



Early Learning Coalition of Manatee County

Internal Control Policy

Purpose

The purpose of this policy is to ensure financial management practices are systematically used to prevent misuse and misappropriation of assets, such as occur through theft or embezzlement. Internal controls are generally described in written policies that describe the procedures that the non-profit will follow, as well as who is responsible. The goal of internal controls is to create business practices that serve as “checks and balances” on staff (and sometimes board members) or outside vendors in order to reduce the risk of misappropriation of funds/assets. Through its planning process, the Board of Directors of the Early Learning Coalition of Manatee County (“Coalition”) identifies 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 with 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 staff of the Coalition has a role in the system of internal control. Internal control is people dependent. It is developed by people; it guides people; it provides people with a means of accountability; and people carry it out. 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 for ensuring 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. Management’s override of internal controls is expressly prohibited.



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Policy Statement

Coalition management shall establish and maintain a cost-effective system of accounting and an administrative internal controls environment that promotes ethical financial management and includes mechanisms that provide the following reasonable assurances:

1. All obligations and costs are in compliance 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;
4. All programs and administrative activities are managed efficiently to fulfill the mission of the Coalition.
5. That ongoing monitoring of the effectiveness of internal control policies and procedures is conducted;
6. That management review is conducted by more than one individual;
7. Management directives are carried out;
8. Procedures are in place to prevent errors and/or mismanagement, or fraud;
9. That assets are safeguarded and assets are verified;
10. That segregation of duties is maintained to ensure that no single individual has control over more than one of the following functions: eligibility determination and enrolment, provider reimbursement and payment processing, and fiscal accounting and reconciliation.; and
11. That the governing body or designated committee approves unanticipated financial transactions that have a significant impact.

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 Florida Department of Education, Division of Early Learning, 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 Executive Officer or designee is responsible for establishing the Coalition's system of internal control and is also 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

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Authorized by: Board of Directors

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training about internal control and internal control evaluations. To the extent that the Chief Executive Officer or designee authorizes other managers to perform certain activities, those managers become responsible for those portions of the organization's system of internal control. Because the system of internal control at the Coalition is a shared responsibility, with specific duties assigned to ensure accountability, segregation of duties, and effective oversight the following roles and responsibilities apply.

Board of Directors

The Board of Directors has ultimate oversight responsibility for the Coalition's system of internal control. The Board shall:

- Approve internal control policies and significant financial policies.
- Review financial statements, audit reports, budget-to-actuals, and variances.
- Ensure appropriate management accountability.

Chief Executive Officer (CEO)

The CEO is responsible for establishing and maintaining the Coalition's system of internal control. The CEO shall:

- Set the "tone at the top" for ethical conduct and accountability.
- Ensure internal control policies are implemented and followed.
- Report financial risks, irregularities, or control weaknesses to the Board of Directors.

Chief Operating Officer / Chief Financial Officer

The COO/CFO (or designated fiscal lead) is responsible for the daily operation of internal controls and shall:

- Maintain accounting systems and financial records.
- Ensure reconciliations, reviews, and approvals are completed and documented.
- Monitor compliance with grant, state, and federal requirements.
- Report financial risks, irregularities, or control weaknesses to the CEO.

Department Directors

Program and Department Directors are responsible for:

- Ensuring compliance with grant requirements and internal controls within their areas.
- Maintaining support documentation for programs.

All Employees

All employees are responsible for:

- Following established internal control policies and procedures.
- Protecting Coalition assets and resources.
Promptly reporting suspected fraud, waste, or abuse.