2018-19 Internal Control Questionnaire and Assessment

Bureau of Financial Monitoring and Accountability
Florida Department of Economic Opportunity

September 14, 2018

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OVERVIEW

Introduction and Purpose

The Internal Control Questionnaire and Assessment (ICQ) was developed by the Department of Economic Opportunity (DEO), Bureau of Financial Monitoring and Accountability, as a self-assessment tool to help evaluate whether a system of sound internal control exists within the Local Workforce Development Board (LWDB). An effective system of internal control provides reasonable assurance that management's goals are being properly pursued. Each LWDB's management team sets the tone and has ultimate responsibility for a strong system of internal controls.

The self-assessment ratings and responses should reflect the controls in place or identify areas where additional or compensating controls could be enhanced. When the questionnaire and the certification are complete, submit them to DEO by uploading to SharePoint.

Definition and Objectives of Internal Controls

Internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide "reasonable assurance" regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The concept of reasonable assurance implies the internal control system for any entity, will offer a reasonable level of assurance that operating objectives can be achieved.

Need for Internal Controls

Internal controls help to ensure the direction, policies, procedures, and practices designed and approved by management and the governing board are put in place and are functioning as designed/desired. Internal controls should be designed to achieve the objectives and adequately safeguard assets from loss or unauthorized use or disposition, and to provide assurance assets are used solely for authorized purposes in compliance with Federal laws, regulations, and program compliance requirements. Additionally, Title 2, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, § 200.303 Internal controls, states:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(c) Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

(e) Take reasonable measures 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.

What Internal Controls Cannot Do

As important as an internal control system is to an organization, an effective system will not guarantee an organization's success. Effective internal controls can keep the right people, such as management and the

governing board members, informed about the organization's operations and progress toward goals and objectives. However, these controls cannot protect against economic downturns or make an understaffed entity operate at full capacity. Internal controls can only provide *reasonable, but not absolute, assurance* the entity's objectives can be met. Due to limitations inherent to all internal controls systems, breakdowns in the internal control system may be caused by a simple error or mistake, or by faulty judgments made at any level of management. In addition, controls may be circumvented by collusion or by management override. The design of the internal controls system is dependent upon the resources available, which means there must be a cost-benefit analysis performed as part of designing the internal control system.

Five Components of Internal Control

- **Control Environment** – is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control and expected standards of conduct.

- **Risk Assessment** – involves a dynamic and iterative process for identifying and analyzing risks to achieving the entity's objectives, forming a basis for determining how risks should be managed. Management considers possible changes in the external environment and within its own business model that may impede its ability to achieve objectives.

- **Control Activities** – are the actions established by policies and procedures to help ensure that management directives mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity and at various stages within business processes, and over the technology environment.

- **Information and Communication** – are necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the **organization** with the information needed to carry out day-to-day internal control activities. Communication enables personnel to understand internal control responsibilities and their importance to the achievement of objectives.

- **Monitoring** – are ongoing evaluations, separate evaluations, or some combination of the two used to ascertain whether the components of internal control, including controls to effect the principles within each component, are present and functioning. Findings are evaluated and deficiencies are

communicated in a timely manner, with serious matters reported to senior management and to the board of directors.

Makeup of the ICQ

Subsequent sections of this document emphasize the "17 Principles" of internal control developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and presented in the Internal Control – Integrated Framework. The five components of internal control listed above are fundamentally the same as the five standards of internal control and reflect the same concepts the "Standards for Internal Control in the Federal Government" utilizes.

The principles are reflected in groupings of questions related to major areas of control focus within the organization. Each question represents an element or characteristic of control that is or can be used to promote the assurance that operations are executed as management intended.

It should be noted that entities may have adequate internal controls even though some or all of the listed characteristics are not present. Entities could have other appropriate internal controls operating effectively that are not included here. The entity will need to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements.

Completing the Document

On a scale of 1 to 5, with "1" indicating the greatest need for improvements in internal controls and "5" indicating that a strong system of internal controls already exists, select the number that best describes your current operating environment. Please provide details in the comments/explanations column for each statement with a score of 1 or 2. **For those questions requiring a narrative, please provide in the comments/explanations column.**

Certification of Self-Assessment of Internal Controls

Attachment A, includes a certification which should be completed and signed by the Executive Director, reviewed and signed by the Board Chair or their designee and uploaded to SharePoint.

CONTROL ENVIRONMENT	Self-Assessment of Policies, Procedures, and Processes					Comments/Explanations
	Weak				*Strong*	
	1	**2**	**3**	**4**	**5**	
Principle 1. The organization demonstrates a commitment to integrity and ethical values.						
1. The LWDB's management and board of directors' commitment to integrity and ethical behavior is consistently and effectively communicated throughout the LWDB, both in words and deeds.	☐	☐	☐	☒	☐	Integrity and ethical behavior is an integral component to the LWDB's beliefs, values and standards of conduct. Management and the Board of Directors attitude and actions adequately set the tone of the organization influencing the control consciousness of the employees. This "tone" is apparent in committee, director and staff meetings via open communications, dialogue, and a closer more critical look at policies and procedures. In addition, in the process of drafting a transparency and ethics policy to implement.
2. The LWDB has a code of conduct and/or ethics policy that has been communicated to all staff, board members, and outsourced service providers. **Provide policy/policy number(s) and page number(s) that address the statement made above.**	☐	☐	☐	☒	☐	Staff: LWDB's code of ethics and code of conduct clearly defines expectations and standards that align with management's beliefs. <u>The code of conduct (p27) and code of ethics (p26) is included the LWDB's employee handbook.</u> The employee handbook is signed by each employee as evidence that they understand the policies, rules and regulations of the LWDB. Board members: All board members will complete a standards of conduct provided by Hillsborough County. Outsourced service provider: Included as a provision in the Subrecipient agreement.
3. When the LWDB hires employees from outside of the organization the person is trained or made aware of the importance of high ethics and sound internal controls.	☐	☐	☐	☐	☒	The code of conduct and code of ethics is included the LWDB's employee handbook. The employee handbook is signed by a new employee as evidence that

		☐	☐	☐	☐	☐	they understand the policies, rules and regulations of the LWDB. In addition, desk guides and standard operating procedures address internal controls.
Principle 2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.							
4.	The board of directors define, maintain, and periodically evaluate the skills and expertise needed among its members to enable them to question and scrutinize management's activities and present alternate views.	☒	☐	☐	☐	☐	The Hillsborough County Board of County Commissioners (BoCC) appoints all board members.
5.	The board of directors and/or audit committee maintains a direct line of communication with the board's external auditors and internal monitors.	☐	☐	☐	☐	☒	The LWDB's external auditors directly communicate both verbally and in writing to the Audit Committee. In addition, the external auditor will do initial presentation to the board of the overall financial statement audit by request.
6.	The board of directors establishes the expectations and evaluates the performance of the chief executive officer or equivalent role.	☐	☐	☐	☐	☒	The board of directors reviews/evaluates/approves the CEO's performance goals.
Principle 3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.							
7.	Management reviews and modifies the organizational structure of the LWDB in light of anticipated changing conditions or revised priorities.	☐	☐	☐	☒	☐	The organizational structure is designed to provide a proper decision making framework. The structure, groups, divides and coordinates the tasks required to achieve the LWDB's identified goals. The organizational structure makes best use of available resources while maintaining adequate controls to ensure compliance with federal and state rules and regulations and other applicable requirements.
8.	Specific lines of authority and responsibility are established to ensure compliance with federal and state laws and regulations.	☐	☐	☐	☒	☐	The organizational structure makes best use of available resources while maintaining adequate controls to ensure compliance with federal and state rules and regulations and other applicable requirements.

CONTROL ENVIRONMENT (continued)

		Self-Assessment of Policies, Procedures, and Processes					Comments/Explanations
		Weak				Strong	
		1	2	3	4	5	
9.	The LWDB management understands the importance of internal controls, including the division of responsibility.	☐	☐	☐	☒	☐	The Organizational Structure, ie, CEO, CFO and COO dictates appropriate controls by segregating the duties of responsibilities.
Principle 4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.							
10.	The LWDB provides training opportunities or continuing education to develop and retain sufficient and competent personnel. **Describe the Specific Training Offered**	☐	☐	☐	☒	☐	The CFO and COO will evaluate training opportunities or continuing education that will aid in the development and retention of sufficient and competent personnel. DEO training through technical assistance. In addition, key Finance personnel attend FOG meetings and applicable webinars throughout the year. Finally, Finance personnel at a Director level or above attend not-for-profit updates on an annual basis and the appropriate CPE credits to maintain their CPA license.
11.	The LWDB has succession plans for senior management and contingency plans for assignments of responsibilities important for internal control.	☐	☐	☒	☐	☐	The Organization understands the importance of a succession plan and contingency plan for assignment of responsibilities. In the event there is an open Director level position, the program coordinator will work directly with the COO until the position is filled. The Chair will appoint an interim CEO in the event this position is vacated. CEO will appoint interim COO and/or interim CFO, if needed. An Ad Hoc Committee will be established to address a more formalized succession plan.
12.	For all positions, there are current written job descriptions, reference manuals or other forms of communication to inform personnel of their duties.	☐	☐	☐	☐	☒	A job descriptions exists for each postion. Upon hire, each employee is required to review their job description.. The most recent review was conducted from July –

	How Often are Positions Descriptions Reviewed?	☐	☐	☐	☐		Aug 2018. Job descriptions are reviewed annually.

	Principle 5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.						
13.	Policies, processes or directives are in place that ensures employees are aware of their role related to internal control responsibilities.	☐	☐	☐	☒	☐	Documented via Financial and Procurement Policies. In addition, informal meetings are held with staff members to discuss their internal control responsibilities as well as job descriptions, desk guides and quarterly trainings.
14.	The LWDB's structure and tone at the top helps establish and enforce individual accountability for performance of internal control responsibilities.	☐	☐	☐	☒	☐	CEO and CFO discusses the results of quarterly monitoring with Director of Audits, Programs and Contracts to identify additional areas of focus, if needed.
15.	The LWDB has policies, processes and controls in place to evaluate and promote accountability of outsourced service providers (and other business partners) and their internal control responsibilities. **Provide policy/policy number(s) and page number(s) that address the statement made above.**	☐	☐	☐	☒	☐	Subrecipient service providers are monitored, as needed, and required by Federal Grant Guidelines and the Organization's *Compliance Monitoring Policies and Procedures*. Also, vendors are monitored and reviewed to ensure compliance with deliverables. The respective agreement is used as a tool for monitoring.

RISK ASSESSMENT	**Self-Assessment of Policies, Procedures, and Processes**					
	Weak				*Strong*	
	1	**2**	**3**	**4**	**5**	**Comments/Explanations**
Principle 6. The organization specifies with sufficient clarity to enable the identification and assessment of risks relating to objectives.						

No.	Question	☐	☐	☐	☐	☐	Comments
16.	Management establishes a materiality threshold for each of its major objectives and identifies risk at each location where the LWDB conducts activities.	☐	☒	☐	☐	☐	Materiality threshold has not been established for balance sheets accounts. All balance sheet accounts are reviewed to ensure detailed support agree with the general ledger account balance. Revenue and expense accounts are judgmentally reviewed.
17.	Management uses operational objectives as a basis for allocating the resources needed to achieve desired operational and financial performance.	☐	☐	☒	☐	☐	Operational objectives, goals, performance measures (as discussed above), are reviewed as well as staff needs, and risks in the monthly Director's meeting. Directors are able to identify and assess complex projects, programs and/or staff as needed.
18.	The LWDB sets entity-wide financial reporting controls and assesses the risks that those controls will not prevent material misstatements, errors, or omissions in the financial statements.	☐	☐	☐	☒	☐	Segregation of Duties. The Director of Audits, Contracts and Procurement (1) reviews the underlying documentation that supports the fiscal year-end numbers (2) prepares the year-end financial statements and (3) serves as the administrator of the accounting software. The CFO reviews/compares the fiscal year-end financial statement to the general ledger/trial balance per the accounting software.

Principle 7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.

No.	Question	☐	☐	☐	☐	☐	Comments
19.	Management ensures that risk identification considers internal and external factors and the potential impact on the achievement of objectives. **What are three biggest risks affecting the organization, and what mitigating controls are in place?**	☐	☐	☒	☐	☐	Reduction of funding: budget, continuous monitoring, burn report to monitor expenditure rate, oversight by finance committee. Loss of key personnel: Cross training; consideration for a more formalized succession plan will be looked into Supportive service cards: Internal monitoring performs periodic unannounced inventory observations to observe safeguards over the prepaid cards, verification that the inventory

		1	2	3	4	5	Comments/Explanations
		☐	☐	☐	☐	☐	held on hand agrees to the card tracker system, and sampling of card balances to ensure cards have not been used.
20.	The LWDB adequately and effectively manages risks to the organization and has designed internal controls that mitigate the known risks. **What new controls, if any, have been implemented since the prior year and what organizational risks do they mitigate?**	☐	☐	☒	☐	☐	The various types of objectives of the LWDB consider tolerances of risk, significance of risk and how to respond to risks. The Organization is in the process of evaluating various policies and procedures. Area which additional controls have been implemented pertain to prepaid incentive cards (ie, rotating personnel who issue cards and unannounced inventory observations, etc.) as well as researching alternative means of issuing supportive services.
21.	The LWDB's risk identification/assessment is broad and includes all significant interactions, both internal to the LWDB and its business partners and outsourced service providers.	☐	☐	☒	☐	☐	The LWDB has established performance indicators for key objectives and monitors those indicators on a regular basis as well as communicates policies to business partners and services providers via formal or informal meetings, as needed.
Principle 8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.							
22.	The LWDB periodically performs an assessment of is exposures to fraudulent activity and how the operations could be impacted.	☐	☐	☒	☐	☐	The Organization continuously evaluates areas of exposure to fraudulent activity. A Director's meeting to discuss operational risks, quarterly internal monitoring, revamping and updating policies and procedures as well as staff training on those policies and procedures.

Self-Assessment of Policies, Procedures, and Processes					
Weak				*Strong*	**Comments/Explanations**
1	**2**	**3**	**4**	**5**	

23.	The LWDB periodically performs an assessment of each of its operating locations' exposure to fraudulent activity and how the operations could be impacted. **When was the last assessment performed, and by whom?**	☐	☐	☒	☐	☐	The Organization continuously evaluates areas of exposure to fraudulent activity. A Director's meeting to discuss operational risks, quarterly internal monitoring, revamping and updating policies and procedures as well as staff training on those policies and procedures. Quarter ending June 30, 2018 most recent programmatic monitoring was conducted. One Stop Credentialing performed by Program Monitoring in November 2017.
24.	The LWDB's assessment of fraud risks considers opportunities for unauthorized acquisition, use and disposal of assets, altering the reporting records, or committing other inappropriate acts. **In the comments/explanations section, provide a narrative of the system/process for safeguarding prepaid program items (i.e. gas cards, visa cards) against unauthorized use/distribution.**	☐	☐	☒	☐	☐	The prepaid cards are held at the Corporate office (Eisenhower) until they are picked up by program staff. The program staff hold the inventory of prepaid cards in a locked safe until issued to eligible participants. Bi-monthly inventory counts are performed by both program staff and finance. In addition, internal monitoring also performs periodic unannounced inventory observations to observe safeguards over the prepaid cards, verification the inventory held on hand agrees to the card tracker system, and sampling of card balances to ensure cards have not been used.
Principle 9. The organization identifies and assesses changes that could significantly impact the system of internal controls.							

#	Question						Comments/Explanations
25.	The LWDB has mechanisms in place to identify and react to risks presented by changes in government, regulatory, economic, operating, or other conditions that could affect the achievement of the goals and objectives.	☐	☐	☒	☐	☐	Any legislative, regulatory, or changes in accounting principles are reviewed and mandatory training implemented within the quarter of the change. Also, the CEO receives and disseminates via email to all Directors USDOL/ETA advisories and DEO communiques which impact the Organization. In addition, the CEO regularly attend WFI meetings. Also, the Finance Directors attend various webinars on upcoming changes in financial accounting standards.
26.	The most significant risks affecting the LWDB have been identified and controls designed and implemented that mitigate risks. **Identify three of the most significant internal risk that could impact the achievement of objectives.**	☐	☐	☒	☐	☐	1) prepaid supportive service cards 2) reduction in funding 3) loss of key personnel
27.	Considering the most significant risks, identified above, have controls been designed and implemented that mitigate risks associated with each. **In the comments/explanations section, please elaborate on the mitigating controls.**	☐	☐	☒	☐	☐	1) : Internal monitoring performs periodic unannounced inventory observations to observe safeguards over the prepaid cards, verification that the inventory held on hand agrees to the card tracker system, and sampling of card balances to ensure cards have not been used. 2) budget, continuous monitoring, burn report to monitor expenditure rate, oversight by finance committee 3) Cross training; consideration for a more formalized succession plan will be looked into

CONTROL ACTIVITIES	Self-Assessment of Policies, Procedures, and Processes					
	Weak				*Strong*	
	1	**2**	**3**	**4**	**5**	**Comments/Explanations**
Principle 10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.						
28. Management control activities consider all the relevant business processes, information technology and locations where control activities are needed, including outsourced service providers and other partners.	☐	☐	☒	☐	☐	On a weekly basis, network access is audited using the Microsoft Active Directory. In addition, a physical firewall is installed on the perimeter of the LWDB's network to control access to the internal network.
29. Controls employed by the LWDB include authorizations, approvals, comparisons, physical counts, reconciliations and supervisory controls.	☐	☐	☒	☐	☐	The Organization has a system of internal controls in place whereby financial records are reviewed and approvded by separate individuals, physical count of inventory is conducted periodically, reconciliation of accounts are performed, as needed.
30. The LWDB periodically (e.g., quarterly, semiannually) reviews system privileges and access controls to the different applications and databases within the IT infrastructure to determine whether system privileges and access controls are appropriate.	☐	☐	☒	☐	☐	RSO reviews and updates system privileges and access.
Principle 11. The organization selects and develops general control activities over technology to support the achievement of objectives.						
31. Management selects and develops control activities that are designed and implemented to restrict technology access rights to authorized users commensurate with their job responsibilities and to protect the entity's assets from external threats. **In the comments/explanations section, provide a narrative of the process of authorizing access for new employees, revoking access for separated employees, and changes to authorized users commensurate with their changes to their job responsibilities.**	☐	☐	☒	☐	☐	IT provides access based upon direction provided by supervisory level staff, HR directs email to key personnel to remove system access, as applicable.

CONTROL ACTIVITIES		Self-Assessment of Policies, Procedures, and Processes					Comments/Explanations
		Weak				*Strong*	
		1	**2**	**3**	**4**	**5**	
32.	Management has identified the appropriate technology controls that address the risks of using applications hosted by third-parties.	☐	☐	☒	☐	☐	In all cases, IT must test and approve installation and use of third party hosted software as part of the computer software use policy.
33.	The LWDB has considered the protection of personally identifiable information (PII), as defined in 501.171(1)(g)1, F.S., of its employees, participants/clients and vendors, and have designed and implemented policies that mitigate the associated risks. **Describe how personally identifiable information of program participants is protected and/or redacted.**	☐	☐	☐	☒	☐	The policy on handling and protection of personally identifiable information and sensitive information applies to all careersource employees, DEP staff located in CareerSource offices, training vendors, program coordinators and partners that have access to PII and/or sensitive information shall be protected through a combination of measures including operational safeguards (policy and training), privacy-specific safeguards (procedures for collection and handling such information) and security controls (role-based access control, passwords, use of encrypted emails, etc.)

CONTROL ACTIVITIES (continued)	Self-Assessment of Policies, Procedures, and Processes					Comments/Explanations
	Weak				*Strong*	
	1	**2**	**3**	**4**	**5**	
Principle 12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.						

#	Question						Comments/Explanations
34.	The LWDB has policies and procedures addressing proper segregation of duties between the authorization, custody, and recordkeeping for the following tasks, if applicable: Prepaid Program Items (Participant Support Costs), Cash/Receivables, Equipment, Payables/Disbursements, Procurement/Contracting, and Payroll/Human Resources. For tasks lacking the appropriate segregation of duties describe any compensating controls in place in the comments/explanations section.	☐	☐	☐	☒	☐	There is adequate segregation of duties provided between performance, review and recordkeeping of all tasks. The LWDB has policies and procedures in place to support the deployment of management's directives. The specific policies and procedures for prepaid supportive cards, cash management, payables, disbursements, equipment, procurement, contracting, payroll, etc., are detailed in the Financial Policies and Procedures and the Employee Handbook as it relates to Human Resources.
35.	Management has performed a review of all policies and procedures to determine their continued relevance, consistency, compliance with 2 CFR Part 200 (Uniform Guidance) or other guidance or directives. **When did the last in-depth policy review occur; what, if any, policies were updated as a result?**	☐	☐	☒	☐	☐	Policies and procedures are reviewed on an on-going basis to ensure processes are in compliance with current rules and regulations. In-depth review is in-progress and will continue through the end of the fiscal year.
36.	The LWDB maintains policies and procedures to facilitate the recording and accounting of transactions in compliance with laws, regulations, and provisions of contracts and grant agreements. **Provide policy/policy number(s) and page number(s) that address the statement made above.**	☐	☐	☒	☐	☐	Financial Policies and Procedures manual exists to facilitate transactions being properly recorded and accounted. Also, prior to posting any transactions to the general ledger, an individual separate from the preparer reviews the entry. A contract checklist is utilized to ensure a contract and/or grant agreement is executed in accordance with applicable laws and regulations. In addition, only the CEO and Board Chair have signatory authority over contracts. Additionally,

						all operating policies and procedures are clearly written and communicated. *Compliance Monitoring Policies and Procedures. Financial Policies and Procedures. Procurement Policies and Procedures.*

INFORMATION AND COMMUNICATION	Self-Assessment of Policies, Procedures, and Processes					Comments/Explanations
	Weak				*Strong*	
	1	2	3	4	5	
Principle 13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.						
37. Federal, state, or grant program rules or regulations are reviewed with one or more of the following: governing board, audit, finance or other committee. **How often are these reviewed?**	☐	☐	☒	☐	☐	New policies and procedures are reviewed with the relevant committee. In-depth review is in-progress and will continue through the end of the fiscal year.
38. The LWDB considers both internal and external sources of data when identifying relevant information to use in the operation of internal controls.	☐	☐	☒	☐	☐	The LWDB understands the importance of relevant data (internal and external) in the decision making process and the underlying factors of the data having a predictive value, feedback value and being timely.
39. The LWDB has controls in place to ensure costs are accurately recorded and allocated to the benefiting federal/state fund or grant. **In the comments/explanations section, elaborate on the control(s) that ensure costs accurately recorded.**	☐	☐	☐	☐	☒	The accounting system provides for separate identification of federal grant and nonfederal transactions as each transaction is recorded in a specific fund. The fund identifies the funding source, i.e., WIOA, USDOL, etc. In addition, the funds for which pooled costs have been allocated is transparent to the benefiting fund. Adequate source documentation exists to support amounts and items reported.
Principle 14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.						
40. Communication exists between management and the board of directors so that both have information needed to fulfill their roles with respect to the LWDB's objectives.	☐	☐	☒	☐	☐	Board of Directors (BOD) meetings occur every other month. Each meeting will include minutes and

INFORMATION AND COMMUNICATION

		Self-Assessment of Policies, Procedures, and Processes					
		Weak				Strong	Comments/Explanations
		1	2	3	4	5	
							consent agendas from all the respective committees. Additionally, the BOD is given the five year plan for review and the 990. Included in the meetings are the activities, objectives, and goals of each of the respective committees. Also, the organization is continuously evaluating additional ways to bring forth and communicate information to the board.
41.	There is a process to quickly disseminate critical information throughout the LWDB when necessary. **Please provide a description of the dissemination process.**	☐	☐	☐	☒	☐	Email is used to quickly disseminate critical information throughout the LWDB when necessary by applicable staff. For hurricane preparedness, an employee hotline is established.
42.	Management has a process for the development, approval and implementation of policy updates and communicates those updates to staff.	☐	☐	☒	☐	☐	Policy updates are communicated by and disseminated to staff by mandatory training and staff meetings.
Principle 15. The organization communicates with external parties regarding matters affecting the functioning of internal control.							
43.	The LWDB has a means for anyone to report suspected improprieties regarding fraud; errors in financial reporting, procurement, and contracting; improper use or disposition of equipment; and misrepresentation or false statements. **Describe the process of how someone could report improprieties. Who receives/processes/investigates, etc.?**	☐	☐	☐	☒	☐	Ethics Hotline is available and has been communicated to all employees. Communication of hotline has been relayed via email and employee new hire on boarding. The employee would report suspected impropriety through the hotline. A staff member is designated to receive the reports.

INFORMATION AND COMMUNICATION (continued)

		Self-Assessment of Policies, Procedures, and Processes					
		Weak				**Strong**	**Comments/Explanations**
		1	**2**	**3**	**4**	**5**	
44.	The LWDB has processes in place to communicate relevant and timely information to external parties.	☐	☐	☒	☐	☐	Depending on the audience, channels of communication are held via email, phone call, or face to face meeting.
45.	The LWDB has processes in place to communicate the results of reports provided by the following external parties: Independent Auditor, DEO Bureau of Financial Monitoring and Accountability (FMA), DEO Bureau of One-Stop and Program Support, DEO Office of Inspector General, Florida Auditor General, and Federal Awarding Agencies (USDOL, USDHHS, and USDA) to the Board of Directors.	☐	☐	☒	☐	☐	Various committees exist whereby staff can disseminate information. A specific Finance and Audit Committee handles financial and audit related communications. One-Stop Committee would receive One-Stop level information. In addition, Committee level information is also shared with and approved, if necessary, by the Executive Committee as well as Board.

MONITORING ACTIVITIES

		Self-Assessment of Policies, Procedures, and Processes					
		Weak				**Strong**	**Comments/Explanations**
		1	**2**	**3**	**4**	**5**	
Principle 16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.							
46.	The LWDB periodically evaluates its business processes such as cash management, comparison of budget to actual results, repayment or reprogramming of interest earnings, draw down of funds, procurement, and contracting activities.	☐	☐	☒	☐	☐	Business processes over cash management, budget to actual results, draw down of funds, procurement and contracting activities is reviewed on an on-going basis to ensure control activities are properly designed, effective and implemented. Procedures are modified as needed.

MONITORING ACTIVITIES	**Self-Assessment of Policies, Procedures, and Processes**					**Comments/Explanations**
	Weak				*Strong*	
	1	**2**	**3**	**4**	**5**	
47. The LWDB considers the level of staffing, training and skills of people performing the monitoring given the environment and monitoring activities which include observations, inquiries and inspection of source documents.	☐	☐	☒	☐	☐	The Organization has requested technical assistance from DEO on various topics, as well as internal and external staff training.
48. LWDB management periodically visits Career Center locations and other decentralized locations (including subrecipients) to determine whether policies and procedures are being followed and functioning as intended. **Describe when the most recent visit was performed, by whom, and who were the results communicated to?**	☐	☐	☒	☐	☐	Monitoring is periodically conducted during the year to ensure compliance with requirements. Leads are required to perform desk monitoring quarterly. Review of One Stop Centers is performed annually. The last review was conducted in November 2017.
Principle 17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.						
49. The LWDB management takes adequate and timely actions to correct deficiencies reported by the external auditors, financial and programmatic monitoring, or internal reviews.	☐	☐	☐	☐	☒	If deficiencies are reported by the external auditor, financial and/or programmatic monitoring, a plan of action and implementation deadline is established.
50. The LWDB monitors subrecipients to ensure that federal funds provided are expended only for allowable activities, goods, and services and communicates the monitoring results to the LWDB's board of directors.	☐	☐	☐	☐	☒	Desk and/or on-site monitoring reviews are performed. The results of those monitoring reviews are communicated, as appropriate.

ATTACHMENT A

Department of Economic Opportunity
Certification of Self-Assessment of Internal Controls

Local Workforce Development Board: <u>15</u>

To be completed by the Executive Director:

A self-assessment of internal controls has been conducted for the fiscal monitoring period, April 1, 2018 – March 31, 2019. As part of this self-assessment, the Internal Control Questionnaire developed by the Department of Economic Opportunity has been completed and is available for review.

Signature: _____

Printed Name: <u>John Flanagan</u>

Title: <u>CEO</u>

Date: <u>January 21, 2019</u>

To be completed by the Board Chair or their designee:

I have reviewed the self-assessment of internal controls that was conducted for the fiscal monitoring period, April 1, 2018 – March 31, 2019.

Signature: _____

Printed Name: <u>Sean Butler</u>

Title: <u>Board Chair</u>

Date: <u>January 21, 2019</u>

Please scan and upload to SharePoint an executed copy of this certification on or before October 15, 2018.