and the Comptroller General of the United States for the purpose of federal audits.
- (2.) Individuals or organizations conducting studies for institutions to develop, validate, or administer assessments or improve instruction.
- (3.) Accrediting organizations in order to carry out their accrediting functions.
- (4.) Appropriate parties in connection with an emergency if the information is necessary to protect the health or safety of the child enrollee or other individuals.
- (5.) The Auditor General in connection with his or her official functions.
- (6.) A court of competent jurisdiction in compliance with an order of that court in accordance with a lawfully issued subpoena.
- (7.) Parties to an interagency agreement among early learning COALITIONS, local governmental agencies, providers of school readiness programs, state agencies, and the Agency for Workforce Innovation for the purpose of implementing the school readiness program.

2. General Public Record Requests

Public record requests from the general public shall be referred immediately to the COALITION Chief Executive Officer of designee for handling. Requests may be made orally or in writing, however each request must be documented in writing and specifically identify the nature and extent of information requested. Requests made by way of subpoena should also be brought to the attention of the Board attorney.

a.) Procedure:

Prior to releasing information to ANY requestor, including parents, the requestor must sign a statement confirming an understanding that the nature of information considered confidential and their agreement not to release the information to others.

Parents, guardian, or individual acting as a parent in the absence of a parent or guardian has the right to inspect and review the individual school readiness and/or VPK record of his or her child and to obtain a copy of the record without charge. Confidential data pertaining to solely to themselves or their children is not required to be redacted.

All other public records requests for copies or to review a file, must have the confidential information redacted prior to release or review. To ensure the integrity of the original file, COALITION staff must copy from the original file, the sections requested and ensure that the confidential information is redacted to ensure protection of the information. The redacted version should be reviewed by a supervisor to ensure only the applicable information has been correctly removed.

Prior to the preparing the file for release or review of the requested information or record, the projected cost of the total number of copies, and the employee time to prepare, redact and reproduce the copies must be pre-determined. This pre-determined cost amount is communicated in writing to the requestor. If the cost determination exceeds \$2.00, then advance payment must be received from the requestor prior to preparation and release of requested records.

Once advance funds have been received by the requestor, the COALITION staff will promptly complete the preparation of the materials to satisfy the public records request.

Any release of information provided in accordance with this policy, shall first require a signed written agreement by the recipient, to refrain from sharing any personal or confidential information received by the COALITION.

b.) Costs:

The cost of copying is as follows:

- 15 cents per one-sided copy
- 20 cents for each two-sided copy
- Pro-rated hourly wage of the employees reviewing, preparing and/or reproducing the requested records.
- Fees for electronic files may be imposed if not readily available and research or retrieval is required.

- The COALITION may charge \$1.00 per copy for a certified copy of any public record.

(NOTE: Section 119.07 (4) (d), F.S. states: *“If the nature or volume of public records requested to be inspected or copied pursuant to this subsection is such as to require extensive use of information technology resources or extensive clerical or supervisory assistance by personnel of the agency involved, or both, the agency may charge, in addition to the actual cost of duplication, a special service charge, which shall be reasonable and shall be based on the cost incurred for such extensive use of information technology resources or the labor cost of the personnel providing the service that is actually incurred by the agency or attributable to the agency for the clerical and supervisory assistance required, or both.”*)

B. Procurement Records

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.

C. Fiscal Records

It is the policy of COALITION to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved by the Chief Executive Officer, and logged into the COALITION’S Destroyed Records Log. The formal records retention policy of COALITION 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	Permanent
Bank reconciliations	3 Years
Bank Statements	3 Years
Chart of Accounts	Permanent
Cancelled Checks	7 Years
Contracts, mortgages, notes and leases:	
• Expired	7 Years
• Still in effect	Permanent

Correspondence:

• General	2 Years
• Legal and important matters only	Permanent
• Routine/customers or vendors	2 Years
Deeds, mortgages and bills of sales	Permanent
Depreciation schedules	Permanent
Duplicate deposit slips	3 Years
Employment applications	3 Years
Expense analysis/distribution schedule	7 Years

Financial statements:

• Year end	Permanent
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• Other	Optional
• Garnishments	7 Years
• General ledgers/year end trial balance	Permanent
• Insurance policies (expired)	3 Years
• Insurance records (policies, claims, etc.)	Permanent
• Internal audit reports	3 Years +
• Internal reports	3 Years
• Journals	Permanent
• Minute books	Permanent
• 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	Permanent

Purchase orders:

• Purchasing department copy	7 Years
• Other copies	1 Year
• Receiving sheets	1 Year
• Retirement and pension records	Permanent
• Requisitions	1 Year
• Sales records	7 Years
• Subsidiary ledgers	7 Years

Tax Records

Returns	Permanent
Worksheets,	Permanent
Examination reports,	Permanent
Other documents of income tax liability	Permanent
Time sheets/cards	7 Years
Trademark registrations and copyrights	Permanent
Training manuals	Permanent
Voucher registers and schedules	7 Years
Withholding tax statements	7 Years

D. Record Maintenance and Destruction

1. Maintenance, preservation and retention of public records will be consistent with Chapter 119 of the Florida Statutes, and in accordance with ss 257.36, F.S.
2. All records related to the COALITION business shall be maintained in the buildings where the files are ordinarily used. Files which are closed and not longer in active use shall be maintained for a minimum of 5 years or longer as identified in the preceding schedule.

3. The COALITION shall establish a method and location to store all closed files in a secure manner where they can be retrieved in good condition if warranted. Files in storage should be clearly labeled and easily retrievable.
4. If possible, records may be transferred to an electronic storage method for easier and more economical storage and retrieval. When files are eligible for destruction, they should be disposed of professionally through shredding, incineration or some other officially recognized method.

Chapter 7 - Information Technologies and Electronic Communications

A. Purpose and Scope:

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

B. Network and Internet Usage

The COALITION network and internet usage is limited to business use only and is not to be used for personal reasons.

All users of the COALITION'S computers or servers, with employed by the COALITION or a contracted provider of the COALITION, will agree to and sign a security agreement concerning the confidentiality requirements relating to the School Readiness and/or VPK programs. The identified Security Officer for the COALITION will ensure that all staff and contractors are trained in their responsibilities of confidentiality and appropriate computer security measures. In addition, each COALITION board member, employee or contractor must be provided a copy of the Chapter 815, F.S. relating to the Florida Computer Crimes Act. Copies of signed security agreements and receipt of Chapter 815, F.S. information will be placed in the personnel and/or contract file.

C. Electronic Transmission of Confidential data

The COALITION and its contractors must safeguard confidential data such as names, addresses, social security numbers, and federal employment numbers. Unencrypted transfer of confidential information by email is prohibited as e-mail transmission of data is not secure. This prohibition applies to submissions to AWI as well as transmissions among contractors, service providers and coalitions.

Procedures for information systems security in AWI Policy Number 5.02 are to be followed and are incorporated by reference. Transmission of confidential data will

only be completed through a VPN (Virtual Private Network) system set up between AWI, the COALITION and the COALITION'S contracted provider.

When data transmission is necessary and no VPN is available, information may be sent by email or fax machine only under the following conditions:

- Encrypted file with a program such as PGP or My Secret.
- Use last names, initials and/or the last four digits of social security numbers.
- Redacted identifying and confidential information
- Faxed only if the transmission is to a secure location and picked up immediately.

D. Acceptable Use of COALITION Property:

Use of the COALITION'S computers and electronic communications technologies is for programmatic and business activities of the COALITION. 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 COALITION'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 COALITION'S electronic systems are the intellectual property of the COALITION. The copying or use of the COALITION'S intellectual property for personal use or benefit during or after employment (or period of contract) with the COALITION 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 COALITION 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 Fiscal Operations.

E. Access and Privacy Regarding Computer Accounts

Computer equipment purchased by the Early Learning COALITION of Southwest Florida, Inc. is for the use of staff in the normal course of their duties. Information created and maintained by staff in files, whether on a PC or mainframe, is to be work related. Users of the system have a right to password protection and to privacy, but the information contained in the files is owned and maintained by COALITION. Thus, in unusual circumstances, a user's account may be unlocked with or without his/her permission or with or without his/her knowledge. This policy pertains to requests from user, supervisors or supervisor's designees who request:

- resetting of an account,
- accessing another user's account,
- accessing an absent employee's account
- accessing an account as part of an official investigation if possible misconduct.

F. 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.

G. Confidentiality:

The COALITION and its contractors must comply with the confidentiality provisions of Chapters 411.011 and 1002.72, Florida Statutes and other exemptions found in Chapter 119.0713, and Chapter 435, Florida Statutes; as well as federal confidentiality laws concerning social security numbers, medical and health information as confidential.

In order to guarantee confidentiality of information such as assessment data, health data, teacher observations, and personal identifying information of an enrolled child and his or her parent, each employee, board member and contractor staff must sign the ELC-SWFL non-disclosure and security form.

In addition, any information provided in accordance with a public records request, shall first require a signed written agreement by the recipient, to refrain from sharing any personal or confidential information received by the COALITION.

(See Chapter 6 – Public Records Requests)

H. 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.

I. Prohibitions

1. 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.

2. Other Prohibited Uses:

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

- Engaging in any communication that is discriminatory, defamatory, pornographic, obscene, racist, and 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.

- 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.
- Engaging in any communication that is in violation of federal, state or local laws.
- Proselytizing or promoting any religious belief or tenet.
- Campaigning for or against any candidate for political office or any ballot proposal or issue.
- Unauthorized use of passwords to gain access to another user's information or communications on the COALITION'S system or elsewhere.
- Advertising, solicitation or other commercial, non-programmatic use.
- Knowingly introducing a computer virus into the COALITION'S communication system or otherwise knowingly causing damage to the COALITION'S systems.
- Using the COALITION'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.
- Excessive personal use of the COALITION'S technologies that preempts any business activity or interferes with COALITION productivity.
- Sending E-mail messages under an assumed name or obscuring the origin of an E-mail message sent or received.

J. 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.

K. 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 Chief Executive Officer 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 COALITION'S electronic communications systems.