



**Early Learning
Coalition**
OF PINELLAS COUNTY

**Accounting & Financial
Policies and Procedures Manual**

F40.1

Board Approval: January 26, 2017
September 27, 2018

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INTRODUCTION

The following manual provides an overview of the accounting policies and procedures for the **Early Learning Coalition of Pinellas County, Inc.**, which shall be referred to as “the Coalition” or “the Organization” throughout this manual.

The Organization is incorporated in the state of Florida and is exempt from federal income taxes under IRS Section [501(c) (3)] as a nonprofit corporation. The Organization’s tax-exempt mission is to:

“Lead the community in the development and delivery of a high quality early learning system and family support services that maximize each child's potential and promote the economic self-sufficiency of families”.

This manual shall document the financial operations of the Organization. Its primary purpose is to formalize accounting policies and selected procedures for all staff that have a role in accounting processes and to document internal controls.

If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The contents of this manual were approved as official policy of the Organization by the Board of Directors, Chief executive Officer, and Chief Financial Officer. All Coalition staff members are bound by the policies herein, and any deviation from established policy is prohibited.

The Board of Directors should approve this manual and all updates to it.

It is the Coalition practice to present updates to the Finance Committee, and annually to the full Board for its approval.

Chapter 1

GENERAL POLICIES

1.1 THE COALITION STRUCTURE

The Role of the Board of Directors

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

1. Planning for the future.
2. Establishing broad policies, including financial and personnel policies and procedures.
3. Approving grant applications.
4. Reviewing and approving the annual audit.
5. Reviewing financial information.
6. Identifying and proactively dealing with emerging issues.
7. Interpreting the Organization's mission to the public.
8. Soliciting prospective contributors.
9. Hiring, evaluating, and working with the Chief Executive Officer (CEO).
10. Establishing and maintaining programs and systems designed to ensure compliance with terms of contracts and grants.
11. Authorizing establishment of all bank accounts and check signers.

The CEO shall be responsible for the day-to-day oversight and management of the Organization.

Board of Directors Committee Structure

The Board of Directors shall form committees to assist the board in fulfilling its responsibilities. These committees are responsible for the review of particular programs and providing recommendations to the full board.

Standing board-level committees of the Organization consist of the following:

1. Executive Committee
2. Finance/Audit Committee
3. Board Development & Nominating Committee
4. Program Development Committee

See the Organization's bylaws for board and committee details. However, roles of committees with direct responsibilities for the financial affairs of the Organization are further described in this manual.

These committees shall be referred to in appropriate sections of this manual.

Finance Audit Committee Responsibilities

The Finance Committee is responsible for direction and oversight regarding the overall financial management of the Organization. Functions of the Finance Committee include:

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

The review of the Organization's financial statements shall not be limited to the Finance Committee, but shall involve the entire Board of Directors.

Audit Committee Responsibilities

The Audit Committee recommends an independent CPA firm to the full board for its approval. The Audit Committee communicates directly with the CPA firm for an annual audit, as described in the Organization's bylaws. The full board shall review and approve the final audited financial statements and any other communications received from the auditor regarding internal controls, illegal acts, or fraud.

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

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

The Roles of the Chief Executive Officer and Staff

The Board of Directors hires the Chief Executive Officer (CEO), who reports directly to the board. The CEO is responsible for hiring and evaluating Department Directors for each of the Organization's departments. Each Department Director reports to the CEO. All employees within a department shall report directly to their supervisor or to that department's Department Director, according to the organization's chart.

The Director and/or supervisors shall be responsible for managing and evaluating all employees within the department that they direct, manage and/or supervise.

1. 2 ACCOUNTING DEPARTMENT OVERVIEW

Organization Structure

The accounting department consists of four (4) staff members who manage and process financial information for the Organization. The following positions comprise the accounting department:

- Chief Financial Officer
- Accounting Manager
- Purchasing Specialist
- Contract Specialist

Other officers and employees of the Organization who have financial responsibilities are as follows:

- Chief Executive Officer
- Department Directors
- Provider Reimbursement staff
- IT Staff
- Human Resources Staff
- Treasurer – Board level
- Finance/Audit Committee – Board level
- Executive Committee – Board level
- Full Board of Directors

Department Responsibilities

The primary responsibilities of the accounting department consist of:

- General Ledger
- Budgeting
- Cash and Investment Management
- Asset Management
- Grants and Contracts Administration
- Purchasing
- Accounts Receivable and Billing
- Cash Receipts
- Accounts Payable
- Cash Disbursements
- Payroll
- Financial Statement Processing
- External Reporting of Financial Information

- Bank Reconciliation
- Reconciliation of Subsidiary Ledgers
- Compliance with Grant Reporting Requirements
- Annual Audit
- Leases
- Insurance

Standards for Financial Management Systems

In accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Coalition maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance, and/or the award.
3. Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.
4. Effective control over and accountability for all funds, property, and other assets. The Organization must adequately safeguard all such assets and ensure they are used solely for authorized purposes.
5. Comparison of outlays with budget amounts for each award.
6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (*2 CFR Part 301, Performance Measurement*).
7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement of funds by the Coalition. Advance payments must be limited to the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements (*2 CFR Part 200.305 Payment*).
8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the 2 CFR Part 200 Subpart E, Cost Principles, and the terms and conditions of the award.
9. Accounting records including cost accounting records that are supported by source documentation.

1.3 INTERNAL CONTROLS

Purpose

Through its planning process, the Board of Directors of the Early Learning Coalition of Pinellas County, Inc. (Coalition) identifies the principal programs and activities to fulfill the Coalition's statutory mission. The efficient and effective operation of the Coalition is promoted by an integrated internal control framework that includes not only financial and accounting controls but also administrative controls for its program activities to ensure compliance will all applicable state and federal policies, rules, regulations, statutes as well as prudent business practices.

The Coalition should be able not only to account for funds spent on a program, but also to demonstrate the value of the program and its accomplishments. An effective system of internal control can give the Coalition the means to provide accountability for its programs, as well as the means to obtain reasonable assurance that the programs it directs meet established goals and objectives. While managers have a significant impact on an organization's system of internal control, every employee of the organization has a responsibility and a role in ensuring that the system is effective in achieving the organization's mission.

Scope

Each Board member as well as all Coalition staff has a role in the system of internal control. Individual roles in the system of internal control vary greatly throughout the Coalition. Very often, an individual's position in the organization will determine the extent of that person's involvement in internal control.

The strength of the system of internal control is dependent on people's attitude toward internal control and their attention to it. Executive management needs to set the organization's "tone at the top" regarding internal control. If executive management does not establish strong, clearly stated support for internal control, the organization as a whole will most likely not practice good internal control. Similarly, if individuals responsible for control activities are not attentive to their duties, the system of internal control will not be effective.

While everyone in an organization has responsibility to ensure, the system of internal control is effective, the greatest amount of responsibility rests with the managers of the Coalition. Management has a role in making sure that the individuals performing the work have the skills and capacity to do so, and, to provide employees with appropriate supervision, monitoring, and training to reasonably assure that the organization has the capability to carry out its work. The organization's top executive, as the lead manager, has the ultimate responsibility for the establishment of the control environment.

Policy Statement

Coalition management shall establish and maintain a cost effective system of accounting and administrative internal controls to provide the following reasonable assurances that:

1. All obligations and costs comply with terms contained in grant agreements and applicable law;
2. All funds, property, and other assets are safeguarded against waste, loss or unauthorized use;
3. All revenues and expenditures applicable to Coalition operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain

accountability over the assets; and

4. All programs and administrative activities are managed efficiently to fulfill the mission of the Coalition.

The establishment and maintenance of the Coalition's internal control system shall be executed in accordance with the Board's direction, the requirements of the Office of Early Learning (OEL), and guidelines set forth in applicable state and federal regulations.

Definitions

Control environment: the attitude toward internal control and control consciousness established and maintained by the management and employees of an organization. It is a product of management's governance, that is, its philosophy, style and supportive attitude, as well as the competence, ethical values, integrity and morale of the people of the organization.

Internal control: the integration of the activities, plans, attitudes, policies, and efforts of the people of an organization working together to provide reasonable assurance that the organization will achieve its objectives and mission.

Roles and Responsibilities

The Chief Financial Officer (CFO) is responsible for establishing the Coalition's system of internal control, and is responsible for (1) establishing a system of internal control review, (2) making management policies and guidelines available to all employees, and (3) implementing education and training about internal control and internal control evaluations. To the extent that the CEO authorizes other managers to perform certain activities, those managers become responsible for those portions of the organization's system of internal control, and the Coalition's management is not allowed to override an Internal Control process.

Procedure

This procedure has been developed to ensure the Coalition's compliance with the internal control reporting requirements established by the Office of Early Learning.

This procedure applies to staff involved in the assessment of internal control established by the Office of Early Learning to assure achievement of primary internal control objectives as defined by 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. These objectives pertain to compliance requirement for Federal Programs as described in 2 CFR Part 215 section .21(3) and 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and include the following:

1. Transactions are properly recorded and accounted for;
2. Transaction are executed in compliance with laws, regulation, and contract provisions; and,
3. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Risk Management Approach to Internal Controls

Risk identification is incorporated into the Coalition’s forecasting and strategic planning; through ensuring key compliance objectives are communicated to appropriate program managers and staff. The Coalition’s overall risk management approach, to ensure that all known and applicable Internal Control mechanisms are intact, includes following the prescribed actions.

A. Annual Internal Controls Self-Assessment

The CFO shall ensure that the annual self-assessment of internal controls developed by the Office of Early Learning (OEL) is completed pursuant to OEL guidelines.

1. The CFO will review the self-assessment once it is transmitted to the Coalition by the Office of Early Learning each year.
2. The self-assessment will be completed pursuant to guidelines established by the Office of Early Learning.
3. The CFO will ensure that the “Annual Internal Control Certification Form” (to be distributed by OEL each year) is completed and submitted to Office of Early Learning by their established deadline each year.

B. Internal Controls Policies and Procedures Review and Updates

1. The CFO shall ensure that all Internal Control-related policies and procedures are reviewed annually and necessary revisions are processed. In addition, the revisions will be communicated to appropriate Coalition staff.
2. Upon notification of new or revised regulations, the CFO shall ensure that applicable policies and procedures are updated and communicated to the appropriate Coalition staff.

C. Annual Internal Controls Questionnaire

1. Upon distribution of the annual OEL Internal Controls Survey, the CFO will work with other Coalition staff, as needed, to accurately respond to the questionnaire.
2. While completing the survey, the CFO will make note of any internal control mechanisms that the Coalition does not have in place, to later complete a cost/benefit analysis. From the analysis, the CEO will decide whether or not to add or revise an existing policy and/or procedure.
3. If the CEO decides to incorporate a new or revised Internal Control policy and procedures, the new/revised policy and procedure will be presented to the Board of Directors for approval. Upon approval, the Coalition will begin to practice the new/revised policy and procedure immediately.

1.4 POLICY ON SUSPECTED MISCONDUCT

Introduction

This policy communicates the actions to be taken for suspected misconduct committed, encountered, or observed by employees and volunteers.

Like all organizations, the Coalition faces many risks associated with fraud, abuse, and other forms of misconduct. The impact of these acts collectively referred to as misconduct throughout this policy, may include, but not be limited to:

- Financial losses and liabilities
- Loss of current and future revenue and customers
- Negative publicity and damage to the Coalition's good public image
- Loss of employees and difficulty in attracting new personnel
- Deterioration of employee morale
- Harm to relationships with clients, vendors, bankers, and subcontractors
- Litigation and related costs of investigations, etc.

The Coalition is committed to establishing and maintaining a work environment of the highest ethical standards. Achievement of this goal requires the cooperation and assistance of every employee and volunteer at all levels of the Coalition.

Definitions

For purposes of this policy, misconduct includes, but is not limited to:

1. Actions that violate the Coalition's Code of Conduct (and any underlying policies) or any of the accounting and financial policies included in this manual.
2. Fraud (see below)
3. Forgery or alteration of checks, bank drafts, documents or other records (including electronic records)
4. Destruction, alteration, mutilation, or concealment of any document or record with the intent to obstruct or influence an investigation, or potential investigation, carried out by a department or agency of the Federal government or by the Coalition in connection with this policy
5. Disclosure to any external party of proprietary information or confidential personal information obtained in connection with employment with or service to the Coalition
6. Unauthorized personal or other inappropriate (non-business) use of equipment, assets, services, personnel or other resources
7. Acts that violate Federal, state, or local laws or regulations
8. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the Coalition.
9. Impropriety of the handling or reporting of money in financial transactions. Failure to report known instances of misconduct in accordance with the reporting responsibilities described herein (including tolerance by supervisory employees of misconduct of subordinates).

Fraud is further defined to include, but not be limited to:

- Theft, embezzlement, or other misappropriation of assets (including assets of or intended for the Coalition, as well as those of our clients, subcontractors, vendors, contractors, suppliers, and others with whom the Coalition has a business relationship)
- Intentional misstatements in the Coalition's records, including intentional misstatements of accounting records or financial statements
- Authorizing or receiving payment for goods not received or services not performed
- Authorizing or receiving payments for hours not worked
- Forgery or alteration of documents, including but not limited to checks, timesheets, contracts, receiving reports

The Coalition has a zero tolerance policy regarding fraud and prohibits each of the preceding acts of misconduct on the part of employees, officers, executives, volunteers and others responsible for carrying out the Coalition's activities.

The Coalition has an Anti-Fraud Plan in place approved by the Board and the OEL.

Reporting Responsibilities

Every employee, officer, and volunteer is responsible for immediately reporting suspected misconduct or fraud to the CEO, or the Chair of the Audit Committee. When the CEO has received a report of suspected misconduct, they must immediately report such acts to the Board Chair.

Mandatory Reporting of Fraud and Criminal Activity

All Coalition staff is responsible for identifying violations that may potentially affect a federal award. As stated above (Reporting Responsibilities), all staff are ALSO responsible for immediately notifying the CEO or the Chair of the Audit Committee of the identified violation(s).

In accordance with 2 CFR §200.113, *Mandatory disclosures*, the Coalition and its approved subcontractors must disclose in a timely manner* to the Office of Early Learning all violations involving fraud, bribery or gratuity violations potentially affecting the OEL Grant Agreement and/or the related federal/grant program(s). (*A "timely manner" is defined by the nature of the violation. See "Reporting to Outside Parties" below.)

Under 2 CFR 200.113, the Coalition must notify a Federal awarding agency of pass-through entity of a "violation" of Federal criminal law, and not just when an arrest, indictment, or conviction has occurred.

Per 52.203-13 FAR (Federal Acquisition Regulation) it is mandatory that the Coalition disclose (in writing) to the Office(s) of Inspector General (OIG) whenever there is "credible evidence" of; (a) A violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or (b) Civil False Claims Act violations. Credible evidence indicates a "higher standard" than a "reasonable grounds to believe" standard. Failure to disclose these violations, as well as failure to disclose "significant overpayments" by the Government, will constitute grounds for suspension and/or debarment. The Coalition will timely disclose, in writing, to the agencies (OIG), with a copy to the Contracting Officer, whenever, in connection with the award, performance, or closeout of this contract or any subcontract thereunder.

Non-Federal entities that have received a Federal award are required to report certain civil, criminal, or administrative proceedings to SAM (System for Award Management). Failure to make required disclosures can result in any of the remedies described in 2 CFR §200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.) *Also see Coalition Conflict of Interest Policy - ELCP 20.2.*

These disclosure requirements apply to contracts and subcontracts valued at more than \$5 Million and with a performance period of at least 120 days (*Reference FAR 3.1004*). As each of the Coalition's School Readiness and Voluntary Prekindergarten programs qualify under this definition, identified violation(s) related to these two programs MUST be reported. In addition, these reporting requirements apply throughout the five (5) year records retention period after program award closeout/final payment(s).

The CEO or the Board Chair is then responsible for notifying the USDHHS OIG and/or OEL's OIG of the violation(s). This notification will be in writing using the prescribed method of each entity. OEL instructions for submitting required "report" information can be found online on OEL's OIG page at http://www.floridaearlylearning.com/about_us/office_of_inspector_general.aspx and/or the Grant award reference materials posted to the SharePoint Coalition Zone.

These requirements could potentially present legal consequences for the Coalition, therefore it advisable that legal counsel is involved.

Whistleblower Protection

The Coalition will consider any reprisal against a reporting individual an act of misconduct subject to disciplinary procedures. A "reporting individual" is one who, in good faith, reported a suspected act of misconduct in accordance with this policy, or provided to a law enforcement officer any truthful information relating to the commission or possible commission of a Federal offense.

Criteria for complying with the Sarbanes-Oxley Act include but are not limited to the following:

- It is illegal for any corporate entity to punish whistleblowers or retaliate against any employee who reports suspected cases of fraud or abuse (SOX, Section 1107, Section 1513 of Title 18, USC); and
- It is a crime to alter, cover up, falsify, or destroy any documents that may be relevant to an official investigation (SOX Section 1102, section 1512 of Title 18, USC)

Investigative Responsibilities

Due to the sensitive nature of suspected misconduct, Coalition employees should not, under any circumstances, perform any investigative procedures.

The Audit Committee has the primary responsibility for investigating suspected misconduct involving employees below the CEO. The Audit Committee shall provide a summary of all investigative work to the Board of Directors.

The Audit Committee has the primary responsibility for investigating suspected misconduct involving the CEO, as well as board members and officers. However, the Audit Committee may request the assistance of the CFO in any such investigation.

Investigation into suspected misconduct will be performed without regard to the suspected individual's position, length of service, or relationship with the Coalition.

In fulfilling its investigative responsibilities, the Audit Committee shall have the authority to seek the advice and/or contract for the services of outside firms, including but not limited to law firms, CPA firms, forensic accountants and investigators, etc.

Members of the Audit Committee shall have free and unrestricted access to all the Coalition records and premises, whether owned or rented, at all times. They shall also have the authority to examine, copy, and remove all or any portion of the contents (in paper or electronic form) of filing cabinets, storage facilities, desks, credenzas and computers without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of an investigation into suspected misconduct or related follow-up procedures.

The existence, the status or results of investigations into suspected misconduct shall not be disclosed or discussed with any individual other than those with a legitimate need to know in order to perform their duties and fulfill their responsibilities effectively.

Protection of Records – Federal Matters

The Coalition prohibits the knowing destruction, alteration, mutilation, or concealment of any record, document, or tangible object with the intent to obstruct or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States government, or in relation to or contemplation of any such matter or case.

Violations of this policy will be considered a violation of the Coalition's Code of Ethics and subject to the investigative, reporting, and disclosure procedures described earlier in this policy on Suspected Misconduct.

Disciplinary Action

Based on the results of investigations into allegations of misconduct, disciplinary action may be taken against violators. Disciplinary action shall be coordinated with appropriate representatives from the Board of Directors, and CEO. The seriousness of misconduct will be considered in determining appropriate disciplinary action, which may include:

- Reprimand
- Probation
- Suspension
- Demotion
- Termination
- Reimbursement of losses or damages
- Referral for criminal prosecution or civil action

This listing of possible disciplinary actions is for information purposes only and does not bind the Coalition to follow any particular action.

Confidentiality

The Audit Committee and the CEO treats all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the CEO or the Audit Committee Chair immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see Reporting Procedures section above).

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Coalition from potential civil liability.

An employee who discovers or suspects fraudulent activity 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 Audit Committee or legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.

The reporting individual should be informed of the following:

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

Disclosure to Outside Parties

Allegations of and information related to allegations of suspected misconduct shall not be disclosed to third parties except under the provisions described in this policy (such as disclosure to outside investigators hired by the Coalition to aid in an investigation).

However, all known frauds involving the CEO, or members of the Board of Directors, as well as all material frauds involving employees below the CEO, shall be disclosed by the Audit Committee to the Coalition's external auditors, as well as all other mandatory reporting as described below, "Reporting to Outside Parties".

Reporting to Outside Parties

Once the Coalition has received information that would lead to suspicion or confirmation of any violation(s) of this policy, it is the Coalition's duty to report to outside parties as follows:

1. Any activity or incident that poses a danger to the health, safety, or welfare of any individual should be reported immediately to local law enforcement and/or emergency response personnel.
2. Any allegations, those judged to be of an emergency nature, those receiving public exposure, and those related to suspicions should be reported immediately to the USDHHS OIG and/or OEL's OIG.
3. When the nature of the violation is related to parents or legal guardians of children enrolled in the School Readiness or VPK programs, in the provision of and payment for those services, the fraud referral must be processed following instructions and time frames of the Coalition's Anti-Fraud Plan and by submitting fraud referrals through the online OEL Fraud Referral System (FRS).

The Inspector General of the Office of Early Learning is the designated coordinator of all suspected fraud referrals to the Florida Department of Law Enforcement, Public Assistance Fraud Unit.

The Coalition is responsible for immediately reporting to the OEL, Office of Inspector General and the Florida Department of Law Enforcement, Public Assistance Fraud Unit all such actual or suspected violations uncovered by, or reported to the Coalition.

1.5 SECURITY

Accounting Department

A lock and security code will be maintained on the door leading into the Coalition accounting department. This door shall be closed and locked in the evenings and whenever the accounting department is vacant. The key/code to this lock will be provided to the Accounting staff, and other personnel as approved by the CEO. The lock will be changed whenever any of these individuals leaves the employment of Coalition.

The Organization's blank check stock shall be stored in a locked file cabinet in the Accounting Department. This cabinet will be locked with a key that is kept in the Accounting Department. Access to this file cabinet shall be by keys in the possession of the CFO and the designated accounting staff.

The Coalition does not maintain petty cash balances. If petty cash is established, appropriate policies and procedures will be developed. In such instances, petty cash will be stored in a drawer locked with a key. The Petty Cash Custodian and the CFO will be the only employees with keys to the petty cash drawer.

Access to Electronically Stored Accounting Data

The Coalition utilizes passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

Information technology staff members are restricted from accessing accounting software. This restriction provides a critical internal control. Segregating IT from the financial software protects IT staff members from possible involvement in issues relating to the accuracy of accounting records and financial reporting.

Accounting personnel are expected to keep their passwords secret and to change their passwords on a regular basis, no less frequently than every 90 days. Administration of passwords shall be performed by a responsible individual independent of programming functions.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties. On an annual basis, the CFO performs a review of accounting software users to ensure they have the appropriate access levels. Unnecessary access will be rescinded. See the Coalition's Information Technology Systems and Security Policy, for entire IT policies and procedures.

Storage of Back-Up Files

It is the policy of the Coalition to back - up electronic accounting data daily.

Storage of Sensitive Data

In addition to accounting and financial data stored in the Accounting Department, other sensitive data, such as social security numbers of employees or clients, etc. may be stored in areas other than the Accounting Department, such as in program, Human Resources offices, etc. Therefore, the Coalition:

1. Minimizes the storage of sensitive data outside the Accounting Department by shredding documents with such data or deleting the sensitive data from documents that are stored outside the Accounting Department whenever possible; and
2. Requires that all sensitive data that is stored in areas other than the Accounting Department will be secured in locked filing cabinets.

Further, the Coalition restricts access to sensitive data to the Coalition employees only, and only to employees with a legitimate need for such access.

Destruction of Consumer Information

The Coalition follows the Fair and Accurate Credit Transaction Act of 2003 (FACTA) which came into effect June 1, 2005. It requires the proper disposal of consumer information possessed by any person, other than an individual who possesses his/her own consumer information.

As stated earlier, all sensitive data must be securely stored and shredded when no longer needed. The Coalition will also shred all consumer information obtained by the Coalition for any reason. Shredding will be performed on a schedule determined by the Coalition and the schedule shall be made a part of the Record Retention policy (see the "Fiscal Management" policies section of this manual).

General Office Security

During normal business hours, all visitors are required to check in. After hours, an electronic key is required for access to the offices of the Coalition.

Keys are issued only to employees of the Coalition with approval of the CEO.

1.6 GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue and expense accounts. It is used to accumulate all financial transactions 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 production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the Coalition's accounting system. The chart of accounts will be numbered and described to conform to standard Generally Accepted Accounting Principles (GAAP) presentation format. A descriptive chart of accounts will provide sufficient narrative on the account to allow for accurate recording, entering and approving financial data. 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 Coalition's chart of accounts is comprised of the following types of accounts:

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

Each GL account number will be a four digit number and the class is set up by the program/funding source.

Distribution of Chart of Accounts

All the Coalition employees involved with account 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 promptly distributed to these individuals by the CFO.

Control of Chart of Accounts

The Coalition's Chart of Accounts is monitored and controlled by the CFO. Responsibilities include the handling of all account maintenance, such as additions and deletions. Any additions or deletions of accounts should be approved by the CFO who ensures that the chart of accounts is consistent with the structure of the Coalition and meets the needs of each division and department. Access to this module is restricted to the CFO.

Account Definitions

General Ledger

Account Range

1000 - 1999

Category

Assets

Definition

Assets are probable future economic benefits obtained or controlled by the Coalition as a result of past transactions or events. Assets 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 (property and equipment) 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.

2000 – 2999

Liabilities

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 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 a non-current portion of a mortgage loan.

3000 - 3999

Net Assets

Net Assets is the difference between total assets and total liabilities.

4000 - 4999

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 and the Coalition's ongoing major or central operations. Revenues include grants received from government agencies, private foundations and corporations, and contributions received from donors.

5000 - 9000

Expenses

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

9000 – 9999

Gains and Losses

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

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

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

Fiscal Year of the Coalition

The Coalition shall operate on a fiscal year that begins on July 1st and ends on June 30th. Any changes to the fiscal year of the Coalition must be ratified by majority vote of the Coalition's Board of Directors.

Journal Entries

All general ledger entries that do not originate from a subsidiary ledger shall be supported by journal vouchers or other documentation, including an explanation of each such entry. Examples of such journal entries are:

1. Recording of noncash transactions
2. Corrections of posting errors
3. Nonrecurring accruals of income and expenses

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

1. Depreciation of fixed assets
2. Amortization of prepaid expenses
3. Accruals of recurring expenses
4. Amortization of deferred revenue

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

All journal entries not originating from subsidiary ledgers shall be authorized in writing by the CFO by initialing or signing the entries.

Chapter 2

REVENUES AND CASH RECEIPTS

2.1 REVENUE

Revenue Recognition Policies

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

1. **Grant income** - Monthly accrual based on incurrence of allowable costs (for cost-reimbursement awards) or based on other terms of the award (for fixed price, unit-of-service, and other types of awards).
2. **In-Kind Contributions** – Recognized as income when received. (See below the section titled “Cost Sharing and Matching”).
3. **Conference and Seminar Revenue** – Deferred as received, reclassified to income at close of the month in which the conference or seminar is held.
4. **Sponsorships** – Recognized as income when received, unless accompanied by restrictions or conditions (see the net section on contribution income).
5. **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 CFO.

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 by the Coalition.

For any separate contribution received by the Coalition, it shall provide an acknowledgement to the donor. The Executive Assistant shall prepare the acknowledgement. All acknowledgements prepared by the Coalition shall include the following information:

1. The amount of cash received and/or 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.

2.2 ADMINISTRATION OF GRANTS AND FEDERAL AWARDS

Definitions

The Coalition may receive financial assistance from a donor/grantor agency through the following types of agreements:

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 funder agrees to pay for them.

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

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

Preparation and Review of Proposals

The Coalition staff is responsible for preparing proposals for projects that the Coalition intends to pursue. However, all proposals shall be reviewed by the CFO prior to submission to government agencies or other funding sources. Final proposals shall be reviewed and approved in writing by the Board of Directors and the CEO.

However, the Board of Directors will follow the procedures for new grant proposals:

1. Grant applications greater than \$100,000.00 will be approved by the board;
2. The full board will approve acceptance of all grants;
3. The full board will be involved in all decisions concerning new funding sources.

In addition, the Coalition may refuse to consider all grants based on the cost/benefit of administering such awards.

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 accounting department shall review the terms, time periods, award amounts and expected expenditures associated with the award. Catalog of Federal Domestic Assistance (CFDA) numbers shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers (or segments). New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.

3. Gather documentation. A file is established for each grant or contract. The file contains the proposal, all correspondence regarding the grant or contract, the final signed award document, and all reports submitted to the funding sources.

Compliance with Laws, Regulations and Provisions of Awards

The Coalition recognizes that as a recipient of Grants, Awards, and Federal funds, the Coalition is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. The CFO is the responsible grant officer for administering all awards. 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 agency, and to all other grants, as applicable:

1. For each award, an employee within the finance department under the CFO will be responsible for administering the award.
2. The employee assigned 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 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 (CFDA) applicable to the award, as applicable.
 - d. The Coalition staff assigned will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.
3. The accounting department shall share copies of applicable laws regulations with staff (such as OMB Circulars, pertinent sections of compliance supplements, and other regulations).
4. The CFO shall identify and communicate any special changes in policies and procedures necessitated by grants and Federal awards as a result of the review of each award.
5. The CFO 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 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and communications with Federal awarding agency personnel.
6. The CFO shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The CFO shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Close Out of Federal Awards

The Coalition shall follow the close out procedures described in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and in the grant agreements as specified by the granting agency, as applicable.

The Coalition and all sub recipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

2.3 ADMINISTRATION OF OTHER FUNDING SOURCES

Overview

Non-Grant Revenues

Non-Grant Revenues are all revenues received by the Coalition from sources other than a granting or awarding agency. There are two types of Non-Grant Revenues: Unrestricted revenues and donor-restricted revenues.

Unrestricted Revenues

Unrestricted funds are donations that are available for the Coalition to use toward any purpose that furthers the mission of the Coalition. Sources of these funds include state and local governments, private donors, etc. These funds can only be used with the authorization of the CEO or Board of Directors as set forth in Board Action - Authorization of Spending Levels.

Donor-Restricted Revenues

Donor-restricted funds are donations that are available for the Coalition to use toward any purpose that furthers the mission of the Coalition and meets the restrictions imposed by the donor for use of those funds. Sources of these funds include state and local governments, private donors, etc. These funds can only be used with the authorization of the CEO or Board of Directors as set forth in Board Action - Authorization of Spending Levels. In addition, the Coalition Board of Directors has the authority to set aside funds for a specific purpose. These funds will be reclassified as Board Restricted Funds.

Note: Fund-raising expenses are unallowable costs for Federal grants.

Prior to the Coalition's embarking on any significant fund-raising activities, the board should establish policies regarding the types of contributions it is willing to accept.

The Board also must be aware of (and develop policies to mitigate) any liability issues that may arise with fund-raising campaigns, as well as any state laws that may require registration and/or reporting of such activities.

Documentation of Donations

All donations will be segregated based on funding source. All unrestricted funds will be designated as general revenue and treated accordingly. Donor restricted funds will note the restrictions in the accounting information software. When donor-restricted funds are expended, a copy of the expenditure information will be attached to the donation documentation and will include a copy of the written authorization to expend the funds from the CEO and/or Board, as appropriate, depending on the size and nature of the expenditure.

Reconciliation of Donations

1. Donation is received by the CFO, who follows established cash or check handling procedure as established in Cash Receipts for a cash donation, or for an in-kind donation, follows handling procedures as established in Matching (In-Kind) and Cost Sharing, or for an online donation, follows handling procedures as established in policy "Processing of Online Donations".
2. Donor receives acknowledgement of donation per the procedures listed in Contributions Received.
3. The CFO discusses with CEO, as needed, to develop a plan for the use and/or disposition of the donation. The CFO will handle coordination and completion of the plan. The plan and all documentation will be submitted to the CEO for final approval and plan closure.
4. Interim and final reports, detailing the donation amount, restrictions, and disposition of donation will be provided to the Donor, Board, and/or awarding agencies, as needed.

Staff Training

Handling of non-grant revenue and donations will be included in the overall training for new staff and in refresher courses for current staff, as applicable.

2.4 MATCHING (IN-KIND) AND COST SHARING

Overview

The Coalition values 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:

1. They are verifiable from Coalition records.
 2. They are not included as contributions from any other Federally-assisted project or program.
 3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
 4. They are allowable under 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
 5. They are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
 6. They are provided for in the approved budget when required by the Federal awarding agency.
1. They conform to all provisions of 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
 2. In cases of donated space, (or donated use of space), the space is subject to an independent appraisal to establish its value.

Valuation and Accounting Treatment of Matching (In-Kind)

In-kind donations fall into one of the following categories:

- Space, buildings, land and equipment
- Volunteer time and services
- Supplies
- Printed Materials
- Computer software
- Other non-cash donations

The following sections discuss the valuation and accounting treatment for each category

Space, Buildings, Land and Equipment

Buildings and Land

If the purpose of the contribution is to assist the Coalition in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings or land, depreciation or use charges (e.g. rent) may be claimed at matching, unless the awarding agency has approved using the full value as match.

Equipment, buildings or land are valued at its fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

Space:

- Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality
- Information on the date of donation and records from the appraisal will be maintained in a property file

Volunteer Time and Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included as in-kind if the services are an integral and a necessary part of the program.

Volunteer services will be valued at rates consistent with those paid for similar work in the Coalition. For skills not found in the Coalition, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

The Coalition requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:

- Date service was performed
- Volunteer name and address
- Hours donated
- Service provided
- Signature of volunteer

The sign-in sheets will be delivered to the accounting department monthly so they can be tallied, valued, and recorded as in-kind in the accounting records.

Supplies

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items itself.

Printed Materials

Books, periodicals, materials specifically created for the Coalition, or other printed matter. Such material shall be valued at fair market value at the time of donation. Printed Materials can be counted as match only if the program would have purchased such items itself.

Computer Software

Computer software donated to the coalition must be used in the program and shall be valued at fair market value at the time of donation. Software can be counted as match only if the program would have purchased this (or similar) item itself, with prior approval of the awarding agency.

Other Non-Cash Donations

Other non-cash donations, such as intellectual property or other intangible assets, if consistent with the mission of the Coalition and allowed by 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, would be valued at fair market value at the time of donation. Intangible assets can be counted as match only with prior approval of the awarding agency.

Procedures for Handling In-Kind Donations

1. Establishment of nature and kind of donation
2. Establishment of a fair market value of donation
 - a. Items from a liquid market (Stocks, bonds, etc) will have values established from market listings
 - b. Items from a semi-liquid market (vehicles, boats, etc) will have values established from market listings combined with an evaluation of the condition of the asset, if possible.
 - c. Items from an illiquid market (artwork, collectors items, etc) will be evaluated by reviewing the selling price of similar items (for items of less than \$1,000), or by the use of a professional appraiser.

Procedures for Recording In-Kind Donations

1. Assign a fair market value to donation per procedure listed above
2. Record fair market value in General Ledger as of the date of donation

Coalition Matching Requirements and Guidelines

Match requirements are in place for the Coalition. Monthly, quarterly, semi-annual, and yearly financial statements will chart match raised and used. There will not be any crossover of match funds from one county to another.

I. Working Poor Match - The Coalition adheres to the requirements set forth in Specific Appropriation 2014-A of the 2003 -2004 General Appropriations Act:

Funds in Specific Appropriation 2014A require a match from local sources for school readiness working poor eligible participants of six (6) percent on child care slots, up to a State determined amount. In-kind match is allowable provided there is not a reduction in the number of slots or level of services from the provision of in-kind match.

The Coalition submits the match reports to the OEL, in accordance with the OEL grant agreement.

II. CCEP (Child Care Executive Partnership) Match

Child Care Executive Partnership Match - The Coalition adheres to the requirements set forth in the State Law for CCEP Appropriations.

Funds require a match from local school readiness sources for CCEP eligible participants of 50% (fifty) percent on child care slots, up to a State determined amount.

The Coalition' CFO is responsible to complete and submit the CCEP application and letter of commitment annually to the OEL.

If the Coalition is required to submit requests for match to county agencies, the Coalition CFO, is responsible for submitting verification paperwork to county agencies, as required.

2.5 BILLING/INVOICING POLICIES

Overview

The Coalition's primary sources of revenue are reimbursement grants – billed monthly, or as funders require, based on allowed, incurred expenses

Responsibilities for Billing and Collection

The CFO is responsible for the Reimbursement Request invoice of program services each month in accordance with the awarding agency requirements. The completed invoice is forwarded to the CEO for approval.

When the Coalition receives a refund of current year grant funds, the refund amount shall be reduced from the next monthly current year Reimbursement Request Invoice. The CFO shall enter the refund on the Reimbursement Request Invoice as a reduction to the Other Cost Accumulators (OCA) originally impacted by the expenditure. Documentation explaining the reasons for the refund must be submitted with the Reimbursement Request.

When the Coalition receives a refund involving prior year grants, the Coalition shall remit a check for the refund amount made payable to the funding agency. Prior year grant refunds shall be submitted using the Reimbursement Request Invoice. The appropriate indications of prior grant year refund shall be documented. A written explanation describing the reason for the refund shall be provided and the OCA(s) original impacted by the expenditure shall be identified.

If a grant award authorizes the payment of cash advances to the Coalition, the CFO may require that request for such an advance be made. As part of the monthly closeout and invoicing process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Billing and Financial Reporting

The Coalition strives to provide the Board of Directors and our 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.

The 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 CFO.

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

1. The Coalition will request reimbursement after expenditures have been incurred, unless an award specifies another method.

2. The Coalition will strive to minimize the time between receipt and disbursement of grant funds.
3. 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. Monthly meetings are held internally at the Coalition to insure that the number enrolled is being met, and the expenditures are on target.

Accounts Receivable

Posting of revenue invoices, credit memos, and other adjustments to customer accounts receivable the accounts receivable subsidiary ledger shall be performed by the accounting staff under direction of the CFO.

Classification of Income and Net Assets

All income received by the Coalition is classified as “unrestricted”, with the exception of the following:

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

Electronic Funds Transfers/Warrants

The Coalition shall utilize electronic funds transfers to receive payments from the State of Florida and process reimbursement payments to all providers.

In the event the Coalition experiences changes that will impact the electronic fund transfer, the Coalition shall follow the instructions provided by the funding agency.

2.6 CASH RECEIPTS AND SEGREGATION OF DUTIES

Overview

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

Segregation of Duties

The Coalition understands the need for segregation of cash-handling duties and strives to maximize the segregation of those duties within the limitations imposed by staff size.

Processing of Checks and Cash Received in the Mail

The Coalition will implement the following procedures when cash and/or checks are received (the detailed procedure “ Checks & cash received in the mail” is available in the finance office):

1. All checks will be endorsed by the Executive Assistant utilizing the “For Deposit Only” stamp and forwards them to the Contract Specialist, who logs them in the cash receipts log.
2. The Contract Specialist forwards the check to the accounting staff
3. The accounting staff prepares the bank deposit slip in duplicate. The deposit slip will include the receipt number, account number and the amount of each receipt.
4. The accounting staff will insure all documentation for receipts are attached to the deposit receipt and then forward to the CFO for processing.
5. All deposits are made prior to the bank’s daily close by the designated staff.

Endorsement of Checks

All checks received that are payable to the Coalition shall immediately be restrictively endorsed by the Executive Assistant. The restrictive endorsement shall be a rubber stamp that includes the following information:

1. For Deposit Only
2. The Coalition name
3. The bank name
4. The bank account number of Coalition

Timeliness of Bank Deposits

Bank deposits will be made on a daily basis, unless the total amount received for deposit is less than \$500. Deposits shall be kept in the Coalition lockbox or in a locking file cabinet until the deposit is taken to the bank. In no event shall deposits be made less frequently than weekly.

Reconciliation of Deposits

On a monthly basis, the CFO, 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.

Processing of Online Donations Received via PayPal

- PayPal is used for online donations to ensure that donor account information remains private and unshared.
- When a PayPal donation is deposited to the ELC account, a printout is prepared to ensure that donation received is appropriately directed and recorded in a timely basis.
- The PayPal account is linked to the professional fees account (see Internal procedures)

2.7 ACCOUNTS RECEIVABLE MANAGEMENT

Monitoring and Reconciliations

On a monthly basis, the accounting staff will reconcile a detailed accounts receivable report (showing aged, outstanding invoices by customer) to the general ledger. All differences are immediately investigated and resolved, and the reconciliation is reviewed by the CPA and the CFO.

Credits and Other Adjustments to Accounts Receivable

From time to time, credits against accounts receivable from transactions other than payments and bad debts will occur. Bad debt write-offs are not allowable costs for Federal grants. Examples of other credits include returned products and adjustments for billing errors. An employee who is independent of the cash receipts function will process credits and adjustments to accounts receivable, and all credits shall be authorized by the CFO.

Accounts Receivable Write-Off Authorization Procedures

All available means of collecting accounts receivable will be exhausted before write-off procedures are initiated. Write-offs are initiated by the department associated with the amount to be written off, in conjunction with the accounting department. If an account receivable is deemed uncollectible, the following approvals are required before the write-off is processed:

<u>Amount</u>	<u>Authorized in writing by</u>
Less than \$1,500	CFO
\$1,500 or more	CEO

Once a write-off has been processed, appropriate individuals will be advised so that further credit is not granted and to update the master list of bad accounts. Customers listed as poor credit risks will be extended future credit only if the back debt is paid and the customer is no longer deemed a collection problem.

See OEL Fiscal Guidance 240.03 for specific OEL instructions.

If write-off procedures have been initiated, the following accounting treatment applies:

1. Current year invoices that are written off will either be charged against an appropriate revenue or revenue adjustment account, or against the original account credited.
2. Invoices written off that are dated prior to the current year will be written off against net assets.

Chapter 3

EXPENDITURES AND DISBURSEMENTS

3.1 PURCHASING POLICIES AND PROCEDURES

Overview

THE POLICIES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY PURCHASES MADE BY THE ORGANIZATION.

The Coalition requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

Responsibility for Purchasing

The Board, CEO and/or the CFO have approval authority over all purchases and contractual commitments, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

The Board shall approve:

- All lease agreements pertaining to occupancy.
- Grant agreements; if they require Board Chair signature
- Execute annual contracts equal to or greater than \$34,900
- Checks \$10,000 or more

The Coalition's CEO and or CFO shall approve:

- Vendor and provider contracts/agreements
- Execute annual contracts up to \$34,900
- Grant Agreements that require/accept CEO signature
- Checks less than \$10,000

All department heads or their designees shall have the authority to initiate purchases on behalf of their department, within the guidelines described here. Department directors shall inform the Accounting Department of all individuals that may initiate purchases or prepare purchase orders. The Accounting Department shall maintain a current list of all authorized purchasers.

The Accounting Department shall be responsible for processing purchase orders. The Chief Financial Officer has approval authority over all purchases and contractual commitments, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial. Final approval of all purchases rests with the Board the Chief Executive Officer.

Following CEO and/or CFO approval, the Purchasing staff shall initiate purchases on behalf of the Coalition. All purchases will be made in accordance with this policy, as well as the Procurement of Commodities and/or Contractual Services Policies and Procedures Manuals.

Federal regulations require that organizations have written policies for ensuring purchases are allowable, allocable, and reasonable. This responsibility falls on staff requesting purchases as well as the management, accounting staff, the CFO, and the CEO. In accordance with 2 CFR Part 200.403(c), the following policies will apply to all Coalition activities/purchases made.

Procedures to Evaluate Allowability of Costs [2 CFR Part 200.302(7)]

Phase I Analysis – General considerations for allowable costs

- A. Consider requirements from federal regulations and program requirements
 - 1. Is the proposed cost allowable based on instructions from uniform grant guidance?
 - 2. Is the proposed cost consistent with the federal cost principles?
- B. Consider requirements from the federal awarding agency
 - 3. Is the proposed cost allowable based on agency-specific regulations?
 - 4. If the expense will be charged to an OEL grant, does the proposed cost allowable based on the related terms/conditions that govern the Coalition’s award or the grant agreement with OEL.
 - 5. Is the proposed cost consistent with the grant project performance measures or benchmarks?
- C. Consider requirements from applicable state guidance for state funded expenditures.(Applies to OEL funded grants)
 - 6. Is the proposed cost consistent with authorized grant program activities as described in the USDHHS-approved CCDF State plan?
 - 7. Is the proposed cost allowed by state expenditures guidance from state statutes, rules, regulations or guidance from DFS/DMS?
 - 8. Does the proposed cost comply with related grant program terms/conditions issued by OEL for grant awards, contracts, purchase orders and other expenditure agreements?
- D. Consider the period of performance
 - 9. Is the proposed cost for the allowed period of availability as defined for the funding program?
- E. Consider other oversight instructions
 - 10. If federal or state-level prior approval is required for the proposed cost, was this process followed?

Phase II Analysis – Specific factors affecting allowable costs

Several additional factors should be considered and documented by staff for cost transactions. The answer for each question listed here must be “yes” in order for staff to continue with the transaction.

- F. The proposed cost(s) is/are -
 - 11. Necessary
 - 12. Reasonable
 - 13. Allocable

14. In conformance with federal law and grant terms and conditions
15. Consistent with state and local policies
16. Consistently treated
17. In accordance with generally accepted accounting principles (GAAP) and other standards
 - a. Each non-federal entity that receives federal/state grant program funds must use accounting rules and procedures established by authoritative bodies or conventions that have evolved through custom and common usage.
18. Not used as match on another federal award
19. Net of applicable credits (2 CFR §200.406)
 - a. Adequately documented

Priority of Compliance with Federal Guidance. If instances of inconsistency are noted between USDHHS program guidance (i.e., 2 CFR §300 and 45 CFR Parts 98 and 99) and the OMB uniform guidance (i.e., 2 CFR §200), the program-specific guidance instructions from USDHHS will govern and will supersede the standard instructions from 2 CFR §200 all circumstances.

Priority of Compliance with State Guidance Please note State of Florida’s program-specific instructions from state statutes, rules, regulations or guidance from the Department of Management Services (DMS) or the Department of Financial Services (DFS) also apply to and govern Florida’s early learning programs. If instances of inconsistency are noted between federal level program guidance and the state’s guidance on expenditures, the state guidance will govern.

Purchasing Procedures

The OEL requires grantees to comply with federal procurement requirements of Uniform Guidance 2 CFR Part 200.403 and House Bill 7165 (at section 1002.84(12), Florida Statutes, effective July 1, 2013), requires Early Learning Coalition and their subrecipients to comply with the same requirements and the procurement requirements of sections 215.971, 287.057 and 287.058, Florida Statutes, except that the early learning coalitions or their subrecipients are not required to competitively procure direct services for the School Readiness Program and Voluntary Prekindergarten Education Program providers.

The OMB Part 200.318-200.326 and Chapter 287 Florida Statutes (F.S.) deals with and defines procurement procedures under which the Coalition must operate. Included are definitions regarding contractual services, when competitive bidding is necessary and when it is not, and specifics regarding contract documents. Whenever federal and state policies differ, the Coalition will adopt the more stringent or conservative as Coalition policy. The Coalition policies will provide sufficient written staff instructions to promote and support activities that meet the legislative intent of Florida’s procurement laws as summarized here (s. 287.001, F.S.).

- To promote fair and open competition without favoritism.
- To ensure that public funds are spent wisely via adequate documentation and effective monitoring mechanisms.
- To establish uniform procedures to ensure effective and ethical procurement of contractual services; and
- To ensure improprieties are curbed and public confidence is maintained.

Code of Conduct in Purchasing (2 CFR Part 200.318 (c)(1))

- Ethical conduct in managing the Organization's purchasing activities is absolutely 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. The Coalition will disclose in writing all violations of federal law involving fraud, bribery or gratuity violations potentially affecting the federal award [2CFR Part 200.112].
- For grants or contracts originating with the State of Florida, Office of Early Learning or the Early Learning Coalition, the Coalition will comply with Section 112.3143 (1)(b) and Section 1002.84(20), F.S. requiring OEL notification and approval of 2/3 vote of the board for contracts with board members and prior approval of OEL if the contract is \$25,000 or greater.
- 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.
- A training process will be in place and training provided annually for staff and governing board members.
- Staff shall notify their immediate supervisor if they are offered such gifts.
- No officer, board member, employee, or agent shall participate in the selection or administration of a contractor 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 or her immediate family, his or her spouse or partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the vendor selected.
- Officers, board members, employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from vendors or parties to sub-agreements.
- Unsolicited gifts with a value of \$25 or less may be accepted with the approval of the CEO. Approval for acceptance of unsolicited gifts with minimal value can be provided at a staff meeting or where such gifts are discussed as it may be impractical to require CEO approval every time such gifts are offered, for example, giveaways at a conference.
- The Coalition staff, officers, board members and agents shall disclose in writing any potential conflicts of interest in accordance with 2CFR Part 200.112.
- The Coalition will maintain written standards for handling instances of conflict of employees or other individuals impacted by procurement activities. [2CFR Part 200.118]
- The full Coalition Conflict of Interest Policy is a standalone policy kept in the Finance office.

Competition (2 CFR Part 200.319)

In order to promote open and full competition, purchasers will:

- Be alert to any internal potential conflicts of interest.
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade.
- Not permit contractors who develop specifications, requirements, or proposals to bid on such procurements.

- Award contracts to bidders whose product or service is most advantageous in terms of price, quality, and other factors.
- Issue solicitations that clearly set forth all requirements to be evaluated.
- Reserve the right to reject any and all bids when it is in the Coalition’s best interest.
- Not give preference to state or local geographical areas unless such preference is mandated by Federal statute. *(200.319(b))*
- “Name brand or equivalent” description may be used as a means to define the performance or requirements *(200.319(c)(1))*

Nondiscrimination Policy

All Contractors who are the recipients of the Coalition funds or who propose to perform any work or furnish any goods under agreements with Coalition shall agree to these important principles:

1. 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 contractors.
2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

Procurement Procedures

The following are Coalition’s procurement procedures:

1. The Organization shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. *(2 CFR Part 200.318(d))*
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. *(2 CFR Part 200.318(d))*. This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services. *(2 CFR Part 200.318(e))*

4. Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs *(2 CFR Part 200.318(f))*.
5. Documentation of the cost and price analysis associated with each procurement decision in excess of the simplified acquisition threshold (\$150,000) or the state of Florida simplified acquisition threshold of \$35,000 whichever is applicable shall be retained in the procurement files pertaining to each federal award. *(2 CFR Part 200.323)*
6. All pre-qualified lists of persons, firms or products which are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum open and full competition. *(2 CFR Part 200.319(d))* 2 CFR Part 200.323 Contract cost and price, requires non-Federal entities to perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold (\$150,000) *or \$35,000 for purchases made with funds from the State of Florida*. As a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.
7. The Coalition will maintain records sufficient to detail the history of procurement, including: *(2 CFR Part 200.318(i))*
 - a. Rationale for the method of procurement;
 - b. Selection of contract type;
 - c. Contractor selection or rejection; and
 - d. The basis for the contract price.
8. The Coalition shall not utilize the cost-plus-a-percentage-of-costs method of contracting. *(2 CFR Part 200.323(d))*.
9. The Coalition shall make all procurement files available for inspection upon request by a federal awarding agency the state awarding agency, the Inspector General, the Auditor General, the Office of Early Learning and/ or other funders *(2CFR 200.336)*..
10. Maintain written standards for handling instances of conflict of employees or other individuals impacted by procurement activities. *[2 CFR Part 200.318]*.
11. Not use state or geographical preferences in the evaluation of bids or proposals except where a federal statute mandates or encourages it. *[2 CFR Part 200.319(7)(b)]*
12. Comply with bonding requirements for construction-related contracts. (if allowable). *[2 CFR Part 200.325]*.
13. All procurement files must be maintained for five (5) years from the date of the last reimbursement request for that fiscal year or until the resolution of any audit findings or any

litigation related to the contract, whichever occurs last. Coalition shall comply with the records retention requirements in Florida. The General Records Schedule GS1-SL for State and Local Government Agencies is located at <http://dos.myflorida.com/library-archives/records-management/general-records-schedules/>

14. Records retention schedules apply to records regardless of their physical format. Therefore, records created or maintained in electronic format must be retained in accordance with the minimum retention requirements, whether the electronic records are the record copy or duplicates.

All staff members with the authority to approve purchases will receive a copy of and be familiar with 2 CFR Part 200.400 – 475, Cost Principles and Chapter 287.057, F. S Procurement of commodities or contract services.

Compliance with section 287.057, F.S. – Procurement of commodities or contract services

Chapter 287 Florida Statutes (F.S.) deals with and defines procurement procedures under which the Coalition must operate. Policies used by the Coalition provide sufficient written staff instructions to promote and support activities that meet the legislative intent of Florida’s procurement laws as summarized here (s. 287.001, F.S.).

- To promote fair and open competition without favoritism.
- To ensure that public funds are spent wisely via adequate documentation and effective monitoring mechanisms.
- To establish uniform procedures to ensure effective and ethical procurement of contractual services; and
- To ensure improprieties are curbed and public confidence is maintained.
- Compliance with section 215.971, F.S. - Agreements

The Coalition staff will comply with section 215.971, F.S.; disclosure requirements for all agreements funded by federal and/or state monies passed-through the State Treasury.

The Coalition staff will comply with with section 287.058, F.S minimum disclosure requirements for contracts and purchase order agreements in excess of the threshold amount provided in s. 287.017 for Category Two (\$35,000).

- Bills for fees, compensation or expenses will be submitted with enough details for proper pre-audits and post-audits thereof.
- Bills for any travel expenses will be authorized, documented and reimbursed in accordance with Section 112.061, F.S.
- Contractor to comply with contract delivery terms (criteria), related timelines and final completion date(s) as specified.
- Renewal clause (if authorized by related procurement files) for a period that may not exceed 3 years or the term of the original contract, whichever is longer. Note: emergency or exceptional purchases cannot be renewed.

- Intellectual property rights for pre-existing property (ownership usually remains with Contractor), for created/developed property (ownership by State of FL), or proceeds from sale/licensing activities (ownership determined as specified by applicable state statutes [287.058(1), F.S.]

The Coalition staff will comply with Rule 60A-1.002, FAC., Purchase of commodities or contract services. Policies used by the entity will comply with applicable instructions from state purchasing rule(s).

Authorizations and Purchasing Limits

Coalition uses a Purchase Request (PR) and Purchase Order (PO) system. The PR is initiated by the department. All completed purchase requests must be signed by the preparer and approved/initialed by the management. They will be and forwarded to the purchasing helpdesk for processing. The following table lists required approval levels and solicitation processes:

<u>Amount of Purchase</u>	<u>Required Approvals</u>	<u>Process</u>
<u>Threshold 1: up to \$2,500</u>	Management CEO & CFO	1 written quote or written record of a verbal quotation
<u>Threshold 2: \$2,501 - \$34,999</u>	Management CEO & CFO	(2) written quotes OR written records of two (2) telephone quotations
<u>Threshold 3: \$35,000 or more</u>	Management CEO & CFO Board of Directors	Formal bid process

This table incorporates the micro-purchase limit of \$2,500 in aggregate (\$2,000 if the purchase is subject to the requirements of Davis Bacon). Micro-purchases may be made without soliciting competitive quotation if Coalition considers the price to be reasonable. Coalition must distribute micro-purchases equitably among qualified suppliers (2 CFR Part 200.320(a)).

For purchases greater than the Simplified Acquisition Threshold (\$150,000) or \$35,000 for State of Florida funded purchases, either sealed bids or requests for proposal are required except as exempted by 287.057(3)(f), Florida Statute. Sealed bids should be used when the decision will be made based on price and price-related factors.

In addition to the documentation listed above, the Coalition has implemented a Procurement Checklist; it lists the steps in the procurement process and requires that staff member responsible for the procurement check off each step when completed, signs, and dates the form. It serves as a reminder of the process and holds the purchaser accountable for following the required procedures.

Certain types of contracts, such as office leases and contracts in excess of \$35,000 dollar threshold shall be reviewed by the Coalition’s legal counsel. The CEO and the Board of Directors are authorized to enter into contracts on behalf of the Coalition.

These policies shall also apply to renewals of existing contracts.

<i>Procurement Threshold Requirements²</i>	
<i>Type of Purchase/Threshold³</i>	<i>Requirement(s)^{4, 14}</i>
Commodities – Category Two or less ¹	<ul style="list-style-type: none"> • Ok to use purchase order⁵ w/o terms/conditions • Ok to use contract, including third-party vendor contracts⁶
Services – Category Two or less ¹	<ul style="list-style-type: none"> • OK to use purchase order w/o terms/conditions if for services of a simple nature⁷ • OK to use purchase order and if appropriate, attach a statement of work⁸ • Use contract <u>or</u> purchase order with additional terms/conditions if <ol style="list-style-type: none"> 1. Services are integral to federal/state program operations⁹ 2. Services relate to/support tasks that are measured or reported upon as part of program goals, objectives, benchmarks or other performance measures⁹ 3. A related party transaction¹⁰ • Ok to use contract¹¹
Commodities in excess of Category Two - up to Category Three ^{1, 12}	<ul style="list-style-type: none"> • If with “state term” contractor¹³ - Ok to use purchase order and to retain copy of pre-set terms/conditions in files • If with non-state term contractor – use purchase order with terms/conditions and if appropriate, attach a statement of work • Ok to use contract
Services in excess of Category Two - up to Category Three ¹	<ul style="list-style-type: none"> • If with “state term” contractor – Ok to use purchase order, must attach a statement of work and must retain copy of pre-set terms/conditions in files • If with non-state term contractor – must use a contract
Commodities in excess of Category Three ^{1, 12}	<ul style="list-style-type: none"> • If with “state term” contractor - Ok to use purchase order and to retain pre-set terms/conditions in files • If with non-state term contractor – use purchase order with terms/conditions and if appropriate, attach a statement of work • Ok to use contract
Services in excess of Category	<ul style="list-style-type: none"> • If with “state term” contractor – must use a contract

<i>Procurement Threshold Requirements²</i>	
Three ¹	<ul style="list-style-type: none"> • If with non-state term contractor – must use a contract
Requirements are for multiple years - goods or services	<ul style="list-style-type: none"> • Must use a contract

¹See below for additional explanations/disclosures

¹Purchasing Category Threshold Amounts – see s. 287.017, F.S. or [Purchasing Categories link](#)

Category One	- \$20,000	- includes small dollar purchases up to \$2,500 - includes informal solicitations (\$2,501 to \$34,999)
Category Two	- \$35,000	
Category Three	- \$65,000	
Category Four	- \$195,000	
Category Five	- \$325,000	

²Currently aligns with FDOE purchasing guidance and state statutory spending thresholds.

³A change order or amendment increasing the total amount of the procurement to a higher threshold amount will require compliance with the higher threshold requirements.

⁴More restrictive guidelines for use of purchase orders/contracts may be authorized by an entity’s governing board.

⁵“Regular” purchase order disclosures include the solicitation number (if applicable), statements regarding the quantity, description, and price of goods or services ordered, applicable terms as to payment, discount, date of performance, date of transportation/delivery, and liquidated damages. (Source: 60A-1.016, F.A.C.).

⁶Entity still retains responsibility to review any vendor-prepared contract signed/executed to ensure no terms/provisions are included that conflict with federal/state grant laws, rules, regulations. Examples include mandatory fees for unallowable penalties or other expenses, references that State of Florida laws will be superseded, etc.).

⁷When contracted services are of a simple nature, such as minor repairs or maintenance service calls, the tasks may be summarized on the purchase order without the need for a separate statement of work.

⁸References to “statement of work” refer to written descriptions required for all service agreements per section s. 287.058 and 215.971, F.S. (Source: CFOM No. 02 (2012-13)). A complete statement of work should be included for services in excess of small purchase threshold of \$2,500. *See below for more illustrative details.*

⁹Description provided based on DFS-provided guidance/instructions.

¹⁰Description provided based on more restrictive instructions that apply to early learning programs based on state statutes – see s. 1002.84(20), *related party activities*.

¹¹A basic contract document contains some predefined elements/disclosures. *See below for more illustrative details.*

¹²The appropriateness of the use of a Purchase order and/or contract for the purchase of commodities over Category Two may vary depending on the circumstances.

¹³A state term contract has been competitively procured by DMS pursuant to s. 287.057, F.S. and is available to eligible users to purchase goods/services. Contract Directory may be accessed at [DMS List of State Term Contracts](#). Eligible users must still comply with other procurement documentation requirements (such as cost estimates and price quotes).

¹⁴Purchase orders help manage the procurement process for an entity but are not required by federal regulations. If an entity does not have a purchase order system in place all instructions described above should be modified *to be more restrictive*. See additional OEL reference materials for more details.

⁸Statement of Work Requirements

State statutes require contractual agreements include written details for the following.

- A scope of work (what is to be done);
- Deliverables (specific units or tasks – quantifiable, measurable and verifiable);
- Documentation prepared/submitted/retained by vendor/contractor (shows work has been done);
- Specific performance criteria (how to measure services received)
- Financial consequences (what an entity MUST do in the event of non-performance or noncompliance by the vendor/contractor).

¹¹Contracts/Agreements – Minimum elements and disclosures⁹

There are additional minimum written elements/disclosures required by State statutes for contractual agreements.

- Terms and Conditions
- Standard Audit Language
- Availability of Records
- Timing and nature of Reports
- Sub-contracting or sub-granting
- Payment Terms
- Disposition of Property (if applicable)
- Statement of work requirements (see note 8 above for more details)

Purchasing Thresholds

One of the determining factors in deciding the procurement method and the required contract documentation is the actual dollar amount of the commodities or contractual services to be purchased.

The purchasing category threshold amounts established in section 287.017, Florida Statutes, which distinguish dollar amounts at which various purchasing rules are implemented, are as follows:

- (a) Category One: \$20,000
- (b) Category Two: \$35,000
- (c) Category Three: \$65,000
- (d) Category Four: \$195,000
- (e) Category Five: \$325,000

All contracts above the threshold amount for Category Two will be procured using competitive procurement methods except as exempted by state procurement law section 287.057(3)(f), Florida Statutes.

Methods of Procurements to be followed:

Procurement by micro-purchases; This is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold at 2CFR Part 200.67.

Procurement by small purchase; small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold(2CFR 200.320). If small purchase procedures are used, price or rate quotations will be obtained in file from an adequate number of qualified sources.

Procurement by sealed bids (formal advertising); Bids are publicly solicited and a firm fixed price contract is awarded to the responsible bidder whose bid conforming with all material terms and conditions of the invitation for bids is the lowest price. This is the Coalition preferred method when procuring office space.

You know exactly what you want and price is the determine factor.

Two or more responsible bidders are willing and able to compete effectively for the business

The procurement lends itself to a firm fixed price contract

All bids will open at the time and place prescribed in the invitation for bids; bids must be open publicly

A fixed price contract award will be made in writing to the lowest responsive and responsible bidder.

Any or all bids may be rejected if there is a sound document reason.

Procurement by competitive proposals; Request for proposal method is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded.

- It is generally used when conditions are not appropriate for the use of sealed bids.
- Request for proposal must be publicized and identify all evaluation factors and their relative importance.
- Proposals must be solicited from an adequate number of qualified sources
- Written procedures for conducting technical evaluations of the proposals received and for selecting recipients
- Contract will be awarded to the responsible firm whose proposal is most advantageous to the program with price and other factors considered.

The Coalition will use competitive proposals procedures for procuring of professional services whereby competitor's qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation.

Procurement by Noncompetitive Proposal; This is a procurement method through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from one source; when the coalition believes that commodities or contractual services are available only from a single source in excess of Category Two, the Coalition will ask the OEL for guidance and assistance. OEL will assist the coalition by

electronically posting a description of the commodities or contractual services sought for a period of at least ten (10) business days. The description must include a request that prospective vendors provide information regarding their ability to supply the commodities or contractual services described. If it is determined in writing by the coalition, after reviewing any information received from prospective vendors, that the commodities or contractual services are available only from a single source, the OEL will assist the coalition by:

- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation. Emergency Purchases are those that the Coalition's Chief Executive Officer (CEO), must determine in writing that an immediate danger to the public health, welfare, safety or other substantial loss to the coalition exists and requires emergency action. After the Coalition's CEO makes a written determination, the Coalition may proceed with procuring commodities or contractual services necessitated by the immediate danger, without receiving competitive sealed bids, competitive sealed proposals or competitive sealed replies. However, such emergency procurement shall be made by obtaining pricing information from at least two prospective vendors, which must be retained in the contract file, unless the coalition determines in writing that the time required to obtain pricing information will increase the immediate danger to the public health, safety, or welfare or other substantial loss to the state.
- The Federal awarding agency or pass through entity expressly authorizes noncompetitive proposals in response to a request from the Coalition
- After solicitation of a number of sources, competition is determined inadequate

In any procurement that costs more than the threshold amount provided for in section 287.017, Florida Statutes, for Category Two and is accomplished without competition, the individuals taking part in the development or selection of criteria for evaluation, the evaluation process and the award process shall attest in writing that they are independent of, and have no conflict of interest in, the entities evaluated and selected.

Exempt Purchases are not subject to the competitive sealed bid requirements of subsections 287.057(1) or (3)(c), F.S., but are subject to all other provisions of Chapter 287, Florida Statutes., and the laws relating to the state chief financial officer's authority to audit expenditures for contractual services.

Approved Vendors

The Coalition encourages departments to develop lists of approved vendors that can be used throughout the year. The process to identify an approved vendor is as follows.

1. Develop a list of similar, commonly-purchased items that can be acquired from a single vendor. Examples are office supplies and classroom supplies.
2. Get cost estimates for the list in total, not for each item. Include shipping costs, if necessary.
3. Obtain 2 or 3 quotes, depending on the level of expected spending for the year.
4. Compare the quotes.
5. The vendors with lowest prices, including shipping, will be approved for use during the year.

6. This process could result in multiple approved vendors if the prices are within 5% of each other.

This process should be repeated annually, with the approved list produced by June 30. Vendors may be added throughout the year, but all pre-approved vendors will be reevaluated during each year. *2 CFR Part 200.319(d) states: "The non-Federal entity must ensure that all prequalified lists of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-federal entity must not preclude potential bidders from qualifying during the solicitation period."*

Use of Purchase Orders

The Coalition utilizes a purchase order system within its accounting system. A properly completed purchase order shall be required for each purchase decision (i.e., total amount of goods and services purchased, not unit cost), with the exception of travel advances and expense reimbursements, which require the preparation of a separate form described elsewhere in this manual. A properly completed purchase order shall contain the following information, at a minimum:

1. Specifications or statement of services required
2. Quantity, description, price, applicable payment terms, applicable discounts(s), date of performance.
3. Contractor name, address, point of contact and phone number
4. Source of funding (if applicable)
5. Delivery or performance schedules
6. Delivery, packing, and transportation requirements/arrangements
7. Special conditions (if applicable)
8. Catalog number, page number, etc. (if applicable)
9. Net price per unit, less discount, if any
10. Total amount of order
11. Authorized signature/ approvals
12. Date purchase order was prepared

Purchase orders are generated from the purchasing staff. They are numbered electronically through the MIP system and issued upon request. All purchase orders, issued or voided, are recorded in the MIP system.

At the end of each accounting period, an aged outstanding purchase order report shall be prepared and distributed to the CFO.

Purchase orders are tools to manage the procurement process. Appropriate uses of purchase orders (60A-1.016, F.A.C.):

- Purchase orders are:
 - Used to give a contractor approval to sell to the Coalition.
 - Used to control expenses.
 - Issued and approved prior to the purchase.
 - Periodic review of those with access to the purchase order system will be performed by the CFO or his/her designee.

Blanket purchase orders can be established at the start of the fiscal year or at the time of purchase to authorize purchases from a vendor up to a set amount, thereby eliminating the need for monthly purchase orders for standard purchases.

Required Solicitation of Quotations from Contractors

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

1. A clear and accurate description of the technical requirements for the material, product, or service to be procured. Descriptions shall not contain features which unduly restrict competition. *(2 CFR Part 200.319(c)(1))*
2. Requirements which the bidder must fulfill and all other factors to be used in evaluating bids or proposals. (See the next section entitled "Evaluation of Alternative Contractors" for required criteria.) *(2 CFR Part 200.319(c)(2))*
3. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. *(2 CFR Part 200.319(c)(1))*
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. *(2 CFR Part 200.319(c)(1))*
5. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.

6. The date by which proposals are due.
7. Required delivery or performance dates/schedules.
8. Clear indications of the quantity (ies) requested and unit(s) of measure.

Extension 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, an extension may be granted if a prospective bidder so requests at the Coalition's discretion.

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

Evaluation of Alternative Contractors

Contractors shall be evaluated on a weighted scale that considers some or all of the following criteria as appropriate for the purchase:

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

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a contractor has been selected and approved by the Department Director and/or Senior Executive, the final selection shall be approved by others according to Coalition's purchasing approval policies.

Affirmative Consideration of CMBE

(2 CFR Part 200.321)

Florida Certified Minority Business Enterprise (CMBE) includes minority-owned (MBE), woman-owned (WBE), and Veteran-owned (VBE)

Positive efforts shall be made by the Coalition to use, CMBE firms whenever possible. Therefore, the following steps shall be taken. At least one quote from a CMBE will be obtained for a purchase or documentation of why this quote was not obtained. Listings of CMBE can be found at <https://osd.dms.myflorida.com/directories>.

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. *(2 CFR Part 200.321)*
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, women's business enterprises and labor surplus area firms. *(2 CFR Part 200.321(b)(4))*
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, and women's business enterprises. *(2 CFR Part 200.321(b)(6))*
4. Encourage contracting with consortiums of CMBE's, small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. *(2 CFR Part 200.321(b)(3))*
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises. *(2 CFR Part 200.321(b)(5))*

Availability of Procurement Records (2 CFR Part 200.324(b))

The Coalition shall, on request, make available for the federal awarding agency, OEL and other funders pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with the Coalition procurement standards in 2 CFR Part 200. *(2 CFR Part 200.324(b)(1))*

- The procurement is expected to exceed the federally-defined simplified acquisition threshold (\$150,000 or \$35,000 for State of Florida funded purchases) and is to be awarded without competition or only one bid is received. *(2 CFR Part 200.324(b)(2))*
- The procurement exceeds the simplified acquisition threshold and specifies a “name brand” product. *(2 CFR Part 200.324(b)(3))*
- The proposed award exceeds the federally-defined simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement. *(2 CFR Part 200.324(b)(4))*
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the federally-defined simplified acquisition threshold. *(2 CFR Part 200.324(b)(5))*
- Although this section refers to federal regulations that list situations in which the funding agency may request documentation of procedures, in reality, a funding agency may make such a request at any time.

Provisions Included in All Contracts (2 CFR Part 200 Appendix II)

The Coalition includes all of the following provisions, as applicable, in all contracts charged to federal awards (including small purchases) with vendors and subgrants to grantees:

1. **Contracts** for more than the simplified acquisition threshold currently set at \$150,000 or \$35,000 for State of Florida contracts, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by [41 U.S.C. 1908](#), must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, “Equal Employment Opportunity,” as amended by E.O. 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and as supplemented by regulations at 41 CFR Part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
4. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** When required by Federal program legislation, all construction contracts of more than \$2,000 awarded by 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”).

5. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable All contracts awarded by 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).
6. **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 recipient in any resulting invention in accordance with 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organization and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the award agency.
7. **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).
8. **Mandatory** standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act ([42 U.S.C. 6201](#)).
9. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or subgrants of \$100,000 or more, Coalition shall obtain from the contractor or subgrantee a certification that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.
10. **Debarment and Suspension (E.O.s 12549 and 12689):** No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.’s 12549 and 12689, “Debarment and Suspension.” **A list of excluded parties can be found at www.sam.gov. Some federal grants**

require evidence that a search for debarment or suspension status was completed for every purchase. This proof of a search is a part of the new vendor/contractor approval form.

11. In accordance with 2 CFR Part 200.322, Coalition must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
12. Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations Act of 1995: To the extent practicable, all equipment and products purchased with funds made available in this Act should be American-Made.

Special Purchasing Conditions

Emergencies:

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Organization property is involved. The reasons for such purchases will be documented in the procurement file.

Single Distributor/Source:

Sole source purchases contractors may be made when one or more of the following conditions applies:

- The item or service is only available from one source;
- The situation is an emergency and will not permit a delay resulting from competitive solicitation;
- The awarding agency expressly authorizes noncompetitive proposals in response to a written request; or
- After solicitation, competition is deemed inadequate (insufficient bidders).

Approval from the awarding agency may be required.

Right to Audit Clause

The Coalition requires a “Right to Audit” clause in all contracts between the Organizations and vendors that either:

1. Take any form of temporary possession of assets directed for the Organization, or
2. Process data that will be used in any financial function of the Organization.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the contractor's operations that apply to Coalition, as well as all documents maintained or processed on behalf of the Coalition for a period of three years. The clause shall state that such audit procedures may be performed by the Coalition employees or any outside auditor or contractor designated by the Organization.

The Coalition policies will comply with:

1. Requirements for procurements with related party considerations [s. 1002.84(20), F.S.]

Related Party activities

- Coalitions are prohibited from entering into contracts in excess of \$25,000 without prior approval from OEL when the contract is with coalition employees, coalition governing board members, or relatives of either group.
- Such contracts (in excess of \$25,000) are required to be presented to the coalition governing board for a vote.
 - A valid vote of approval requires a two-thirds vote by the governing board.
 - The impacted individual must complete the necessary conflict of interest disclosure forms.
 - Any governing board member(s) benefitting from the contract(s) must disclose in advance the conflict of interest and must abstain from the vote process.
- The Coalition is allowed to enter into contracts below \$25,000 without prior approval from OEL when the contract is with coalition employees, coalition governing board members, or relatives of either group.
- Such contracts (below \$25,000) are required to be presented to the coalition governing board for a vote.
 - A valid vote of approval requires a two-thirds vote by the governing board.
 - Impacted individual must complete the necessary conflict of interest disclosure forms.
 - Any governing board member(s) benefitting from the contract(s) must disclose in advance the conflict of interest and must abstain from the vote process.
- Such contracts (below \$25,000) are required to be reported to OEL within 30 days after approval by the coalition governing board is obtained.

2. Requirements for bid and competitive proposals [45 CFR Part 75.329]

Procurement files include all of the following items:

- Public notice
- Copy of RFP
 - Technical Requirements
 - Statement of Work
 - Cost Requirements
 - Evaluation Criteria
- Proposals Submitted

- Evaluation of Proposals
- Board Approval of Contracts (as applicable)
- Contract Negotiations (*if different than proposed price*)
- Award of contract to lowest bidder who met the technical requirements/specifications

3. Requirements for small purchases [45 CFR Part 92.36(f); 45 CFR Part 75.439(b)(2); 45 CFR Part 75.302(b)(3)]

Verify files include all of the following items.

- Prior approval for equipment purchases in excess of the lesser of (1) \$5,000 or (2) the entity's approved capitalization threshold
- Documentation of small purchase transactions by one or more of the following items.
 - a. Sales receipt
 - b. Current catalogs
 - c. Formal quote
- Files indicate the entity obtained price or rate quotations from an adequate number of qualified sources.
 - a. Review documentation of written or telephone quotes
 - b. Determine if documentation is adequate and the number of quotes obtained is sufficient in accordance with entity policies and procedures

Micro-purchase transactions* (**up to \$2,500.00 for OEL transactions*)

- Should comply with good purchasing practices per state purchasing guidance.

4. Requirements for professional services [2 CFR part 200.459]

To help determine allowability of these costs the Coalition files will document -

- The nature and scope of the service rendered in relation to the service required;
- The need to contract for the service, considering the Entity's capability in the particular area;
- The past pattern of such costs, particularly in the years prior to Federal awards;
- The impact of Federal awards on the non-Federal entity's business (*i.e.*, what new problems have arisen), if applicable;
- Whether the decision is business-based and not made just because grant monies are available to fund the cost (instead of other Entity revenues);
- If the service can be performed more economically by direct employment rather than contracting;
- The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities; and
- Adequacy of the contractual agreement for the service (*e.g.*, description of the service, estimate of time required, rate of compensation, and termination provisions).
- In addition, retainer fees must be supported by evidence of bona fide services available or rendered.

Contractor Files and Required Documentation

The Accounting Department shall create a contractor folder for each new contractor from whom Coalition purchases goods or services.

The purchaser shall mail or email a blank Form W-9 to new contractor and request that the contractor complete and sign the W-9 (or provide equivalent, substitute information) and return it by mail or email. Completed, signed Forms W-9 or substitute documentation shall be filed in each contractor's folder. The purchaser will also fill out the new vendor request form which includes evidence that a search for debarment or suspension status was completed and when available a voided check from the contractor to ensure accurate set-up of electronic payments

Procurement Grievance Procedures

Any bidder may file a grievance with Coalition following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the organization's appeal procedures must be made available to all prospective contractors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance. Grievances are limited to violations of federal laws or regulations, or failure of the Organization to follow its own procurement policies.

Receipt and Acceptance of Goods

A designated individual shall inspect all goods received. Upon receipt of any item from a contractor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.
8. Count or weigh items, if appropriate, and record the counts on the purchase order.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with contractors.

Contract Administration

Coalition is required to have policies and procedures on contract administration (*2 CFR Part 200.318(b); [45 CFR § 75.327(a); 45 CFR § 75.329; and 45 CFR § 92.36 and s. 287.057(15), F.S.]*). *The Coalition complies with its Contract Management Manual*. For each agreement funded by federal or state financial assistance, Coalition will designate an employee to function as a contract/grant manager. The contract/grant manager shall be responsible for enforcing performance of the agreement's terms and conditions and shall serve as a liaison with the recipient or subrecipient. Therefore, all contract managers will adhere to the following procedures:

1. Contract administration files shall be maintained:
 - a. For each contract a separate file shall be maintained in the Coalition Contract files maintained by the Contract Specialist/CFO's Administrative Assistant. These files will be accessible to the Senior Management team as well as the contract manager. The Contract Specialist/CFO's Administrative Assistant will be responsible for maintaining the documentation given to her by the CFO and/or contract manager.
 - b. The contract manager for each contract will be assigned by the department manager.
 - c. All contracts will be signed by the CEO or his/her designee.
 - d. An executed copy of every contract and all amendments will be given to the Contract Specialist/CFO's Administrative Assistant to file in the Coalition contracts files.
 - e. A contract file will consist of the following items:
 - f. A copy of the contract and supporting documentation including bids, price comparisons, vendor forms, lease purchase analysis, will be submitted to the Accounts Payable department to keep in the contractor (vendor) file.

2. Contract administration files shall contain:
 - a. The required documentation specified in the authorizations and purchasing limits table for the original scope of work and for all amendments.
 - b. A contract file will consist of the following items:
 1. Original executed (signed) contract/grant
 2. Contractor name
 3. Contract amount
 4. Subcontracts, memorandums of agreement, if applicable
 5. Amendments
 6. Bids and/or price comparisons,
 7. Vendor approval forms
 8. Lease purchase analysis
 9. Notice of Federal Interest
 10. Renewals
 11. Bonds
 12. Insurance

13. Funding source(s)
 14. Contract relationship [Ch. 69I-5.006, FAC and 45 CFR Part 75.351]
 15. Provider's justification of need for advance, if applicable
 16. Scoped reporting requirements (evaluation reports, performance measures, etc.)
- c. Where the contract work is identified in the grant award or budget, the identification and scope of the work contained in the award or budget, and all approved changes.
3. Authorization of work:
 - a. No work shall be authorized until the contract for the work has been approved and fully executed.
 - b. No change in the work shall be authorized until an amendment to the contract for the work has been approved and fully executed, except as permitted for Special Purchasing Conditions.
 - c. No amendment of a contract for work shall be executed until it has been approved and authorized as required in the Authorizations and Purchasing Limits table and, where required by the terms of the grant award or budget, approval by the funding source.
 4. Conformance of work:
 - a. For each grant award, based on the applicable laws, regulations and grant provisions, the Contract Manager shall establish and maintain a system to reasonably assure contractor:
 - i. Conformance with the terms, conditions, and specifications of the contract, and
 - ii. Timely follow-up of all purchases to assure such conformance and adequate documentation.
 5. Day-to-day management documents [*s. 287.057(15), F.S. ; DFS FCCM Manual; OA-1, FAC; 45 CFR Part 75.327(a); 45 CFR Part 75.329*]
 - A. Performance documentation
 - B. Correspondence
 - C. Payment documentation
 - D. Deliverables
 - E. Subcontractor approvals
 - F. Status of reporting requirements
 - G. Contract monitoring
 - 1) SR/VPK provider contracts – *see separate sections of SR Plan for more information, not addressed here*
 - 2) Vendors/contractors
 - 3) Subrecipients
 6. Formal monitoring process [*CFOM No. 06 (2011-12), Contract Monitoring and Documenting Contract Performance*]
 - A. Risk Assessment

- B. Monitoring Plan
- C. Monitoring Procedures and Criteria
- D. Evidence to support conclusions reached during its monitoring process
- E. Corrective Action Plan (if required)
- F. Follow-up on Corrective Action (if required)

7. Other related contracts administration activities

- A. Subrecipient contracts and subawards
- B. Risk assessments – planning and monitoring phases
- C. Additional disclosures and special conditions
- D. Contracts Closeout
- E. Problems with Vendor/Contractor Performance
- F. Contract Termination
- G. Prior approval documentation requirements
- H. Conflict of Interest disclosures (if applicable)
 - a. Coalition governing board members
 - b. Coalition employees
 - c. Relative(s) of either group as defined in statute
 - d. Organizational conflicts

8. The Department Director and/or designee will authorize payment of invoices to contracts after final approval of work products.

Prior Approval

The applicable 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards must be followed when determining the cost items and administrative requirements that require prior approval. To streamline the approval process, OEL has provided a guidance that the Coalition will follow as procedure (see the most current version of the OEL Final Guidance on Prior Approval Procedures for Selected Costs and Administrative Requirements).

- An annual approval form for as many of the specified cost items as possible;
- A prior approval request form for other individual approval requests to be handled on a case by case basis;
- Instructions for electronically submitting the above referenced forms to OEL staff for review and approval;
- The timeline for OEL staff to review requests; and
- The process for OEL to notify Coalition via email of final decisions.

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:

1. Vendors/contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the vendors/contractors.
2. Vendors/contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination 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.

Procurement Procedures and Thresholds – See Coalition Procurement Policy and Procedure for more details.

Purchasing Authorization Levels

All completed Purchase Order Forms must be signed by the preparer. The PRs are approved by both the CEO and CFO.

Purchases cannot be split into individual amounts to avoid an expenditure limit.

Required Solicitation of Quotations from Vendors

Purchase decisions in excess of \$5,000 for capital purchases (fixed assets) shall be made only after receiving, when possible, written quotations from at least two vendors.

Purchase decisions equal to or greater than \$35,000 for commodities or services shall be made through a formal competitive proposal procedure in accordance with State policies and procedures.

Purchase or Lease Decision

For equipment with a purchase price of over \$5,000, a cost effectiveness analysis must be performed and documented by the CFO, to ascertain which option is most cost effective for the Coalition, and therefore the best use of award funds. This analysis will be made available to the CEO to assist with the final lease/buy decision.

Vendor Files and Required Documentation

The Accounting Department shall create a vendor folder for each new 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 purchasing staff shall mail a blank Form W-9 to the 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 comply with this request 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.

Receipt and Acceptance of Goods

The Procurement staff places all orders and inspects all goods received. Upon receipt of any item from a vendor, the following actions shall immediately be taken:

1. Review bill of lading for correct delivery point
2. Verify the quantity of boxes/containers with the bill of lading
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.)
4. Initial and date the bill of lading
5. Remove the packing slip from each box/container
6. Compare the description and quantity of goods per the approved order request to the packing slip
7. Examine goods for physical damage
8. Count or weigh items, if appropriate, and record the counts on the approved order request.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with vendors.

3.2 POLITICAL INTERVENTION

Prohibited Expenditures

Consistent with its tax-exempt status under Section 501(c) (3) of the Internal Revenue Code, the Coalition shall not incur any expenditure for political intervention.

For purposes of this policy, political intervention shall be defined as any activity associated with the direct or indirect support or opposition of a candidate for elective public office at the Federal, state or local level.

Examples of prohibited political expenditures include, but are not limited to, the following:

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

Endorsements of Candidates

The 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 the Coalition, when these individuals are acting on behalf of, or are otherwise representing, the Coalition.

Prohibited Use of the 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 the Coalition assets or human resources in support of political activities that are engaged in personally by board members, 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 the Coalition), these individuals must at all times be aware that the Coalition resources cannot at any time be utilized in support of political activities.

3.3 LOBBYING

Introduction

Unlike political intervention, described in the preceding section, expenditures by a section 501(c) (3) public charity for lobbying activities are allowable under the Internal Revenue Code. However, **no** lobbying expenditures may be charged directly or indirectly to any Federal award (i.e., the charity must have a non-Federal source of income to which such lobbying costs can be cited as the source of the activity).

Definition of Lobbying Activities

Lobbying activities conducted by the Coalition may be either direct or indirect. Direct lobbying activities consist of attempts to influence legislation through communication with any member or employee of a legislative body (Federal, state, or local levels) or, if the principal purpose of the communication is lobbying, with any government official or employee who may participate in the formulation of the legislation. Direct lobbying occurs when employees of the Coalition or paid lobbyists communicate directly in attempts to influence legislation. Lobbying is distinguishable from advocacy activities, which involve efforts to advocate certain positions which may have legislative implications, as long as a nonpartisan analysis of the relevant facts is performed.

Lobbying occurs only when there is a specific piece of legislation or legislative proposal pending that the Coalition is attempting to influence. Therefore, lobbying is considered to have taken place only if both of the following elements are present:

1. The communication refers to specific legislation (legislation that has been introduced or a specific legislative proposal that the Coalition supports or opposes), and
2. The communication reflects a view on the legislation (supporting or opposing it).

Indirect lobbying involves communications with the general public (rather than directly with legislators, etc.) where the communication includes the same two preceding characteristics, plus it encourages the recipient of the communication to take action with respect to the specific legislation (by contacting legislators, etc.).

Segregation of Lobbying Expenditures

Lobbying expenditures are allowable for charities under the Internal Revenue Code. However, lobbying may not represent a substantial portion of the Coalition's overall activities. The Coalition's tax exemption would be at risk if lobbying becomes a substantial portion of the Coalition's activities.

Lobbying Election

As a public charity, the Coalition has two options with respect to the Internal Revenue Code's restriction against lobbying being a "substantial" portion of its activities. One option is to make a formal lobbying election, which results in the Coalition following a specific mathematical formula to determine its

lobbying limitations. Exceeding the limitation would result in an excise tax assessed to the Coalition. Exceeding the limitation by 50-percent or more over a four-year period would result in loss of the Coalition's overall tax exemption. The other option is to not make the election, resulting in an entirely judgmental assessment of its lobbying activities by the IRS. If it is deemed by the IRS to have engaged in substantial lobbying for any period, the Coalition would lose its overall tax exemption under this option.

If the Coalition incurs lobbying expense, it will make the Internal Revenue Code section 501(h) lobbying election by filing Form 5768, and leave that election in place. As a result, the Coalition shall report its lobbying expenditures by completing the section for "Electing Charities" on Schedule A that accompanies its annual Form 990 information return filed with IRS.

3.4 CHARGING OF COSTS TO FEDERAL AWARDS

Overview

The Coalition charges costs that are reasonable, allowable, and allocable to a Federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

Segregating Unallowable from Allowable Costs

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

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel shall be familiar with the allowability of costs provisions of 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards particularly:
 - a. The list of specifically unallowable costs found in the Coalition cost allocation plan (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with the most current version of OEL Final Guidance on Prior Approval Procedures for Selected Costs and Administrative Requirements, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
4. For each Federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

Criteria for Allowability

All costs must meet the following criteria from A-122, in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Coalition or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with prudence in the circumstances;
 - d. Consistency with established policies and procedures of the Coalition, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a Federal award;
 - b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the Coalition, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards or the Federal award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of the Coalition.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.
8. The cost must be adequately documented.

Written Procedures for Allowability of Costs - Required Contents [2 CFR Part 200.302(7)]

1. Procedures or disclosures for prohibited costs – see current OEL Grant Agreement and Fiscal Guidance regarding allowable and unallowable costs.
2. Procedures to evaluate allowability of costs – **a disclosure requirement.**

The Coalition applies the following questions to each transaction and documents the results.

Phase I Analysis – General considerations for allowable costs

- G. Consider requirements from federal regulations and program requirements
 - 1. Is the proposed cost allowable based on instructions from uniform grant guidance?
 - 2. Is the proposed cost consistent with the federal cost principles?
- H. Consider requirements from the federal awarding agency
 - 6. Is the proposed cost allowable based on agency-specific regulations?
 - 7. Is the proposed cost allowable based on the related terms/conditions that govern the agency's award to / agreement with OEL?
 - 8. Is the proposed cost consistent with the grant project performance measures or benchmarks?
- I. Consider requirements from applicable state guidance
 - 9. Is the proposed cost consistent with authorized grant program activities as described in the USDHHS-approved CCDF State plan?
 - 10. Is the proposed cost allowed by state expenditures guidance from state statutes, rules, regulations or guidance from DFS/DMS?
 - 11. Does the proposed cost comply with related grant program terms/conditions issued by OEL for grant awards, contracts, purchase orders and other expenditure agreements?
- J. Consider the period of performance
 - 10. Is the proposed cost for the allowed period of availability as defined for the funding program?
- K. Consider other oversight instructions
 - 11. If federal or state-level prior approval is required for the proposed cost, was this process followed?

Phase II Analysis – Specific factors affecting allowable costs

Several additional factors should be considered and documented by staff for cost transactions. The answer for each question listed here must be “yes” in order for staff to continue with the transaction.

- L. The proposed cost(s) is/are -
 - 12. Necessary
 - 13. Reasonable
 - 14. Allocable
 - 15. In conformance with federal law and grant terms and conditions
 - 16. Consistent with state and local policies
 - 17. Consistently treated
 - 18. In accordance with generally accepted accounting principles (GAAP) and other standards. Each non-federal entity that receives federal/state grant program funds must use accounting rules and procedures established by authoritative bodies or conventions that have evolved through custom and common usage.
 - 19. Not used as match on another federal award
 - 20. Net of applicable credits (2 CFR §200.406)
 - 21. Adequately documented

Priority of compliance with federal guidance. If instances of inconsistency are noted between USDHHS program guidance (i.e., 2 CFR §300 and 45 CFR Parts 98 and 99) and the OMB uniform guidance (i.e., 2 CFR §200), the program-specific guidance instructions from USDHHS will govern and will supersede the standard instructions from 2 CFR §200 all circumstances.

Priority of compliance with state guidance. Please note State of Florida's program-specific instructions from state statutes, rules, regulations or guidance from the Department of Management Services (DMS) or the Department of Financial Services (DFS) also apply to and govern Florida's early learning programs. If instances of inconsistency are noted between federal level program guidance and the state's guidance on expenditures, the state guidance from DFS and DMS will govern.

Direct Costs

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

Time sheets or personnel activity reports 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. See the Payroll section of this manual for detailed procedures.

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).

Indirect and Joint Costs

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant or program. Joint costs benefit more than one, but not necessarily all, awards. Indirect costs, but not joint costs, may be allocated to benefiting grants through the use of an indirect cost rate.

Examples of indirect costs are:

- The Accounting Department
- The Human Resources Department
- The Board of Directors

Examples of joint costs are:

- Shared space
- Telephone
- Internet

Per Federal guidelines, each grant will be charged its fair share of costs. Any costs not reimbursed by a particular funding source will be charged to corporate or other funds that may cover indirect or joint costs after the allocation process is complete.

Direct and indirect costs are reviewed monthly by the Finance Manager to ascertain the allowability of the items charged to the grants.

Cost Pools – See Cost Allocation Plan

Accounting for Specific Elements of Cost – See Cost Allocation Plan

3.5 ACCOUNTS PAYABLE MANAGEMENT

Overview

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. The following are general policies for accounts payable:

- Assets or expenses and the related liability are recorded by an individual who is not responsible for 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 order document where necessary, and should be reviewed by the Finance Specialist prior to being processed for payment.
- Invoices and related general ledger account distribution codes are reviewed prior to posting to the subsidiary system.

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

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

Regulations Regarding Invoices

ALL applicable Coalition policies and procedures will comply with the following federal/state laws, regulations, statutes and rules:

- Chapter 60A – General Regulations
- Section 215.422, F.S. – Payments, warrants and invoices; processing time limits; dispute resolution; agency or judicial branch compliance
- Section 287.058, F.S. – Contract document
- Rule 60A-1.002, FAC – Purchase of commodities or contract services
- Chapter 69I – Division of Auditing and Accounting
- Compliance with Rule 69I-24, F.A.C. – Payment of Vouchers by State Warrant
- Compliance with Rule 69I-40, F.A.C. – Bureau of Auditing invoice requirements
- DFS Reference Guide for State Expenditures
 - CFO Memo No. 01 (2012-13), Contract Summary Form
 - CFO Memo No. 02 (2012-13), Contract and Grant Reviews and Related Payment Processing Requirements
 - CFO Memo No. 03 (2014-15), Compliance Requirements for Agreements
 - CFO Memo No. 06 (2011-12), Contract Monitoring and Documenting Contractor Performance
 - PUR 1000 and 1001
- OEL Program Guidance PG 250.01, Other Cost Accumulator (OCA) Working Definitions
- OEL annual grant agreement Exhibit I for specified prohibited costs
- 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Regulations Regarding Disbursement Control Systems

- 60A-1.016 F.A.C., Contract and Purchase Order Requirements.
- DFS Reference Guide for State Expenditures
- DFS State Travel Manual
- CFO Memo No. 06 (2016-17), *Guidance for Travel restrictions imposed by Ch. 2016-62, FL Law*
- CFO Memo No. 02 (2014-15), *State of Florida Purchasing Card Program Convenience Fees/Surcharges*
- OEL annual grant agreement Exhibit I for specified prohibited costs
- 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - 2 CFR 200.302, *Financial management systems*
 - 2 CFR 200.302(7), *Financial management systems – allowability of costs*
 - 2 CFR 200.303, *Internal controls*
 - 2 CFR 200, Subpart E – *Cost Principles*
- OEL Program Guidance files
 - Program Guidance 440.10 – Office of Early Learning Match Reporting Guidance
 - Program Guidance 240.01 – Cash Management Procedures
 - Program Guidance 240.04 – School Readiness Funds Management
 - Program Guidance 240.05 – Guidance on Prior Approval Procedures
 - Program Guidance 240.06 – Reimbursement Request Requirements for ELCs
 - Program Guidance 250.01 – Other Cost Accumulators (OCAs) Guidance.

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 weekly basis. Information is entered into the accounting system with approved invoices with appropriate documentation attached.

Only original invoices will be processed for payment unless duplicated copies have been verified as unpaid by researching the vendor records. All duplicated copies of vendor invoices should be stamped as “Certified Original” prior to processing. No vendor statements shall be processed for payment.

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 5th of the following month shall be recorded as accounts payable as of the end of the immediately preceding month if the invoice pertains to goods or services delivered by month-end.

Establishment of Control Devices

The AP Staff establishes control of invoices as soon as they are received. Vendors will be instructed to mail all invoices directly to the Coalition’s office or email them to the accounts payable inbox.

Invoices are entered into the Invoice Log. Once any and all required backup has been attached to the invoice(s), the AP staff completes a Check Request and submits for processing.

The Invoice Log is to be maintained and reviewed weekly by the accounting staff to determine which, if any, invoices have not been paid.

Invoice Processing

The Coalition's policies will ensure appropriate and adequate invoice processing.

A. Invoice processing policy disclosures [69I-40.002(3), F.A.C.]

1. Contractual service invoices submitted by a vendor/contractor/service provider for payment processing must clearly identify, at a minimum,
 - a. The dates of services, a description of the specific contract deliverables provided during the invoice period and the quantity provided, and the payment amount specified in the agreement for the completion of the deliverable(s) provided.
2. Cost reimbursement invoices must reflect the expenditures incurred by expenditure category.
3. Required information may be submitted on the invoice or in a report format along with any other information required by the terms of the agreement.
4. Written certification, from the contract/grant manager, that services were performed in accordance with the contract terms must be obtained and kept in entity files. [s. 287.057(14), F.S.]

B. Invoice processing controls [69I-24.003, F.A.C.; CFOM No. 06 (2011-12)]

1. The Coalition will receive deliverables and provide written certification of such before payments are made.
 - a. Approval and inspection of goods or services shall take no longer than 5 working days unless the bid specifications, order document or contract specifies otherwise. [s. 215.422(1), F.S.]
 - b. Terms conditions must be specified and must accompany the request for payment to evidence delivery of goods/services.
 - c. Coalition must ensure that deliverables were received on time and as intended (i.e., met performance measures) before release of payment is approved/processed.
 - 1) May use a Contract Summary Form
 - 2) May use a written certification from the assigned contract manager on the invoice
 - 3) May use a Deliverable Tracker – track deliverables schedule
 - 4) May use a Deliverable Acceptance form to help document
2. The Coalition will ensure invoices have adequate documentation and are processed on a timely basis.
 - a. Documents for goods/services received are date stamped.
 - b. Review invoice for accuracy and completeness of the following details. [69I-40.002, (3), F.A.C.]
 - 1) Description of the item(s).
 - 2) Number of units.
 - 3) Cost per unit.
 - 4) Service dates coincide with invoice period.

- 5) Minimum level of services has been provided.
 - 6) Amount invoiced coincides with the terms/conditions.
 - c. Verify any required supporting documentation has been submitted.
 - d. Review documentation to gain reasonable assurance that commodities/contractual services have been satisfactorily provided within the terms of the contract/agreement.
 - e. Complete any additional processes required by Coalition policy.
 - f. Certify the entity's receipt of goods/services.
 - g. Invoices shall be paid according to state rules for Prompt Payment Compliance.
 - 1) Section 215.422(3)(b), F.S., requires interest to be paid to the vendor if payment is not issued within 40 days after receipt of the invoice and receipt, inspection, and approval of the goods and services.
 - 2) DFS does not require agencies to pay interest penalty invoices of less than \$1.00 unless the vendor asserts his right to the interest penalty payment either orally or in writing.
3. Enforce terms and conditions [s. 287.057(14)(b), F.S.; DFS-related contract manager guidance]
- a. Coalition staff assigned contract/grant management duties are required to work with the contractor/vendor to ensure that goods/services are received as intended and contract/agreement terms are enforced.
 - b. Use performance bonds when appropriate.
 - c. Verify financial consequences are addressed.
 - d. Verify terms for liquidated damages are included (when applicable) to compensate the entity for any losses realized.
4. For disputes about receipt of goods/services [s. 215.422(8), F.S., Payments...disputes]
- a. Coalition will have written procedures and instructions for staff.
 - 1) Invoice may be prorated, reduced or withheld according to the financial consequences established in contract/agreement.
 - 2) Partial or prorated payments must be made based on the deliverables that can be validated and supported by adequate documentation.
 - b. If no financial consequences are included in contract/agreement OR documentation can't be provided, the payment should be withheld until the issue is resolved or a settlement is reached.
 - c. Inform staff of settlement agreement process.
 - 1) Used when the amount owed to a provider/contractor is in dispute.
 - 2) A lengthy, cumbersome and potentially expensive process the Coalition will not be able to complete alone; legal counsel will be required.
 - 3) Required for many situations including
 - a) To settle a lawsuit, damages or legal fees;
 - b) Absence of an executed agreement;
 - c) Agreement was executed after services were rendered;
 - d) Additional services not included in the agreement were provided;
 - e) Services were rendered after the agreement expired.

Check Requisitions/Voucher Packages

The properly completed Check Requisition/Voucher Package shall contain the following information.

1. Policy disclosures
 - a. Contractor name, address, point of contact and phone number
 - b. Source of funding
 - c. Solicitation number (if applicable)
 - d. Statements regarding the quantity, description, and price of goods or services ordered
 - e. Applicable payment terms and discounts
 - f. Date of performance, transportation/delivery
 - g. Liquidated damages
 - h. Catalog number, page number, etc. (if applicable)
 - i. Net price per unit, less any discount(s)
 - j. Total amount of order
 - k. Authorized signature
 - l. Date order document was prepared
 - m. Additional disclosures may also apply for higher dollar purchases
 - 1) Payment audit (records of costs will be available upon request)
 - 2) Payment made after written “agency” acceptance
 - 3) Payment timeframe – timely payments will be made
 - 4) Funding availability/annual appropriation
 - 5) No lobbying
 - 6) Public access/public records
 - 7) Conduct of business – federal/state laws govern
 - 8) Conflict of interest/related party activities
 - 9) Confidentiality and safeguarding information
 - 10) Termination for cause – required for purchases in excess of \$10,000^
 - 11) Remedies – required for purchases in excess of \$35,000^
 - 12) Required disclosure element per state purchasing statutes or rules (see 60A-1.016, F.A.C.).
 - 13) Required disclosures element per federal grant program rules (see 2 CFR Part 200 Appendix II).

2. Control processes required for Coalition check requisitions/voucher packages (see 60A-1.016, F.A.C.)
 - a. Secure all unused check requisitions/voucher packages in a safe place and restrict access to these documents.
 - b. Maintain a file and accounting system for all consecutive check requisitions/voucher packages issued or voided.
 - c. Maintain a records of persons authorized to issue and sign each type of check requisition/voucher package.
 - d. Monitor and review processes for the use of check requisitions/voucher packages and field check requisitions/voucher packages (those issued by an agency/office that is separate from the agency purchasing office (i.e., satellite offices).Rationale for method of procurement.

Preparation of a Voucher Package for Payment

Prior to any accounts payable being submitted to the CFO for approval of payment, a package called a “voucher package” shall be assembled by the AP staff. Each voucher package shall contain the following documents:

1. Vendor invoice (or employee expense report)
2. Packing slip (where appropriate)
3. Receiving report (or other indication of receipt of merchandise and authorization of acceptance)
4. Approved order document as required by procurement policies
5. Any other supporting documentation deemed appropriate
6. Check request

Processing of Voucher Packages for Payment

The following procedures shall be applied to each voucher package:

1. Check the mathematical accuracy of the vendor invoice.
2. Ensure that no sales tax charged are included in the calculation for payment.
3. Compare the nature, quantity and prices of all items ordered per the vendor invoice to the approved order document, packing slip and receiving documentation.
4. Document the general ledger distribution, using the Coalition's current chart of accounts.

Approvals

Approval by the Coalition staff indicates the acknowledgement of satisfactory receipt of the goods or services invoiced.

Approval by the Procurement staff indicates the agreement with all terms appearing on the vendor invoice and agreement to pay vendor in full. Approvals shall be documented with initials or signature of the CFO.

Payment Discounts

To the extent practical, the Coalition takes advantage of all prompt payment discounts offered by vendors. When such discounts are available, and all required documentation in support of payment is available, payments will be scheduled so as to take full advantage of the discounts.

Employee Expense Reports

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed expense reimbursement form. All required 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. Expenses older than two months will not be reimbursed.

The CFO will periodically check expense reports against timesheets to ensure agreement of dates and activities.

Reconciliation of A/P Subsidiary Ledger to General Ledger

At the end of each monthly accounting period, the total amount due to vendors per the accounts payable subsidiary ledger shall be reconciled to the total per the accounts payable general ledger account (control account). All differences are investigated and adjustments are made as necessary. The reconciliation and the results of the investigation of differences are reviewed by the accountant and approved by the CFO.

Also on a monthly basis, the CFO shall perform the following procedures:

1. Check all statements received for unprocessed invoices.
2. Check the approved order document file for open orders more than 60 days old and follow up.

Management of Accounts Payable Vendor Master File

Upon the receipt of an invoice from a new vendor that is not already in the Coalition's vendor master file, the Accounting staff shall mail (or email) a Form W-9 and a request for completion of the Form W-9, including the vendor's full address and Federal employer identification number.

The vendor file data will include the following data:

1. Vendor's legal name and any DBA name(s)
2. Street address (payments may be mailed to a P.O. Box, but a street address must be in the file)
3. Federal employer identification number
4. Telephone number
5. Fax number
6. Contact name

Payments shall not be made to any vendor whose file does not comply with the preceding requirements.

On an annual basis, vendors that have not been utilized over the preceding 24-month period shall be purged (or made inactive) from the master vendor file. In addition, on an annual basis an internal audit shall be performed of the master vendor file and of payment histories made to each vendor. This analysis, to be performed by the accounting staff shall consist of the following procedures, at a minimum:

1. Cross-checking of vendors with matching street or P.O. Box addresses
2. Review of payment histories for signs of repeat invoice numbers or other indications of duplicate payments

Any unexplained deviations or irregularities noted in connection with the preceding internal audit procedures shall be reported to the CFO.

Verification of New Vendors

The AP staff will perform additional procedures to validate the legitimacy of new vendors that shall be paid one-time or cumulative payments in excess of \$10,000. *For such vendors, the purchasing staff shall perform a limited public records search and shall contact the vendor to validate the vendor's existence.*

3.6 TRAVEL AND BUSINESS EXPENSES

Travel Regulations and Guidance

2 CFR Part 200.302, Financial management systems; 200.303, Internal controls; DFS Reference Guide, DFS State Travel Manual; s. 112.061, F.S. Per diem and travel expenses of public officers, employees, and authorized persons; CFO Memo No. 06 (2016-17); DOE Travel Policy effective December 1, 2016, and Coalition Travel Policy available in the Finance office.

1. Policy disclosures
 - Travel expenses will be documented and reimbursed based on applicable state travel rules (includes DFS Reference Guide, DOE Travel Policy, and OEL guidance).
 - Management has process in place to ensure proper authorization, review, approval, and guidelines to submit adequate supporting records. Includes blanket travel authorizations (if used), requirement to use state-issued travel authorization, travel advances and travel reimbursement forms that include all required signatures/statements from the traveler, requirement to use most economical and efficient method for each travel event.
 - Management has a process to ensure reimbursements do not exceed allowable amounts. Includes detail for allowable mileage reimbursement amounts, meal rates from statutes, travel per diem calculations, and recent travel restrictions to limit allowable daily room rates to \$150 per day per traveler. Also includes processes to ensure only reasonable and necessary business-related costs are incurred.
 - An independent review and approval process is in place for costs incurred by members of the management team.
 - Management has a process to document instances misuse by staff and issue notice of personnel actions taken/required (if applicable).

Travel Approval

In State:

- All travel expenses (local and overnight), must be pre-approved by the CEO/CFO (for Coalition employees), and by the Coalition Board of Directors or the CFO (for the CEO and/or Board members).
- The pre-approval for routine travel expenses can be processed using a 'blanket' approval for the entire fiscal year (to include an estimated dollar amount) or on an individual basis.

Out of State:

- All out of state travel (for ALL Coalition employees and ALL board members) must be pre-approved by the CEO or designee.

Reasonableness of Travel Costs

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

1. Suites and other upgraded rooms at hotels shall not be allowed. Travelers should stay in standard rooms.
2. Ask hotels for any available discounts – nonprofit, government or corporate rates.
3. When utilizing rental cars, travelers should rent midsize or smaller vehicles. Share rental cars whenever possible.
4. 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.
5. 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.
6. 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.
7. Foreign travel charged to Federal grants must be approved in writing by the funding source prior to travel.

The Early Learning Coalition of Pinellas County strongly encourages employees to use direct deposit. The direct deposit forms are available from the Human Resources.

3.7 CASH DISBURSEMENT (CHECK-WRITING) POLICIES

The Coalition's disbursement policies and procedures will use fiscal control and fund accounting procedures that will confirm proper disbursement of, and accounting for, federal and state funds paid to the Coalition for early learning programs as required by the Grant Agreement between OEL and early learning coalitions and as required by 45 CFR Part 75.302 "Financial Management and Standards for Financial Management Systems".

Check Preparation

The Coalition prints vendor checks and expense reimbursement checks on a weekly basis. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

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

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

Check Signing

It is the policy of the Coalition that checks less than \$10,000 will be signed by the CEO. However, checks \$10,000 or greater (other than a check for the lease) requires dual signatures and must be signed by both the CEO and a Board officer.

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

payment packet (invoice, PO if applicable, cost allocation breakdown as needed and signed check) will be reviewed for accuracy and completeness regarding all required authorizations, by the CFO.

Mailing of Checks

After signature, checks and supporting documentation are returned to the accounting staff who attaches a copy of the signed check to the package and mails checks immediately. Checks shall not be mailed by individuals who authorize expenditures.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly cutting the signature area out of the check, and 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 the CFO or authorized signer with this authority. A journal entry is made to record the stop payment and any related bank fees.

Recordkeeping Associated with Independent Contractors

The Coalition shall obtain a completed Form W-9 or equivalent substitute documentation from all vendors to whom payments are made and who are eligible for a form 1099. 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.

Check Holding

The Coalition will not hold payroll checks under any circumstances, and will only hold vendor checks under extreme circumstances (such as at year end during advance funding changeover) and with CFO Approval. Checks are never to be held past the vendor's due date, or for a period of more than 15 business days, whichever is less. Held checks will be stored in a secure location.

3.8 CREDIT CARDS

Use of Credit Cards/Purchasing Cards [2 CFR Part 200.302, *Financial management systems*; 200.303, *Internal controls*]

The Coalition recognizes there will be occasions when employees need to use a corporate purchase/credit card for travel, employee reimbursements and other purchases. The processes listed here will be followed.

1. Credit card policy disclosures/processes:
 - a. Management has a process to issue purchase/credit cards and to periodically review names of users to ensure the cards are issued to appropriate staff members.
 - b. Management has a process to ensure card users receive notice of usage guidelines, to include; safeguarding of issued cards, card holder duties, tips to avoid identity theft, and prohibited purchases/activities. (See the Coalition’s “Corporate Credit Card Policy and Acknowledgement” form.)
 - c. Purchasing cards are not used to circumvent compliance with normal requisitioning transactions.
 - d. Staff prepares reconciliations and maintains adequate supporting records for disbursements and employee reimbursements made by credit card.
 - e. Management periodically reviews purchase activities and employee reimbursements made by credit cards to ensure these purchases are allowable and are not being split to stay below established spending thresholds.
 - f. An independent review and approval process is in place (delegation of authority items reviewed at board meetings) for purchases made by members of the management team.
 - g. Management has a process to document instances of card misuse by staff and issue notice of personnel actions taken/required (if applicable).
2. Credit card policy elements/staff instructions:
 - a. Coalition processes to safeguard purchase card/credit cards when not in use (See “Secure and Safe Custody of Corporate Credit Cards” below).
 - b. Unauthorized, unallowable, and personal transactions are prohibited for staff.
 - c. Authorized spending levels/delegation of authority are the same for credit card purchases as they are for all other purchases.
 - d. Due dates for supporting documentation (see “Cardholder Responsibilities” below.)
 - e. Supporting documentation requirements [source: *DFS Reference Guide for State Expenditures*]
 - 1) Original receipts supporting transactions are maintained and marked/de-faced once payment has been authorized/made.
 - 2) Receipts must clearly reflect a description of the goods or services acquired, number of units, and cost per unit. The combination of several documents to provide the description, number of units, and cost per unit may be used (i.e., quote sheets, packing slips, web page screen-prints, cash register receipts, charge slips). Numerical code descriptions alone are not acceptable.
 - (a) All receipts for commodities shall be signed and dated by the cardholder to indicate the receipt, inspection, and acceptance of the goods or services.
 - (b) Receipts for services require clear evidence that services were **satisfactorily** received.

- 3) Acronyms and non-standard abbreviations for programs or organizational units within an agency should not be used in the supporting documentation unless an explanation is also included.
 - f. Periodic reports to/reviews by management (see “Cardholder Responsibilities” below.)
 - g. Process/policy for personnel/disciplinary actions for misuse (if required). (See “Revocation of Corporate Credit Cards” below.)
3. Additional requirements for credit cards [DFS CFO Memo No. 02 (2014-15)]
 - a. State statute prohibits sellers and lessors from charging convenience fees and surcharges for the use of credit cards.
 - b. Such costs are unallowable, and should not be submitted for reimbursement.
 - c. Florida law also provides that any person who violates this provision is guilty of a second degree misdemeanor.
 - d. If this activity occurs additional vendor notifications may be required.

Issuance of Corporate Credit Cards

It is the policy of the Coalition to authorize the CEO and CFO to utilize the Corporate Credit Card to purchase commodities or services under \$5,000.00, on an as-needed basis. This would be due to timelines or other situations. The Corporate Credit Card will be paid in full each month upon completion of the voucher package for payment process.

Cardholder Responsibilities

Every month, each cardholder will be provided with a statement detailing the expenditures that were charged to his/her corporate credit card. The cardholder will review this statement within five days for any inadvertent personal or unauthorized uses of the card. Cardholders must reimburse the Coalition for any such inadvertent personal charges within the same five-day period.

Any fraudulent or other unauthorized charges shall be immediately pointed out to the CFO for further investigation with the credit card provider.

Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Coalition’s disciplinary actions discussed earlier in this manual.

The statement shall initially be forwarded to the designated staff person, accompanied by original supporting documentation for all charges. Documentation of meals, travel and valid business expenditures shall include all of the same elements as described in the earlier policy on “Travel and Business Expenses” (i.e., names of people involved, business purpose, etc.). Management staff other than the cardholder shall indicate their secondary review and approval of the cardholder’s statement by initialing the statement.

The Board of Directors has limited the amount that the CEO may purchase without approval. This amount is \$10,000.00. Purchases cannot be split into individual amounts to avoid the expenditure limit.

The Treasurer will also get a copy of the monthly billing statements for review.

Secure and Safe Custody of Corporate Credit Cards

Each employee who is issued a corporate credit card is solely responsible for the safekeeping and security of the credit card.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company as well as the CFO.

Revocation of Corporate Credit Cards

Failure to comply with any of these policies associated with the use of the Coalition's corporate credit cards shall be subject to possible revocation of credit card privileges. The Coalition board chair with the approval of full board of directors, shall determine whether credit cards are to be revoked.

Employee Credit Cards

Employees and officers incurring legitimate Coalition business expenses are expected to utilize their personal credit cards for such expenditures only in emergency situations, or for travel or hotel expenses where use of the Corporate Credit Card, or other means, is not feasible. The Coalition shall reimburse employees for properly supported and documented business expenditures charged to personal credit cards within five business days of the employee's credit card statement and proper completion of an expense report.

However, personal credit cards should not be used for large purchases or expensive items such as equipment, etc.

Any bonuses or rebates awarded to an employee through their personal credit card, belongs to the employee.

Travel advances may be requested in special circumstances. (See the policy on Travel and Business Entertainment for expense report preparation procedures.)

3.9 PAYROLL AND RELATED POLICIES

Classification of Workers as Independent Contractors or Employees

The Coalition considers all relevant facts and circumstances regarding the relationship between the 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:

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

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

1. Behavioral control:
 - a. Instructions given by the Coalition to the worker that indicate control over the worker (suggesting an employee relationship), such as:
 - (1) When and where to work
 - (2) What tools or equipment to use
 - (3) What workers to assist with the work
 - (4) Where to purchase supplies and services
 - (5) What work must be performed
 - (6) What order or sequence to follow
 - b. Training provided by the Coalition to the worker (i.e., employees typically are trained by their employer, whereas contractors typically provide their own training).
2. Financial control:
 - a. The extent to which the worker has unreimbursed business expenses (i.e., employees are more likely to be fully reimbursed for their expenses than is a contractor).
 - b. The extent of the worker's investment in the facilities/assets used in performing services for the Coalition (greater investment associated with contractors).
 - c. The extent to which the worker makes services available to the relevant market.
 - d. How the Coalition pays the worker (i.e., guaranteed regular wage for employees vs. flat fee paid to some contractors).
 - e. The extent to which the worker can realize a profit or loss.
3. Type of Relationship:
 - a. Written contracts describing the relationship that the Coalition and the individual intend to create.
 - b. Whether the Coalition provides the worker with employee-type benefits, such as insurance, paid leave, etc.
 - c. The permanency of the relationship.

- d. The extent to which services performed by the worker are a key aspect of the regular business of 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 Coalition personnel policies shall be obtained. The policies described in the remainder of this section shall apply to all workers classified as employees.

Wage Comparability Study

The Coalition will perform wage comparability regularly to ensure the salary and wage structure is similar to other the Coalitions of like size and employee base in our area.

Payroll Administration

The Coalition operates on a bi-weekly payroll and it is administered by an outside vendor.

A personnel file is established and maintained for all employees with current documentation, as described throughout this section and more fully described in the Coalition's Personnel Manual.

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

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

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

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Voter’s registration card
4. U.S. Military card

5. ID card issued by a Federal, state or local government, provided it contains a photo
6. School record or report card (for persons under age 18 only)

For employees without a Social Security card, acceptable alternative documents shall include:

1. U.S. Passport
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561)
3. Original or certified copy of a birth certificate issued by a state, county or municipal authority
4. Certificate of Birth Abroad issued by the Department of State (Form FS-545 or Form DS-1350)
5. U.S. Citizen ID Card (INS Form I-197)
6. Native American tribal document
7. ID Card for use of Resident Citizen in the United States (INS Form I-179)

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

If required by specific grants, the employee payroll file must also include a pre-employment background check.

Changes in Payroll Data

All of the following changes in payroll data are to be authorized in writing by the CEO or CFO and submitted to the payroll by the HR staff:

1. New hires
2. Terminations
3. Changes in salaries and pay rates
4. Voluntary payroll deductions
5. Changes in income tax withholding status
6. Court-ordered payroll deductions

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the CEO or CFO.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

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

Payroll Taxes

The HR staff is responsible for ensuring all required tax forms are properly completed and submitted. The CFO is responsible for ensuring all required taxes are withheld and paid. The Coalition utilizes the services of an outside payroll service center for the processing of payroll, as determined by the Board of

Directors. Annually, the Coalition will request a SAS70 Report of the outside payroll service center to review their internal controls.

It is up to each employee to notify the HR staff if a change needs to be made to their current W-4 on file. If a change is made, a new W-4 will be completed and signed. Withholding of Federal income taxes shall be based on the most current Form W-4 prepared by each employee.

Personnel Activity Reports (PAR's)

The Coalition follows the guidelines in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as requirements in specific grants. Therefore, salaries and wages charged to Federal grants will be supported as follows:

1. Charges will be based on documented payrolls approved by the CFO of the Coalition.
2. Every Coalition staff, whose compensation is charged, in whole or in part, directly or indirectly to Federal awards, will complete a Personnel Activity Report (PAR) that will account for the staff activity for the pay period. Specifically, all work activity must be coded to the correct OCA (Other Cost Accumulator) and the actual amount of time rounded to the nearest quarter hour. The OCA codes are used to document the different types of work activities completed for either the School Readiness grant or the Voluntary Prekindergarten grant that fund the Coalition. Upon hire or re-assignment, this process will be part of the new employee/position orientation and instruction.
3. The time sheets will reflect an after-the-fact determination of the actual activity of each employee. Budget estimates will not be used as support for charges to awards.
4. The time sheets must be signed by the individual employee and the manager who has first-hand knowledge of the activities performed by the employee.
5. A report will be prepared on the same basis as the pay periods (bi-weekly).
6. Charges for non-exempt employees will also be supported by records required by the Fair Labor Standards Act.
7. Salaries and wages of employees used in meeting cost sharing or matching (in-kind) are supported in the same manner as salaries and wages charged to Federal awards.

Preparation of Payroll

Each employee will be responsible for preparing and submitting a bi-weekly Personal Activity Report (PAR) to indicate hours worked, personal leave time, and/or holiday time. Each employee will forward a completed and signed PAR to his/her Manager for each payroll period.

Each Manager will sign to insure proper authorization and that appropriate forms have been completed for any personal leave time and submit all documentation to the HR Staff.

After preparation, the CFO shall review and approve timesheets certifying the accuracy of time records and OCA coding/utilization. The employee shall authorize corrections identified by CFO by initialing next to the change. Once approved, then it will be sent to the payroll company for processing.

From the completed PAR's, the HR staff will review for accuracy. Next, the HR staff prepares the "Payroll Summary Schedule of Hours Worked" for the CFO's approval. After review and approval, the CFO signs and dates the summary for payroll processing. Then the HR staff submits the payroll to the payroll service center.

The HR staff may not change or correct Personnel Activity Reports. When errors are noted, the HR staff will notify the employee for corrections and resubmittal.

Tampering with, altering, or falsifying time records, recording time on another employee's time record or willfully violating any other Personnel Activity Report policy or procedure may result in disciplinary action, up to and including discharge.

Review of Payroll

Upon production of payroll reports, from the payroll service center, the HR staff reviews payroll prior to its completion. The CFO shall sign the payroll register, indicating approval of the payroll.

Distribution of Payroll

The payroll checks are deposited electronically by the payroll company, which does not approve Personnel Activity Reports and is not responsible for hiring and firing.

Internal Audit of Payroll Data

The Coalition will conduct an annual internal audit of certain payroll data. The Coalition's CFO performs this internal audit. The purpose of this internal audit is to determine the integrity of the Coalition's payroll records. The internal audit shall include the following procedures:

1. Tracing a sample of salaries, withholdings, deductions, and direct deposit information to supporting documentation in each selected employee's payroll and/or personnel file.
2. Tracing a sample of new hires and departures to personnel files, including verification of first and last pay dates.
3. Cross-checking the payroll master files for employees with identical addresses, social security numbers, or direct deposit bank account information.

Any unexplained deviations found because of these internal audit procedures shall be reported to the chair of the Finance Committee.

Chapter 4

SPECIFIC ASSET ACCOUNTS

4.1 CASH AND CASH MANAGEMENT

Cash Accounts

General Checking Account (operating account):

The primary operating account provides for routine business check disbursements. All cash and credit card deposits are made to this account.

In addition, all advances of Federal funds shall be deposited in an interest-bearing account and interest earned shall be returned to the awarding agency in accordance with the grant agreement requirements.

Minimization of Time for Cash On Hand

The Coalition incorporates a minimization of time between the transfer of federal funds and pay out of funds for program purposes by complying with OEL established guideline which states any such transfer of funds must be within 30 days.

Authorized Signers

The following Coalition personnel are authorized to sign checks drawn on the general operating and wire transfer funds: Board of Directors Officers, CEO, and the CFO.

- Refer to the signature card

The CFO will promptly notify the Coalition's financial institutions of changes in authorized signatures upon the departure of any authorized signer.

Bank Reconciliations

Bank account statements are received electronically by the CFO each month. Upon receipt, the CFO does the initial review and forwards them to the Accounting staff who reviews its contents for unusual or unexplained items, such as unusual endorsements on checks, indications of alterations to checks, etc. This review must be performed in a timely manner so that reconciliation of the bank account is not delayed. Unusual or unexplained items shall be reported immediately to the Finance Committee.

The entire bank statement is then reconciled between the bank balance and general ledger balance. The bank reconciliation process will be completed within two weeks of receipt of each bank statement. If the Coalition's financial institution does not return original cancelled checks or paper copies thereof, the Accounting staff preparing the monthly bank reconciliation shall view electronic copies of cancelled checks provided by the financial institution.

Upon completion of the bank reconciliation preparation, the Accounting staff signs and dates the document. It is then forwarded to the accountant for review and to the CFO approval.

All bank reconciliations have a final review by the CFO on a monthly basis. Upon completion of the final review, the CFO signs and dates the document. The bank reconciliation is then returned to the Accounting staff. Bank reconciliations and paper copies of cancelled checks are filed in the current year's accounting files.

Cash Flow Management

The CFO monitors cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met. The Coalition adheres to the requirements of its grants which may prohibit loaning funds between programs, therefore, cash management and reporting is performed at the program level as well as for the Coalition as a whole.

Stale Checks

Once a check for \$50 or more has not cleared the Coalition's bank for 6 months, contact will be made with the payee to resolve the issue. If the payee has not supplied an alternate manner to receive the funds within 30 days after contact, the check will be written off and cancelled. The correspondence with the payee shall be recorded in the Stale Check Form, reporting the nature of the correspondence and how the issue was resolved.

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 funds must be returned to the program funder.

The Coalition will also comply with the Florida laws regarding unclaimed property. Accordingly, the Coalition shall file all appropriate forms and remit the stale check funds as unclaimed property to the Florida Department of Financial Services in accordance with Chapter 727, Florida Statutes.

Loans to Employees

Personal loans to employees, staff or providers, and material service organizations are prohibited.

Interest-Bearing Accounts

The Coalition complies with OEL Cash management policy requirements to have all Federal and State Award funds held in interest-bearing bank accounts. This interest earned is to be calculated and returned to the OEL in accordance with the requirement of the grant agreement.

4.2 CAPITALIZED ASSETS AND INVENTORY REQUIREMENTS

Policy

The Coalition staff, and sub-recipient staff, is responsible for the safeguarding of financial and physical assets and being alert to possible exposures, errors, and irregularities. The Coalition, and sub-recipient(s), are required to follow Coalition Policy:

- maintain an accurate inventory control of non-expendable, tangible real property
- record the acquisition of new property
- document the transfer of property from one location to another
- provide documentation when property is being repaired
- complete physical inventories as required by law
- alert management when property is missing or suspected stolen
- obtain approval prior to disposing of property
- ensure that unauthorized use of property is prohibited

Capitalization Threshold

The Coalition's capitalization threshold is any item that was either purchased for \$5,000 or more or was contributed to the Coalition with a fair market value of \$5,000 or more, and has a useful life of at least one (1) year.

Capitalized Assets - Purchased

Items with unit costs below the Coalition's capitalization threshold shall be expensed in the year purchased. Capitalized assets are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described within these policies.

If an awarding agency requires a lower capitalization threshold, the Coalition will adhere to that dollar amount only for that program or contract.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the Coalition's financial statements, these assets will be capitalized and depreciated according to these policies.

Capitalized Assets – Contributed

Assets with fair market values in excess of the Coalition's capitalization threshold that are contributed to the Coalition, or a sub-recipient for the Coalition, shall be capitalized as fixed assets on the financial statements. Contributed items with market values below the Coalition's capitalization 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 within these policies.

Capitalized Assets - Depreciation and Useful Lives

All capitalized assets are maintained in the special property account group and are not included as an operating expense.

Recovery periods are as follows:

1. 5-year property:
 - Computers and peripheral equipment
 - Office machinery (such as typewriters, calculators, and copiers)
 - Vehicles
2. 7-year property:
 - Office furniture and fixtures (such as desks, files, and safes)
 - Any property that does not have a recovery period as designated by the IRS
3. Any other property will follow the IRS guidelines on length of recovery period
4. Alternatively, at the direction of the CFO capitalized assets may be depreciated over useful lives expressed in terms of units of production or hours of service in place of the preceding useful lives expressed in terms of time.

Residual value of capitalized assets shall be determined by the Accounting Department in conjunction with the department or employee that shall utilize the asset. For accounting and interim financial reporting purposes, depreciation expense will be recorded on an annual basis.

Capitalized Assets - Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life shall be made. All such changes in estimated useful lives of capitalized assets must be approved by the CFO.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the Coalition's statement of activities.

Capitalized Assets - Repairs

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. All capitalized property shall be recorded and maintained in accordance to the Coalition's Tangible property Policy.

Receipt of Newly-Purchased Property

At the time of arrival, all newly-purchased property shall be examined for obvious physical damage. If an item appears damaged or is not in working order, it shall be returned to the vendor immediately. In addition, descriptions and quantities of items per the packing slip or bill of lading shall be compared to the items delivered. Discrepancies should be resolved with the vendor immediately. Staff who receives shipments must verify the receipt and inspection of all goods by signing and dating the vendors' packing slips, as well as making any corrective notations on the packing slip when applicable.

Recording and Reporting of Disposed Items

If an item is sold, scrapped, donated or stolen, adjustments need to be made to the Fixed Asset Listing and Property Inventory Report after following prescribed applicable awarding agency instructions. If money is received for the item, then the difference between the money received and the "book value" (purchase price less depreciation) of the item will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

Note: *Per FS 274.07, after each annual physical inventory, all disposition documents must be board approved. After approval (and upon actual disposition of the item), the individual property record for each item lawfully disposed of must be transferred to a disposed property file. The inactive surplus disposed property file must then be maintained for at least five years after the date of disposition.*

Write-Offs of Property

Any and all items that are discovered to be missing or stolen must be reported immediately to the Coalition, who will then notify and follow the procedures of the awarding agency. After following all required processes, the Coalition will remove items off the accounting records that are no longer in the Coalition's (or sub-recipient's) custody.

AUTHORITY

- 2 CFR § 200, OMB Uniform Administrative Requirements, Cost Principles and Audit
- 45 CFR § 75 - USDHHS Regulations
- 45 CFR § 98 Subpart F – Use of Child Care and Development Funds
- Section 1002.84(11), Florida Statutes (F.S.) – Complying with Tangible Personal Property Requirements
- Chapter 274, F.S. – Tangible Personal Property Owned by Local Governments
- Rule 69I-73, Florida Administrative Code (F.A.C.) – Tangible Personal Property Owned by Local Governments
- OEL 240.02 – Tangible Personal Property

4.3 PREPAID EXPENSES

Accounting Treatment

The Coalition treats payments of expenses that have a time-sensitive future benefit as prepaid expenses and will amortize these items over the corresponding time period.

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

Procedures

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

The CFO shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, and the purpose of the prepayment.

This schedule shall be reconciled to the general ledger balance as part of the yearly closeout process.

4.4 LEASES

Classification of Leases

The Coalition classifies all leases in which the Coalition is a lessee as either capital or operating leases. The Coalition shall utilize the criteria described in Statement of Financial Accounting Standards No. 13 in determining whether a lease is capital or operating in nature. Under those criteria, a lease shall be treated as a capital lease if, at the time of entering into the lease, any of the following factors are present:

1. The lease transfers ownership to the Coalition at the end of the lease term;
2. The lease contains a bargain purchase option;
3. The lease term is equal to 75% or more of the estimated economic life of the leased property;
or
4. The present value of the minimum lease payments is 90% or more of the fair value of the leased item.

All leases that do not possess any of the four preceding characteristics shall be treated as operating leases. In addition, all leases that are immaterial in nature shall be accounted for as operating leases.

Reasonableness of Leases

The Coalition assesses the value of leases according to the requirements of A-122_43 as follows:

- The rate is reasonable when compared to similar property in the same area,
- The rate of any alternatives, and
- The type, life expectancy, condition and value of the property leased.

Rental arrangements will be reviewed every 3 to 5 years to determine if circumstances have changed and other options are available.

Accounting for Leases

All leases that are classified as operating leases and immaterial capital leases shall be accounted for as expenses in the period in which the lease payment is due. For leases with firm commitments for lease payments that vary over the term of the lease (i.e., a lease with fixed annual increases that are determinable upon signing the lease), the amount that the Coalition shall recognize as monthly lease expense shall equal the average monthly lease payment over the entire term of the lease. Differences between the average monthly payment and the actual monthly payment shall be accounted for as an asset or liability.

All leases that are classified as capital leases shall be treated as fixed asset additions. As such, upon the inception of a capital lease, the Coalition shall record a capitalized asset and a liability under the lease,

based on the net present value of the minimum lease payments (or the fair value of the leased asset, if it is less than the present value of the lease payments).

Scheduled Increases in Rent Payments

Leases with fixed (determinable amounts stated in the lease) increases in monthly rental payments shall be accounted for in a manner that results in an equal monthly rent expense being reported in each month over the entire initial lease term. Accordingly, monthly rent expense in the first year of such leases shall be greater than the monthly cash payment, with the difference being recorded as a liability. This liability will be reduced in the later years of the lease when the monthly cash rent payment is less than the monthly rent expense. To the extent future rent increases are not determinable at the beginning of the lease (because they are based on inflation or other factors), the preceding policy shall not apply and monthly rent expense shall be equal to the monthly cash payment, except as noted below.

Rent Abatements and Other Lease Incentives

Abatements of monthly rent payments, cash incentives, and other lease incentives shall be accounted for in a manner that results in an equal amount of monthly rent expense over the term of the lease agreement (before considering the effects of inflation-based rent increases, which will increase rent expense over the term of a lease). As a result, incentives received up front or over the early months of a lease, shall be established as a liability in the Coalition accounting records (as deferred lease incentives or some similar name). This liability shall be amortized as an offset (credit) to rent expense over the term of the lease agreement.

Changes in Lease Terms

As described in earlier policies, deferred rent incentives are amortized over the initial lease term. If such lease term is changed prior to the expiration of the initial lease term, the Coalition will revise amortization to reflect the remaining lease term as of the effective date of the lease modification.

Chapter 5

LIABILITY AND NET ASSET ACCOUNTS

5.1 ACCRUED LIABILITIES

Identification of Liabilities

The Accounting Department shall establish a list of commonly incurred expenses that may have to be accrued at the end of an accounting period. Some of the expenses that shall be accrued by the Coalition at the end of an accounting period are:

- Salaries and wages
- Retirement
- Payroll taxes
- PTO (personal time off) pay
- Rent
- Interest payable

In addition, the 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.

Accrued Annual Leave

Personnel policies permit employees to carry forward hours of unused annual PTO from year to year. Such unused PTO is payable to an employee upon termination of employment.

Accordingly, the Coalition records a liability for accrued annual leave to which employees are entitled. The total liability at the end of the fiscal year shall equal the total earned, but unused, hours of PTO multiplied by each employee's current hourly pay rate.

Leave that does not "vest" with employees (i.e., leave that is not paid to employees if unused at the time of termination of employment), such as paid holiday leave, shall not be accrued as a liability.

5.2 NET ASSETS

Classification of Net Assets

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

Classifications are based upon restrictions on the uses of the funds received from the donor(s) providing the funds.

Unrestricted Net Assets are those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by the Board.

Temporarily Restricted Net Assets are those net assets whose use are limited by donors to either a specified purpose or a later date. Pledges receivable are considered to be temporarily restricted because of an inference that uncollected amounts are intended for future periods.

Permanently Restricted Net Assets are those net assets whose use are restricted in perpetuity, such as endowments.

Reclassifications from Restricted to Unrestricted Net Assets

The Coalition shall report in its statement of activities a reclassification from restricted to unrestricted net assets if any of the following events occur:

1. Fulfillment of the purpose for which the net assets were restricted (e.g. spending restricted funds for the stipulated purpose)
2. Expiration of time restrictions imposed by donors
3. Death of an annuity beneficiary
4. Withdrawal by the donor (or by a court) of a time or purpose restriction

Reclassifications from Unrestricted to Restricted Net Assets

If the Coalition receives a restricted contribution from a donor who further stipulates that the Coalition set aside a portion of its unrestricted net assets for that same purpose, the Coalition shall report in its statement of activities a reclassification of net assets from unrestricted to temporarily or permanently restricted, based on the specific nature of the restriction.

Disclosures

The outside auditors of the Coalition disclose in a footnote to the financial statements the different types of temporary and permanent restrictions associated with the Coalition's net assets as of the end of each fiscal year.

Chapter 6

FINANCIAL AND TAX REPORTING

6.1 FINANCIAL STATEMENTS

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.

The basic financial statements are prepared monthly and shall include:

1. Interim Financial Statement: Balance Sheet, Revenue & Expense report, Budget vs. Actual Report, AP aging report, and AR aging report.
2. CFO Report: monthly report includes spending plan by program/grant

Frequency of Preparation

The objective of the Accounting Department 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 to the Finance Committee, per the annual schedule.

Review and Distribution

All financial statements and supporting schedules shall be reviewed and approved by the CFO prior to being issued to the Board of Directors.

After approval by the CFO, a complete set of financial statements shall be distributed to the the Finance Committee and/or Board of Directors.

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

Tracking Payments and Projections of Grant Funds

Payments received and paid are tracked to ensure accuracy of accounting and to provide for an easily understood, quick reference for the various contracts.

1. The costs are tracked by cost center (OCA)

- a. Each invoice is entered at the time of submission of the actual invoice to the state.
 - b. At any time, a report can be generated for any agency that the Coalition contracts with for services to find out what amounts have been paid in each cost center.
2. On an OEL Excel workbook, the spending plan calculates the projected deficit/surplus in each cost center (OCA) by carrying forward the most recent month's expenditures for the remaining months and subtracting the projected total from the budgeted amount.

Monthly Closing Procedures

1. Reconcile all bank statements.
2. Review GL to verify that all transactions are properly classified.
3. Review Grant and Award transactions for proper classification and allowability of expenditures.
4. If discrepancies are found, CFO is to be notified and corrective action taken.

Annual Closing Procedures

1. Follow all monthly closing procedures for final month.
2. Review GL for entire year to verify that all transactions are properly classified.
3. Review Grant and Award transactions for the entire year for proper classification and allowability of expenditures.
4. Accrue appropriate expenditures into correct fiscal year.
5. Create 13th invoice to resolve any final expenditures or year-end discrepancies for the Coalition or the contractor.

6.2 GOVERNMENT RETURNS

Overview

To legitimately conduct business, the Coalition must be aware of its tax and information return filing obligations and comply with all requirements of Federal, state and local jurisdictions. Filing requirements of the Coalition include, but are not limited to, filing annual information returns with IRS [state charitable solicitation reports, annual reports for corporations, income tax returns, information returns for retirement plans, annual reporting of compensation paid, and payroll tax withholding tax returns].

Filing of Returns

The CFO shall be responsible for identifying all filing requirements and assuring that the Coalition is in compliance with all such requirements. The Coalition will file complete and accurate returns with all authorities and make all efforts to avoid filing misleading, inaccurate, or incomplete returns.

Filings made by the Coalition include, but are not limited to, the following returns:

Form 990 - Annual information return of tax-exempt the Coalitions, filed with IRS. Form 990 for the 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.

Form 990-T - Annual tax return to report the Coalition's unrelated trade or business activities (if any), filed with IRS. Form 990-T is due on the fifteenth day of the fifth month following year-end. An automatic 6-month extension of time to file Form 990-T may be obtained by filing Form 8868.

Form 5500 - Annual return for the Coalition employee benefits plans. Form 5500 is due July 31, but a request for extension of time to file may be filed.

W-2's and 1099's - Annual report of employee and non-employee compensation, based on calendar-year compensation, on the cash basis. These information returns are due to employees and independent contractors and to Federal Government by January 31

Form 941 - Quarterly payroll tax returns filed with IRS to report wages paid to employees and Federal payroll taxes. Form 941 is due by the end of the month following the end of each quarter, or 10 days later if all payroll tax deposits have been made in a timely manner during the quarter. All applicable state payroll tax returns are prepared by the Coalition's outsourced payroll service.

The Coalition's fiscal and tax year-end is June 30.

Public Access to 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 by placing them on the Coalition website:

1. The three most recent annual information returns (Form 990), [excluding the list of significant donors (Schedule B) that is attached to the Form 990, but including the accompanying Schedule A], and
2. The Coalition's original application for recognition of its tax-exempt status (Form 1023 or Form 1024), filed with IRS, and all accompanying schedules and attachments.

The Coalition adheres to the Coalition's **Policy, Public Records Request**, in order to comply with public disclosure requirements.

Chapter 7

FINANCIAL MANAGEMENT POLICIES

7.1 BUDGETING

Overview

Budgeting is an integral part of managing any organization in that it is concerned with the translation of the organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the 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.

Preparation and Adoption

It is the policy of the Coalition to adopt a final budget at least 30 days before the beginning of the new fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the CFO 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 fiscal year begins.

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 regular basis, monthly financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the CFO and distributed to the Board of Directors for adoption.

Budget Realignment

After a budget has been approved by the Board of Directors and adopted by the Coalition, reclassifications of budgeted expense amounts within a single category may be made by the CEO. All reclassifications are to be reported to the Finance and Audit Committee and the Board of Directors.

7.2 ANNUAL AUDIT

Role of the Independent Auditor

The Coalition will 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 the Board of Directors will be required to communicate directly with the Coalition's Finance/Audit Committee upon the completion of their audit. In addition, members of the Finance/Audit Committee are authorized to initiate communication directly with the independent accounting firm.

Audited financial statements, including the working papers and 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 Finance/Audit Committee.

How Often to Review the Selection of the Auditor

The 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 5 years to ensure competitive pricing and a high quality of service

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 the Coalition in selecting an accounting firm:

- The firm's reputation in the nonprofit community
- The depth of the firm's understands of and experience with not-for-profit Early Learning Coalitions for the state of Florida and Federal reporting requirements under 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- The firm's demonstrated ability to provide the services requested in a timely manner
- The ability of firm personnel to communicate with the Coalition personnel in a professional and congenial manner

If the Coalition decides to prepare and issue a written Request for Qualifications (RFQ) to be sent to prospective audit firms, the following information shall be included:

- 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
- The organizational structure of the Coalition

- Chart of account information (upon request)
- Financial information about the Coalition (upon request)
- Copy of prior year reports (financial statements, management letters, etc.) (upon request)
- Identification of need to perform audit in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 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

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/Audit Committee. If necessary, interviews of each firm may be conducted by the Finance/Audit Committee, who makes the final recommendation to the Board of Directors for approval.

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 CFO is responsible for delegating the assignments and responsibilities to 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 - The 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. The Coalition staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, the Coalition will make every effort to provide schedules, documents and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a draft of the audited financial statements and working papers of the Coalition from its independent auditor, the CFO and the Accountant shall perform a detailed review of the draft and working paper, 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 the Coalition.
- Review each footnote for accuracy and completeness.
- Review working papers for accuracy.

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 CFO.

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

In addition, the Single Audit Clearinghouse form shall be completed and a copy submitted to the Finance/Audit Committee.

Reporting Requirements

The Coalition will retain and distribute all records as identified in OEL OIG guidance OEL-IG-12-001, Audit and Audit Resolution Responsibilities, to fulfill the requirements of the annual audit reporting. This includes submitting (per the directions of this guidance), the appropriate documents (the "audit package") to the Federal Audit Clearinghouse, the Office of Auditor General, and the OEL Office of Inspector General.

7.3 COST ALLOCATION PLAN

Policy

All allowable costs are to be charged or allocated to particular program and cost centers within a program to the extent that benefits are received by these cost centers. The preferred method of allocation is a direct allocation, where a cost is assigned to one cost center. Where it is impractical to directly allocate certain costs, those costs may be pooled, i.e. initially charged to a cost pool used for the accumulation of those costs until the costs are distributed through the application of an appropriate cost allocation formula, to the ultimate benefiting cost center. All expenditures of the Coalition will be allocated to the appropriate cost center in accordance with the Coalition's cost allocation plan.

Procedure

The following elements are included in the Coalition's cost allocation plan (per OEL Final Guidance on Cost Allocation Plans for Early Learning Coalitions, dated October 1, 2012).

- Identification of funding streams
- Description of programs (the intent)
- Description and determination of the methodology examples (number of children, staff, space) that are most appropriate to allocate costs
- Specification of cost centers
- Development of a budget based on the applications of different methodologies
- Description of processes to track actual costs
- Periodical review of actual expenditures to budget expenditures, and to the cost allocation plan to ensure costs are consistent with plan, or to adjust the plan

The CFO is trained on the proper allocation methodology and application per available OEL training sessions and qualified OEL personnel. The CFO will continue to receive training through subsequent OEL updates.

Documentation

The Coalition will maintain adequate documentation to support cost allocations. This includes the Cost Allocation Plan, CAP and PAR worksheets, and any other applicable documentation.

7.4 INSURANCE

Overview

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

The Coalition maintains adequate insurance against general liability, as well as coverage for buildings, contents, computers, equipment, machinery and other items of value.

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

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

Insurance Definitions

Workers' Compensation and Employer's Liability

Contractors are required to comply with applicable Federal and state workers' compensation and occupational disease statutes. If occupation diseases are not compensated under those statutes, they shall be covered under the employer's liability insurance policy, except when contract operations are so commingled that it would not be practical to require this coverage.

Fidelity Bond

For all personnel handling cash, preparing or signing checks, the 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, and machinery.

Chapter 8

Public Records

8.1 PUBLIC RECORDS

Public records mean 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 the Early Learning Coalition of Pinellas County, Inc. (Coalition).

Public records include any hard copy or electronic copies of records made or received by the public agency in the course of its official business. Records such as policies, program results, computer records, emails, and Facebook and text messages are all available for inspection unless specifically exempted in state statute.

The collection, retention and production of public records are governed by the federal regulations and statutory authorities cited below:

1. Chapter 119, F.S., Public Records
2. Section 1002.75, F.S., Records of Children in the Voluntary Prekindergarten Program
3. Section 1002.97, F.S., Records of Children in the School Readiness Program
4. Section 1002.221, F.S., K-12 Education Records
5. 45 C.F.R. Pt. 5b, Privacy Act Regulations
6. 20 U.S.C. § 1232g, Family Rights and Educational Privacy Act
7. 2 CFR Part 200.79, Definition of Personally Identifiable Information (PII)
8. 2 CFR Part 200.82, Protected Personally Identifiable Information (Protected PII)
9. 2 CFR Part 200.303(e), Internal controls to safeguard PII and PPPII
10. 2 CFR Part 200.337, Restrictions on Public Access to Records
11. OEL Grant agreement, Exhibit III
12. OIG Guidance OEL-IG-12-001, Audit and Audit Resolution Responsibilities
13. OEL Program Guidance 101.02, Records Confidentiality

Definitions

Confidential: As used in this policy, the term “confidential” refers to entire record systems, specific records or individually identifiable data that by law are not subject to public disclosure under Article I, Section 24 of the Florida Constitution and Chapter 119, Florida Statutes (F.S.) When applicable, confidentiality covers all documents, papers, computer files, letters and all other notations of records or data that are designed by law as confidential. Further, the term confidential also covers the verbal conveyance of data or information that is confidential.

These confidential records may include but not be limited to, social security numbers, parent and child information, payments, childcare providers, household demographics and resource and referrals, which are private and confidential and may not be disclosed to others.

Information Technology Security: The protection afforded to an automated information system in order to attain the applicable objectives of preserving the integrity, availability, and

confidentiality of data, information, and information and technology resources [Section 282.0041(14), F.S.]

Mobile Computing Device (aka portable media storage or peripheral devices): A laptop, personal digital assistant (PDA) or other portable device that can store, playback or process data via ports or wireless networking technology. Other covered media devices include hard drives, thumb drives, flash drives, tablets, cell phones, smart phones, wearable computing devices diskettes, CDs, etc. Such devices shall not be used to store any confidential data as described in this guidance.

Personally Identifiable Information (PII): PII means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, Web sites, and university listings. This type of information is considered Public PII and includes for example, first and last name, address, work telephone number, and general educational credentials.

The definition of PII is not anchored to any single category of information of technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual. [2 CFR Part 200.79]

Protected Personally Identifiable Information (Protected PII or PPII): Protected PII means an individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal medical and financial record and education transcripts. This definition does not include PII that is required by law to be disclosed.

Redact: means to conceal from a copy of an original public record, or to conceal from an electronic image that is available for public viewing, that portion of the record containing exempt or confidential information.

School Readiness (SR): The School Readiness Program as established in Part VI of Chapter 1002, F.S., and authorized pursuant to the Child Care and Development Block Grant Trust Fund, 45 Code of Federal Regulations, parts 98 and 99.

Voluntary Prekindergarten (VPK): The Voluntary Prekindergarten program, as established in Part V of Chapter 1002. F.S.

8.2 Access

All records classified as public records must be open and available for inspection by any person unless otherwise specified by law. It is the responsibility of the Coalition to maintain records in a location that is accessible to the public and in a manner (i.e., cost) that does not exceed the costs provided in Chapter 119, F.S., or as otherwise provided by law.

The right of access as described in this policy is not limited to the required retention period but is in effect for as long as the described records are retained.

Disclosure Forms

The Coalition is required to enter into and use appropriate nondisclosures agreements as necessary to maintain data confidentiality and security. Individuals who have access to such data are also required to complete an individual nondisclosure form that the Coalition will maintain on file.

Internal Controls

The Coalition as an entity that administers and manages federally or state-funded grant programs must establish internal controls that provide reasonable assurance of compliance with federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls must specifically:

“Take reasonable measure to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.” [2 CFR Part 200.303(e), *Internal controls*]

Portable Devices

The Coalition (including any employees, subcontractors, agents or any other individuals exposed to confidential information) shall not store, or allow to be stored, any confidential information on any portable storage media or peripheral device.

A. VPK Records

Individual records of a child enrolled in the VPK program are confidential and exempt from disclosure under Section 1002.72; F.S. Records made confidential and exempt include the assessment data, health data, and records of teacher observations and personal identifying information of an enrolled child and his or her parent or guardian. The exemption applies to records held by a coalition, OEL, or a VPK Education Program provider before, on or after the effective date of the exemption. A parent or guardian has the right to inspect, review and obtain a copy of the individual VPK Education Program record of his or her child. Pursuant to Section 1002.72(3), F.S., confidential and exempt VPK records may be released in limited circumstances.

B. SR Records

The Coalition will retain all SR client records such as: family portal account information, child care application and authorization, DCF at-risk referral form if applicable, OEL at-risk domestic violence center/ homeless program referral form if applicable, immunization records, family income data, purpose of care, EFS data, etc. in accordance with its School Readiness Services Eligibility Policy & Procedures Manual, OEL grant agreement, program rules or other OEL program guidance.

In addition, the Coalition will retain attendance/enrollment records in accordance with the its School Readiness Services Eligibility Policy & Procedures Manual, detailed deliverables listed on the SR provider contract, Section VI, item 37, Records Maintenance, OEL grant agreement, program rules or other OEL program guidance.

Individual records of children enrolled in SR programs, when held in the possession of SR providers, the Coalition are confidential and exempt from public disclosure. The child's parent or guardian and other entities as set forth in the exemption are authorized to have access to the records, (Section 1002.97, F.S.).

Additional types of information that the Coalition has access to, but are required to be confidential, include the following:

Section 402.308(3) (a), F.S.: The Coalition may only disclose social security numbers submitted by an applicant for a childcare facility license issued by the Department of Children and Families for child support enforcement purposes.

Section 409.175(16), F.S.: Specified personal information about foster care parents and their families that is contained in the licensing file of the Department of Children and Families is exempt from disclosure unless otherwise provided by Florida Statutes.

Section 409.821, F.S.: Information in an application for the determination of eligibility for the Florida Kidcare program that identifies applicants, including medical information and family financial information, is confidential and exempt from disclosure. In addition, any information obtained through quality assurance activities and patient satisfaction surveys that identify program participants, obtained by the Florida Kidcare program under cited statutes, is also confidential and exempt from disclosure.

C. Demographic Data in SR & VPK Programs

The Coalition must store demographic data (race/ethnicity, sex, age and, where known, disability status) for applicants, clients on the Wait List, participating families and childcare providers and terminees in a manner that ensures confidentiality. The Coalition shall use the data only for the purposes of record keeping and reporting, determining eligibility in a

nondiscriminatory manner or other use authorized by law. The data shall be used for statistical purposes only and not in any manner, that reveals the identity of the individual.

D. Medical Records & Disability – Related Information

The Coalition must store medical records and disability-related information on custodian and child records in a manner that ensures confidentiality, and only use the records for the purposes of record keeping and reporting and determining eligibility, or other use authorized by law. Medical records and disability-related information must be maintained in the custodian's or child's file, stored in a secure area, and treated as confidential medical records. The Coalition must limit access to disability-related or medical information to the following:

The Coalition may inform supervisors and managers regarding restrictions on the work or duties of an employee or participant and regarding necessary accommodations;

The Coalition may inform first aid and safety personnel, when appropriate, if the disability might require emergency treatment or evacuation; and

The Coalition must provide information, on request, to government officials investigating compliance with Federal law.

E. Social Security Numbers

Social security numbers are confidential pursuant to Section 119.071(5)(a), F.S., (5 USCA 552a). Redact (eliminate) social security numbers from all documents prior to delivery, except as specifically provided by law, including documents to be filed with the courts and personnel records. The Privacy Act of 1974(Public Law 93-579) requires that individuals required to disclose their social security number be informed whether disclosure is mandatory or voluntary and provided with a statement of the purpose for the collection. Additionally, Florida law allows commercial entities access to social security numbers if there is a legitimate business purpose and entities submit a request in writing.

F. Background Screening Records

The Coalition staff will comply with the OEL grant agreement, program rules or state statutes, and the HR manual for records that are created and maintained regarding employee background screenings. The following documents will be retained in the Coalition records: Coalition registration with FDLE, Grant agreement Exhibit 1, Section E, paragraph 1, ELC subrecipient, contractor, and subcontractor registration and related employee records, and Paragraph 2, employee screening and rescreening records.

8.3 Records Retention & Destruction

The coalition must establish proper records maintenance and retention regarding record confidentiality based on the Grant Agreement between OEL and the Coalition.

The Coalition retains records as required by law and destroys them when appropriate. All files, both hard copy and electronic shall be labeled with topic, year (if applicable), and destruction date. Electronic copies shall be saved in appropriate folders on the network storage device. Hard copies should be stored in file cabinets or archived in the storage area. Archived hard copy files shall be stored The Coalition shall maintain storage of all records in the Coalition office and at a records facility which is climate controlled, safeguarded and easily accessible.

The destruction of records must be approved by the Chief Financial Officer and logged into the Coalition's Destroyed Records Log. Review and purging of files may take place on an ongoing basis, but must occur at least once per year, and must follow the minimum retention requirements outlined below.

The Coalition upon termination of the agreement will either return to the OEL or, if return is not feasible, destroy all confidential information in whatever form or medium that Coalition received from or created on behalf of the OEL to include without limitation all backup tapes. This will also apply to all confidential information that is in the possession of subcontractors of Coalition. The Coalition will retain no copies of such information, including any compilations derived from and allowing identification of confidential information.

The Coalition will complete such return or destruction as promptly as possible, but not more than ten (10) calendar days after the effective date of the conclusion of the contract. Within the ten (10) calendar day period, Coalition will certify on oath in writing to the OEL that such return or destruction has been completed.

If Coalition believes that the return or destruction of confidential information is not feasible, Contractor shall provide in writing within ten (10) days, the conditions that make return or destruction infeasible. Upon mutual agreement of the parties that return or destruction is not feasible, Coalition shall continue the protections provided for in this contract as long as it maintains the confidential information.

The destruction of any documents containing social security numbers or any other "consumer data" as defined under federal laws and regulations shall be done internally by designated Coalition staff or via shredding using an approved shredding service provider.

In order to simplify the records retention process, the Coalition may consider the following:

- Eliminate duplicate copies of documents. There may be copies of invoices in program departments as well as in the finance department.
- The Coalition will only retain the originals of invoices, timesheets, etc.
- Sort out all permanent records and put all records on the same schedule and eliminate the need to track records for different retention period.
- Use off-site storage or scanning for record retention.
- The Coalition will not complete scanning of records until after the audit period is closed.

Exception for Investigations

In connection with any ongoing or anticipated investigation into allegations of violations of federal laws or regulations, provisions of government awards, or violations of the Coalition's Code of Conduct, the following exceptions are made to the preceding scheduled retention and/or destruction of records:

1. All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction.
2. The term "records" shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.

Record protection is one of the requirements of the 2002 Sarbanes-Oxley Act, and it is also the subject of a disclosure on the IRS Form 990. Therefore, the Coalition schedules record storage and destruction dates at consistent and appropriate intervals throughout the year.

The formal records retention policy of the Coalition is as follows:

Record	Retention
Audit reports	Permanent
Correspondence – Legal and important matters	Permanent
Corporate Documents, Bylaws, Tax Exempt Certificate	Permanent
Financial statements – Year-end	Permanent
General ledgers/year-end trial balance	Permanent
Minutes of the Board of Directors meetings & Committee meetings	Permanent
Retirement and pension records	Permanent
Tax returns and other IRS documents relating to tax filings	Permanent
Accident reports/claims (settled Cases)	7 Years
Accounts payable ledgers and schedules	7 Years
Accounts receivable ledgers and schedules	7 Years
Contracts and leases – expired	7 Years
Garnishments	7 Years
Insurance claims	7 years
Inventories & Property records (incl. depreciation schedules)	7 Years
Invoices from vendors	7 Years
SR & VPK Client Records	7 Years
Payroll records and summaries	7 Years
Personnel records (terminated)	7 Years
Purchase orders	7 years
Subsidiary ledgers	7 Years
Timesheets/cards	7 Years
Bank statement & reconciliations	7 Years
Chart of accounts	7 Years
Employment applications & Background Screening records	7 Years
SR & VPK Attendance/enrollment Records	7 Years
Correspondence – General	5 Years

9.4 Public Records Requests

A public records request is a request to either inspect or copy or both, public records pursuant to Chapter 119, Florida Statutes. Although any staff or Board member may receive a public records request and fulfill it, the CEO must be advised of all public records requests immediately upon receipt of such a request. The CEO or his or her designee, shall serve as the single point of access within the organization for the coordination of fulfillment of requests as public records requests typically involve research, review, and redaction of confidential and/or exempt information, multi-department involvement and consultation with legal counsel.

- There is no requirement that the request be made in person or in writing, or be in any particular form.
- The person making the request is not required to identify himself/herself, or to provide information about the reason for the request or how the records will be used.
- The request must be clear enough to enable the agency to conduct a meaningful search. Questions may be asked in order to respond to the request fully and in a timely manner.

Processing Records Requests

Upon receipt of a public records request, the Coalition record's custodian must determine the type of record requested, the location of the record and the legal requirements for disclosure of each record. Coordination and notification to the OEL General Counsel and Public Information Office is also required upon receipt of the request.

Confidential information that the Coalition receives from another agency retains its confidentiality unless otherwise provided by law. The requirements of the program that provides the information must apply.

The Coalition may release confidential and exempt records to specified parties when authorized by law. The receiving party must protect the records in a manner that does not allow identification of an enrolled child, the child's parent or the child's legal guardian to persons not authorized to receive the records.

Fees for Responding to Requests and Special Service Fees for Extensive Use of Resources

The Coalition follows the law when charging fees for responding to a Public Records request.

- One-sided Copies \$0.15 per page (8½ x 14")
- Double-sided Copies \$0.20 per page (8½ x 14")
- CD-ROM / DVD Actual cost
- Certified Copies \$1.00 per page
- Packaging and Shipping Charges Equal to actual costs incurred

Some requests can be fulfilled free of charge.

Photocopies are charged at the current rates set forth by Florida law. However, if photocopying, researching, reviewing or redacting confidential and/or exempt information requires extensive use of agency resources, the Coalition may impose a special service fee as authorized by the Florida Public Records Act s. 119.07(4) (d) and as determined on a case by case basis.

Certain public records (such as board packets) may be available online or in electronic format and, in these instances, requestors will be advised of these options to avoid or decrease costs and/or fees associated with responding to the request.

All requests for public records should be directed to the Records Management Custodian at the following address:

Early Learning Coalition of Pinellas County, Inc.
Executive Assistant Office
2536 Countryside Blvd, Suite 500
Clearwater, FL 33763
Telephone (727) 400-4446

Subpoenas

Subpoenas should be served directly to the named individual. Once served, the employee must notify their supervisor and Human Resource office. In the event that an employee is not available or there is no named recipient, Human Resource office will accept any notices of subpoena.

Verification of Employment

Direct requests for verification of employment of the Early Learning Coalition of Pinellas County, Inc. employees to:

Early Learning Coalition of Pinellas County, Inc.
Human Resource Office
2536 Countryside Blvd, Suite 500
Clearwater, FL 33763
Telephone (727) 400-4427
Fax (727) 548 -1509

Chapter 9

SUB-RECIPIENTS

9.1 MAKING OF SUB-AWARDS

All sub awards in excess of the small purchase threshold 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 sub-recipient monitoring provisions described in the next section.

With respect to sub-recipients with whom the Coalition has not recently had a sub-award relationship, the Accounting Department 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 sub-recipient, is to gain assurance that a potential sub-recipient 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 sub-recipients:

1. Articles of Incorporation
2. Bylaws or other governing documents
3. Determination letter from the IRS (recognizing the sub-recipient as exempt from income taxes under IRC section 501(c) (3))
4. Last three years' Forms 990 or 990-EZ, including all supporting schedules and attachments (also Form 990-T, if applicable)
5. Copies of the last three years' audit reports and management letters received from sub-recipient's independent auditor (including all reports associated with audits performed in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, if applicable)
6. Copy of the most recent internally-prepared financial statements and current budget
7. Copies of reports of government agencies (Inspector General, state or local government auditors, etc.) resulting from audits, examinations, or monitoring procedures performed in the last three years

9.2 MONITORING OF SUB-RECIPIENTS

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

In fulfillment of its obligation to monitor sub-recipients, the following policies apply to all sub-awards of Federal funds made by the Coalition to sub-recipients:

1. Sub-award 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) titles and numbers
 - b. Award name
 - c. Name of Federal agency
 - d. Amount of award
2. Sub-award agreements shall identify all applicable audit requirements, including the requirement to obtain an audit in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, if the sub-recipient meets the criteria for having to undergo such an audit.
3. Sub-awards shall include a listing of all applicable Federal requirements that each sub-recipient must follow.
4. Sub-awards shall require that sub-recipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
5. Sub-awards shall require that sub-recipients submit prior approval requests to the Coalition, using the procedures as outlined in the agreement, and forms attached to the agreement. In addition, all sub-awards shall require that sub-recipients be knowledgeable of and adhere to all applicable Coalition policies and procedures.
6. Sub-awards shall require that sub-recipients submit financial and program reports to the Coalition on a monthly basis.
7. The Coalition will follow up with all sub-recipients to determine whether all required audits have been completed. The Coalition will cease all funding of sub-recipients failing to meet the requirement to undergo an audit in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. For sub-recipients that properly obtain an audit in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Coalition shall

obtain and review the resulting audit reports for possible effects on the Coalition's accounting records or audit.

8. The Coalition shall assign one of its employees the responsibility of monitoring each sub-recipient on an ongoing basis, during the period of performance by the sub-recipient. This employee will establish and document, based on her/his understanding of the requirements that have been delegated to the sub-recipient, a system for the ongoing monitoring of the sub-recipient.
9. Ongoing monitoring of sub-recipients will vary from sub-recipient to sub-recipient, based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with sub-recipients and appropriate inquiries regarding the program.
 - b. Reviewing programmatic and financial reports prepared and submitted by the sub-recipient and following up on areas of concern.
 - c. Monitoring sub-recipient budgets.
 - d. Performing site visits to the sub-recipient to review financial and programmatic records and assess compliance with applicable laws, regulations, all applicable Coalition policies and procedures, and provisions of the sub-award.
 - e. Offering sub-recipients technical assistance where needed.
 - f. Maintaining a system to track and follow up on deficiencies noted at the sub-recipient in order to assure that appropriate corrective action is taken.
 - g. Establishing and maintaining a tracking system to assure timely submission of all reports required of the sub recipient.
10. Documentation shall be maintained in support of all efforts associated with monitoring of sub recipients.
11. Sub-award agreements shall identify procedures if a sub-recipient should go out of business or unilaterally terminate the contract, which include:
 - a. The sub-recipient will perform an immediate final close-out audit.
 - b. The sub-recipient will immediately inventory and transfer custody of all records to the Coalition.

Procedures for Monitoring disallowances:

A disallowance occurs when the Coalition formally determines expenditure to be unallowable in accordance with the applicable cost principles or other terms contained in the contract award. A questioned cost is generally identified and cited from monitoring or audit activities and may involve either current year funds or prior year funds.

For a disallowance involving current year contract funds, the subrecipient must:

- Reduce or "offset" the next monthly reimbursement request invoice with the amount of repayment due from the sub recipient

- Enter the amount of disallowance as a reduction to the OCA originally impacted by the expenditure
- Include a written explanation indicating that the reimbursement request invoice reflects a reduction because of a disallowance referenced in the supporting documents provided.

For a disallowance involving prior year contract funds, the subrecipient must use revenue sources other than contract funds. To repay the disallowance the subrecipient must:

- Remit a check to the Coalition for the disallowed amount with a reimbursement request invoice to the following address: **Early Learning Coalition of Pinellas County, Inc. 2536 Countryside Blvd Clearwater, FL 33763.**
- Indicate a prior year refund transaction by checking the appropriate box on the reimbursement request invoice.
- Identify the OCAs originally impacted by the disallowance and provide supporting documents that reference the disallowance.

Procedures for the resolution of audit findings for subrecipients

The Coalition will comply with the OEL – IG Audit & Audit Resolution Guidance and will take the following steps to resolve any audit findings related to funding passed through the Coalition:

1. Sub recipients must submit audit reports within the earlier of 30 days after the receipt of the auditor’s reports or nine months after the end of the audit report.
2. The CFO will review the report to determine the adequacy of corrective action proposed or taken by the auditee management.
3. The Coalition will issue a written management decision which states whether or not questioned costs are allowed or disallowed and whether or not corrective actions regarding any administrative findings are adequate. The statement will include that all findings are subject to State and Federal review. The decision will be issued within six months of receipt of the audit report.
4. Repayment options for sub recipients if applicable
5. Service provider appeal rights. Please refer to the Florida Office of Early Learning Hearing/ Appeal procedures.
6. When there are no findings to be resolved, the Coalition should forward a letter to the service provider stating that there are no findings to be resolved and the audit is considered resolved for the funding passed through the Coalition.
7. In addition to the findings made by the auditor, the report will be carefully reviewed for other issues that may warrant a discussion with the subrecipient.