



## **SOUTH FLORIDA WORKFORCE INVESTMENT BOARD**

### **AUDIT COMMITTEE MEETING**

**April 18, 2013**

**8:00 A.M.**

Double Tree by Hilton Miami Airport Hotel  
Convention Center, 2<sup>nd</sup> floor  
711 NW 72nd Avenue  
Miami, Florida 33126

### **AGENDA**

1. Call to Order and Introductions
2. Approval of Meeting Minutes
  - A. October 18, 2012
  - B. December 20, 2012
3. Information –Request for Quotes (RFQ) Status for the Performance of Information Technology (IT) Penetration Testing Services
4. Recommendation as to Approval of Accounting Policies and Procedures Manual Update



**AUDIT COMMITTEE**

**AGENDA ITEM NUMBER: 2A**

**DATE: APRIL 18, 2013, 8:00AM**

**AGENDA ITEM SUBJECT: MEETING MINUTES**

October 18, 2012 at 8:00am  
 Doubletree by Hilton Miami Airport  
 Convention Center, 2<sup>nd</sup> Floor  
 711 NW 72nd Avenue  
 Miami, Florida 33126

<b>COMMITTEE MEMBERS IN ATTENDANCE</b>	<b>COMMITTEE MEMBERS NOT IN ATTENDANCE</b>	<b>OTHER ATTENDEES</b>
<ol style="list-style-type: none"> <li>1. Piedra, Obdulio, <i>Chairperson</i></li> <li>2. Datorre, Roberto</li> <li>3. Zewadski-Bricker, Edith</li> </ol>	<ol style="list-style-type: none"> <li>4. Gibson, Charles A., <i>Vice-Chairperson</i></li> <li>5. Adrover, Bernardo</li> <li>6. Bridges, Jeff</li> <li>7. Chi, Joe</li> </ol> <p><b>SFW STAFF</b>            Beasley, Rick            Alonso, Gustavo            Garcia, Christine</p>	<p>Melody, Arnold – <i>UNIDAD of Miami Beach</i></p> <p>Mitchell, Carlena – <i>Miami-Dade County Public Schools (M-DCPS)</i></p> <p>Thompkins, Carshena – <i>TCBA Watkins Rice LLP</i></p>

Agenda items are displayed in the order they were discussed.

**1. Call to Order and Introductions**

Audit Committee Chairman Obdulio Piedra called the meeting to order at 8:33a.m, asked those present to introduce themselves and noted that a quorum of members had not been achieved.

**2. Information Item – Program Year 2011-12 External Audit Timetable**

Mr. Piedra presented the item then introduced Ms. Carshena Thompkins of TCBA Watson, LLP who appeared before the Committee and presented the timetable, as well as the following recommendations:

[Mr. Roberto Datorre arrived]

- ✓ Data Center Access Monitoring
- ✓ Logical Access Control Forms
- ✓ Password Administration
- ✓ Penetration Testing of SFW's Servers

Ms. Zewadski-Bricker inquired about password restrictions and Ms. Thompkins further explained.

Mr. Piedra had several questions regarding the penetration testing and Ms. Thompkins provided further details.

Mr. Piedra inquired about staff's cooperation during the auditing process and she advised him that they were very cooperative.

Mr. Datorre also inquired about the penetration testing. Ms. Thompkins and the Chairman further explained.

**Add-on Item:**

Mr. Piedra recommended allocating up to \$40,000 for an RFQ for IT Penetration Testing.

**The consensus of Committee members present moved the approval to allocate up to \$40,000 for An RFQ for IT Penetration Testing.**

**3. Information Item – Internal Control Compliance Program**

Mr. Piedra introduced the item. SFWIB Executive Director Rick Beasley and Finance Assistant Director Gus Alonso further presented.

Mr. Piedra inquired about the assessments being implemented and Mr. Beasley further explained.

No further questions or discussions.

**4. Information Item - Monitoring Report of Financial Compliance Advisory Services**

Mr. Piedra introduced the item. Mr. Beasley and Mr. Alonso further presented.

Mr. Piedra asked that in the future, staff include all corrective action plans in the report.

There being no further business to come before the Committee, the meeting was adjourned at 9:15am



**AUDIT COMMITTEE**

**AGENDA ITEM NUMBER: 2B**

**DATE: APRIL 18, 2013, 8:00AM**

**AGENDA ITEM SUBJECT: MEETING MINUTES**

December 20, 2012 at 8:00am  
 Doubletree by Hilton Miami Airport  
 Convention Center, 2<sup>nd</sup> Floor  
 711 NW 72nd Avenue  
 Miami, Florida 33126

<b>COMMITTEE MEMBERS IN ATTENDANCE</b>	<b>COMMITTEE MEMBERS NOT IN ATTENDANCE</b>	<b>OTHER ATTENDEES</b>
<ol style="list-style-type: none"> <li>1. Piedra, Obdulio, <i>Chairperson</i></li> <li>Gibson, Charles A., <i>Vice-Chairperson</i></li> <li>3. Chi, Joe</li> <li>4. Zewadski-Bricker, Edith</li> </ol>	<ol style="list-style-type: none"> <li>5. Adrover, Bernardo</li> <li>6. Bridges, Jeff</li> <li>7. Carpenter, Willie</li> <li>8. Datorre, Roberto</li> </ol> <p><b>SFW STAFF</b>            Beasley, Rick            Alonso, Gustavo            Garcia, Christine</p>	<p>Melody, Arnold – <i>UNIDAD of Miami Beach</i>            Mitchell, Carlena – <i>Miami-Dade County Public Schools (M-DCPS)</i>            Thompkins, Carshena – <i>TCBA Watkins Rice LLP</i></p>

Agenda items are displayed in the order they were discussed.

**1. Call to Order and Introductions**

Audit Committee Chairman Obdulio Piedra called the meeting to order at 8:31a.m, asked those present to introduce themselves and noted that a quorum of members had not been achieved.

**2. Approval of the Audit Committee’s October 18, 2012 meeting minutes**

Item deferred due to lack of quorum.

**6. Recommendation as to Approval to Accept the Audited Financial Reports for Fiscal Year 2011-12**

Mr. Piedra presented the item then introduced Mr. Ronald Thompkins, CPA and partner of TCBA Watson Rice, LLP and Ms. Carshena Wright that appeared before the Committee

and presented the fiscal year 2011-2012 SFWIB audit results. They concluded that the audit resulted in unqualified opinion on the Agency's financial statements (i.e. no significant deficiencies or material weaknesses in the internal control systems).

Mr. Gibson had questions regarding the balance sheet and Mr. Piedra provided further details.

Mr. Piedra commended TCBA Watson Rice, LLP as well as SFWIB staff for their work.

Mr. Beasley requested the Committee's approval to recommend to the Board to extend CBA Watson Rice, LLC contract for an additional year.

Mr. Piedra asked about assessments and Mr. Beasley further explained.

This item was recommended to the Board as amended by consensus of the members present.

There being no further business to come before the Committee, the meeting was adjourned at 8:54am



## **AUDIT COMMITTEE**

**AGENDA ITEM NUMBER:** 3

**DATE:** APRIL 18, 2003

**AGENDA ITEM SUBJECT:** REQUEST FOR QUOTES (RFQ) STATUS FOR THE PERFORMANCE OF INFORMATION TECHNOLOGY (IT) PENETRATION TESTING SERVICES

**AGENDA ITEM TYPE:** INFORMATIONAL

**RECOMMENDATION:** N/A

**STRATEGIC GOAL:** Premier National Provider of Employment and Career Training

**STRATEGIC PROJECT:** Raise the Bar One-Stop Performance & Consistency

## **BACKGROUND**

On October 18, 2012 the Board approved an allocation of \$40,000 for an Audit of IT Penetration Testing Services at SFWIB to conduct and complete the Intrusion Detection Services which includes: Penetration Testing, Review of Network Monitoring Software, Network Management Review, Network Administrative Review, Data Transmission, Network Security Audit, Network Security Posture Assessment and Reports.

On March 14, and March 22, 2013, SFWIB staff released a Request for Quote (RFQ) to a total of fourteen (14) IT consulting service firms for performing an Audit of IT Penetration Testing Services, but no responses were received. On April 1<sup>st</sup>, 2013, a third (3) RFQ was released. The responses were due April 8, 2013.

Staff will continue to seek a qualified vendor to perform this service.

**FUNDING:** N/A

**PERFORMANCE:** N/A



## **AUDIT COMMITTEE**

**AGENDA ITEM NUMBER:** 4

**DATE:** APRIL 18, 2003

**AGENDA ITEM SUBJECT:** APPROVAL OF THE REVISED ACCOUNTING POLICIES & PROCEDURES MANUAL UPDATE

**AGENDA ITEM TYPE:** APPROVAL

**RECOMMENDATION:** SFWIB staff recommends that the Audit Committee recommend to the Board the approval of the revised accounting policies and procedures manual as outlined below.

**STRATEGIC GOAL:** Premier National Provider of Employment and Career Training

**STRATEGIC PROJECT:** Raise the Bar One-Stop Performance & Consistency

## **BACKGROUND**

The Accounting Policies & Procedures Manual has been updated to include enhancements in internal control procedures, revisions in ITA regulations, and changes in employee responsibilities, as summarized below:

1. **Section VII F, Fund Closeout Procedures:** This section has been updated to reflect the new paperless process for closing out NFA grant awards.
2. **Section VII G, Individual Training Accounts (ITA):** This section was added to establish the policy and procedure that define those costs that qualify as allowable ITA expenditures for the purpose of the requirement that 50% of the WIA Adult and Dislocated Worker funding passed through to RWBs are allocated and expended on qualified ITA costs. In addition, this section addresses the procedures for seeking waivers from the ITA reserve requirement.
3. **Section XIV Appendix H, Florida Back to Work:** This section has been deleted as the program ended last year.
4. **Section XIV Appendix H, Final Guidance Individual Training Accounts (ITA) - Costs Allowable for the 50% Expenditure Requirement:** This section has been added.
5. **Section IV.D, Cash Disbursement Procedures:** This section has been updated to clarify the responsibilities of the various accounting members involved in the cash disbursement process.
6. **Section X A. Acquisition Control and Disposition of Fixed Assets:** This section has been updated to reflect the process followed by the Finance Administrator to ensure that sufficient budget is available before a request to purchase assets is evaluated for financial viability.

**FUNDING:** N/A

**PERFORMANCE:** N/A

# **SOUTH FLORIDA WORKFORCE INVESTMENT BOARD**

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## **ACCOUNTING POLICIES & PROCEDURES MANUAL**

Last Updated: 02-24-2012



# **SOUTH FLORIDA WORKFORCE INVESTMENT BOARD**

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  - ~~H.~~ [Florida Back to Work Accounting Procedures](#)
  - ~~H.I.~~ [Final Guidance on Individual Training Accounts](#)

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### IV.C. OTHER CASH RECEIPTS

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***Purpose: To establish policy and procedures for the handling of cash receipts that provides for effective internal control.***

SFWIB's primary cash receipts are made through electronic funds transfer from the State of Florida as described in Section IV.B. *Cash Receipts – OSMIS Draw Requests*. However, periodically the agency will receive cash receipts (checks) directly in which case the following procedures are then performed.

The specified Account Clerk collects and opens the mail each day. Checks received are restrictively endorsed "for deposit only". The remittance voucher and any other documentation is date stamped. The Clerk attaches the check, the remittance voucher, and the accompanying documentation together, prepares a check receipt log, and forwards the package to the specified Account Clerk responsible for preparation of the deposit.

It is SFWIB policy to deposit all cash receipts on the same day of receipt. If for any reason a deposit is to be held overnight, the Account Clerk responsible for deposits will keep the deposit and checks in a locked drawer in his/her desk.

The Account Clerk codes each receipt by funding source and records them in the MIP accounting system as cash receipts session prior to submitting it to the Accountant II for review. The deposit date is used as the effective date. Coding is obtained from the Support Service Unit for refunds/chargebacks with adequate supporting documentation. In order to get this information, copies of all checks received for refunds/chargebacks from Service Providers or Training Agents are forwarded to the Support Service Unit. An Unposted General Ledger Report is generated for the cash receipts session. The report, along with the cash receipts package is given to the Accountant II for review and posting. The Accountant II reviews and posts the cash receipts session to the general ledger. The report is signed and dated by the Accountant II, SFWIB Finance indicating his or her review and posting of the transaction.

The cash receipts package is returned to the Accountant II for filing. The cash receipts package is filed in date order by month in the accounting department.

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#### IV.D. CASH DISBURSEMENTS

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***Purpose: To establish policy and procedures for the disbursement of cash that provides for effective internal control.***

All accounts payable cash disbursements are made by check and disbursed from the general operating account. An Account Clerk ~~and/or an~~ Accountant I ~~in the absence of the Account Clerk~~ prepare all AP checks. Invoices/reimbursement requests become available for payment in the MIP accounting system after they have been entered, reviewed, approved, and posted (See Section VII.C. *Accounts Payable*.) Invoices/reimbursement requests and supporting documentation are forwarded to the Account Clerk after they have been posted in MIP. Checks are issued two times per week (for the most part Monday and Thursday). All checks require two authorized signatures. A staff member, not involved with the cutting of checks, must take the unendorsed checks to Miami-Dade Finance office to get them signed/stamped.

The Account Clerk selects the invoices to be paid in MIP using the Activities Menu, Check Writing, Select A/P Invoices to Pay. The selected invoices are processed for payment by the Clerk in MIP via the Activities, Menu, Check Writing, Pay Selected Invoices. A Session ID is created for the check run, and the next available check number is entered into the system. He/she places the blank security check paper in the laser printer and prints the checks. An Unposted Transaction Report is printed for the check run after the checks have been printed.

The Clerk attaches each check to the supporting documentation (invoice, reimbursement request, purchase order etc.), and verifies that the amount agrees to the support. All invoices are then canceled with a PAID stamp to prevent duplicate payments. The checks, support and Unposted Transaction Report are forwarded to the Assistant Director of Finance for review, approval and posting of the check run. The Assistant Director of Finance initials each check in the bottom left hand corner of the stub as evidence of review process.

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A memorandum is prepared detailing all the checks printed with their amounts and a certification statement is signed by the Assistant Director, Finance or the Assistant Controller and the Executive Director or the Assistant Director, Administration, in his absence. The checks are then delivered to Miami Dade County Finance Department for endorsement. The checks are then returned to the Clerk to be prepared for mailing. The Clerk generates the check register in MIP, exports it to Excel, and modifies it to include columns for signature and date. A copy of the register is e-mailed to the Support Service Unit if the check run includes payment for support service expenditures. The stub at the bottom of the check is removed and attached to the supporting documentation. The check attached to the top stub is placed in the envelope with the necessary supporting documentation (vendor copy of invoice, service details report etc.) and separated into two groups: checks to be mailed and checks to be picked up. The service providers and vendors are notified when the checks are being mailed out or available for pick-up in special circumstance by the Clerk. A notation is made on the Check Register whether the check is to be mailed or will be picked up. The register is signed and dated by the individual that picks up the check. Only authorized individuals may pick up payments. Once the checks have been mailed or distributed, the Clerk files the check register in a binder by date and the invoices are stored in numerical consecutive order in the file room. After the completion of the annual audit, the files are labeled and sent to storage. Only authorized staff may enter and pull up checks from the file room.

It is the policy of SFWIB to mail checks to Service Providers and Vendors. This policy is consistent with good internal controls and sound cash management principles. SFWIB will enforce the policy of mailing checks and only make exceptions when verifiable emergencies arise. Exceptions must be approved by the Assistant Director or the Assistant Controller.

The Account Clerk or Assistant Controller cancels all voided and spoiled checks by writing VOID across the check and tearing off the signature section in the bottom right hand corner if there is an endorsement. These voided checks are retained and filed in numeric order.

SFWIB does not maintain a separate payroll disbursement account. Miami-Dade County processes SFWIB's payroll, and is reimbursed by SFWIB for payroll expenditures via the general operating account.

A Check Request Log is maintained where anyone requesting a check must sign out the check and return it within 7 business days a reasonable amount of time at which time they would sign it back in.

***Purpose: To establish policy and procedures for the handling of petty cash that provides for effective internal control.***

SFWIB maintains a \$250 petty cash fund in the finance department for emergency non-recurring use only. The fund is managed by a specified Accountant ~~J-Clerk~~ and kept in a locked safe. The maximum amount per request for disbursement from the fund is \$50.

The fund is reconciled after each disbursement is made. Each request for petty cash reimbursement must be accompanied by supporting documentation (e.g. authorization from supervisor for making the purchase, receipt etc.). Upon receipt of the request, the Petty Cash Custodian completes the SFWIB Petty Cash Disbursement Form (PCD). The PCD is approved by the Assistant Director, SFWIB Finance or designee. The recipient of the cash signs the PCD form at "Received Payment". The custodian replenishes it on an as needed basis, normally, when the fund balance reaches \$50 or less.

In order to replenish the funds, the custodian prepares a reconciliation of the fund. The supporting documentation is attached to the reconciliation. The custodian enters the reimbursement request in the MIP accounting system as an accounts payable transaction and prints out an Unposted Transaction Report. The Unposted Transaction Report is attached to the reimbursement package and presented to the Assistant Director, SFWIB Finance for review and posting in MIP. The Assistant Director, SFWIB Finance reviews, posts, and initials the package indicating his or her review and approval of the transaction. The approved package is forwarded to the Account Clerk for issuance of the reimbursement check (see *Section IV.D. Cash Disbursements*).

Periodically Petty Cash surprise audits are made to make sure the cash on hand equal supporting documentation of what is available.

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## VI.A. REVENUE RECOGNITION

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***Purpose:*** *To establish the procedures for recognizing and recording revenues in the accounting system.*

As discussed in section IV.B. *Cash Receipts-OSMIS Draw Requests*, revenue related to funding sources provided by the State of Florida are recorded in the accounting system after the funds requested have been deposited in the general operating account. Receivables for these draw requests are not recorded during the year for two reasons: 1) the short amount of time between the draw request and the deposit of funds (5 business days), and 2) the likelihood that the entire amount will be collected since the funding is provided by the State. At month-end, however, receivables are recorded for any allowable costs incurred for which reimbursement has not been received as of the end of the month, in accordance with generally accepted accounting principles (GAAP).

Revenue entries for funds requested from the State through OSMIS are recorded in MIP by an Account Clerk after receipt of notification of the incoming transfer. The Assistant Controller reviews activities of the general operating account online daily and prints out copies of the statement for incoming transfers. The transfer received is agreed to the amount requested from the State. The bank statement is attached to a copy of the draw request from the State and used as supporting documentation for the cash receipt entry. The Account Clerk codes the receipt and performs the data entry in MIP. Upon completion of the data entry, an Unposted General Ledger Transaction Report is printed and attached to the supporting documentation. The package is given to the Accountant II for review and posting of the entry in MIP. The Accountant II reviews and posts the entry, then signs and dates the package indicating his/her review, approval and posting of the entry. The package is then filed where all GL entries are kept, in the Cash Receipts File.

Each month, SFWIB is required to reconcile the amount of funds drawn with expenditures made for each contract, and report the expenditures to the State of Florida in the OSMIS system. The procedures are further explained in the *Department of Economic Opportunity –One Stop Management Information System Financial Management Report Guide*.

In the annual financial statements, revenues are recognized one of two ways: 1) revenues and related costs under cost-reimbursement contracts are

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recognized as allowable costs when incurred, or 2) revenues and related costs under performance-based or fixed price contracts are recognized when performed, as defined by the individual contract terms, ~~occurs~~. However for annual Financial Statement presentation, the performance-based revenues and expenditures are reported with a net effect of zero, offsetting AR or Def. Rev.

Revenue from funding sources (e.g. Department of Children and Families, DCF) that are invoiced are recorded when the invoice is processed and mailed.



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## VII.C. ACCOUNTS PAYABLE

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*Purpose: To establish policies and procedures for the accounts payable function.*

The Account Clerk collects incoming mail from the Administration Office. The Clerk opens, date stamps and sorts the mail and logs it in. Vendor invoices are given directly to the Clerks responsible for the account. The accounting staff is assigned different invoices e.g. headquarters, and one-stops. They review the invoices to ensure that it is not a duplicate invoice or a customer statement. Duplicate invoices are destroyed and customer statements are filed separately for review. Unpaid vendor invoices are maintained by the respective staff until processed for payment. Invoices are processed within fifteen (15) business days of receipt or earlier.

Upon receipt of an original vendor invoice, the invoice is matched with the approved purchase requisition, purchase order, contract, or other supporting documentation, as deemed appropriate. SFWIB has two types of purchase orders: Blanket, and Regular purchase orders. Processing procedures for invoices differ for all purchase orders and annual appropriations.

- Blanket Purchase Order - Invoices received must be approved by the department or office receiving the merchandise. Invoice approval serves as evidence of receipt of the goods or services. These purchase orders are normally used for equipment leases, temporary staff, rentals etc. Timesheets must be received by the Accountant before payments can be processed for temporary staff.
- Annual Appropriations - Utility expenditures include electricity, telephone, internet communication, water and sewer, and garbage disposal. These expenses are approved as part of the annual budget and do not require a purchase order prior to processing for payment. Invoices for these expenditures must be approved by the Assistant Director of Administration of designee prior to payment.
- Regular Purchase Order - It is for individual items, Invoices received must be approved by the department or office receiving the merchandise. Invoice approval serves as evidence of receipt of the goods or services. Invoices for professional service contracts must be approved by the department receiving the services to verify that the service has been performed in accordance with the contract

Upon receipt of all approval and supporting documentation the following procedures are performed:

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- Review the invoice for mathematical accuracy.
- Review the invoice to ensure that it does not include taxes (SFWIB is a governmental agency as a result it is exempt from paying sales taxes). A copy of SFWIB's tax exempt certificate must be forwarded to all vendors whose invoice includes taxes, and a corrected invoice requested.
- Review the invoice for late fees and past due amounts. All late fees and past due amounts must be researched and an explanation made on the invoice.

After completion of the review process, the invoice is entered into the MIP accounts payable module against the encumbrance. **NOTE: Invoices totaling more than the available encumbered amount must be approved (signed and dated) by the Assistant Director, SFWIB Finance or designee prior to entry in MIP, or a change order is generated.** If an encumbrance was not entered, the invoice is entered as an accounts payable transaction along with the PO and relevant supporting documentation. Accounts payable transactions are entered in the MIP accounting system in batches called sessions. Once all invoices have been entered into a session, the Account Clerk prints an Unposted AP Transaction report, places it on top of the unpaid vendor invoices and gives the package to the Accountant II or Assistant Controller, in his absence, for review.

The Accountant II reviews the package ensuring that costs are appropriately assigned to program or administrative cost categories, and direct program expenditures are not charged to cost pools. The Accountant II reviews all the fields that include the payee, invoice #, coding, amounts, dates of the invoices, and posts the transaction in MIP if the information is accurate. The report is signed and dated to indicate the Accountant II's review and posting of the transaction. The package is returned to the responsible staff to be corrected if any errors are noted.

The review process for ITAs is completed by the Accountant II or Assistant Controller which follows the same procedure described above. Coding is reviewed by the Finance Administrator.

Checks are then cut in accordance with the cash disbursement procedures outlined in *Section IV.D. Cash Disbursements*.

If on the current invoice an outstanding amount is pending and it is determined that it has not been paid, staff will notify the vendor, request a second invoice, investigate the reason the payment was missed, and make prompt payment if deemed appropriate.

Original vendor invoices are filed together with check stubs in the accounting department by the Account Clerk responsible for this function.

The Account Clerk maintains a log of original invoices removed from the department.

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## VII.F. FUND CLOSEOUT PROCEDURE

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***Purpose:*** *To document and implement internal controls to ensure funds are liquidated within the grant's period of availability as required under OMB A-133.*

The Cash Request Worksheet keeps track of all funding sources including the total amount of funds granted, the grant period of availability, the amount of funds requested to date, and the balance available. This worksheet is analyzed and edited on a weekly basis and is the first internal control to ensure funds are liquidated within the grant's period of availability as it states the grant's termination date.

Once the grant period has ended, the segment "Fund" in the MIP system is changed from "Active" to "Inactive" status. This allows the accountant to continue to use the Fund but it gives a message warning to the accountant that the Fund is inactive. This is a red flag for the accountant who must determine if the expenditure pertains to the inactive Fund and the funding period. If it does, the system will still allow posting to an "Inactive" Fund.

There is another level of review when the Accountant II or the Assistant Controller reviews and determines if the correct fund has been used, and ultimately posts the transactions.

After the 45 or 60 day closeout period, a closeout reports is automatically generated in the OSMIS system. The Assistant Controller then produces an MIP expenditure report and compares the expenditure amounts to those in the Close-out report. Discrepancies are researched and resolved. Following resolution, the Assitant Controller sends an email to the Assistant Director of Finance, along with copies of the MIP report, and informs the Assistant Director that the Close-out report is ready for a final review and approval. The Assistant Director then reviews the documents and electronically approves the close out in the OSMIS system.~~completed and submitted by the Assistant Director, Finance, to DEO and/or other granting agencies as needed.~~

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## VII.G.INDIVIDUAL TRAINING ACCOUNTS

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*Purpose: To establish the policy and procedure that define those costs that qualify as allowable ITA expenditures for the purpose of the requirement that 50% of the WIA Adult and Dislocated Worker funding passed through to RWBs are allocated and expended on qualified ITA costs. In addition, this section addresses the policy and procedures for seeking waivers from the ITA reserve requirement*

### BACKGROUND

Chapter 445.003 Florida Statutes requires that:

1. At least 50 percent of the Title I funds for Adults and Dislocated Workers that are passed through to regional workforce boards shall be allocated to and expended on Individual Training Accounts unless a regional workforce board obtains a waiver from Workforce Florida, Inc. Tuition, books, and fees of training providers and other training services prescribed and authorized by the Workforce Investment Act of 1998 qualify as an Individual Training Account expenditure, as do other programs developed by regional workforce boards in compliance with policies of Workforce Florida, Inc.
2. Effective July 1, 2012, authorized ITA expenditures may only include tuition, books and fees of training providers and "other training services" prescribed and authorized by the Workforce Investment Act.

To implement this requirement, the State of Florida established a State ITA cost category within the OSMIS financial reporting system. Five sub-cost categories are also established:

1. Occupational skills training.
  - Classroom training through eligible training providers.
2. Other Workforce Investment Act (WIA) specified training services and activities
  - On-the-Job Training (OJT)
  - Programs that combine workplace training with related education, which may include
    - Cooperative education programs
    - Work-place training programs operated by the employer
    - Skill upgrading and retraining
    - Entrepreneurial training
    - Job readiness training

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- Adult education and literacy activities in combination with the previous services
- Customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training.

3. Work Experience and Internships (WE&I)

- Subsidized employment and other employer provided training activities.

4. Training Program Management (TPM)

- Staff costs directly related to developing, implementing, or coordinating authorized training programs (not services to individuals) identified in bullets 1-3 above. Also included is any staff costs associated with developing, implementing, or coordinating regional training for eligible clients participating in training programs leveraged through other grants. "Other grants" may include US Department of Labor, Temporary Assistance for Needy Families and Pell grants. Staff costs are limited to salaries and benefits.

5. Training Case Management (TCM)

- Staff expenditures directly related to case management and job placement services for clients in training (not clients seeking training). This includes staff expenditures associated with the provision of support services to individuals while they are in training. Staff costs are limited to salaries and benefits.

Supportive Services costs related to the above cost categories are not included in the State ITA definition and are not to be included in the expenditures reported under State ITA cost categories.

SFWIB allocates (budgets) a minimum of 50% of the Adult and Dislocated Worker formula funds that it expects to expend each state fiscal year (July-June). This allocation must equal the carry-forward (estimated or actual when available) as well as that portion of any new allocation budgeted for the current year. The required minimum allocation of 50% of funds to be expended in the fiscal year is reflected in the budget that is submitted to WFI for review no later than two weeks after the chair approves the budget.

SFWIB reports expenditures in each of the five specified sub-cost categories that will then add up to the State ITA cost category. Expenditures are reported monthly in the One-Stop Management Information System (OSMIS). SFWIB maintains appropriate records to support their OSMIS expenditures reported along with documentation of the methodology utilized to cost allocate any salary and fringe expenditures.

Ch. 2012-29, L.O.F., preserved the option for the state board to grant a waiver from the ITA reserve requirement. The DEO guidance paper on ITA provides specific information of the process that must be followed to request such waivers.

**PROCEDURES**

Effective with FY 2012/13, Service Providers are required to maintain appropriate records to support the expenditures reported under the ITA cost categories, along with documentation of the methodology utilized to cost allocate any salary and fringe expenditures not supported directly by personnel activity reports. The invoice form that providers use to request reimbursements from SFWIB is designed to capture this information.

SFWIB staff report monthly their work time allocation monthly on the Personnel Activity Report (PAR). The PAR includes ITA cost categories for Training Program Management & Training Case Management. Information reported on the PARs is then summarized and used to allocate SFWIB staff payroll, as described in more detail in Section VIII, B of this manual

The Service Account Management System (SAMS) is also designed to separately capture the ITAs Cost Categories: Occupational Skills Training, OJT, EWT, and Paid Work Experience. ITA expenditure information in SAMS is electronically uploaded into MIP. The Assistant Controller periodically reviews the mapping of SAMS service codes to the MIP GL account number in order to ensure appropriate coding and reporting.

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**VIII.A. NEW EMPLOYEE AND CHANGE IN EMPLOYEE STATUS PROCEDURES**

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*Purpose: To establish policies and procedures related to new employees as well as a change in status of current employees.*

SFWIB's human resource functions are performed by its Human Resource Department. Under the Inter-local agreement with the Miami-Dade County

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(The County) SFWIB uses the County's Human Resource policies. New employees of SFWIB are hired by the County's Human Resource Department. All SFWIB staff are County employees and receive the same benefits as other County employees. As a result SFWIB payroll is processed by the County. SFWIB reimburses the County for its payroll expenditures. See the Human Resource Department Policies and Procedures for additional detail on the process.

Upon the hiring of a new employee, the Human Resource Department notifies the Assistant Director, SFWIB Finance and the Assistant Controller of the employment. Human Resources also notifies the Assistant Director, Finance and the Assistant Controller in writing of terminations, department and salary changes (this is not happening, either we take this off or we ask them to abide by it). The Assistant Director, SFWIB Finance forwards the notification to the accounting staff responsible for processing of the payroll reimbursement to the County.

There are cases in which SFWIB uses a temporary employment agency to hire certain positions. These employees do not receive benefits.

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## VIII.B. PAYROLL PROCESSING PROCEDURES

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*Purpose: To establish the procedures for processing and recording the biweekly payroll.*

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Through the Inter-local agreement, SFWIB adheres to the County personnel policies and procedures. As a result all SFWIB staff are County employees. Payroll is processed biweekly by the County. The payroll is processed on a two week lag. Each employee completes the Electronic Payroll Attendance Record (ePAR) and the department supervisor for their division approved it electronically. Final approval for the agency is made by the Executive Director electronically.

Leave and/or overtime must be supported by application for leave or overtime requests that have been approved by the Department Head and/or the Executive Director. Approved leave and overtime earned are indicated on the ePAR.

On Wednesday or Thursday before payday the accounting staff responsible for processing the payroll entry receives an e-mail of the Payroll Interface from the County. On Friday (Payday) the accounting staff collects the hardcopy payroll register from the Human Resource Department. The interface, the payroll register and the invoice from the County are reconciled to verify the amount billed by the County. Disallowed charges are deducted on the reconciliation. Disallowed charges could result from an employee that has changed departments and the County records have not been properly updated. The payroll register lists the gross pay, all deductions and withholding items, and the net amount paid for each employee. The reconciliation is forwarded to the Assistant Controller for review and approval.

The human resource department forwards direct deposit vouchers, if requested by the staff, and any live checks to each department head for distribution on payday (Friday). Direct deposits are made into each employee's account on Thursday evening prior to the Friday payday.

The accounting staff responsible for processing payroll enters payroll data from the register into an excel spreadsheet that distributes the expenditure into the proper coding to be entered into the general ledger. Each employee's payroll costs are recorded in the programs in which their work is attributable as indicated in their monthly timesheet. The payroll costs of those whose total time is not directly attributable to a specific grant program are charged 100% to administration, [training program management](#), [training case management](#), or program cost pools [or a combination of these](#). The cost pools are allocated monthly by the Finance Administrator or the Assistant Controller using the percentages derived from the cost allocation plan (*See section XI.B. –Cost Allocation Plan*).

An Accounts Payable transaction is prepared from the excel spreadsheet and entered in the MIP accounting system to record the expenditures and



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process reimbursement to the County. This entry is made by the Account Clerk on a monthly basis after the payroll register reconciliation has been reviewed and approved by the Assistant Controller. Upon completion of the entry, an Unposted Transaction Report is printed and given to the Assistant Controller, who reviews the report for accuracy of coding and posts the transaction in MIP. The Assistant Controller ~~signs~~ signs the report to indicate his/her approval and posting of the transaction. The supporting documentation is then returned to the Clerk for processing of the payment to the County. Reimbursement to the County is made on a monthly basis.

All W-2 forms and quarterly 941 forms are processed and filed by the County.

The leave balances for each employee are maintained by the County. Employees accrue personal leave time based on the number of years they have worked for the County, as documented in the County's personnel policy manual.

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### VIII.C. PAYROLL LIABILITIES

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***Purpose: To establish the procedures for recording all liabilities associated with payroll.***

The payroll entry processed by the Account Clerk (*See Section VIII.D. Payroll Processing Procedures*) records the payroll entry as an accounts payable transaction in the MIP accounting system. A liability is recorded for the reimbursement to the County.

The Account Clerk is then responsible for processing payment to the County, using the procedures in *Section VII.C. Cash disbursements*.

Employees accrue personal leave time at varying rates based upon their length of employment with the County. If an employee transfers from SFWIB to another County department, their leave balance is transferred with them to the other department. However if an employee leaves (terminates employment) SFWIB, their remaining leave balance is paid to them in accordance with the County's policies. At end of each fiscal year, the Assistant Controller, ~~SFWIB Finance~~ obtains a report-Payroll and Attendance record & Accrued Leave Liability Report from the County, which helps calculate the liability for compensated absences and records the expense and liability as needed.

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## X.A. ACQUISITION, CONTROL AND DISPOSITION OF FIXED ASSETS

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*Purpose: To establish policy and procedure for the acquisition, control and disposition of fixed assets.*

Acquisition, control, and disposition of SFWIB's fixed assets are managed by the SFWIB's Administration Division. See the Administration Division purchasing and capital inventory management policies and procedures for the detail policies and procedures regarding fixed assets. SFWIB uses Quetel software to control and perform annual depreciation of fixed assets.

### ACQUISITION

Prior to the acquisition of any fixed asset, the requisition is submitted by the requesting ~~Finance Administrator~~~~Division Director to the Assistant Director,~~ ~~SFWIB Finance~~ for budget availability verification. The ~~Finance Administrator~~~~Assistant Director,~~ ~~SFWIB Finance~~ signs and dates the requisition indicating ~~their~~~~his~~ verification of budget availability and approval of the general ledger coding. If the requisition is not coded with the appropriate general ledger code, the code is entered during the budget verification process. Final approval is sought from ~~Assistant Director,~~ ~~SFWIB Finance~~ and the Executive Director. Upon approval, the requisition is returned to the requesting division Director for completion of the acquisition process.

Tangible individual items purchased in the amount of \$1,000 or more are recorded in the Fixed Asset Acquisitions expense account in MIP. This allows SFWIB to report items as expenditures in order to be reimbursed by the funding source for the cost incurred to purchase the item(s). Maintenance and repairs made to equipment and property are charged to expense as incurred. The Inventory Specialist signs and dates a copy of the invoice to indicate receipt of the copies. The copy received by the Inventory Specialist is then used to update the fixed asset system.

All assets are recorded in the general ledger at cost. Any donated property or equipment is recorded at its fair market value on the date it is received.

### DISPOSITION

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The Finance Department is responsible for removing the cost and related accumulated depreciation from the general ledger when the fixed asset is sold or otherwise retired. The resulting gain or loss, if any, is recorded as a revenue or expense, respectively. The detail information regarding the disposal is received from the Administration Division annually (year-end). This information is reviewed by the Assistant Controller for reasonableness and accuracy of calculation. The disposal entry is recorded as a net entry in MIP. The entry nets disposal, addition and depreciation against the balance sheet accounts. Supporting documentation for the entry is given to the external auditors for review on an annual basis.

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## X.B. DEPRECIATION

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*Purpose: To establish the procedures for recording depreciation of the agency's fixed assets.*

SFWIB uses the County's fixed assets' useful lives policy for calculating depreciation. See the Administration Division Capital Inventory Management Policies and Procedures for the policy. Depreciation is calculated using the straight-line method over the estimated useful lives. Depreciation calculations are performed by the ~~Administration Division Assistant Controller~~, using the fixed asset system. ~~The depreciation calculations and supporting documentation are then forwarded to the Assistant Controller for review and entry into the MIP accounting system as part of the year end entries.~~ Depreciation expense is entered in the accounting system as a net entry with additions and disposals to capital assets and investment in fixed assets. Both accounts are balance sheet accounts. Fixed assets are recorded in accordance with Governmental Accounting Standards Board standard # 34 (GASB 34). The Assistant Controller enters the transaction through a Journal Voucher Session, prints out an Unposted Transaction Report and forwards the package to the Assistant Director, SFWIB Finance for review and posting. The Assistant Director, SFWIB Finance reviews and posts the transaction and returns the package to the Assistant Controller for filing in the Journal Voucher cabinet. The package is signed by the Assistant Director, SFWIB Finance indicating his or her review of the transaction. The calculations are reviewed by the external auditors annually.

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## **XII.A. MONTH-END CLOSING PROCEDURES**

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***Purpose: To establish the procedures for performing month-end closings of the accounting records.***

The following steps are completed each month to close the accounting records and generate monthly reports:

- ❑ The accounting staff ensures that all expenditures have been entered in the accounting system for the month.
- ❑ The Assistant Controller ensures that all revenue has been recorded in the accounting system for the month.
- ❑ The Assistant Controller ensures that all journal vouchers have been entered in the accounting system for the month.
- ❑ The Accountant II verifies that all expenditures have been entered into the accounting system, reviews and post all unposted transactions.
- ❑ The Assistant Controller ensures that the accounts payable sub-ledger agrees to the accounts payable control account.
- ❑ Designated staff completes the bank reconciliation for all cash accounts utilizing the Bank Reconciliation Module in MIP.
- ❑ Each staff reviews the statement of revenue and expenditures of programs administered by them for large variances, unusual items, errors, and records any adjusting or correcting journal vouchers, if needed.
- ❑ The Assistant Director, SFWIB Finance and Assistant Controller review and analyze the general ledger and trial balance for any unusual items, and records any adjusting or correcting journal vouchers, if needed. They also reconcile balance sheet accounts if needed.
- ❑ The Assistant Director, SFWIB Finance, Assistant Controller, and Finance Administrator perform and/or monitor the cost allocation utilizing the Cost Allocation Module in MIP.
- ❑ The Finance Administrator performs the monthly expenditure reporting to the State through OSMIS (see reporting procedures at the end of this section) which is reviewed and approved by the Assistant Director, Finance or the Assistant Controller.

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- The Assistant Director, SFWIB Finance and Assistant Controller generate the monthly management reports (year-to-date statement of budget versus actual expenditure, statement of revenue versus actual expenditures) for each funding source and for the agency. The reports are given to the Executive Director for review and presented at the committee meeting and the Board Meeting. They are put together by assigned staff and later reviewed and analyzed.
- The Assistant Director, SFWIB Finance or Assistant Controller updates the date restrictions in the MIP Administration module to prohibit users from making entries into a prior closed period and prohibit entry into any future fiscal periods.

MONTHLY REPORTING REQUIREMENTS

- SFWIB Monthly Management Reports – Due on or before the 25<sup>th</sup> of each month.
- State Monthly Expenditure (via OSMIS) Reporting – Due on or before the 20<sup>th</sup> of each month.
- ~~□ ARRA Reports (with the exception of TANF ARRA) – Due on or before the 1<sup>st</sup> of the month~~
- ~~□ ARRA TANF Expenditure Reporting – Due on or before the 5<sup>th</sup> of each month;~~
- SFWIB Monthly Financial Report to Board (Budget vs. Actual)

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QUARTER<sup>LY</sup> REPORTING REQUIREMENTS

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- DCF-Quarterly Program Report (Budget vs. Actual)

PROCEDURES FOR PREPARING STATE MONTHLY REPORTING

- Verify that all month end closing procedures (cost allocation, reconciliations etc.) have been completed.
- Print year to date Statement of Revenues and Expenditures by Funding Source reports from MIP accounting system.
- Review MIP statement of revenue and expenditure report for reasonableness.

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- ❑ Print year-to-date Financial Report Summary by program and year from OSMIS to determine amounts previously reported.
- ❑ Calculate the difference between current period actual expenditures on MIP report and accrued expenses recorded in OSMIS (Financial Report Summary). The difference represents current month's expenditure to be recorded in OSMIS.
- ❑ All adjustments and reclassifications to the MIP reports to obtain the current month's expenditures to be reported in OSMIS must be documented. Supporting documentation or explanation for the adjustment or reclassification must be attached to the MIP report.
- ❑ Using the OSMIS cost categories, input current month expenditures into the system by program. For details of the OSMIS cost categories and data entry instructions see *the Department of Economic Opportunity One Stop Management Information System Financial Management Report Guide*.
- ❑ Save the transaction and print a copy for the files. Print an updated copy of the Financial Report Summary.
- ❑ File all documents in the OSMIS Reporting Folder for the month. The folders are kept in the accounting department OSMIS Reporting Cabinet.

The above procedures are conducted by the Finance Administrator and reviewed by the Assistant Controller or the Assistant Director, Finance.



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## XII.B. YEAR-END CLOSING PROCEDURES

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**Purpose:** *To establish the procedures for closing the accounting books at the end of the fiscal year.*

The following steps are completed at the end of the fiscal year in order to close the accounting books and prepare for the annual financial audit:

- The Assistant Director, SFWIB Finance notifies all departments of the last date to receive supporting documentation for expenditures incurred during the fiscal year.
- The Assistant Director, SFWIB Finance notifies all service providers and training agents of the last date to receive invoice and supporting documentation for expenditures incurred during the fiscal. A report is received from SAM's of all outstanding obligations (vouchers issued etc) in the system. The service provider/ training agent is sent the Outstanding Obligation Report from SAM's and requested to review, and notify SFWIB finance department of the items for which invoices will be processed. The Finance Department will liquidate all obligations that will not be invoiced at a later date after the closing. Obligations that will be invoiced will be accrued by the finance department.
- The Assistant Director, SFWIB Finance or the Assistant Controller updates the date restrictions in the MIP Administration module to warn user of entries made into the prior fiscal year and prohibit entry into any future fiscal years.
- The accounting staff reviews the encumbrance report to determine outstanding purchase orders that should be recorded as liabilities.
- The Assistant Director, SFWIB Finance and the ~~Asistant~~Assistant Controller is responsible for ensuring that the accounting staff records all transactions on the accrual basis of accounting at year end. Transactions paid after June 30 are identified and properly recorded in the period they are incurred, not paid.
- The Accountant reviews the dates of the payroll to determine whether a material amount of the pay period should be accrued into the correct fiscal year.

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- The Assistant Director, SFWIB Finance and the Assistant Controller perform audits of each balance sheet account, performing any needed reconciliations to ensure the year-end balance is correctly stated. The actual reconciliation is done by the Accountant I.
- The Account Clerks complete Grant Close-Out procedures for the agency's sub-recipients and funding sources. This includes sending contract expiration and grant close-out reminder notices to the sub-recipient.
- The Assistant Director, SFWIB Finance, Assistant Controller and the Accountant I and II prepare schedules requested by the auditor.
- Upon completion of the annual financial audit, the Assistant Director, SFWIB Finance or the Assistant Controller enters all audit adjustments into the MIP accounting system upon receipt of the entries from the auditor. These entries are marked in the system as an "A" type to indicate that they are audit entries. Thus, reports can easily be run in MIP to indicate audit adjusting entries.
- Once all of the audit entries have been entered into the accounting system, the Assistant Director, SFWIB Finance or the Assistant Controller performs the year-end closing in MIP. This automatic function closes all of the revenue and expense accounts to fund balance and net assets. Once this step is completed the Assistant Director, SFWIB Finance will update the date restrictions in the MIP Administration module to prohibit users from making entries into the closed fiscal year.

ANNUAL REPORTING REQUIREMENTS

- Financial Section of Administrative Plan – Due to Department of Economic Opportunity
- Annual Audit Plan - Due to Department of Economic Opportunity by July 30<sup>th</sup> of each year.
- Annual Audited Financial Statements – Due by no later than March 31 to all funding sources and the Federal Audit Clearing House.
- Single Audit Reports in Accordance with OMB Circular A-133- Due nine months after the end of the audit period (March 31) or within 30 days of receipt of the audit report, whichever occurs first. The data collection form and a copy of the report must be submitted to the Federal Audit Clearing House.
- Distribution of 1099's by January 31<sup>st</sup> of each year.
- Cost Allocation Plan- Due to Department of Economic Opportunity
- ETA Salary Cap Certification due the 15<sup>th</sup> of April of each year.

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