

POLICY

Series: Fiscal Management COA: FIN 1, 2, 3; GOV 6; 5; RPM 2
CFOP:

Policy Name: Internal Controls
Policy Number: GOV 202
Reviewed Date: 2/3/2013, 1/31/2020, 5/29/2021, 5/26/2021
Revision #/Date: (1) 9/15/2008, (2) 9/22/2016, (3) 5/27/2021
Effective Date: 10/01/2004

Applicable to: Family of Agencies (FOA) Board of Directors, All BFP FOA Staff

PURPOSE: To meet internal control objectives in order to provide reasonable assurance of the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

References: <https://www.coso.org/Documents/COSO-WBCSD-ESGERM-Guidance-Full.pdf>

POLICY:

The FOA Board of Directors (Board), management and personnel of Brevard Family Partnership FOA has implemented an internal control structure encompassing the five components established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components are:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

At a minimum, each component shall comprise of the following processes:

Control Environment

The control environment is defined as the “tone at the top” of the organization and is considered the foundation for all other controls. The “tone at the top” term will be defined as management’s leadership and commitment towards openness, honesty, integrity, and ethical behavior. As such, Brevard Family Partnership has established procedures that apply to all BFP FOA staff and FOA Board members to include, at a minimum, the following:

- Conflict of Interest
- Code of Conduct

- Clear Assignment of Authority
- Defined Duties and Responsibilities

Risk Assessment

In order to successfully maintain financial strength and a positive public image, as well as to maintain the quality of services provided to the Brevard County community, Brevard Family Partnership has established procedures in an effort to identify risks that could impede achievement of Board objectives and to mitigate exposure to those risks to acceptable levels.

The risk exposure tolerance of the Board is low. As result, “Avoidance” or “Elimination” of risk is the preferred response to identified issues. When these responses are not feasible to implement, i.e., not cost effective or available, then the “Reduction” or “Sharing” of risk is to be the next course of action. “Acceptance” of risk is to be the last resort. For this to be an acceptable response to identified risk, the probability and impact of the occurrence of the risk must be low.

Control Activities

Policies and procedures are in place to ensure that Board and management’s directives are carried out. Examples of control activities are to include, at a minimum, the following:

- Timely review of performance and exception reports.
- Approval and authorization of transactions.
- Proper segregation of duties.
 1. Specifically, duties will be assigned so no one individual can control all phases of processing a transaction.
- Physical safeguards to access and use assets.
- Maintenance of proper documentation to support financial transactions and reconciliations.
- Information system access and security controls.
- Mandatory vacation practice that requires managers and employees to take at least one and preferably two weeks' vacation (not a day here and there) to reduce the risk of embezzlement.
- Control activities are established to mitigate identified risks.

Information and Communication

This component concerns the way that information is communicated throughout the organization. Brevard Family Partnership has developed and maintains systems that capture and deliver pertinent and timely information in a form that enables the Board, management, and employees to carry out responsibilities.

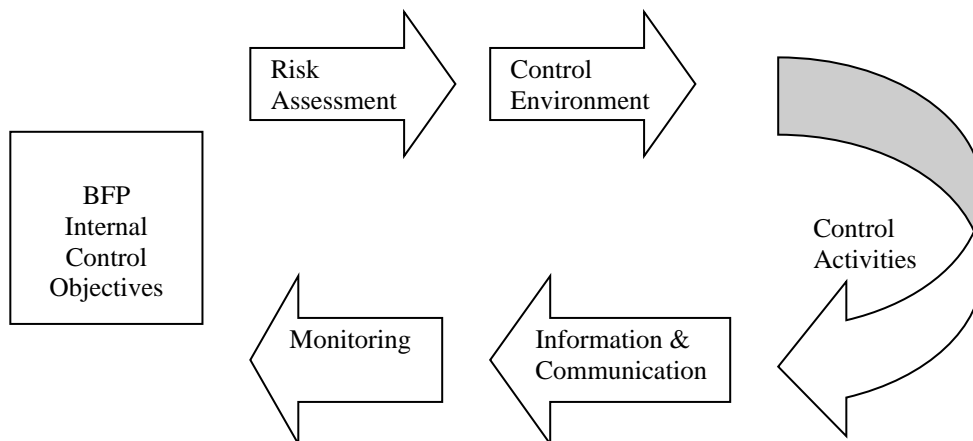
Monitoring

The Board recognizes that change is constant. Given this fact, to prevent internal control systems and processes from losing effectiveness, these controls are monitored in a timely fashion. Brevard Family Partnership conducts self-monitoring to include the following:

- Board review of policies and procedures annually.
- Implementation of a quality assurance program to effectively monitor services provided to the Brevard County Community.
- Maintenance of a Critical Incident Reporting (CIR) process to identify, prevent and control potential adverse outcomes from incidents occurring when providing services to the Brevard County Community.
- Management will monitor contractual arrangements for equipment and services provided to the organization.
- Monitoring activities typically performed by auditors and contract reviewers are presented to the Board in a timely fashion. It should be noted that the Board recognizes that third party audits are not a part of the Brevard Family Partnership internal control structure unless these firms are specifically contracted to perform this function. As a result, the organization must continue its self-monitoring practices.

Internal Control as an Integrated Process

It is the Board’s intent that the five internal control components work together in an integrated process as exhibited below:



1. The internal control process begins with management establishing internal control objectives relevant to Brevard Family Partnership's industry and circumstances with consideration of the Board's directives outlined in this policy.
2. Management then proceeds with identifying risk that would prevent accomplishing these objectives. They will then determine how to manage the risk through a range of control activities.
3. Management has implemented systems to capture, process, and communicate information needed for effective operation of control activities.
4. This process is followed in the context of the Brevard Family Partnership control environment. All processes implemented are monitored on a consistent basis to ensure that the internal controls operate properly over time. Adjustments are made accordingly.

Approved by Brevard Family Partnership Board of Directors on May 27, 2021.

AS APPROVED BY THE BOARD OF DIRECTORS:

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:



BARBARA J. LOFTUS
Board Chair

Signature Date: 6/11/2021



PHILIP J. SCARPELLI
Chief Executive Officer

Signature Date: 6/11/2021