
Internal Control Policy
Effective Date: January 1, 2018

Purpose: This policy establishes the internal control framework and environment for the Northern Middle Tennessee Workforce Board, Inc. (NMTWB) for the purpose of sustained fiscal integrity.

Background:

Effective fiscal control and accountability must be maintained for all grant and sub grant cash, real and personal property and other assets. Internal controls are designed to provide safeguards for Federal funds. The State of Tennessee Comptroller of the Treasury directs that a system of internal controls be established that utilize the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework Model as the basic foundation for the internal control system.

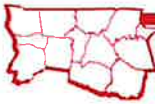
Definitions:

Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations.

Internal control over compliance requirements for Federal awards means a process, implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
 - (1) Permit the preparation of reliable financial statements and Federal reports;
 - (2) Maintain accountability over assets; and
 - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (b) Transactions are executed in compliance with:
 - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
 - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.



Resources:

2 CFR 200.302-303; 200.313; 200.331

One-Stop Comprehensive Financial Management Technical Assistance Guide

State of Tennessee Internal Control Manual

Policy:

A. Internal Control Framework

The Northern Middle Tennessee Workforce Board (NMTWB) adopts the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). NMTWB recognizes that internal control is an ongoing process for continuous improvement. Developing an adequate internal control system requires written documentation as well as continual analysis and modification to address changing circumstances.

B. Compliance and Monitoring

The COSO framework will be used to meet objectives related to performance, financial reporting and compliance, and will incorporate five components as follows:

1. Control Environment (Tone at the Top)
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Evaluation and Monitoring

C. Noncompliance

When instances of noncompliance are identified including noncompliance identified in audit findings of NMTWB or subgrantees, prompt action will be taken in accordance with grant requirements.

D. Safeguarding of Assets

Systems will be installed and updated to reasonably safeguard funds, equipment, property, and other assets from theft, loss or damage.

E. Financial Reporting

Systems will be developed and tested to permit the preparation of reliable financial statements and financial reports according to federal, state and local requirements, as well as terms and conditions of grant awards.

F. Segregation of Duties

Compensating controls and/or reasonable separation of duties of key functions or processes will be installed to address areas that pose a risk for misuse, mishandling or abuse. Despite the limited staff size of NMTWB, no one person should perform all of the following duties of a single transaction: authorization, recording, custody, reconciliation.



G. Safeguarding Personally Identifiable Information

Procedures should safeguard personally identifiable information (PII) in accordance with 2 CFR 200.303(e).

H. Subaward Requirements

Subawards will be administered in accordance with requirements at 2 CFR 200.331.

I. Documentation Standards

Documentation will support the reasonableness, allocability, allowability and consistent treatment of costs.

CONTACT:

For any questions related to this policy please contact Ginger Fussell, Fiscal Director at gfussell@workforceessentials.com.

Effective Date: January 1, 2018

Updated: July 1, 2019; June 1, 2020

Duration: Indefinite

A handwritten signature in blue ink, reading "Marla Rye", is written over a horizontal line.

Marla Rye, Executive Director
Northern Middle TN LWDB